AUSTRALIA PACIFIC AIRPORTS CORPORATION

ANNUAL REPORT

FY 2023

MELBOURNE AIRPORT | LAUNCESTON AIRPORT

FIRST NATIONS *Acknowledgement*

Australia Pacific Airports Corporation acknowledges the First Nations of the land on which our airports operate. APAC is committed to working closely with First Nations peoples in Melbourne and Launceston to deepen our understanding about how our airports can continue to operate and develop in a way that recognises and celebrates the airports' First Nations cultural heritage.

APAC pays our respect to their Elders past, present and emerging.

AUSTRALIA PACIFIC AIRPORTS CORPORATION

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CHAIR'S REPORT

Peter Hay

As global aviation capacity returns and airlines look for new opportunities, APAC has its sights set on a full recovery and is well positioned to service future growth.

I am pleased to present APAC's 2022/23 Annual Report, in my fifth year as Chair.

Despite inflation, interest rate rises, ongoing geo-political tensions and restricted domestic capacity, people have demonstrated travel remains a priority in a post pandemic world, with both Melbourne and Launceston Airports performing above expectations.

The past 12 months have provided significant cause for optimism as the business looks for a return to growth. Overall passenger volumes at Melbourne Airport were up 138% on the previous financial year, with 32 million people welcomed across both our airports.

Traveller numbers grew significantly through the year and in June 2023, Melbourne Airport achieved 94% of the 2019 domestic figure and 91% of the 2019 international figure.

Launceston Airport achieved one of the fastest capacity recoveries in the nation, with passenger numbers above 97% of pre-pandemic levels.

The increase in traveller numbers, combined with a continued mode shift towards on-airport parking and an ongoing focus on costs, contributed to APAC delivering an adjusted EBITDA of $693.8 million.

Partnering to grow, inspire and delight

A highlight of the financial year was the successful delivery of Aeronautical Service Agreements with all of our airlines, providing a platform for recovery and growth as well as a commitment to infrastructure development and service delivery.

The Board welcomes Lotte as our new duty-free partner, with a ten-year agreement commencing in June 2023 to provide a top-tier duty-free experience across the international terminal, and plans proposed for the continued development of the retail offering to support future international growth.

This productive relationship with our partners helps ensure alignment between their business needs and the broader requirements of passengers, exporters and other airport users.

With two of Melbourne Airport's largest commercial agreements secured in aviation and retail and the significant improvement in passenger outlook, APAC can again turn its focus to investment in infrastructure to meet capacity needs. A significant program of capital works is underway, with investments in roads, terminals and the airfield.

This is made possible because of APAC's strong balance sheet, and commitment to delivering the right infrastructure, at the right time.

The balance sheet is supported by strong liquidity and a demonstrated record of accessing capital. This year APAC returned to the European funding markets for the first time in nearly ten years, and successfully raised around $800 million.

Though the business generated $437 million in free cashflows for the year, as a prudent approach, with the forward capital pipeline in mind, the Board declared a reduced dividend of $141.3 million, the first distribution to shareholders since September 2019.

Safety

APAC retained a "zero fatality" record in its airfield and terminal operations for the financial year to 30 June 2023.

Safety is always the company's top priority but has been a particular focus these past 12 months with a significant number of new staff beginning work on the precinct and a number of major construction projects underway.

All airport staff and passengers have the right to a safe and healthy environment.

APAC recorded a total of five lost time injuries this financial year, comprising two Melbourne Airport employees, two Melbourne Airport contractors and one Launceston Airport employee. While this is a 50% reduction on last year's total, the company continues to work towards a target of zero.

Sustainability

The problems posed by climate change are a challenge APAC takes seriously and we acknowledge the need for close collaboration across our industry to reduce absolute emissions.

APAC continues to make significant progress towards its target of achieving net-zero Scope 1 and 2 emissions by 2025.

As part of our commitment to renewable energy, the Board approved plans to expand Melbourne Airport's 12-megawatt solar farm with construction of an additional 7.5-megawatt facility on the opposite side of Sunbury Road.

Building on APAC's ambitious carbon targets, the Board was pleased to endorse a strategy to address Scope 3 emissions, which while outside of the company's direct control, represent the majority of greenhouse gasses produced by the operation of our airports. This strategy is focused on delivering credible, absolute carbon reductions across our business.

APAC will continue to work with industry partners to make gains wherever possible as aviation progressively transitions to net-zero.

The Board remains committed to supporting other sustainability initiatives including procurement and construction practices that minimise environmental impact.

Performance

APAC has delivered a strong performance this financial year that reflects the hard work undertaken to facilitate domestic and international recovery and the benefit of some of the difficult decisions made during the worst of the pandemic.

Melbourne Airport put forward a competitive proposition to be the only capital city airport featured on the launch network of new domestic entrant Bonza.

At a time when consumers are feeling the effects of a highly concentrated domestic market, APAC has worked hard to attract and facilitate new entrants to provide consumers with more options.

Melbourne Airport also competed strongly for international business and was successful in securing flights from low-cost carrier Air Asia X when it returned to Victoria, as well as VietJet, which chose Melbourne Airport to launch its presence in the Australian market.

Passenger volume growth in the last six months of the financial year has been driven largely by increased international capacity, with mainland Chinese carriers among those to resume service to Melbourne.

Melbourne Airport now has scheduled services from the same number of airlines that were serving the destination in 2019.

Launceston Airport has out-performed most other Australian airports in its passenger recovery and has increased its share of the overall Tasmanian visitor market.

Melbourne Airport's Third Runway

In February, Melbourne Airport was proud to submit its draft Major Development Plan for a new north-south runway to the Federal Department of Infrastructure, Transport, Regional Development and Local Government for approval. This followed a lengthy process of public exhibition and a review of community feedback. The third runway project is a critical piece of infrastructure for Victoria and will ensure the airport has sufficient airfield capacity to meet the needs of the state's growing population well into the future.

Board

The Board continued to be supported through its governance structure, comprising two committees, being: Audit, Risk and Finance; and Remuneration.

The priority topic of safety is managed through the full APAC Board.

Samantha Lewis joined the board in October 2022.

Outlook

Demand for both domestic and international travel remains strong even in the face of economic headwinds.

APAC continues to make significant investments in terminal and airfield infrastructure to ensure our airports have sufficient capacity to serve their respective markets. Melbourne Airport's third runway is a critical part of this and will help drive ongoing economic growth for Victoria and the nation, while also supporting the creation of thousands of jobs.

The Board believes that APAC's strong partnerships, growing aviation business and expanding commercial property portfolio are well positioned to deliver growth for the cities and people they serve, while also delivering a fair return to shareholders.

I would like to thank my fellow Board members, the Chief Executive Officer of APAC, Lorie Argus, and her team for their ongoing commitment to delivering APAC's vision and creating connections that matter.

Peter Hay
Chair

CEO'S REPORT

Lorie Argus

Twelve months of uninterrupted operations have resulted in a welcome return of confidence and stability in the aviation industry and a renewed sense of purpose for APAC.

Melbourne Airport has sought to seize new opportunities and build on the lessons learned from the past three years to deliver a sustainable operation that serves the needs of Victoria and its people.

We are a customer-focused business and as part of our vision to be Australia's favourite airport destination, Melbourne Airport has made a significant investment in customer service. Our Stepping Forward program provides training to the corporate team and contractors, including security, cleaning and facilities maintenance staff, and is designed to empower them to help passengers at any point in their journey.

The feedback from travellers has been overwhelmingly positive and is reflected in Melbourne Airport being recognised at the 2023 Skytrax Awards in Amsterdam with awards for the best Airport in Australia/Pacific and the best Airport Staff in Australia/Pacific.

Creating connections

Our role as a key economic enabler for the state of Victoria is one we take very seriously, so a highlight of the past year has been the return of international capacity to Melbourne. The majority of foreign carriers serving the airport have resumed flights, while others have started service for the first time.

A close partnership with the Victorian State Government helped make a compelling case to airlines, ensuring that Melbourne Airport was the first Australian port of call for new market entrants such as VietJet and giving others the confidence to launch new routes, including Qantas' flights to Dallas.

Airlines with a well-established presence, such as United Airlines and Qatar Airways, added extra flights and are now flying significantly more capacity into Melbourne than they were in 2019, while the number of seats into key emerging markets such as India and Vietnam is now also well above pre-pandemic levels.

The rapid return of Chinese carriers following the relaxation of mainland border restrictions in January is testament to the strong relationships that have been built up over many years, and the value of the Victorian market. In just over five months, capacity from Melbourne to mainland China has returned to 71% of what was being flown before the onset of Covid-19 which is one of the fastest recoveries in the world.

Overall, international capacity into Melbourne Airport is now above 90% of 2019 levels with additional increases already scheduled for the upcoming northern winter season.

On the domestic front, Melbourne Airport was thrilled to be the only capital city airport to feature in the launch network of Australia's first new major domestic airline in more than 15 years. Bonza's inaugural flight from Melbourne Airport to the Sunshine Coast took off on the 30th of March and the airline has since started flying a further eight routes from its base in Terminal 4.

The second half of the financial year also saw a welcome increase in capacity on key domestic trunk routes, with Qantas adding extra flights on the golden triangle between Melbourne, Sydney and Brisbane. Jetstar used its new A321neo aircraft to add seats on leisure routes, while Virgin Australia continued to consolidate Melbourne's place as the largest port on its network and Rex cemented Melbourne's position as its largest jet hub by announcing flights to Hobart.

The delivery of additional aircraft to the domestic carriers in the coming months should enable further capacity increases and help put downward pressure on airfares.

A favourite destination

With traveller numbers continuing to build, Melbourne Airport is investing in both our people and infrastructure to deliver on our mission to be Australia's favourite airport destination.

Following the successful opening of the new departures-level link between Terminals 3 and 4 and the consolidated security screening area, attention has shifted to upgrading the experience in Terminal 1 which is used by Qantas domestic services. This terminal enhancement project has resulted in significant construction work and disruption to passengers but is now well on the way to delivering a uniquely Melbourne experience to passengers, and what we believe will be the best domestic terminal in the country.

At the end of May we undertook one of the biggest retail changes in APAC history, when Lotte replaced Dufry as Melbourne Airport's duty-free provider. The ten-year deal with Lotte followed a global tender process and will pave the way for some exciting enhancements to Melbourne Airport's duty-free offering. Dufry was a valued partner for more than 30 years, and I'd like to thank them for the contribution they made to the airport during that time. Lotte's product will evolve over the coming years as the international terminal footprint is expanded to accommodate a new state-of the art baggage system.

Landside facilities have also had a significant improvement, with the opening of Naarm Way in early July 2023. This provides a new direct connection from the Tullamarine Freeway to the Terminal 4 ground transport hub and is the first stage in our two-part elevated roads project, that will help reduce congestion by grade-separating private and commercial vehicles in the terminal precinct.

A sustainable future

APAC remains focused on growing to support the cities and regions in which its airports operate but recognises the importance of balancing this with the needs of the environment and community.

Because of Australia's vast distances and position on the globe, aviation is an essential service. It also produces significant greenhouse gas emissions and APAC recognises the need to reduce these as soon as possible.

Melbourne Airport continues to lead the way in Australian airports investing in solar and has finalised plans to expand our existing 12-megawatt facility.

Having committed to net-zero (Scope 1 and 2) emissions by 2025, this year APAC finalised its strategy for Scope 3 emissions with a focus on sustainable flying, green energy, electrification and sustainable design, procurement and construction. This is a practical approach based on addressing what is directly within our control while working to influence positive change in other areas.

Following the approval of Melbourne Airport's 2022 Master Plan by the Federal Minister for Infrastructure, Transport and Regional Development in November 2022, APAC was pleased to submit its draft Major Development Plan for Melbourne Airport's Third Runway in February 2023. Melbourne Airport is currently one of the largest airports worldwide without a parallel runway system. While a government decision on this project is still pending, the new north-south runway is critical to facilitate the efficient operation of the airfield as Melbourne continues to grow.

Melbourne Airport continued to work constructively with Rail Projects Victoria to progress the long-awaited Melbourne Airport Rail Link, until this project was paused by the Victorian State Government. As a long-time advocate of a rail connection to the city, APAC remains ready and willing to work with government to deliver this project at the appropriate time with an appropriate design that meets the needs and expectations of Victorian travellers well into the future.

Melbourne Airport continues to welcome new tenants to its business park with the company's commercial property portfolio providing a diversity of revenue streams and an important buffer to any short-term issues that may impact aviation. This year it has been particularly pleasing to watch work on the Hive hotel precinct restart and the new purpose-built CSL Seqirus vaccine plant taking shape alongside Airport Drive.

Outlook

It's an exciting time for APAC as aircraft return to the skies and our investment in infrastructure scales to meet the needs of travellers and partners across the airport.

After three years of uncertainty, the past 12 months have given us the opportunity to plan for growth, and the difficult decisions made during the pandemic have helped set us up for a strong and sustainable future.

Our focus remains on growing our business, delighting our travellers and inspiring our community, while ensuring we remain a sustainable operation that supports the Victorian economy.

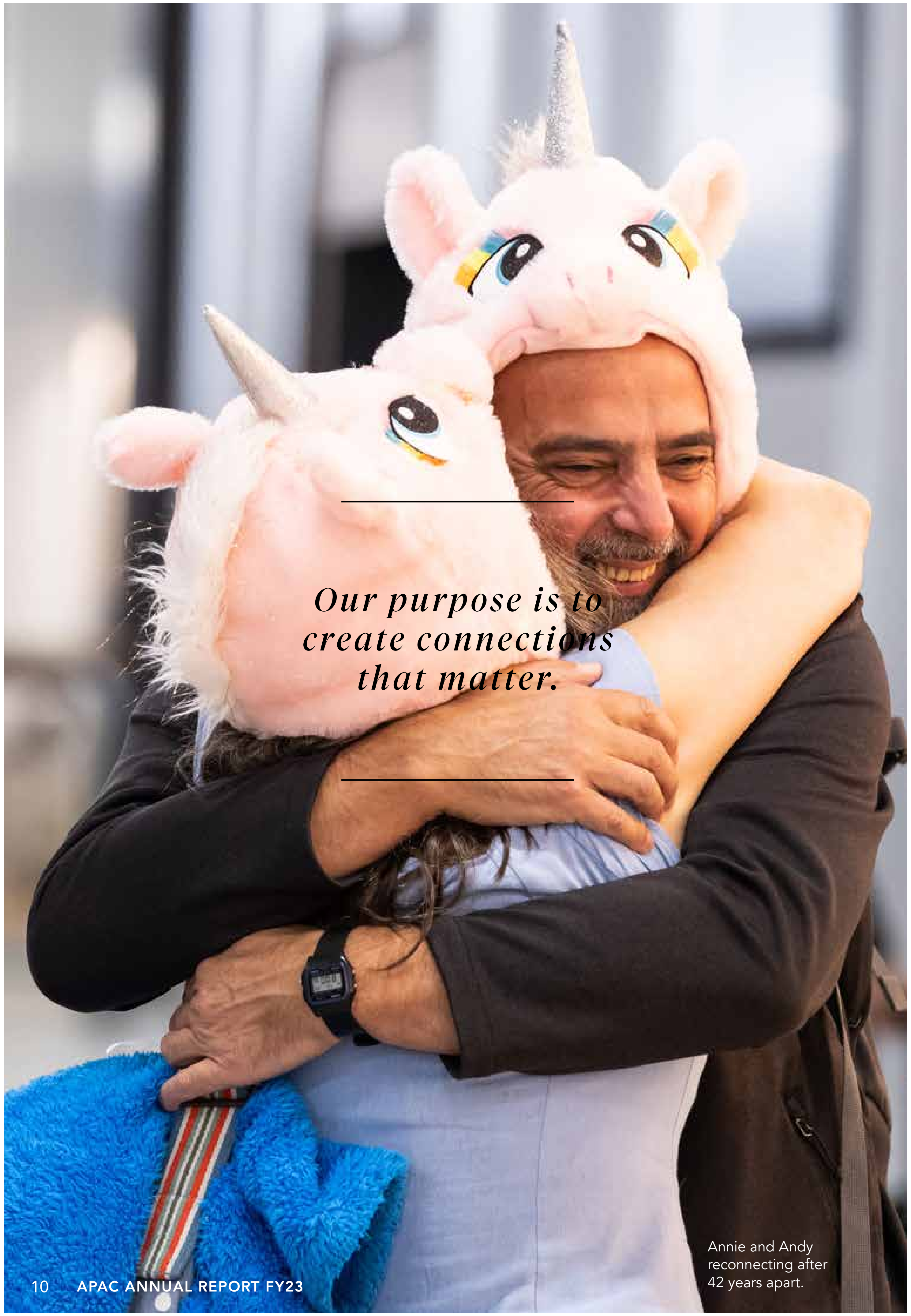
As we continue our work to become Australia's favourite airport destination, I would like to thank our investors, our partners and our staff, whose efforts continue to make me proud every day.

Lorie Argus
Chief Executive Officer

FINANCIAL HIGHLIGHTS

FY23 vs FY22

$1,042.8m ↑ 93.5% Revenue	**$432.7m** ↑ 136.7% Aeronautical	**$128.9m** ↑ 232.1% Retail
$228.8m ↑ 103.2% Ground Transport	**$122.5m** ↑ 2.4% Property	**$349.0m** ↑ 45.1% Total Expenses
$693.8m ↑ 132.6% EBITDA	**$146.8m** ↑ 827.8% Net profit after tax	**$509.7m** ↑ 117.8% Capital Expenditure



Our purpose is to create connections that matter.

Annie and Andy reconnecting after 42 years apart.

APAC BEHAVIOUR FRAMEWORK

Our Values

Be You
Authentic

Self-aware

Learn continuously

Motivate & support high performance

Develop others

Think Big
Passionate

Demonstrate courage

Champion safety & wellbeing

Focus on the customer experience

Business savvy

Own It
Accountable

Align performance

Prioritise the important stuff

Make things happen

Decision maker

Work Together
Collaborative

Team player

Connect with others

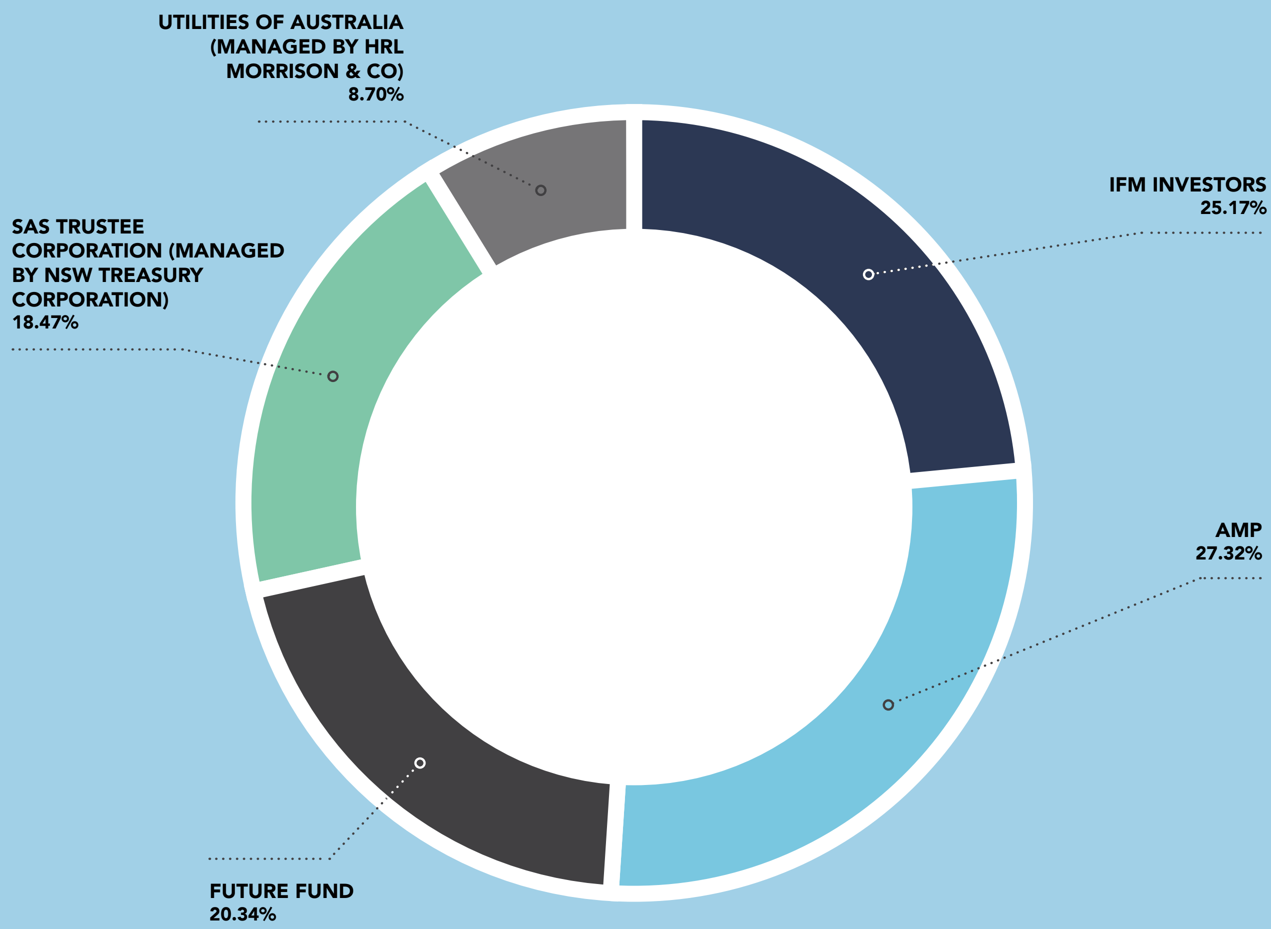
Communicate with respect

AUSTRALIA PACIFIC AIRPORTS CORPORATION

Australia Pacific Airports Corporation Limited (APAC) is committed to delivering strong, sustainable returns for the benefit of our diverse stakeholders through the performance of two key Australian aviation assets.

APAC is a privately held corporation owned by institutional investors, predominantly superannuation pension funds.

The funds are owned, managed, or represented by the following five entities:



ABOUT

Melbourne Airport

Melbourne Airport has been Victoria's gateway to the world since 1970, operating curfew-free, 24 hours per day, seven days a week. The airport is located 22 kilometres north-west of Melbourne's central business district and is well connected to the city's freeway and arterial road network. There are plans for a rail link connecting the airport to the suburban train system via Sunshine. The airport is close to major industrial areas and serves as a hub for freight and logistics, while providing employment to thousands of residents in nearby suburban growth corridors.

The Melbourne Airport site is approximately 2,740 hectares and is predominantly surrounded by non-urban properties to the immediate north and west. This helps protect the community and safeguards the airport from encroachment by sensitive and incompatible uses. There is urban development to the east and south of the airport, comprising a mix of residential and industrial properties.

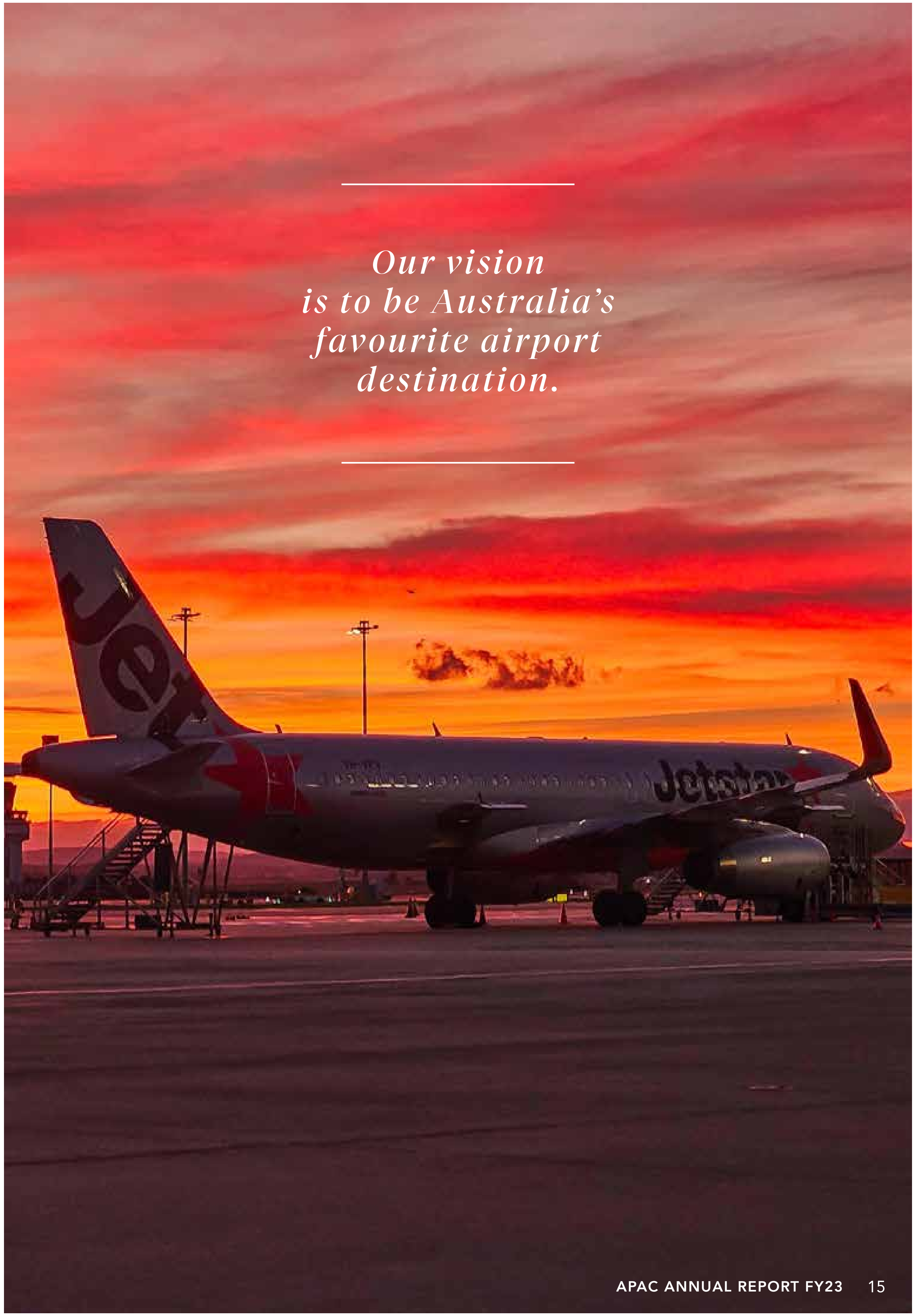
The airport has two intersecting runways, which are operated in different modes in response to wind direction or to reduce aircraft noise impacts. Plans for Melbourne Airport's third runway have been submitted to the federal government for approval. The new north-south runway would be located 1.3kms to the west of the existing north-south runway.

The terminal complex is located on the east side of the airfield and combines international facilities (Terminal 2) with three domestic terminals (Terminals 1, 3 and 4). This integrated terminal precinct enables Melbourne Airport to provide the shortest minimum connection times between domestic and international flights of all major Australian airports.

83 aircraft parking stands serve the terminal precinct and accommodate the embarkation or disembarkation of passengers, loading or unloading of mail or freight, and fuelling, parking, and maintenance. Air traffic control, aeronautical information services, airport rescue and firefighting and navigation services are provided by Airservices Australia from facilities located in the airport midfield. Aircraft maintenance, repair and overhaul facilities are provided to the south of the airfield.

As the largest Victorian employment hub outside of the Melbourne CBD, the airport precinct supports more than 20,000 jobs. Melbourne Airport makes a significant contribution to both the state and national economies as a key driver of tourism and trade-based industries that support jobs and generate growth. It is estimated that a typical daily international flight contributes more than $109 million to the Victorian economy and supports more than 1,000 jobs per annum.

MELBOURNE AIRPORT



OUR STRATEGY

To grow, delight and inspire

Grow

Continuously pursue opportunities for sustainable and profitable growth enhancing overall business resilience.

- Grow the number and frequency of airline services and carriers
- Deliver the right infrastructure, at the right time, to accommodate growth
- Maintain a strong financial position and deliver a competitive cost structure for airlines and tenants
- Grow property developments to enhance revenue diversity and business resilience

Delight

Provide our partners, travellers and team members with access to the tools, data and spaces to make engagement with us delightful.

- Relentlessly prioritise the traveller across all aspects of our business
- Continuously improve our technology and digital assets to support our people and partners
- Develop strong working relationships with our partners to set them up for success
- Keep pace with airport innovation to create experiences which are memorable and delight

Inspire

Through our actions we inspire our partners and communities to a greater level of social connection and environmental performance.

- The safety, security and health of travellers and team members comes first
- Inspire our partners and communities through our industry leading position on sustainability and environmental performance
- Promote the airport's economic and social value on the path to securing community, industry and Government support to grow
- Develop, inspire and support our team members to lead with purpose and achieve high performance

Our goal is to be an environmental leader for transport and logistics sites in Australia.

ENVIRONMENT & SUSTAINABILITY

Highlights

Electricity from grid
43.86
GWh

Electricity from onsite solar
17.64
GWh

Electricity from gas
39.81
GWh

Carbon emissions (Total Scope 1 & 2)
44,107
(tCO2-e)

Carbon emissions Scope 1
8,131
(tCO2-e)

Carbon emissions Scope 2
35,976
(tCO2-e)

Carbon emissions Scope 3
4,146,726^
(tCO2-e)

Area currently managed for ecological biodiversity
513 ha

Airport land currently managed for ecological biodiversity
19%

Trees/shrubs planted
12,172

^ To calculate the Scope 3 emissions in the report, the following were used as standards and guidelines: a) Emissions boundaries based on the Australian National Greenhouse Emissions Reporting protocols. b) Scope 3 categories based on the global Greenhouse Gas Protocol Scope 3 categories. c) Source / activities of emissions based on Airport Council International, Federal Airport Administration USA, European Environment Agency guidelines.
Source / activities were then assessed for inclusion based on their size, influence, risk, stakeholders and outsourcing. Note: the source / activity emissions included in future Scope 3 calculations may change subject to their future materiality.

Total terminal waste to landfill
5,316
tonnes

Total terminal waste diverted from landfill
740
tonnes

Organics waste processing onsite*
50
tonnes

Organics waste processing offsite
52
tonnes

Total construction waste to landfill
2,748
tonnes

Total construction wastewater to landfill
398
KL

Total construction waste diverted from landfill
164,285
tonnes

Total construction wastewater diverted from landfill
41,927
KL

Total water consumption
1,225,624 KL

Recycled water used
30,850 KL

*commissioned October 2022

ENVIRONMENT & SUSTAINABILITY

Towards net-zero emissions

APAC is committed to best practice environmental management and sustainability and is working with governments, customers and the community to balance the need for growth with the challenges posed by climate change.

Aviation plays an essential role in the economic and social wellbeing of Australians and provides significant benefit to communities around the country. Despite this, it is important to recognise that the industry is also a contributor of greenhouse gas emissions.

APAC takes the challenges posed by climate change and the need to reduce absolute emissions seriously.

In January 2021, APAC became the first Australian capital city airport operator to commit to net-zero (Scope 1 and 2) emissions by 2025.

In October 2022 the assembly of the International Civil Aviation Organization (ICAO), which represents 193 nations, agreed to a target of net-zero carbon emissions for international flights by 2050.

In June 2023, APAC finalised its strategy for addressing Scope 3 emissions, which make up the bulk of greenhouse gases associated with airport operations.

This strategy is anchored by four pillars and recognises the significant challenges in decarbonising aviation and the need for government and industry collaboration to achieve these goals. It is designed to deliver foundational action and set the stage for innovation. APAC is committed to working with airlines, ground transport operators, government and other suppliers to make progress wherever possible.

Climate change

In July 2020, Melbourne Airport completed a Climate Change and Natural Hazard Risk Assessment. The assessment focused on the risks related to the proposed third runway, ongoing operations of the airport and transition risks related to changing regulatory, customer, disclosure and legal environments associated with climate change and carbon emissions.

Considerations from the Taskforce on Climate-Related Financial Disclosures were also covered. The risk assessment and report concluded there are no physical risks from climate change or natural hazards rated as significant or high, and no impacts rated as major or catastrophic. Several risks were rated as medium and within the risk tolerance of the airport.

While the physical risks are considered manageable based on current scientific knowledge and available controls, the transition risks are potentially more challenging. These include changes to consumer behaviour due to environmental concerns and abrupt or unexpected increases in energy costs due to climate mitigation policies.

Aircraft noise

The nature of aviation means the impact of airport operations can extend well beyond the airport boundary.

As the body responsible for the management of Australia's airspace and flight paths, Airservices Australia undertakes noise monitoring in areas close to Melbourne Airport flight paths.

In response to community feedback received during public exhibition of the preliminary draft 2022 Master Plan and third runway Major Development Plan, Melbourne Airport procured three temporary, portable noise monitors to provide extra data from nearby suburbs.

These units have initially been deployed to sites in Keilor, Sunshine and Bulla to complement the existing system operated by Airservices and provide more information to people living in nearby suburbs. The location of the new temporary, portable monitors will be regularly re-assessed to ensure they deliver maximum community value.

Reducing waste

APAC recognises the value of reducing waste wherever possible and is embedding circular economy principles in the construction and operation of its facilities.

As part of this commitment Melbourne Airport introduced an organics waste stream, with Goterra contracted to install a modular, robotic, black soldier fly larvae organics processing system in the terminal precinct. This converts organic terminal waste from retailers into protein which is recycled into the food chain, and a soil improver for gardens and farming.

In the nine months from October 2022, the program prevented more than 50,000 kg of waste from going to landfill and 95,000kg of CO2e of greenhouse gas from entering the atmosphere, with 2,016kg of protein generated for use by poultry farmers, aquaculture and pet owners.

This initiative follows a decision to ban single use plastics from APAC terminals in December 2021.

Construction waste is reduced by re-using soil, water, concrete and asphalt to help decrease resource use, carbon emissions and waste to landfill. During runway and taxiway repair and upgrading, pavement is removed and reprocessed as crushed aggregate or milled asphalt to be re-used on haul roads or as aggregate for hardstand areas.

More than 24,000 tonnes of re-usable asphalt profiling from the Runway 16/34 overlay project has been stockpiled throughout this financial year for re-use across the estate. In just a six month period, over 2,200m^3 of topsoil has been re-used around the estate.

Water quality

APAC works proactively with tenants and contractors to manage water quality during construction and operations and undertakes annual monitoring of upstream, downstream and on airport water quality to ensure a detailed understanding of conditions on and around the estate.

Melbourne Airport operates two onsite water treatment plants, including one at the base of the estate that treats the base flow of Arundel Creek for PFAS and other contaminants including metals.

Melbourne Airport has worked with the Wurundjeri Woi-wurrung Narrap (Country) team, Melbourne Water and Brimbank Council to revegetate around 25 hectares of land bordering the Maribyrnong River. The five-year project includes management of pest plants and animals along the river to help restore habitat for wildlife and improve local amenity and water quality.

PFAS management

Per- and poly- fluorinated alkyl substances (PFAS) are manufactured chemicals that are used to make products resistant to heat, stains, grease and water.

PFAS foam was widely used for more than 50 years in airport firefighting operations and contamination is present at both Melbourne and Launceston Airports.

At Melbourne Airport, foams containing PFAS have been stored and/or used at several locations within the airport, including sites leased by Airservices Australia, Qantas and Virgin Australia.

At Launceston Airport PFAS is present at the Former Fire Training Ground and airside Fire Station leased by Airservices Australia.

In March 2023 the Launceston Airport Environment Officer issued an Environmental Remediation Order to Airservices Australia in relation PFAS contamination at the Former Fire Training Ground setting out specific requirements and timeframes for Airservices to develop and implement a remedial plan for PFAS pollution. Airservices is required to complete its remediation by the end of December 2023.

Biodiversity

To celebrate World Environment Day in early June, Melbourne Airport brought together more than 180 people from APAM, service providers, tenants, contractors and business partners to plant more than 2,000 trees and shrubs.

The team built on previous years' efforts to improve canopy cover along Moonee Ponds Creek on the airport's north-eastern boundary, and provide habitat for animals, reduce erosion and promote natural regeneration.

Around the Melbourne Airport terminal precinct more than 12,172 native shrubs and trees have been planted in the past 12 months to provide micro-habitat for small birds, reptiles and insects.

These new micro-habitats are supported by the airport's estate management practices that minimise chemical use, reduce mowing areas, promote natural regeneration and create more green space by removing hardstand.

At Launceston Airport, continued progress has been made to reduce weed cover, re-establish vegetation in the forecourt and to monitor and protect the listed silky bush-pea on the airfield.

What are Scope 1, 2 and 3 emissions?

Scope 1 emissions

Direct emissions from owned or controlled sources (for example, combustion of diesel in company-owned vehicles and the use of natural gas to power Melbourne Airport's tri-generation plant).

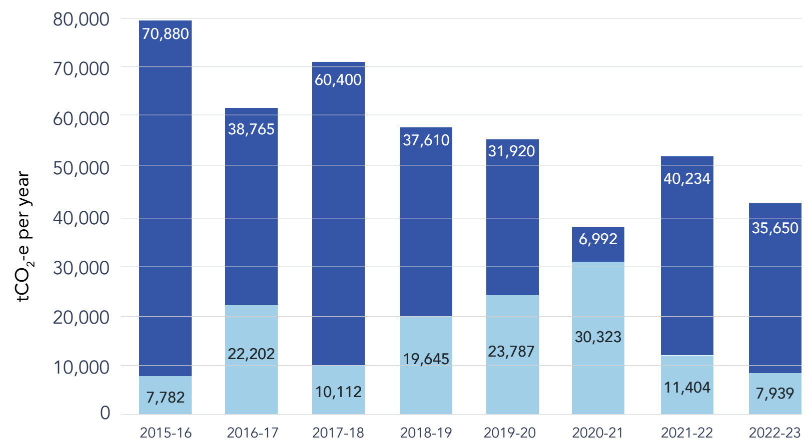
Scope 2 emissions

Indirect emissions from the generation of purchased energy (for example, purchased grid electricity used to power airport facilities).

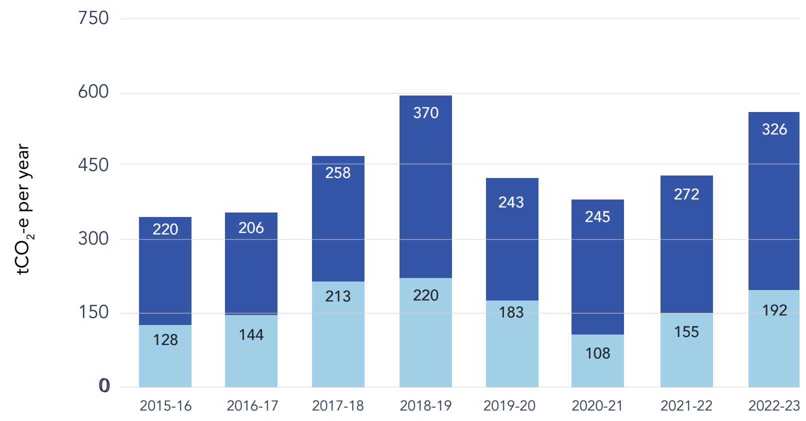
Scope 3 emissions

All relevant indirect emissions (not included in Scope 2) that occur in the value chain of the airport, including both upstream and downstream emissions (for example, aircraft movements, waste from airport tenants, and employee and passenger journeys to and from the airport).

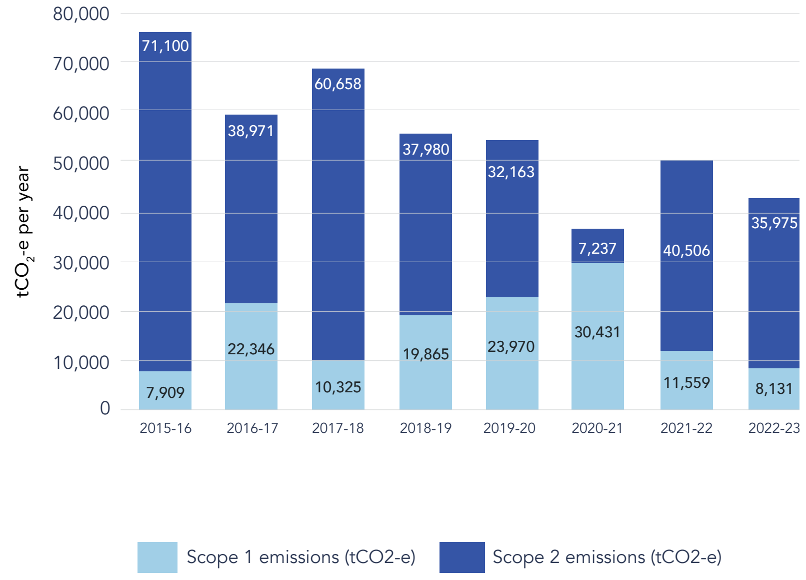
Melbourne Airport Scope 1&2 GHG emissions



Launceston Airport Scope 1&2 GHG emissions



APAC Scope 1&2 GHG emissions



ENVIRONMENT, SOCIAL AND GOVERNANCE

(ESG) Strategy

APAC is committed to performing our business operations in an ethical, environmentally friendly and socially responsible manner.

Carbon Emissions

Our priority

Achieve net-zero emissions within our control and work with our partners to support decarbonisation of the aviation industry.

Key targets	Status
Achieve net-zero Scope 1 & 2 carbon emissions by 2025	◐
Develop Scope 3 emissions engagement strategy	●

Our Actions	Comments	Status
Meeting half of our energy needs through onsite solar generation by 2030	*APAC already has 14MW of solar generation operational on site. A further 7.5MW are expected to be operation in late FY25. All new commercial developments in our business park are being built so that solar can be added to their roof.*	◐
Reducing our energy consumption through continued energy efficiency programmes	*APAC continues to implement initiatives to reduce energy use. In FY23 this included Terminal 1 Apron LED upgrades being completed to reduce energy consumption.*	◐
Working with renewable energy providers to secure green energy for our terminals and our tenants	*From 1 January 2024, 100% of APAC's electricity will be sourced from renewables.*	✓
Engaging with our tenants, supply chain and airline partners on industry Scope 3 emissions	*APAC's Carbon Management Strategy was finalised in June 2023. This Strategy outlines where and how we are engaging with our supply chain, airline partners and industry on reducing absolute carbon emissions.*	●

● complete and ongoing ◐ underway ✓ complete

Waste and Resource Recovery

Our priority

Substantially reducing our waste to landfill and improving resource recovery opportunities.

Key targets	Status
Diverting majority of our waste from landfill by end of June 2024	◐
Targeting a 60% landfill diversion rate for terminal waste by the end of June 2024	○

Despite the successful implementation of back-of-house organics diversion program, waste to landfill from terminals remained high in FY23 with just 14% of terminal waste diverted from landfill. This is primarily due to high levels of contamination in public area recycling bins which must be sent to landfill. Melbourne Airport is currently reviewing its terminal diversion target in line with new state government initiatives such as the container deposit scheme, which is due to commence in November 2023.

Launceston Airport achieved a 33% diversion from landfill in FY23 (including organics).

Our Actions	Comments	Status
Single-use plastic ban across our terminals and transitioning to a robust organics waste stream	*Use of single-use plastics was banned at Melbourne and Launceston Airports at the end of 2021 – 13 months before the Victorian Government's mandate.* *In October 2022 both Melbourne and Launceston Airports commenced back-of-house organics diversion from terminal retailers. In Launceston the organics are processed at an offsite composting facility. In Melbourne they are processed on-site in a black soldier-fly facility that produces both a protein source (the larvae) and a soil improver (the frass).* *A mandate for the use of an organics waste stream by back-of-house retailers commenced at the end of 2022 for both airports.*	●
Working with retailers, tenants, and travellers to educate and influence behavioural change towards better waste management practices	*Both airports are working closely with our tenants, retailers, and travellers to improve waste management practices to reduce waste to landfill. This includes retailer education and training, improved signage using visual aids, continuous verification and feedback and identifying product alternatives that have lower environmental impacts.* *In Melbourne, the back-of-house commingled waste stream has resulted in significant reduction in contamination levels meaning all commingled waste loads have been accepted by recyclers from January – June 2023.*	●
Implementing circular economy principles across our airports	*Circular economy principles applied at Melbourne Airport include the re-use of topsoil, asphalt, crushed concrete, rock and recycled water on airport for construction projects, and diverting other construction materials from landfill. Melbourne Airport achieved 98% diversion from landfill for construction projects in FY23. Launceston Airport applies the same principles for their projects where possible.*	●

● complete and ongoing ◐ underway ✓ complete ○ under review

First Nations

Our priority

Proactively managing cultural heritage on our airport sites and celebrating First Nations heritage in our terminals.

Key targets	Status
Proactively managing cultural heritage on our airport sites	●
Celebrating First Nations heritage in our terminals	●

Our Actions	Comments	Status
100% of Melbourne Airport assessed or has Cultural Heritage Management Plan by end of 2025	*Approximately 90% of the Melbourne Airport estate has already been assessed. Further assessments are now underway of the remaining parts of the estate including engagement with the Wurundjeri Woi-wurrung.*	◐
Potential areas of sensitivity' at Launceston Airport assessed for First Nations heritage by end of 2023	*Approximately 35% of the 'potential areas of sensitivity' have been assessed. Further works are expected to commence in FY24. Some delays may occur as part of Airservices Australia's proposed remediation of their former fire training ground.*	◐
Acknowledge and celebrate First Nations heritage in terminals by end of June 2023	*Acknowledgement and celebration of First Nations heritage has been included in terminals in both ports since early FY23. APAC is also finalising our first Reconciliation Action Plan, commencing at the Innovate level.*	✓

Diversity and Inclusion

Our priority

Embedding D&I principles and increasing representation of female leadership within our business.

Our Actions	Comments	Status
Establish target for women in leadership and senior management roles	*APAC has a gender-balance target of 40% female, 40% male and 20% of either for APAC by 2030. In FY23, the gender balance was 36% female, 64% male.*	✓
Embed diversity and inclusion principles across APAC's business policies and practices	*This year, APAC have undertaken a review of several policies to further embed diversity and inclusion including the following – Leave, Family Leave, Personal Leave and Domestic and Family Violence Leave Policies. APAC's Pride Group was also stood-up in FY23 following APAM's attendance at the January 2023 Midsumma Carnival for the first time.*	✓

● complete and ongoing ◐ underway ✓ complete

Sustainable Procurement

Our priority

Promoting local employment and embedding sustainable design principles into how we design, build and operate our airports.

Our Actions	Comments	Status
Establish local employment targets for all major capital projects over $20 million by end of 2022	*APAM's Local Employment Target Guidelines and associated documents have been completed to final draft and will be finalised in coming months. Socialisation of expectations with contractors and business partners commenced in FY23.*	◐
Establish local employment targets for all service provider contracts with 20+ employees by end of 2022	*APAM's Local Employment Target Guidelines and associated documents have been completed to final draft and will be finalised in coming months. Socialisation of expectations with contractors and business partners commenced in FY23.*	◐
Develop and implement a Sustainability in Design Checklist for all new capital projects by end of FY22	*This action was completed in FY22. A new action for FY24 is to build on this checklist and include minimum sustainability specifications and targets.*	✓

PFAS and Water Quality

Our priority

Minimising our impact on local waterways and effectively managing PFAS.

Our Actions	Comments	Status
Arundel Creek baseflow water treated 350 days a year	*Melbourne Airport's Arundel Creek Water Treatment Plant was operational for 349 days in FY23. Days when it was not operational were due to storm damage from high rainfall events (13), filter change out and maintenance (3). A total of almost 68 million litres was treated in FY23.*	●
100% of PFAS impacted wastewater treated by Water Treatment Plant	*Melbourne Airport's 'Gate 11' Water Treatment Plant treated 22 million litres of PFAS and other wastewater in FY23, removing all contaminants before being re-used for dust suppression and / or irrigation.*	●
Holding polluters to account to manage PFAS and other contaminants	*In FY23 the Commonwealth Airport's Environmental Regulator for Launceston Airport issued an Environmental Remediation Order (ERO) to Airservices Australia requiring them to prepare and implement a Remediation Action Plan by the end of December 2023. This ERO is the first of its kind issued by the regulator.* *In Melbourne, Airservices Australia and other tenants continued to undertake further assessment of their site contamination and complete remediation actions including new drainage works and removal of contaminated stockpiles.*	◐

● complete and ongoing ◐ underway ✓ complete

Our Scope 3 Plan

Our Scope 3 plan has been incorporated into APAC's June 2023 Carbon Management Strategy and centres on four key pillars. For each pillar, an aspiration and key focus area has been set and our progress will be reported annually.

Pillar 1

Addressable Emissions (CO^2-e)

~350k tonnes (LTO cycle, APU)

Sustainable flying

The strategy acknowledges that decarbonising aviation is a complex task, particularly for long-haul flying which by nature of Australia's position on the globe accounts for a significant portion of Melbourne Airport's operations.

APAC will work with airline partners to promote the development of alternative fuels (such as Sustainable Aviation Fuel) to support industry net zero by 2050. The company will advocate for the introduction of a domestic SAF supply chain, with a view to achieving 10% industry supply by 2030.

APAC will initially focus on reducing carbon emissions associated with the Landing/Take-off (LTO) cycle, with a future focus on whole of flight. The company will partner with airlines to minimise LTO emissions by providing green Fixed Ground Electrical Power and Pre-conditioned air.

In June 2023 the Australian Federal Government announced the establishment of the Jet Zero Council, which brings together stakeholders from across the aviation industry to help guide and co-ordinate the industry's transition to net zero. Airports will be represented on a one-year rotating basis, and APAC looks forward to playing an active role. The council's work is designed to complement the government's upcoming Aviation White Paper which will help shape the next generation of policy framework for the sector.

Pillar 2

Addressable Emissions (CO^2-e)

~100k tonnes

Green energy precinct

APAC will provide partners such as airlines, ground transport, retailers and other tenants with green energy, delivered by onsite solar or green power purchasing agreement. As part of this commitment, the 12-megawatt solar farm located at the northern end of the existing north-sound runway will be expanded in FY24, with an additional 7.5-megawatts of generating capacity to come online in FY25. In addition to this, a green power purchasing agreement took effect from 1 July 2023 to source 80-gigawatt hours from the Stockyard Hill wind farm near Ballarat, with 100% of Melbourne Airport's electrical power to be renewable from 1 January 2024.

Melbourne Airport has also committed to ensuring the roofs and footprints of future business park developments are designed to support solar installation.

By FY25, Melbourne Airport will have enough green energy to supply up to 50% of embedded network users and plans to make renewable energy available to all embedded network customers and electric vehicle charging facilities (where installed).

The company will monitor green energy consumption for both Melbourne Airport-supplied and non-Melbourne Airport supplied tenants.

In November 2022 Launceston Airport signed a Memorandum of Understanding with Countrywide Hydrogen to develop a solar farm on its site, that would be used to help support the generation of hydrogen for use as truck fuel.

Pillar 3

Addressable Emissions (CO^2-e)

~150k tonnes

Electrifying operations

APAC will support the electrification of petrol/diesel transport across our precinct and work to facilitate the uptake of electric vehicles and equipment across the airside and landside precincts.

APAC will support our travellers and operational partners to transition to electric and low emission vehicles and equipment through the provision of electric vehicle charging infrastructure and will encourage the use of green energy for charging

Pillar 4

Addressable Emissions (CO^2-e)

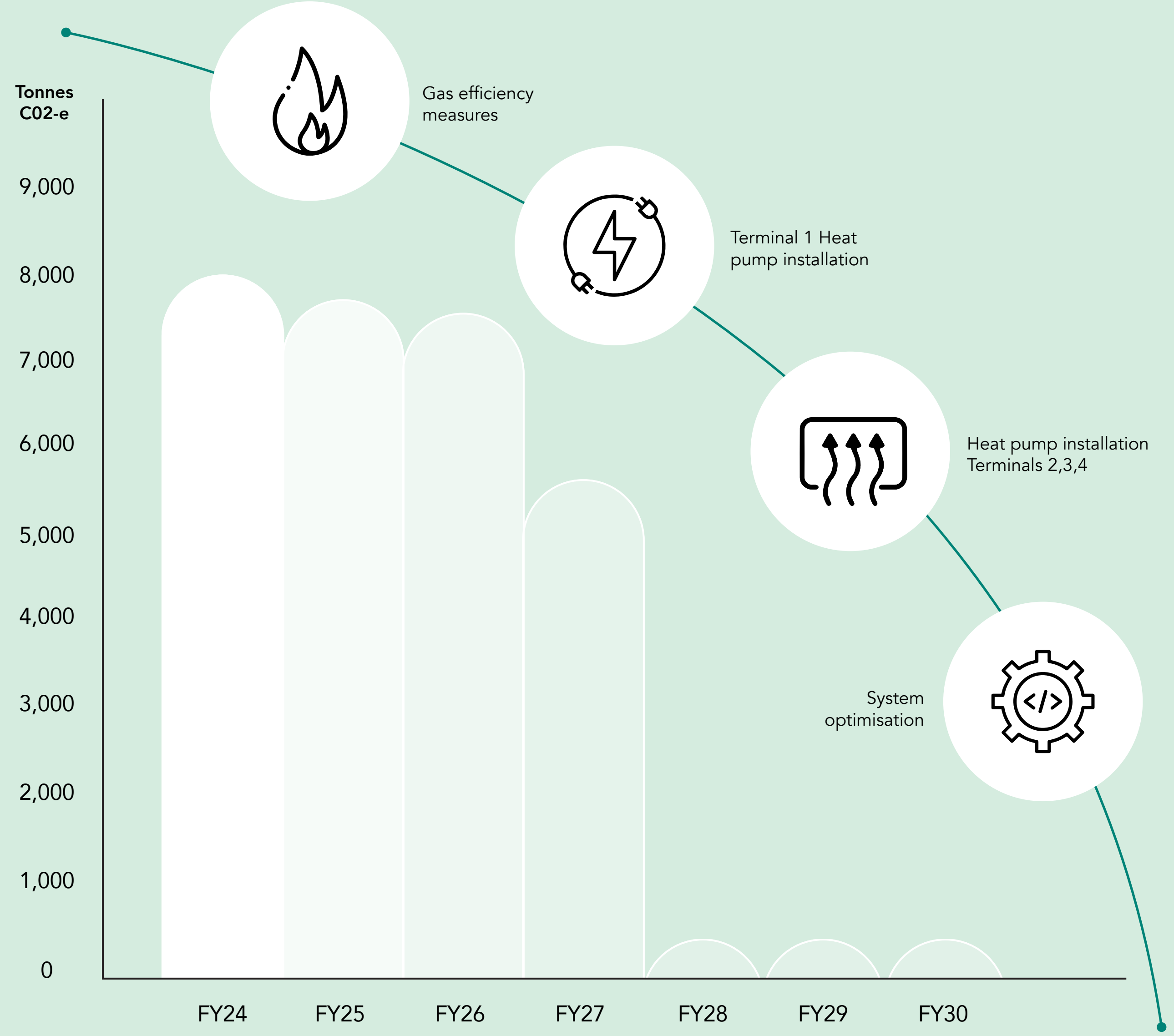
~250k tonnes

Sustainable design, construction and procurement

APAC will pursue greener buildings and infrastructure by putting sustainable design, material specification, procurement and contractor activity at the forefront of all capital projects. APAC will work with industry and stakeholders to ensure major capital projects showcase sustainable innovations.

Our Gas Heating Elimination Plan

APAC is committed to absolute emission reductions - not just net-zero. At Melbourne Airport, the largest remaining source of emissions after the renewable electricity agreement starts on 1 January 2024, is the gas used for heating the terminals. This gas use is a legacy from when the airport was built in the 1960's and expanded in the 1990's. Our plan to eliminate these emissions* is outlined below.



Financial year Tonnes CO2-e

FY24	8,000	FY28	400
FY25	7,800	FY29	400
FY26	7,600	FY30	400
FY27	5,700	FY31	0

* Timeframes and emission reductions subject to detailed design and regulatory approvals

Airport Carbon Accreditation

APAC's work to reduce its carbon footprint was recognised in January 2023 with the awarding of Level 3 Accreditation (Optimisation) in the global Airport Carbon Accreditation program. The program, which is run by Airports Council International (ACI), is a voluntary carbon management scheme and consists of four levels that progress from mapping carbon emissions, reducing emissions and engaging with third parties through to carbon neutrality.

To achieve Level 3 Accreditation (Optimisation) APAC was required to:

Fulfill all the requirements of 'Mapping' and 'Reduction'

Widen the scope of its carbon footprint to include a range of Scope 3 emissions

Scope 3 emissions to be measured include, amongst others:

- landing and take-off cycle emissions
- surface access to the airport for passengers and staff
- staff business travel emissions

Presentation of evidence of engagement with third party operators to reduce wider airport-based carbon emissions

MELBOURNE AIRPORT SAFETY HIGHLIGHTS

Fatalities	**0**
Lost time injuries (employees)	**2**
Lost time injury frequency rate (employees)	**4.04 per million hours**
Total recordable injury frequency rate (employees)	**4.04 per million hours**

SAFETY

As complex operating environments with tens of thousands of people passing through every day, safety is a key priority for both Melbourne and Launceston Airports and a duty of care we take seriously.

Safety strategy

Our strategy is guided by the following key principles:

- All employees working at Melbourne and Launceston Airports (APAC and non-APAC) have the right to a healthy and safe working environment.
- Well designed, healthy and safe work environments will allow workers at Melbourne and Launceston Airports (APAC and non-APAC) to have more productive working lives.
- All members of the public visiting or passing through Melbourne and Launceston Airports have the right to a safe airport experience.
- Safe and compliant aerodrome operations require a cooperative approach between APAC and the operators using Melbourne and Launceston Airports.

Aviation safety

The return of air travel to near pre-pandemic levels and recruitment of large numbers of new airline and ground handling operations staff required a significant focus on safety throughout the financial year. This involved collaboration between Melbourne Airport and airlines, ground handling providers and the Airline Operator Committee (AOC).

Open communication allowed all stakeholders to proactively share challenges and concerns, with the understanding that a problem shared is a problem halved. The value of collaboration has enabled Melbourne Airport and its partners to implement initiatives that have supported their ability to operate safely and compliantly. Frequent meetings enable timely sharing of safety data, and avenues for supporting joint safety and operational efficiencies, while workstreams have been developed that have helped optimise space by having a large amount of defective ground support equipment removed off site.

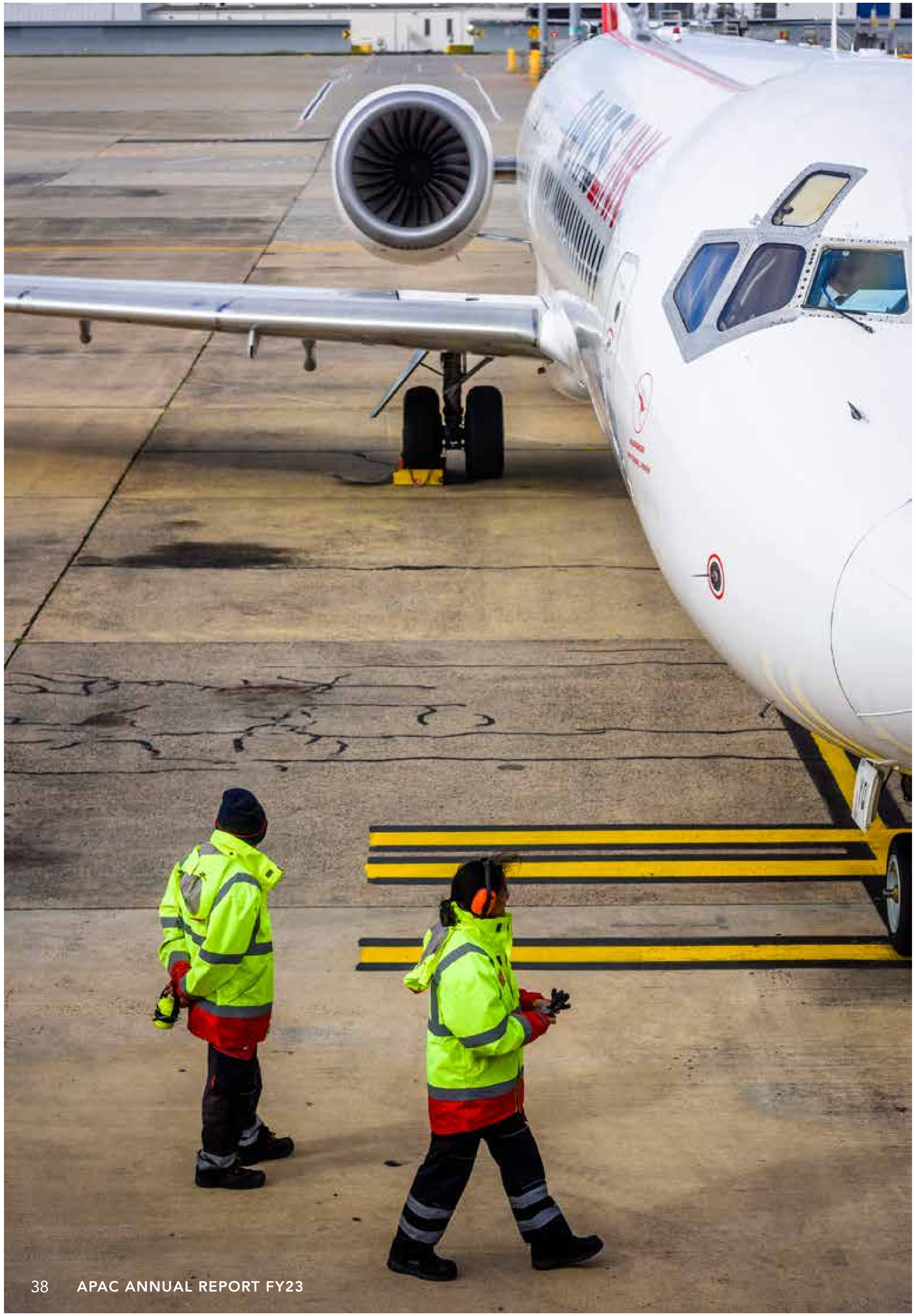
An initiative termed 'Safety Surge' was implemented during December's peak operating period and subsequent peak periods, resulting in 15 safety success measures being met, including a 194% increase of time spent in bag rooms focussing on safety, and an 80% increase in aircraft turnaround safety audits.

Collaboration will continue to be a strong focus as the airport and its operators continue to improve and adapt to the changing environment.

Earthquake asset review

Following a 5.6 magnitude earthquake in 2021 all assets across Melbourne Airport were assessed for damage and structural integrity. In FY23 the airport experienced a further two earthquakes of varying severity which led to a structural integrity review of all assets.

Observations from the 2021 report were used as a baseline to undertake these inspections, which were completed across the airfield, terminals, car parks and the business park. The inspections did not observe any major damage, with minor works undertaken to realign an airfield approach indicator known as a PAPI (precision approach path indicator) and replace several ceiling tiles.



Employee health and wellbeing

As Australia emerged from the Covid-19 pandemic, APAC worked to support staff as they navigated the financial, emotional and workplace challenges posed by the ongoing readjustment. The Mental Health and Wellbeing Committee facilitated a series of "How are you travelling" or "Post Pandemic Blues" sessions, to provide opportunity to share concerns or experiences and offer support, information and guidance where needed.

APAC undertook mental health training for leaders, with a clinical psychologist providing knowledge to senior members of the team regarding psychological safety legislation and the role they play in ensuring a safe workplace. The company also provided mental health first aid training to all members of the Mental Health Committee, to ensure team members have access to support when required.

APAC became the first airport operator to join the Corporate Mental Health Alliance Australia and is now part of a cohort of companies that share learnings and resources to improve mental health for staff. The Mental Health Committee continues work to develop APAC's mental health policy and framework, which is expected to be finalised in the first half of FY24.

To help support the physical wellbeing of employees, APAC offered staff free heart health and skin checks at various points throughout the year. These proved popular, with more than 130 team members taking advantage of the skin checks alone.

CONNECTING OUR COMMUNITIES

FY 23 Highlights

Community engagement activities **67**	People engaged through engagement activities **7,626**	Community investment **$573,000**
Employees participating in volunteer opportunities **70.8%**	No of employees **351**	Employment hours by social enterprise **7,280 hrs**
Employee engagement **80%**	Gender balance (% female) **36%**	Females in senior management positions **25%**

CONNECTING OUR COMMUNITIES

Creating connections that matter

As Victoria's primary international and domestic gateway, Melbourne Airport's purpose is to create connections that matter, whether they be close to home or on the other side of the world.

Connecting with our people

APAC fosters a culture that celebrates inclusion and diversity and that encourages employees to be themselves.

We are proud to support the different people and families represented in our workforce with a strategy that acknowledges diversity as a catalyst for a more flexible, productive, creative, competitive and ultimately better business.

At the start of the financial year, APAC updated its company values to simplify its message and to include a new ask of team members to "be you".

As part of this commitment to diversity, Melbourne Airport was proud to host a stand at the 2023 Midsumma Carnival in Alexandra Gardens to celebrate Victoria's LGBTQ+ community. As an employee-led initiative, the plan is for this to be an annual presence.

In December 2022 APAC introduced an updated leave policy to better support all members of the team by recognising cultural diversity and providing increased flexibility.

Key changes include:

- The extension of paid parental leave from 13 to 14 weeks and the coverage of both birthing and non-birthing parents
- The introduction of Celebration leave, which can be used to substitute up to two existing public holidays for an alternative celebration/recognition day
- Up to ten days leave for domestic and family violence
- Greater access to personal leave for fertility treatment, reproductive health and well-being, pre-adoption/fostering, surrogacy, eldercare and pawternity (when a pet is adopted)

The revised leave policy is aligned to Australian best practices and will be reviewed biennially.

APAC has embedded gender diversity targets into its business and is on track to achieve its goal of 40% male, 40% female and 20% of any gender by 2030. APAC is working to meet this target by 2025 for the Executive Leadership team and Board. The target has already been met by the APAL Board.

To highlight the growing number of airport roles being filled by women, Melbourne Airport partnered with Virgin Australia, Airservices Australia and Brisbane Airport on International Women's Day for a flight from Melbourne to Brisbane that was crewed and managed end to end by females.

First Nations

APAC acknowledges the First Nations of the land on which our airports operate. APAC is committed to working closely with the Wurundjeri Woi-wurrung in Melbourne and Aboriginal Heritage Tasmania in Launceston to deepen understanding about how the airports can continue to operate and develop in a way that recognises and celebrates the airports' First Nations cultural heritage.

Melbourne Airport publicly acknowledges the Wurundjeri Woi-wurrung as the land's traditional owners on signage within the terminals. The airport has committed to naming significant infrastructure in First Nations language and consulted with local elders to name the new T4 Express Link as Naarm Way.

In May, APAC finalised its draft Reconciliation Action Plan, with endorsement from Reconciliation Australia expected early in FY24. This plan aims to help improve employment outcomes for First Nations peoples and increase the shared understanding of our communities, passengers and staff for the culture and heritage of the lands on which they visit, live and work. The Reconciliation Action Plan will set tangible benchmarks for APAC to guide us on our reconciliation journey.

Melbourne Airport regularly invites Wurundjeri elders to conduct cultural heritage inductions for staff and contractors to increase awareness of First Nations history and the significance of the airport's land. In addition, development and maintenance works are subject to cultural heritage management plans, and work continues on cultural heritage mapping of the entire airport estate.

Survey works have also been completed to determine how scar trees that may need to be removed from the grey box woodland as part of Melbourne Airport's third runway project can be retained or reused at various locations around the estate.

Investing in our community

As Victoria's largest employment hub outside of the Melbourne CBD, Melbourne Airport is a key enabler of economic activity in the city's north and west.

Recognising that impacts from the airport's operations extend well beyond its boundary, APAC is committed to improving the lives of people who live in surrounding communities.

Melbourne Airport has been a proud partner of Western Chances for the past 15 years and continues to support the organisation as it helps young people to achieve their academic and career goals. Western Chances offers tailored scholarships to teenagers living within the Brimbank, Hobsons Bay, Maribyrnong, Melton, Moonee Valley and Wyndham local government areas. Scholarships typically help cover the cost of textbooks, laptops, internet access, myki cards and materials for those engaged in vocational or artistic education pathways and can be ongoing.

Melbourne Airport continues to support the work of Banksia Gardens to provide educational support for children and others facing economic hardship or other disadvantage. Melbourne Airport also appreciates the existing infrastructure and knowledge of local Neighbourhood Houses in responding to education and employment needs. Through the Australian Communities Foundation, Melbourne Airport offers a Community Grants program to assist Neighbourhood Houses in continuing their work in strengthening employment pathways and educational outcomes.

In January 2023, Melbourne Airport commenced a two-year partnership with Foodbank Victoria to help provide food and grocery supplies to local families in need of assistance. As part of this agreement Melbourne Airport staff are offered the option of volunteering with Foodbank, helping to sort supplies in the organisation's Yarraville warehouse or distributing donations to community members through Foodbank Victoria's mobile supermarkets. This opportunity for individual staff to give back to the local community forms an important part of APAC's employee value proposition.

In May 2023 Melbourne Airport was pleased to sign a six-year sponsorship agreement with Keilor Sports Club that will help fund a major upgrade of the clubhouse facilities including the kitchen, function areas and toilets. Keilor Sports Club is one of Melbourne Airport's nearest neighbours and contributes to the welfare and wellbeing of around 1,400 local people through its football, cricket and athletics programs.

Melbourne Airport is proud to support the work of Conservation Volunteers Australia to save the Eastern Barred Bandicoot from extinction. Since 2013, when 47 bandicoots were released in the Woodlands Historic Park as part of the Healthy Habitats program, the number of animals in the 230-hectare predator-proof sanctuary has increased to more than 500. This has allowed the establishment of other sanctuaries across Victoria, with a total of 1,500 bandicoots now in the wild. In September 2021, the Victorian Government announced that because of this program the Eastern Barred Bandicoot had been saved from extinction, and its conservation status improved from "threatened" to "endangered".

Celebrating our people

Jackie Lakovska is one of the thousands of people who make up the Melbourne Airport team. She has worked at the airport since 2018 as a cleaner with IKON Services Australia and is the winner of the Chairman's Award for Excellence at the 2023 Melbourne Airport Excellence Awards.

Jackie has an incredible appreciation for her role and consistently shows genuine care for travellers and the airport community alike. She epitomises excellence in the performance of her duties and selflessly goes beyond the extraordinary every time she walks through the terminals.

The airport can be an overwhelming environment for some travellers and inevitably there are situations that go beyond the normal stresses. Jackie never hesitates to intervene with humanity and compassion to create connections that are lasting.

Local employment

Melbourne Airport is one of the largest single-site employment precincts in Victoria and roughly 70% of the airport workforce lives in the seven surrounding local government areas.

From July 2023, APAC will require all new capital projects with a construction value of more than $20 million to have a minimum local employment target of 5%. All new service provider contracts with 20 or more employees will also be required to adhere to the minimum 5% local employment target.

As airlines, other precinct operators and suppliers have rebuilt their workforces, APAC has worked to connect local job seekers with airport employment opportunities. Melbourne Airport joined forces with nearby councils to host three jobs fairs targeting residents in surrounding communities, culminating in an on-airport event with more than 40 companies, including all five domestic airlines represented.

Engaging our community

APAC strives to be a good neighbour and Community Aviation Consultation Groups ensure regular two-way communication between local stakeholders and the airport.

To keep the local community informed about the third runway project and other airport developments, Melbourne Airport launched a regular newsletter which is delivered to roughly one million homes every three to four months. The newsletter includes translations in 11 different languages, with full translated copies available on the airport website.

Melbourne Airport has continued to stage regular community pop ups to provide nearby residents and stakeholders with the opportunity to meet with airport staff in person. As part of this program, Melbourne Airport produced a plane spotting booklet which has proved popular with people of all ages!

MELBOURNE AIRPORT AVIATION HIGHLIGHTS

FY23 vs FY22

Total passengers (ex transits)
30.8m
↑ 137.9% FY22 ↓ 17.7% FY19

Domestic
22.5m
↑ 104.4% FY22
↓ 13.3% FY19

International
8.3m
↑ 329.7% FY22
↓ 27.6% FY19

On time performance
64%
↓ 17.7% FY22 ↓ 12.3% FY19

Arrivals
65.3%
↓ 17% FY22
↓ 9.6% FY19

Departures
62.8%
↓18.3% FY22
↓ 9.6% FY19

Aircraft movements (excludes general aviation)
218.3k
↑ 73.9% FY22 ↓ 10.6% FY19

International movements
39.5k
↑ 244.4% FY22 ↓ 23.6% FY19

Domestic movements
167.5k
↑ 72.3% FY22 ↓ 9.4% FY19

International freighter movements
3.1k
↓ 59.1% FY22 ↑ 264.8% FY19

Domestic freighter movements
8.1k
↓ 12.8% FY22 ↑ 21.5% FY19

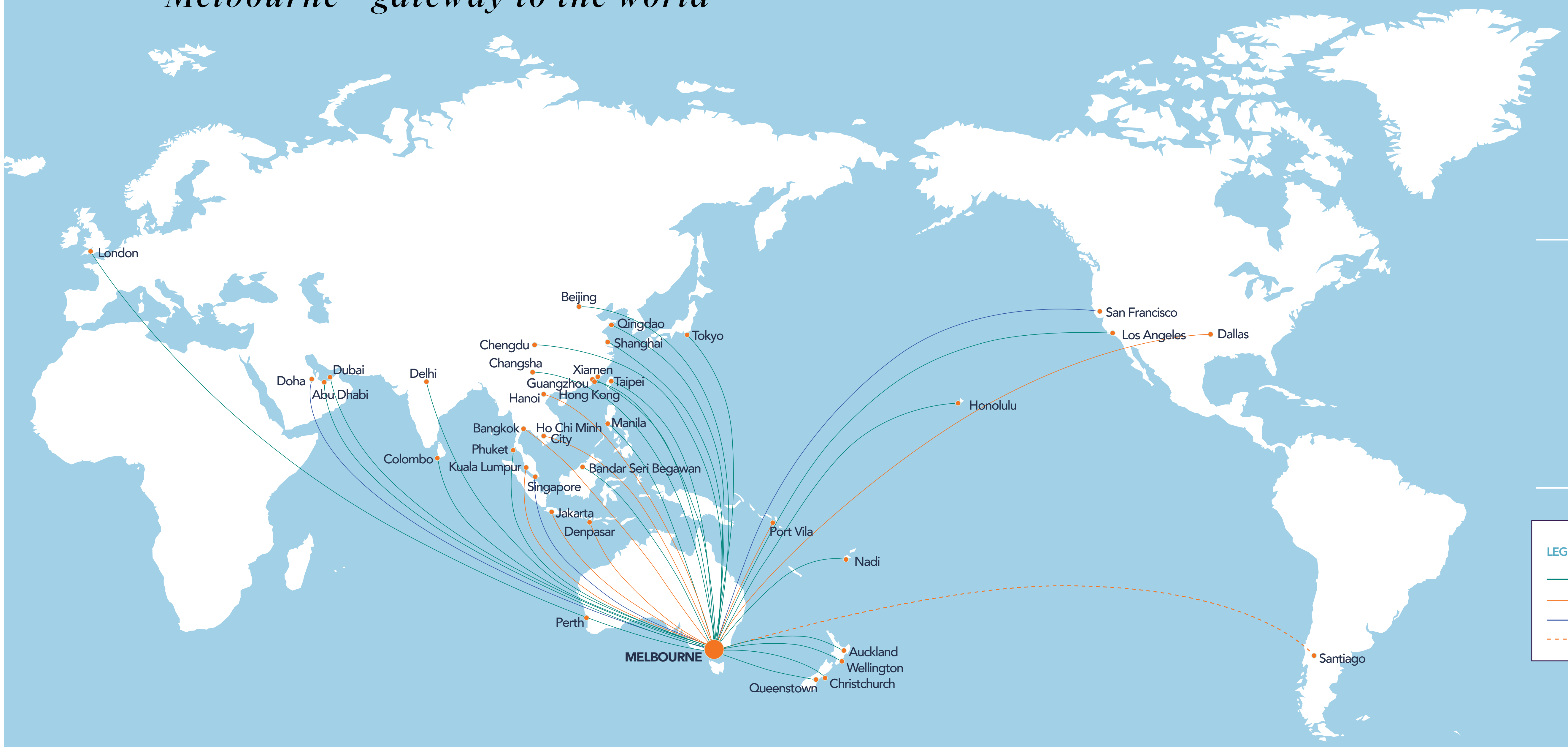
Air freight export
111,039
tonnes

Air freight import
94,624
tonnes

Export market share
34%
↑3% FY22

INTERNATIONAL ROUTES

Melbourne - gateway to the world

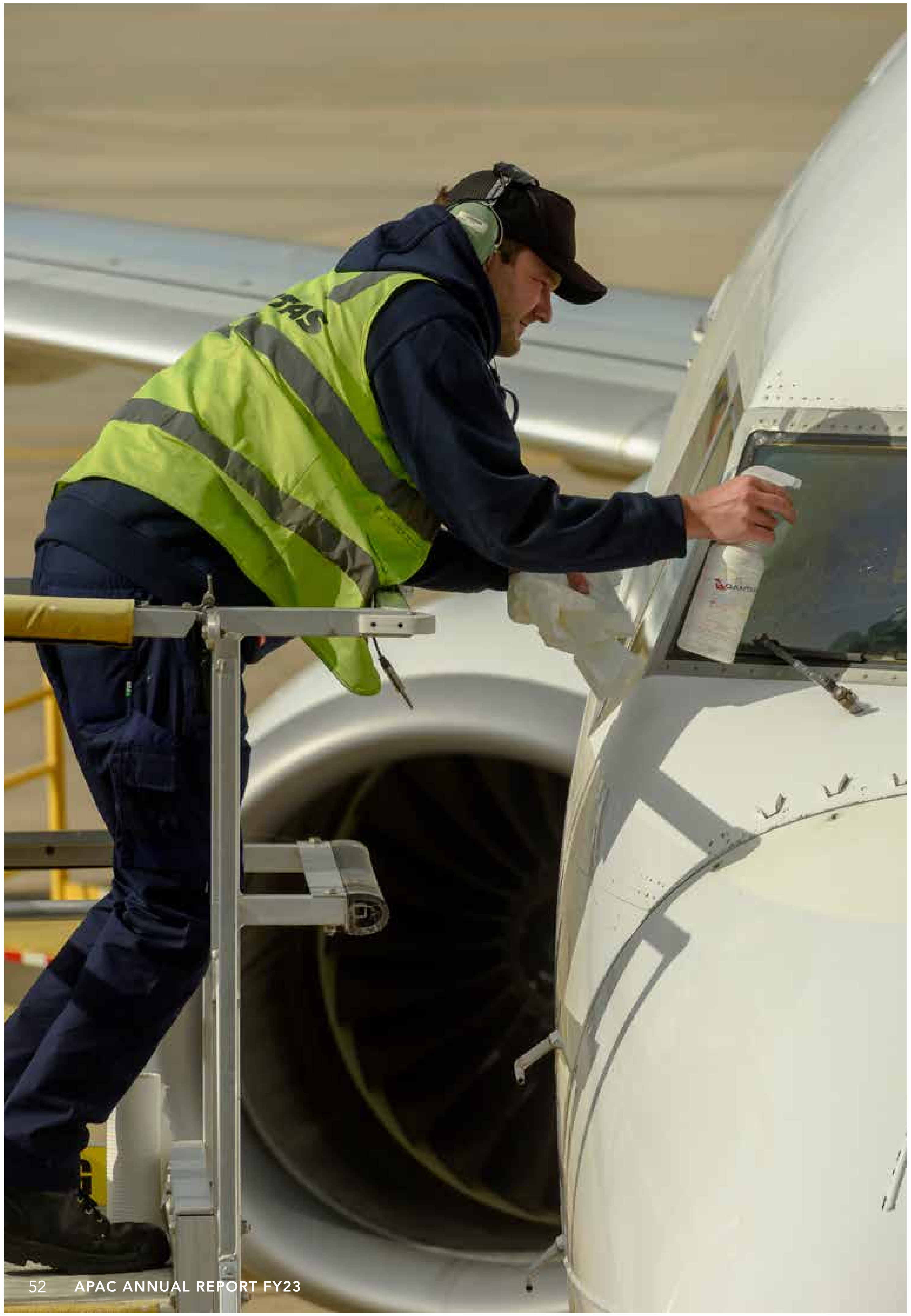


Total International Carriers

36

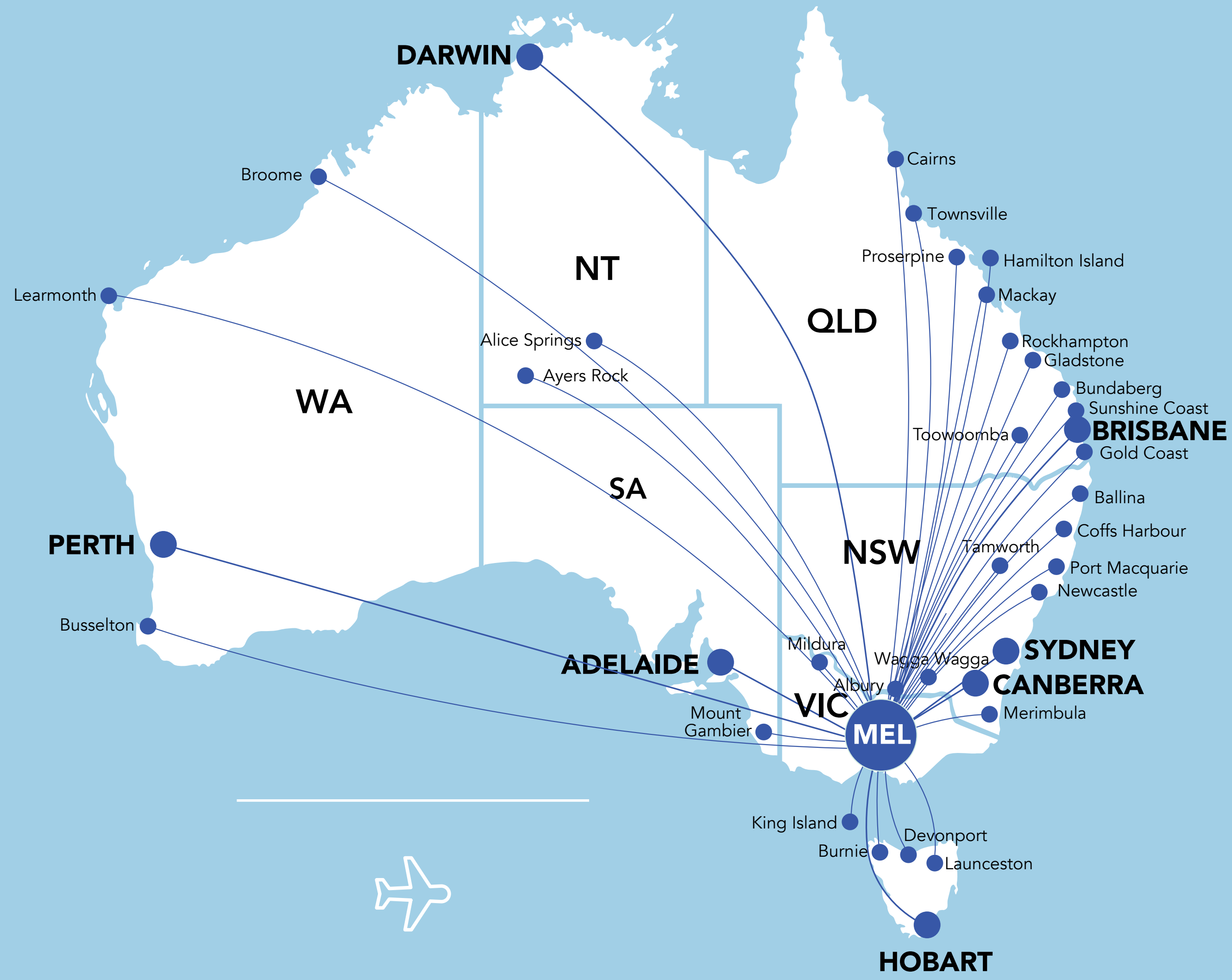
LEGEND

- Existing and returned routes
- New routes
- Increased capacity routes
- Coming in 2023



DOMESTIC ROUTES

All domestic carriers



Total Domestic Carriers

5

AVIATION

A favourite destination

As the primary gateway for Australia's largest city, Melbourne Airport is a highly desirable destination for both domestic and international carriers. Working with airlines to build on gains made in the previous 12 months the airport has capitalised on potential opportunities wherever they have arisen.

A close partnership with the Victorian government has allowed the airport to present Melbourne as an attractive proposition for international carriers at a time when cities around the world are vying for capacity. This culminated in Melbourne hosting the 151st IATA slots conference in November 2022, with more than 1,000 delegates from airlines and airports around the world given a first-hand experience of what the destination has to offer.

Passenger numbers continued to grow, with more than 30 million travellers passing through the airport's four terminals across the financial year, which represents a 138% increase on the previous year. Highlighting the ongoing growth in demand, monthly passenger figures for June surpassed 90% of 2019 levels for both domestic and international terminals.

WORLD AIRPORT WINNER SKYTRAX AWARDS 2020

WORLD AIRPORT WINNER SKYTRAX AWARDS 2020

Creating new connections

Melbourne Airport was chosen by Vietnamese low-cost carrier Vietjet to be the carrier's first destination in Australia, with flights to Ho Chi Minh City launching in early April. Vietjet joins Vietnam Airlines, Bamboo Airlines and Jetstar on the fast growing and highly competitive route, with traffic between Melbourne and Vietnam up 25.7% on 2019 levels.

Bali remains Melbourne's most popular international tourist destination with Jetstar, Qantas, Virgin Australia, Garuda and Batik Air offering almost a million seats between them on the Denpasar route in the 2023 calendar year.

In December 2022, Qantas launched the longest scheduled service ever flown from Melbourne, when it commenced direct flights to Dallas. At 14,472 kilometres it is the fourth longest non-stop flight in the world and offers convenient connections through one of the most important hubs in the United States.

Qantas also expanded its footprint in Asia, with the airline commencing direct flights to Jakarta which eliminated the need for a transfer in Sydney.

Melbourne Airport was pleased to welcome back Air Asia X, after the low-cost long-haul carrier briefly shifted its Victorian operation to Avalon Airport near Geelong.

Restoring capacity

Recognising the importance of direct air connections to the world, Melbourne Airport worked closely with the Victorian state government to restore capacity, with a number of major global carriers now operating at or above 2019 levels.

Melbourne scored a major goal ahead of the 2022 soccer world cup in Doha, when Qatar Airways shifted its second daily flight from Sydney to Melbourne. Emirates returned to pre-pandemic levels of capacity, with the re-launch of a third daily flight to Dubai (via Singapore) operated by a Boeing 777, alongside its existing double-daily direct Airbus A380 services.

Singapore Airlines renewed its ongoing commitment to Victoria in May and increased capacity into Melbourne by up-gauging one of its four daily flights from a Boeing 777 to an Airbus A380. In doing so, Melbourne became the airline's first Australian port to return to 100% of pre-Covid capacity.

United Airlines increased its trans-Pacific offering with daily flights from Melbourne to both Los Angeles and San Francisco, representing 140% of the capacity it flew in 2019.

LATAM Airlines has also confirmed plans to resume direct flights between Melbourne and Santiago from September 2023, restoring Victoria's direct connection to South America.

Capacity between Melbourne and India's capital Delhi is up 243.4% on 2019, with Air India flying daily services and Qantas operating year-round with seasonal increases.

Re-connecting with China

Prior to the onset of Covid-19, China was Melbourne's largest international visitor market but was the first to close as the pandemic took hold.

Despite the reopening of Australia's borders in November 2021, travel to mainland China remained severely curtailed because of tight entry controls.

Xiamen Airlines was the only carrier to continue operating scheduled service to Melbourne, with the airline maintaining one weekly flight, but Melbourne Airport made a point of maintaining regular dialogue and a close relationship with all mainland operators.

In early January 2023, Beijing confirmed a significant easing of restrictions and Chinese airlines were quick to announce plans to restart flights to Melbourne.

By early February China Southern, China Eastern, Air China and Sichuan Airlines had all resumed services to Melbourne.

Beijing Capital Airlines and Hainan Airlines returned to Melbourne later in the year, with China Southern increasing its Guangzhou service to double daily in response to high demand.

The rate of recovery of Melbourne's non-stop capacity to China has been one of the fastest in the world.

A new domestic airline

Melbourne Airport was the only capital city destination to feature on the launch network of Bonza, when it became the first major new domestic airline to launch in Australia in more than 15 years.

Headquartered on the Sunshine Coast and operating a fleet of new Boeing 737 MAX aircraft, the airline is aiming to stimulate new, underserved domestic markets.

Bonza has chosen to base two of its four aircraft and dozens of crew out of Terminal 4, with the carrier's first flight from Melbourne to the Sunshine Coast departing on 30 March.

It has since launched services to Bundaberg, Gladstone, Mackay, Mildura, Port Macquarie, Rockhampton, Tamworth and Toowoomba, with seven of those routes not previously served by other airlines.

A favourite domestic destination

Melbourne Airport remains a key focus for the nation's domestic carriers, and is now the largest port for Virgin Australia, which has successfully rebuilt its business after emerging from administration.

Virgin Australia's partnership with foreign carriers including Qatar Airways, Singapore Airlines and United Airlines combined with Melbourne Airport's single terminal precinct allows it to funnel international traffic through Melbourne to and from Tasmania, South Australia, the ACT and Western Australia.

Melbourne Airport is also the headquarters of the country's largest low-cost carrier, Jetstar, and has been the first to benefit from the introduction of the airline's fleet of new Airbus A321neo aircraft. Jetstar took delivery of its first A321neo in July 2022, with a ceremony at its Melbourne Airport hangers to welcome the type to its fleet. These jets are quieter and more fuel-efficient than the aircraft they replace, providing the airline with improved economics and the airport's neighbours with a reduced noise footprint.

Having launched jet services in 2021, Regional Express (Rex) continues to consolidate its Melbourne operation, reporting promising load factors and taking delivery of an additional Boeing 737 aircraft. Melbourne Airport is the airline's largest jet hub, with Rex offering services to Sydney, Brisbane, Adelaide, Canberra and the Gold Coast.

The airport worked closely with all carriers to overcome some of the challenges presented by the rapid restart of Australia's domestic air network. This has included measures to improve on-time performance.

A focus on improving operational resilience prompted Qantas, Jetstar and Virgin Australia to temporarily reduce their flying program to help take pressure off areas such as crewing and ground handling.

The reduction in capacity resulted in domestic airfares hitting a 15-year high at the end of 2022, which tempered demand for travel across key holiday periods including Christmas, New Year and Easter, to the point that Easter traveller numbers over the 2023 Easter period were slightly down on 2022. However, demand for domestic travel over the Labour Day long weekend in March and the Australian Grand Prix in April contributed to some of the airport's busiest days since 2019, and by June domestic passenger numbers had risen to 94% of pre-pandemic levels.

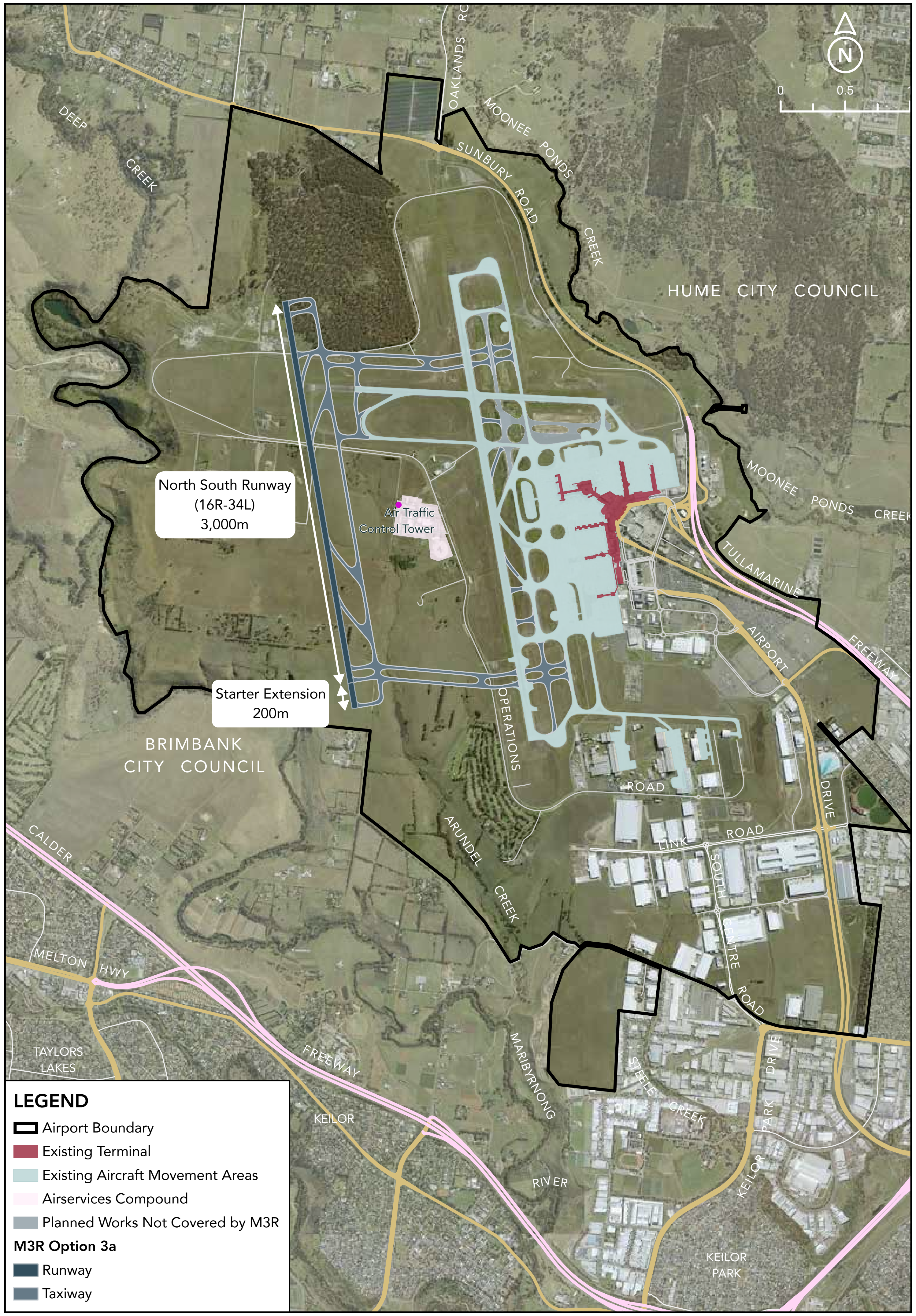
The introduction of new aircraft to the domestic fleet in FY24, including the delivery of Boeing 737 MAX jets to Virgin Australia and Airbus A220s to Qantas provides the opportunity for further capacity increases on routes from Melbourne Airport. Qantas has already confirmed the Melbourne-Canberra route will be first to benefit from its Airbus A220s, which have 25% more seats than the Boeing 717s they are replacing.

Connecting cargo

International freighter movements remained well above 2019 levels, despite a drop in dedicated cargo flights correlating with the ramp up of passenger services and under-belly carrying capacity. In particular, the quick resumption of scheduled flights to China has provided Victorian primary producers and other time-critical exporters with direct access to the state's largest trading partner.

Carriers including Singapore Airlines, Cathay Pacific and DHL are among the airlines that continue to maintain dedicated international cargo flights.

Reflecting the increase in scheduled passenger flights, the total number of international cargo flights more than halved to 3,086 in FY23, down from 7,666 in FY22. Domestic freight movements dipped 13% year-on-year to 8,052.



Melbourne Airport's Third Runway

In February Melbourne Airport submitted the draft Major Development Plan for Melbourne Airport's Third Runway to the Minister of Infrastructure, Transport, Regional Development and Local Government. Approval for the project remains under consideration by the Minister and is expected later in 2023.

The new runway will be built parallel to the existing north-south runway and is required to ensure the airfield has sufficient capacity to cope with forecast traffic growth.

The 3,000-metre-long runway will have a starter extension at its southern end to assist take-off performance for flights departing uphill to the north.

When complete, the parallel north-south runways will be able to operate independently, and will become the airport's primary operating mode.

The project includes shortening of the east-west runway, which is necessary due to geographical constraints. The Master Plan provides for future extension of the east-west runway if or when required. The east-west runway will remain operational and capable of handling most aircraft, as it does today. Melbourne Airport has committed to exploring options for use of the east-west runway during off-peak times to support opportunities for noise sharing.

Construction of the new runway is expected to take between five and six years. A simultaneous process of detailed airspace design will define and implement changes to flight paths around Melbourne.

The submission of the draft third runway Major Development Plan followed a 104-day public exhibition period undertaken in 2022 and the approval of the Melbourne Airport 2022 Master Plan in November 2022.

Subject to a Ministerial decision and commercial negotiations, Melbourne Airport expects to have the new runway operating in 2030.

UPGRADING OUR INFRASTRUCTURE

A commitment to sustainability

The Melbourne Airport Master Plan was approved by the Federal Minister for Infrastructure, Transport, Regional Development and Local Government in November 2022, which will guide the growth and development of the airport precinct over the next 20 years. The Master Plan also provides a commitment to building sustainable, future proof infrastructure.

Cultural heritage and environmental management are at the forefront of all infrastructure activities undertaken at Melbourne Airport. Cultural heritage management plans and inductions are undertaken prior to any works in consultation with First Nations representatives, to ensure disturbances to country are managed appropriately.

Construction of the airport's critical infrastructure upgrades has focused on sustainable procurement and embedding sustainability principles in the design, construction and operation of APAM's facilities.

Airfield works

In November 2022 Melbourne Airport started work to replace approximately 2,500 metres of the asphalt section of the north-south runway (Runway 16/34). As part of this project, airfield ground lighting has been replaced with energy-efficient LED technology and improvements are being made to some runway access roads.

The works have required close collaboration with airlines to facilitate overnight closures of the north-south runway five nights a week, with aircraft utilising the east-west runway.

35,000 tonnes of asphalt were poured during the night-time works, including up to 20% of reused asphalt profilings – a sustainable material sourced from existing asphalt stockpiles. In June trapezoidal grooves were carved into the runway to improve drainage flow path, reduce rubber containment and groove distortion in the hot summer season.

Supplementing this major work is the ongoing upgrade of the airfield taxiway network. Stage two of this project commenced in April 2023 and involves the replacement of 145 concrete pavement slabs that have been in place since the airport opened in 1970. The works are undertaken in six-hour overnight windows, during which time the slab is removed, new expedient concrete poured and set before the taxiway is re-opened to aircraft. Concrete is taken to an onsite processing facility for reuse in other projects.

Terminal enhancement

Throughout the last financial year Melbourne Airport has continued to focus on improving the traveller experience within the terminals, with a particular focus on Terminal 1 (Qantas domestic). Work on this terminal has included the installation of two new escalators to facilitate passenger access to gates, and the removal of two other escalators to increase seating capacity for passengers in the central terminal area. The terminal retail offering is being completely overhauled, with the first new stores opening ahead of the Easter school holidays and a flagship St ALi coffee shop opening during the winter school holidays. Further new stores are scheduled to open throughout the 2023 calendar year. The project has also replaced lighting in the terminal with energy efficient LED technology, which is expected to save around 1 gigawatt of energy per annum.

The opening of the landside link between Terminal 3 and 4 and consolidation of security check points continues to deliver an improved traveller experience for Virgin Australia customers, with the streamlined system contributing to reduced queue times. The expanded Terminal 4 screening checkpoint uses the latest technology which eliminates the need for passengers to remove laptops and aerosols from bags.

Baggage overhaul

To expand the capability of the international terminal and deliver on federal requirements for upgrades to international luggage screening, Melbourne Airport has embarked on a program to replace the current system of conveyor belts with a new individual carrier system.

Early works for the $500 million Terminal 2 Northern Infill Security Enhancement (NISE) project commenced in November. Construction will be carefully phased to ensure the smooth, ongoing operation of terminal facilities. When completed in 2027, the redesigned international baggage system will provide passengers, airlines and ground handlers with improved reliability and tracking.

The project includes the expansion of the terminal footprint and construction of an early bag store to allow passenger bags to be checked in and retrieved automatically at any time. The early bag store system will help increase the terminal's capacity, better manage peak volumes and help facilitate a future anytime/any airline check-in model.

Amenities upgrade

A commitment to delivering fit-for-purpose infrastructure coupled with positive feedback from the upgrade of passenger amenities in Terminals 1 and 3 prompted an expansion of the program to include Terminals 2 and 4. To accommodate this additional work, the project budget was increased from $40 million to $70 million. The project has delivered best-in-class male and female toilets, as well as all-gender restrooms, parent rooms, adult changing places and assistance animal relief areas.

As part of the upgrades new restrooms have been installed this year in both Terminal 1 and Terminal 4, with plans underway for a new 'Kathmandu' site within International Terminal 2 converting existing restrooms into a female/family amenity with adjoining male facilities and an animal relief station.

GROUND TRANSPORT

Offering choice, convenience and value

Passenger preferences have continued to evolve throughout the financial year in line with the return of international travel and normalisation of domestic travel.

While the first six months were characterised by strong demand for premium parking products, the latter half of the year has been marked by a shift towards value parking and commercial transport.

APAC continues to monitor consumer behaviour to ensure the ground transport offering provides passengers with choice, convenience and value.

Parking

Increased airline capacity and ongoing passenger mode shift helped drive strong revenue growth in all three of Melbourne Airport's streamlined parking offerings.

The recalibration of parking products undertaken in FY21 continues to prove worthwhile with customer uptake of the value, at-terminal and premium offerings showing strong growth and resilience throughout FY23.

Earnings reflected the ongoing increase in passenger numbers and consumer preference for parking over other access modes. Monthly revenue in May was up 13% on 2019, with the King's Birthday Monday delivering the second highest day of earnings in Melbourne Airport history.

Demand for premium parking products was strongest in the first six months of the financial year, but the combination of convenience and price-point continued to draw customers across the full 12 months.

The highly competitive daily rate of $12 continues to drive consumer appetite for long-term value parking, with demand at times creating unprecedented capacity constraints. This prompted the upgrade of an overflow carpark to create an additional 500 spaces, and an extension of the popular Value Express offering during school holidays which provides value carpark customers with a valet service for a $24 fee.

To enhance the online booking experience and simplify the carpark entry and exit process, Melbourne Airport has invested in a QR code system for all online bookings, which is scheduled to go live early in FY24. In addition, APAC has digitised the valet parking system through "PARK-IT", which provides customers with a self-service application portal.

Commercial operators

The reorganisation of the kerbside pickup zone in 2021 continues to deliver passenger benefits as traveller numbers increase, with the average customer wait time for Uber decreasing by 32%, and a new record low in April of 2.9 minutes. The rideshare provider reported its busiest day ever at Melbourne Airport during the 2023 Melbourne Grand Prix, with an average of 11 passengers picked up every minute during the evening of Thursday 30 March. Melbourne Airport continues to monitor passenger preferences to ensure appropriate allocation of space in the arrivals forecourt.

APAM is working with Commercial Passenger Vehicles Victoria to address issues with the behaviour of a small number of taxi drivers illegally touting for business around the terminal precinct. Melbourne Airport has updated terminal announcements and signage as part of efforts to deter this activity.

Skybus is playing an increasingly important role in the passenger movement task and currently accounts for approximately 8% of journeys to and from Melbourne Airport. Reflecting growing demand, the company has increased frequency on its express service to Southern Cross Station and now operates every ten minutes between 7am and 7pm. Skybus re-commenced its Peninsula Express service in December 2022, providing a direct connection to Elsternwick, Brighton, Moorabbin, Mentone, Mordialloc, Chelsea and Frankston with an additional stop at St Kilda. The service transported more than 8,000 passengers in May alone.

Melbourne Airport Rail

Melbourne Airport remains a strong supporter of a rail link to the city. The state and federal governments have each committed $5 billion to build a connection to the suburban train network at Sunshine. Melbourne Airport was working constructively with Rail Projects Victoria until the project was paused in April pending a federal government review. The review findings are due in the first half of FY24 and should provide further clarity on the timing and delivery of the project. Melbourne Airport's 2022 Master Plan safeguards for an underground rail connection to the terminal precinct and midfield.

Elevated roads

To help reduce congestion and improve the flow of vehicles accessing the terminal carparks and passenger pickup and drop off zones, Melbourne Airport is building a network of elevated roads.

Stage one of the project was completed in July 2023 with the opening of the Terminal 4 Express Link, known as Naarm Way. The road streamlines the passenger journey by allowing drivers to bypass roundabouts and traffic lights when accessing the Terminal 4 carpark from the Tullamarine Freeway. More than 150 jobs were created during construction of the project which took around 18 months to deliver.

Early works have now commenced on Stage 2 which will connect Terminal 4 with Terminals 123 via an elevated link, and relocate the passenger drop off/pick up zone into the Terminal 123 carpark structure. The current drop-off zone will then become a pedestrian zone. Stage 2 is expected to cost $350 million, which in conjunction with the $70 million Stage 1 works will constitute the largest ever private investment in Victorian public roads.

COMMERCIAL PROPERTY

A diversified business

APAC continues to expand its commercial property portfolio, providing the business with a robust non-aviation revenue stream.

Strong demand for industrial space drove significant growth in the Melbourne Airport Business Park throughout the financial year. The precinct is situated between two major freeways, and as the largest greenfield industrial zoned land in the country, provides companies with unique supply chain solutions and opportunities.

Tenants include freight and logistics companies, accommodation providers, advanced manufacturing facilities and adventure sport operators.

The diversity of offerings in the business park continues to draw visitors to the precinct, with URBNSURF Melbourne recording a 28% year-on-year increase with more than 196,000 individual sessions.

Construction

Six major builds are currently underway in the Melbourne Airport Business Park, including the largest ever project undertaken in the precinct. The 74,277m^2 Techtronic Industries (TTI) warehouse is being built near the southern end of the airfield and has required careful collaboration between construction crews and the airfield operations team to ensure no breaches of restricted airspace. Crane movements have been co-ordinated to coincide with planned nighttime runway closures to allow beams to be safely lifted into place without disrupting flights. The warehouse is due for completion in FY24.

Construction of the world-class CSL Seqirus vaccine manufacturing hub continues, with the company celebrating the 'topping out' of the building in May. More than 2,500 people are involved in construction of the building, which will provide the foundation for a life/sciences precinct within the business park. Melbourne Airport is due to hand the site over to CSL in 2024 for interior fit out before the state-of-the-art facility opens in 2026.

The recovery of passenger traffic prompted a decision to re-start construction of Melbourne Airport's Hive hotel precinct. The project was paused at lock-up stage during the pandemic, but the 464-room hotel is now scheduled to open in July 2024. The hotel will be operated by Accor under the Novotel and Ibis Styles brands, and will feature restaurants, a conference facility and a commercially operated gymnasium and wellness centre.

Speculative warehouse program

Interruptions to supply chains during the pandemic prompted many companies to shift from a 'just in time' to a 'just in case' inventory model, which requires a significant storage of inventory. This trend, and the subsequent demand for industrial space close to intermodal transport solutions presents an opportunity for APAC and helped inform the decision to build Melbourne Airport's first speculative warehouse.

Construction of the 21,900m² space is expected to be complete in the first quarter of FY24, with the warehouse already fully tenanted.

The success of the first build has led the airport to pursue construction of a second, 15,000m² speculative warehouse, which is also due to open in FY24.

RETAIL

Showcasing Victoria

As Victoria's primary international and domestic gateway, Melbourne Airport is proud to showcase some of the state's most renowned food and fashion outlets.

Building on Melbourne's reputation as Australia's culinary capital, the airport welcomed 14 new and refurbished cafes and restaurants during FY23 including eight pop-up eateries in Terminal 1, five new venues in Terminal 4 and one new café in Terminal 2.

A further eight new retail stores opened across the airport including Lotte Duty Free, Camilla, Oroton, Secure Travel and multiple WHSmith stores, providing more choice for passengers as they arrive or depart.

It is estimated that the combined hospitality and retail openings created more than 380 new job opportunities.

Terminal 1 reimagined

Works on the airport's $50 million Terminal 1 retail transformation commenced in March 2022, marking the most significant retail investment since the Terminal 2 Luxury Precinct opened in 2017.

As part of the project all hospitality and specialty venues in the terminal will be replaced or updated.

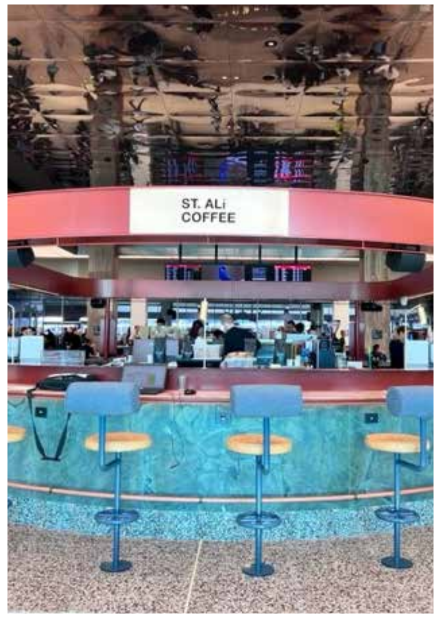
The redevelopment has involved the demolition of the terminal's food court and central escalators to enable its transformation into what will be known as the Square. Six restaurants and a flagship kiosk will be available to Qantas passengers immediately after security screening. Directly adjacent will be an additional four premium food and beverage outlets.

The refurbishment also includes an updated central seating area with charging stations, providing Qantas domestic travellers with improved amenity to complement the sweeping views of the airfield.

Some new hospitality venues have already opened including St ALi, Sushi Jiro, Icons and Liv Eat. A new flagship WHSmith store, with a café, also opened this year.

Stage 1 of the redevelopment is expected to be complete by Christmas 2023.

Stage 2 will include a refurbishment of the bottom of Pier C, including a new WHSmith store plus seven speciality retailers.



Lotte Duty-Free takes off

South Korean travel retail giant Lotte took over duty-free operations on 1 June 2023 in what was the first change to Melbourne's duty-free management in 30 years.

Lotte will provide Victorians with the best brands, products and offerings from around the world after winning Melbourne Airport's highly-sought-after duty-free tender.

Alongside change, Melbourne Airport's duty-free footprint will be expanded by around 2,500m^2. Renovations in the international arrivals precinct are due to commence in early 2024 to provide travellers with a more modern shopping experience and an improved welcome to Melbourne.

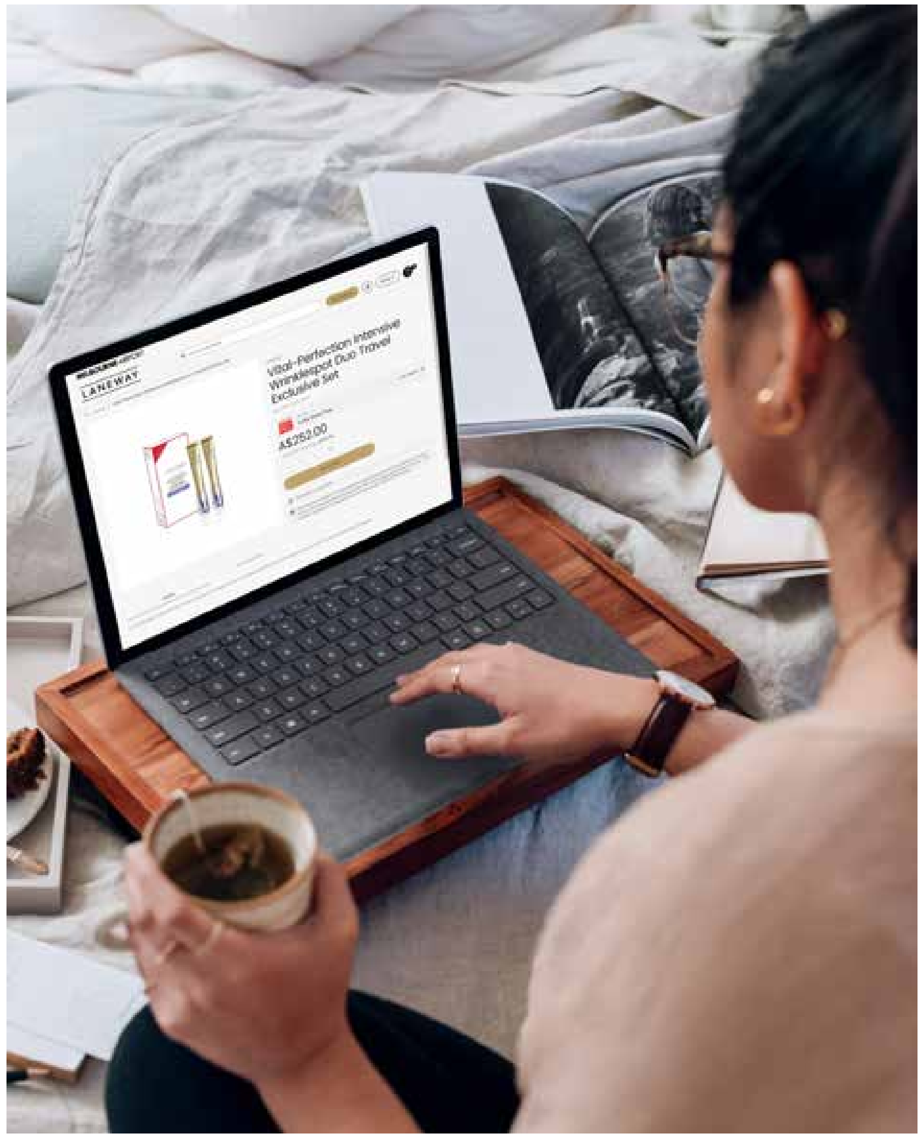
Lotte's Departures store will feature a number of new activations, including a mixologist providing holidaymakers with cocktails and makeup artists offering free tutorials and skincare consultations.

Laneway relaunched

Melbourne Airport's online duty-free store "Laneway" relaunched in June 2023 featuring key products found in Lotte Duty Free.

The website allows arriving and departing international travellers to click and collect items and offers the same tax-free savings that are available in-store.

Travellers can order products up to two months in advance and up to 24 hours prior to a flight.



Covid-testing site departs Melbourne Airport

Histopath Diagnostic Services closed its temporary Covid-19 testing site after more than a year operating out of Terminal 1.

The venue opened during the pandemic offering travellers instant Covid results and provided a much-valued service for overseas passengers at a time when some countries required testing proof as a condition of travel.

RISK MANAGEMENT & ASSURANCE

Sustaining long term performance

We recognise that rigorous risk management, governance and assurance are essential for corporate stability and for sustaining long term performance.

Risk management

APAC's risk management framework provides a sound basis for good corporate governance, supports the business in achieving its objectives and fosters a culture of transparency.

The risk management framework has been independently reviewed by Ernst & Young Australia and APAC continues to work through the recommendations as part of our continuous improvement cycle to improve our overall risk maturity.

It recognises that security issues, travel restrictions and government decision making all pose potential risks to APAC's operations.

APAC's Board of Directors and Senior Leadership Team have responsibility for driving and supporting risk management across the business.

The Audit and Risk Management Committee, a Board sub-committee, has responsibility for the oversight of risk management and regularly reviews the Corporate Risk Profile, supported by 'deep dives' on key risks.

Assurance

APAC maintains an internal audit function that provides a systematic and disciplined approach to evaluating and continually improving the effectiveness of risk management and internal control processes.

The Audit and Risk Management Committee is responsible for approving the scope of the internal audit plan, overseeing the performance of the internal audit team and reporting to the Board on the status of the risk management system.

The combined strength of APAC's culture of accountability, risk management and assurance activities – our three lines of defence – provide the company with an effective risk management framework.

Our approach

APAC's approach to risk management is guided by three key principles:

Culture

We want to build a strong risk management and control culture, promote awareness, ownership and proactive management of key risks while promoting prudent risk taking.

Structure

We seek to put in place an organisational structure that promotes good corporate governance, provides for appropriate segregation of duties, defines responsibility and authority for risk taking and promotes ownership and accountability for risk management.

Process

We seek to implement robust processes and systems for effective identification, analysis, evaluation and treatment of risk. We seek to improve our risk management and internal control policies and procedures on an on-going basis and ensure that they remain sound and robust by benchmarking to global best practices.

ABOUT

Launceston Airport

Launceston Airport is a subsidiary of APAC. Situated 15 kilometres south of Launceston, the airport serves as the northern gateway to Tasmania for commercial aircraft, air freight and private operators.

Located next to the Midland Highway and trunk routes servicing the north, north-west, north-east and south of Tasmania, the airport is well positioned to connect the state to the mainland and beyond. The airport is close to many popular Tasmanian tourist destinations including Cradle Mountain, Freycinet National Park, Cataract Gorge and world-famous golf courses.

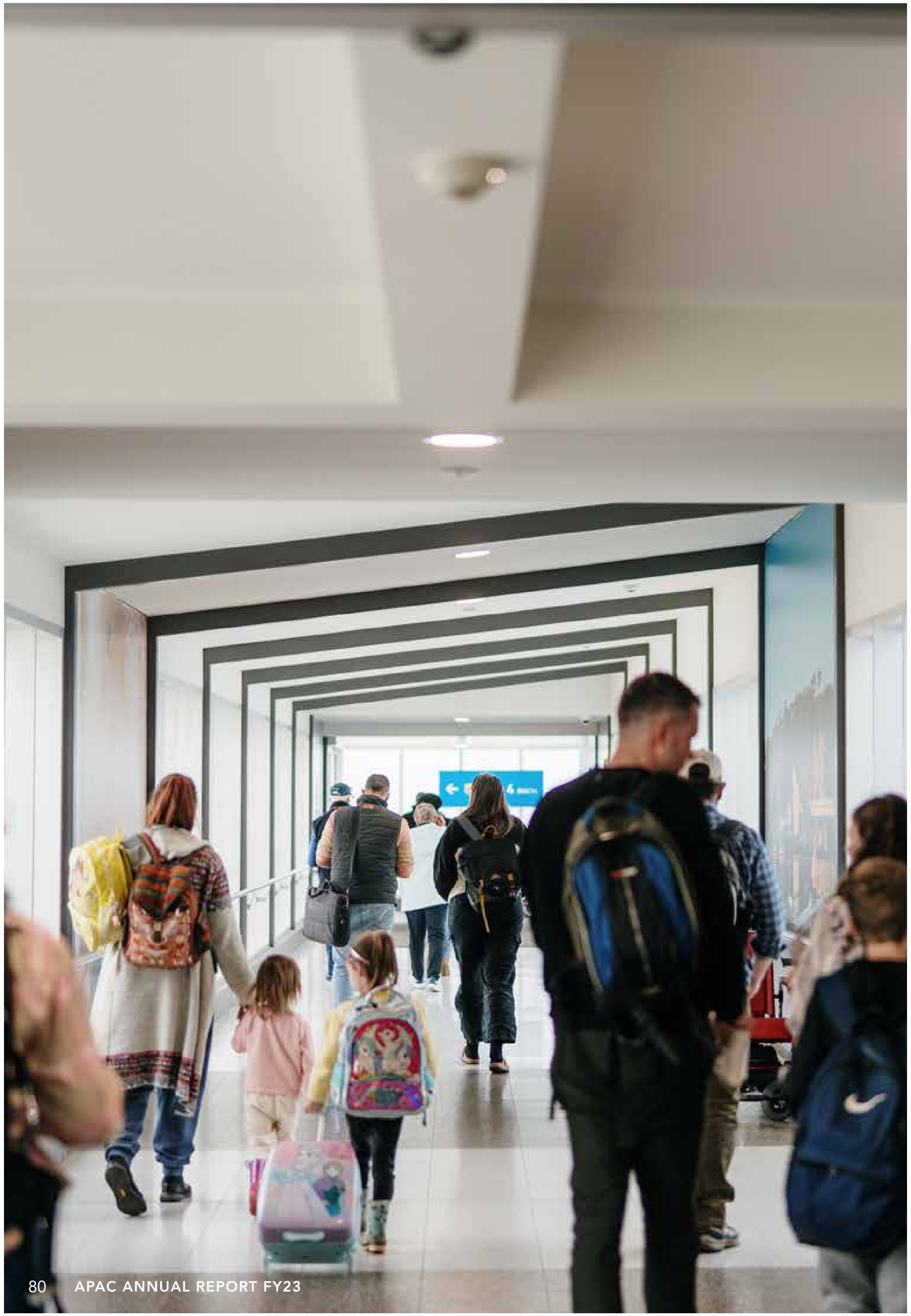
The airport site occupies 180 hectares with a single north-west runway and full-length taxiway. Facilities include six domestic aircraft stands, three freight stands, and 15 general aviation stands.

The three-storey terminal complex includes four dedicated boarding gates. A separate terminal houses Sharp Airlines' maintenance facilities, national reservations centre and departure lounge.

The airport also provides a range of facilities and office accommodation to ancillary non-aviation businesses attracted to the benefits of operating in an environment that has excellent connectivity and logistics links. As the main aviation hub for Northern Tasmania, Launceston Airport is the second-busiest airport in the state. A key economic driver, the airport contributes $81 million annually to the Northern Tasmania economy with a further $24 million in flow-on impacts. The airport has a workforce of more than 550 direct and indirect employees.

LAUNCESTON
AIRPORT

Our vision is to be Australia's leading regional airport.



OUR STRATEGY

Be authentic, grow, lead, enable

Customer first

Create an authentic Tasmanian brand that delivers the most positive and memorable regional airport experience in Australia.

- Reimagine the Launceston Airport brand in line with the airports vision and values
- Reimagine the customer experience at Launceston Airport

Grow our business

Drive revenue diversification and profitability by growing airline services and commercial partner opportunities.

- Identify and deliver key commercial opportunities to grow profitability for Launceston Airport
- Position Launceston Airport as a key strategic partner to all levels of government

Lead with influence and drive sustainability

Responsibly leverage stakeholder relationships to drive social, economic, community and ESG outcomes.

- Increase focus on sustainability and heritage

Enable our people to do their best work

Embed a culture of safety, inclusivity, learning and excellence to attract, develop and retain the best people.

- Develop a diverse resource and capability structure aligned with business growth and strategy
- Design an employee experience roadmap

LAUNCESTON HIGHLIGHTS

FY23 vs FY22

Total passengers
1.3m
↑ 74% FY22 ↓7% FY19

Aircraft movements (inc freighters)
20.3k
↑ 26% FY22 ↑6% FY19

No of employees
37

Employee engagement
75%

Gender balance (% female)
27%

Fatalities
0

Lost time injuries (employees)
1

Lost time injury frequency rate (employees)
21.07
per million hours

Total recordable injury frequency rate (employees)
21.07
per million hours

LAUNCESTON AIRPORT

Airport of the year

Launceston Airport has recorded one of the fastest recoveries of any Australian airport, outperforming capital city markets such as Melbourne and Sydney and ranking number three nationwide.

Launceston was named Airport of the Year at the 2022 Australian Aviation Awards and was recognised with silver in the Major Tour and Transport Operator category at the Tasmanian Tourism Awards.

A growing business

Launceston Airport serves as Tasmania's northern gateway and is a key driver of the state's tourism industry, which in 2022 generated $3.47 billion worth of spending.

A total of 1,295,173 people travelled through the airport in FY23, which was 74% higher than the previous financial year and 93% of pre Covid-19 levels. In the final quarter of FY23 the airport surpassed 97% of pre-pandemic passenger volumes and expects to exceed these early in FY24. This represents one of the quickest recoveries in the country, with performance exceeded only by the Gold Coast and Townsville airports. Load factors averaged 80% across the year, with direct Sydney services achieving the highest overall average at 84%.

Virgin Australia continued its ongoing focus on Launceston, with direct year-round service to Melbourne, Sydney and Brisbane in addition to seasonal direct flights to Perth and Adelaide.

The airline flew 17% more seats into Launceston than it did in FY19.

Qantas also expanded its offering into Launceston with year-round direct flights to Sydney and seasonal summer services to Brisbane contributing to a 33% increase in the airline's seat numbers based on FY19 levels. The airline has started phasing out its Boeing 717 aircraft in anticipation of the arrival of its new Airbus A220 fleet, which is expected to take over the operation of some flights into Launceston in the coming financial year. The new jets are quieter and produce 15% fewer emissions than the aircraft they will replace, while also accommodating 25% more seats.

Launceston's interstate market share has increased slightly relative to Hobart and the airport continues to work with all five domestic airlines to explore potential opportunities for new routes or future growth.

Melbourne remains the core driver of passenger volume and global connectivity, with this route accounting for 59% of Launceston Airport's passenger volume, followed by Sydney (23%) and Brisbane (13%).

Launceston Airport is also a strategic hub for Sharp Airlines, which in the past 12 months carried more than 20,500 passengers on flights to Burnie, King Island and Flinders Island. The airline operates from a dedicated area adjacent to the main terminal facility.

The airport has invested in new security technology to enable ongoing safe and secure operations, as well us updating fire systems to meet compliance obligations and protect users of the airport.

To ensure infrastructure on the estate remains fit for purpose, Launceston Airport has set out a $100 million capital investment program over the next ten years.

Putting customers first

A significant expansion of the Launceston Airport departures hall will change the way passengers check-in for flights and help deliver an easier and more efficient experience for outbound travellers.

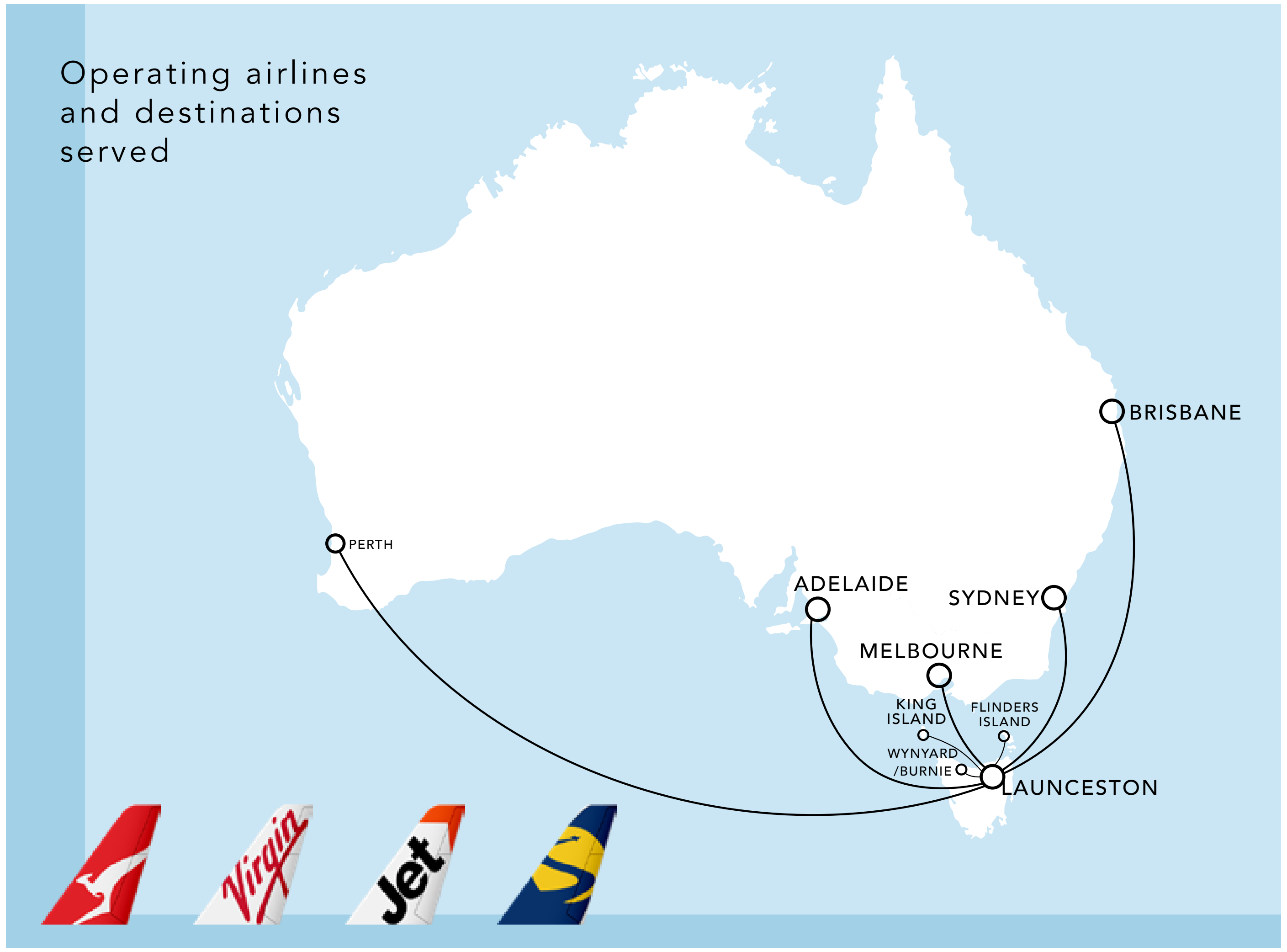
The $14 million project broke ground in August 2022, and is the airport's biggest infrastructure expansion since 2008. The additional 650m² of space will double the size of the check-in hall and include common use self-check-in equipment to provide airlines with extra flexibility and reduce passenger wait times during peak periods. Launceston will be the first Tasmanian airport to introduce self-check-in, which has helped deliver faster and more efficient processing for travellers in other domestic ports.

The new check-in hall is due to open in early FY24 and will facilitate the expansion of Launceston Airport's security checkpoint and the installation the latest screening equipment. The new equipment will improve security outcomes and deliver compliance with federal government requirements, while enhancing the passenger experience by eliminating the need for laptops and aerosols to be removed from carry-on luggage.

As part of the project, the entrance to the Qantas Regional lounge will be moved into the terminal's sterile area, providing travellers with a seamless experience from lounge to gate.

Planning is underway for the expansion of the arrivals hall to remove congestion and allow airfield views and further retail offerings. The works will enhance the baggage carousel system to accommodate for future growth as well as providing passengers with additional gate lounges to ease congestion.

The introduction of 30 minutes free parking for visitors to Launceston Airport in December 2022 has proved popular, with the change designed to increase convenience for visitors and help reduce congestion in the terminal forecourt. The initiative coincided with a recalibration of parking pricing, with rates increasing for the first time in four years. The updated pricing structure is designed to encourage drivers to park in the appropriate areas, and thus reduce the number of long-stay drivers parking in the short-stay carpark. The change will also help support investment in new technology and future carpark expansion.



Modernising infrastructure

In February 2023, work commenced on a $4 million upgrade of Virgin Australia's Launceston Airport cargo facility. Virgin Australia will use the modernised 800m² facility as the hub for all northern Tasmania cargo operations, with the ability to transport almost 500 tonnes of local product each year.

Planning is underway for a significant redevelopment of Launceston Airport's Royal Flying Doctor Service facility, with the federal government committing $15 million for construction. The new base will include hanger capacity for both rotary and fixed wing aircraft as well as facilities for world-class clinical care, ground vehicle transfers and space for surge workers when required. Launceston Airport's central location ensures the RFDS provides a fast and effective response to patients in all parts of the state.

Driving sustainability

To help improve the efficiency and reliability of the airport's High Intensity Approach Lighting system (HIAL), an $800,000 project was undertaken to replace old incandescent lighting with energy efficient LED technology. Installation was completed in May 2023 with testing undertaken shortly afterwards. The change has resulted in a 60% decrease in the system's energy consumption, with final integration works to take place in the first quarter of FY24.

In December 2022, Launceston Airport signed a Memorandum of Understanding with Country Wide Hydrogen to develop a hydrogen production facility supported by solar on the airport precinct. It is envisaged that this plant will help support transport and logistics operations at the Western Junction precinct and across the state.

The airport has worked closely with nearby landholders to address issues related to historic per- and polyfluoroalkyl substances (PFAS) contamination on the former fire training ground and other sites leased by Airservices Australia. In March 2023, the Launceston Airport Environment Officer issued an Environmental Remediation Order (ERO) to Airservices, setting out specific requirements and timeframes for Airservices to develop and implement a remediation plan for PFAS pollution at the former fire training ground. This order was the first of its type in Australia and implementation will soon be underway. The ERO requires Airservices to complete the remediation by the end of 2023. Launceston Airport has also completed geotechnical investigation for a PFAS Water Treatment Plant, with detailed design work now underway.

Leading with influence

As one of the key enablers of Tasmania's economy, Launceston Airport works closely with partners such as Tourism Tasmania and the Launceston Chamber of Commerce to maximise benefits in the local region. This cooperation includes work to bring new business opportunities to Launceston and prioritising local contractors and suppliers wherever possible.

Launceston Airport has undertaken site surveys for potentially significant areas of indigenous heritage which uncovered a substantial number of artifacts and areas of significance. The airport is working with consultants to investigate, manage and celebrate these significant areas. A second round of surveys will commence later in 2023.

Early in the financial year the airport undertook a significant organisation restructure to rebalance its corporate setup and increase its ability to focus on business development opportunities. These changes are already producing positive outcomes, which will ultimately flow through to the regional economy.

Looking forward

Launceston Airport's vision is to be the Leading Regional Airport in Australia, and this is reflected in a development strategy that is focused on its terminal infrastructure and wider precinct. This ten-year vision is designed to support the growth of travel and tourism, along with an increase in commercial activity to assist the economic prosperity of the state.

The airport's terminal will be progressively upgraded over the coming decade to enhance facilities for both arriving and departing passengers, while the airfield's full-length taxiway provides scope for significant growth in services. The introduction of next generation aircraft to domestic airline fleets opens new opportunities for direct connections to new destinations.

Launceston Airport is well placed to capitalise on its proximity to Tasmania's key rail and road links, with opportunities to develop the state's first truly intermodal hub (combining road, rail and air). There is also potential to unlock up to 40 hectares of commercially developable land on the precinct which could be used to help facilitate the region's economic growth.

With so many potential opportunities, Launceston Airport is committed to working with local, state and federal governments to secure the best outcomes for the region and its residents.












AUSTRALIA PACIFIC AIRPORTS CORPORATION

FINANCIAL STATEMENTS

FY 2023

MELBOURNE AIRPORT | LAUNCESTON AIRPORT

DIRECTORS' REPORT

FY ended 30 June 2023

The Directors of Australia Pacific Airports Corporation Limited (the Company) and its controlled entities (the Group or APAC) present their report for the financial year ended 30 June 2023.

Principal activities

During the financial year, the principal activity of the Group was the ownership and management of Melbourne Airport (APAM) and Launceston Airport (APAL).

Review of operations

Twelve months of uninterrupted operations has resulted in a welcome return of confidence and stability in the aviation industry and a renewed sense of purpose for APAC and has seen the Group deliver a profit after tax of $146.8 million. The result has been driven by recovery of passenger volumes with 32.1 million passengers travelling through Melbourne and Launceston Airports, an uplift of 18.4 million passengers from FY22 as domestic and international travel restrictions lifted.

At 30 June 23, domestic capacity is 94% and international 91% of pre-COVID levels. International capacity continues to trend upwards with strong passenger loads. The announcement of the removal of most travel restrictions with China in January 2023 has seen improved international capacity. Seven of eight Chinese carriers have returned with 73% capacity of pre-COVID levels to June 2023, one of the fastest recovery rates for the market.

Passenger recovery is being supported by strong business development and partnership with the Victorian Government, working with existing and new airline partners to increase route offerings.

International services saw new airlines in Air Asia X and VietJet choose Melbourne, with Thai Airlines and Garuda Airlines also returning to Melbourne Airport, increasing the reach into South-East Asia. Melbourne Airport also welcomed back United Airlines with daily flights to San Francisco and Los Angeles. Qantas commenced three-a-week flights to Dallas/Fort Worth with this hub offering over 200 connections across North America.

New domestic low-cost airline Bonza has chosen Melbourne as its secondary base of operations and commenced flights from Melbourne on 30 March 2023 servicing nine destinations including the Sunshine Coast and eight regional locations not previously serviced by other airlines. Seven of its routes were not being serviced by other airlines.

Lorie Argus commenced as APAC's Chief Executive Officer (CEO) on 1 July 2022.

The Groups' focus is its strategy to Grow, Delight and Inspire with key highlights for the year ended 30 June 2023:

- The Group finalised agreements with all key aviation partners on Aeronautical Service Agreements for the next three years, securing APAC's key revenue streams.
- In November, APAM's Master Development Plan was approved by the Federal Minister for Infrastructure, creating a clear pathway for the airport's long-term strategy. This is a vital step in securing Melbourne Airports future and an enabler for approval of the third runway.
- Finalisation of the duty-free tender saw eleven potential providers considered with Lotte Duty Free being awarded the contract. Lotte commenced operations on 1 June 2023.
- Retail strategy has seen the continuing redevelopment and refresh of stores across terminals with 14 new cafe's and restaurants and 8 new retail offerings opened in FY23.
- Ground transport continues to see strong performance in car parking and car rental indicating a customer preference to 'private' vehicles versus public transport options. Additional value car parking was opened in December 2022 to satisfy peak demand over the holiday period and has continued through the year.
- Property continued it's focus on the delivery of key projects with Honda and Seqirus/CSL infrastructure reaching completion in June 2023.
- APAM partnered with Foodbank, Victoria's largest food relief organisation, to provide resourcing over the next two years as part of the Group's Social Impact Days employee value proposition.
- Capital projects have continued in the period with key projects in delivery:
  - T3/T4 Link opened in August 2022, providing complete connectivity across all terminals, consolidating security screening and improving traveller experience.
  - The amenities program continued its staged rollout ensuring uniformity of facilities across the terminal precinct.
  - Terminal 1 retail development continues, delivering the uniquely Melbourne experience with St. ALi opening as the focal point in June 2023.
  - Elevated road stage 1 construction continued with a one-way elevated road providing direct connection from the Tullamarine Freeway to the T4 Transport Hub, reducing congestion during peak periods. The project opened in July 2023 with the road named Naarm Way.
  - The three-year Northern Infill Security Enhancement (NISE) project commenced, with works on stage one for security and next generation baggage equipment. Once completed this project also has the capability to deliver an improved baggage model and incremental capacity in this area.
  - Airfield maintenance programs have seen further investment in pavement infrastructure including a one in ten-year replacement of pavement on runway 16/34, requiring complex overnight closures through the course of the 11 month program of work.
- APAL commenced construction on the $11 million Terminal Expansion and Security Enhancement Project, which is APAL's biggest infrastructure expansion in six years and is due for delivery in mid-FY24.

The Group's financial performance continues to improve reporting an Operating Profit of $693.8 million (FY22: $298.3 million).

APAC's balance sheet remains strong with $2,760 million of liquidity at balance date including undrawn bank facilities of $1,770 million and cash of $990 million. The Group continued to access funding markets executing a new $800 million EMTN bond and $800 million term loan with existing and new term loan investors. The Group continues to be compliant with financial covenants for the period ended 30 June 2023.

Included in Note 4 of the financial report are details of a prior period restatement associated with straight line accounting for certain long-term ground lease contracts. The prior period error was identified on transition to a system-based lease accounting platform as part of the Group's finance transformation project (Project Catalyst), resulting in:

- a $21.5 million increase in opening retained earnings as at 1 July 2021;
- a $0.3 million reduction in net loss for the year ended 30 June 2022; and
- a $31.1 million increase in accrued revenue and $9.3 million increase in deferred tax liabilities as at 30 June 2022.

Financial Results

The Group's continuing financial recovery is underpinned by strong passenger numbers with revenue increasing by $503.9 million to $1,042.8 million in FY23 delivering an operating profit of $693.8 million.

Improving passenger numbers have positively impacted aeronautical, retail and ground transport revenues.

Aeronautical revenue increased $250 million to $432.7 million from improved passenger levels driven by stronger than expected international passengers due to the early return of the Chinese market, complimented by annual price increases.

Ground Transport revenue increased to $228.8 million with car parking revenue and car rental driving the increase as mode share continues to favour 'private' transport options.

Retail revenue improved to $128.9 million aligned with passenger recovery, reopening of stores and associated retail spend.

Property delivered $122.5 million in revenue, remaining stable for the period.

Security costs and recoveries have increased in line with increase in passenger volumes, with charges based on a per passenger basis.

Costs excluding security passthrough, software as a service cost and the benefit arising from a reduction in the Group's expected credit loss provision were $260.5 million, 43.7% higher than FY22, driven by increases in cleaning and operations cost aligned to the recovery of passenger volumes and maintenance required to return critical assets from hibernation.

Depreciation and amortisation have reduced as PPE and software assets unwind. Borrowing costs increased by $72.3 million for FY23 as a result of increasing interest rates and additional debt offset by reduction on restructure of hedging trades. Interest income of $12.3 million has increased due to cash on deposit increasing in the year.

Fair value of Investment property at 30 June resulted in a reduction in value of $1.7 million largely due to the continuing pressure on market capitalisation rates offset by continuing strong rental yields and development profit from the completion of the Honda Warehouse in June 2023.

The Group generated a statutory profit before tax of $209.1 million (FY22 loss $30.7 million).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial year.

Dividends

The Directors are proposing a dividend for the year ended 30 June 2023 of $141,305,000 ($1.19 per share) to be paid in September 2023 (2022: Nil).

Events occurring after balance sheet date

During August 2023, Melbourne Airport refinanced the existing $940 million syndicated bank facility, replacing the existing facility with $1.2 billion of syndicated bank facilities. The new syndicated facility is split across two tranches maturing in August 2026 and August 2028. Aligned to the establishment of the facilities, Melbourne Airport cancelled $600 million of Bilateral facilities maturing in 2025.

The Group retains a total $1.465 billion of bank debt facilities of which $1.2 billion is a syndicated facility and $200m an existing Bilateral facility maturing in April 2026, both facilities are undrawn. These facilities along with the $990 million of cash available are sufficient to meet forward commitments.

Except as disclosed above, no other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Directors

Directors Name	Position	Period of directorship
Peter Hay	Chair	Appointed 1 June 2019
Michael Cummings	Director	Appointed 19 March 2015
Danny Elia	Director	Appointed 6 October 2015
James Fraser-Smith	Director	Appointed 15 September 2016
Raphael Arndt	Director	Appointed 29 August 2019
Talieh Williams	Director	Appointed 1 January 2022
David Dowling	Director	Appointed 14 June 2022
Samantha Lewis	Director	Appointed 24 October 2022

Peter Hay, Chair

Mr Hay has a strong background and breadth of experience in business, corporate law, finance and investment banking advisory work, with particular expertise in relation to mergers and acquisitions. He has also had significant involvement in advising governments and government-owned enterprises. Peter's Board experience spans mining and resources, manufacturing, retail, property, and financial services. He is currently Chairman of Mutual Trust. He is a former Director on the Boards of Newcrest Mining, Vicinity Centres, GUD Holdings, Novion, Myer, ANZ Bank, and Alumina.

Dr Raphael Arndt, Director

Raphael Arndt was appointed as the Chief Executive Officer of the Future Fund in 2020. Raphael served as the Chief Investment Officer of the Future Fund from 2014 to 2020. He leads a multi-disciplinary organisation, managing A$245 billion on behalf of the Commonwealth of Australia. Raphael was previously the Fund's Head of Infrastructure and Timberland where he was responsible for establishing both the Timberland and Infrastructure investment programs. Raphael is also Chairman of the Investment Committee and a Board Member of the Melbourne Lord Mayor's Charitable Foundation, Australia's largest community foundation. Raphael started his career as an Engineer working with Ove Arup & Partners in Melbourne and London. He holds Engineering and Commerce degrees and a PhD from the University of Melbourne which focused on risk allocation in Public Private Partnerships.

Michael Cummings, Director & Chair of Remuneration Committee

Mr Cummings is the Head of Funds – Infrastructure at AMP Capital Investors for Australia and New Zealand. In addition to APAC, Mr Cummings is on the Board of Powerco NZ, and is Alternate Director on Interlink (M5 Toll Road) and Evergen Pty Ltd. Mr Cummings has over 26 years of international experience in the infrastructure sector – having held senior executive positions in a number of major energy infrastructure companies.

Danny Elia, Director

Mr Elia is the Global Head of Asset Management at IFM Investors where he is responsible for driving IFM Infrastructure's asset management strategy across the Australian and Global Infrastructure funds. Previous roles include CEO of South Australian Health Partnerships, Director of Public Private Partnerships for Leighton Contractors, General Manager of Transurban Victoria and Finance Director of Linfox Logistics Asia Pacific. Mr Elia is currently a Director on the Board of Committee for Melbourne.

James Fraser-Smith, Director

James Fraser-Smith is a senior infrastructure investment professional with over 20 years of experience. As the Head of Unlisted Infrastructure and Timberland at Future Fund, he manages a global portfolio in excess of $10b and leads the team responsible for infrastructure strategy, transactions and asset management. James represents Future Fund as a Director on the Boards of Melbourne Airport and Amplitel. James holds Civil Engineering and Commerce degrees from the University of Melbourne and has completed a Master of Applied Finance. He is also a graduate member of the Australian Institute of Company Directors.

Talieh Williams, Director

Talieh Williams is a senior executive with deep experience across all aspects of investment stewardship, ESG integration and sustainable investing. Talieh is currently working as an independent responsible investment advisor, and prior to this, led the investment stewardship teams at both UniSuper and the Victorian Funds Management Corporation. Talieh has also worked in sustainability consulting, the oil industry and commercial legal practice. Talieh is a Trustee Director at the Shrine of Remembrance, sits on the Climate Bonds Standards Board and has previously been a director of the Australian Council of Super Investors, the Responsible Investment Association of Australasia and the Investor Group on Climate Change. Talieh holds a Master of Social Science (International Development), a Bachelor of Laws (Honours) and a Bachelor of Planning and Design (Urban Design).

David Dowling, Director

Mr Dowling is the Managing Director Airports at AMP Capital. In this role, he is responsible for the management of AMP Capital's Australian airport investments. Prior to joining AMP Capital, Mr Dowling worked at Sydney Airport, MAp Airports and Macquarie Capital. He holds a Bachelor of Commerce from the University of Melbourne and a Bachelor of Laws from the University of Sydney and is a graduate of the Australian Institute of Company Directors. Mr Dowling is currently a Director of Port Hedland International Airport.

Samantha Lewis, Director and Chair of Audit & Risk Finance Committee

Ms Lewis is a full time Non-Executive Director. In addition to APAC, Ms Lewis is a Non-Executive Director and Chairman of the Audit Governance & Risk Management Committee at Aurizon Holdings Limited, a Non-Executive Director and Chairman of the Audit & Compliance Committee of Orora Limited and a Non-Executive Director and Chairman of the Audit & Risk Committee of Nine Entertainment Co. Holdings Limited. Previously, Ms Lewis was an Assurance & Advisory partner from 2000 to 2014 with Deloitte Australia. Ms Lewis has extensive financial experience, including as a lead auditor of several major Australian listed entities and has significant experience working with companies in the manufacturing, consumer business and energy sectors. In addition to external audits, Ms Lewis provided accounting and transactional advisory services to other major organisations in Australia.

Meeting of Directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2023, and the number of meetings attended by each Director were:

	Full Board		Remuneration Committee		Audit, Risk and Finance Committee	
	Held	Attended	Held	Attended	Held	Attended
Peter Hay	8	8	4	4	4	4
Raphael Arndt	8	6	-	-	-	-
David Dowling	8	8	-	-	4	4
Michael Cummings	8	6	4	4	-	-
Alternate - David Dowling	1	1	-	-	-	-
Danny Elia	8	8	4	4	-	-
James Fraser-Smith	8	8	4	4	-	-
Talieh Williams	8	7	4	4	4	4
Samantha Lewis	7	7	-	-	3	3

Those attended by the Company Secretary were:

	Held	Attended	Held	Attended	Held	Attended
Aaron Gant	8	8	4	4	4	4

Future Developments

The Group's future developments and operations are included within the Master Plans of Melbourne Airport (2022) and Launceston Airport (2020). The documents, published every five years, include setting the strategic direction for each airport, providing plans for development, documenting to the public the intended uses of the sites and development proposals and ensuring compliance with environmental legislation and standards.

Formal approval of APAM's 2022 Master Plan was obtained in November 2022.

The plan includes details of APAM's plan to build a third runway with the community invited to provide feedback during the exhibition period.

Environmental regulation

In relation to environmental matters, the Group is subject to the Airports Act 1996 (Cth) ("the Act") and the Airports (Environment Protection) Regulations 1997 ("the Regulations"). The Group is satisfied that the results of environmental monitoring conducted by internal and external specialists during the year ended 30 June 2023 demonstrate compliance with the Act and the Regulations in all material respects.

Like other airports around Australia, firefighting foams containing per- and poly- fluoroalkyl substances ("PFAS") have historically been used by Airservices Australia at Melbourne and Launceston Airports. Melbourne and Launceston Airports continue to investigate, manage and monitor PFAS at both airports.

Indemnity and insurance of officers and auditors

Each officer (including each Director) of the Group is indemnified, to the maximum extent permitted by law, against any liabilities incurred as an officer of the Group pursuant to agreements with the Group. Each officer is also indemnified against reasonable costs (whether legal or otherwise) incurred in relation to relevant proceedings in which the officer is involved because the officer is or was an officer.

The Group has arranged to pay a premium for a Director's and officer's liability insurance policy to indemnify Directors and officers in accordance with the terms and conditions of the policy.

This policy is subject to a confidentiality clause which prohibits disclosure of the nature of the liability covered, the name of the insurer, the limit of liability and the premium paid for this policy.

The auditor of the Group is in no way indemnified out of the assets of the Group.

No application has been made and no proceedings have been brought or intervened in on behalf of APAC under section 237 of the Corporations Act.

Auditor's independence

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 97.

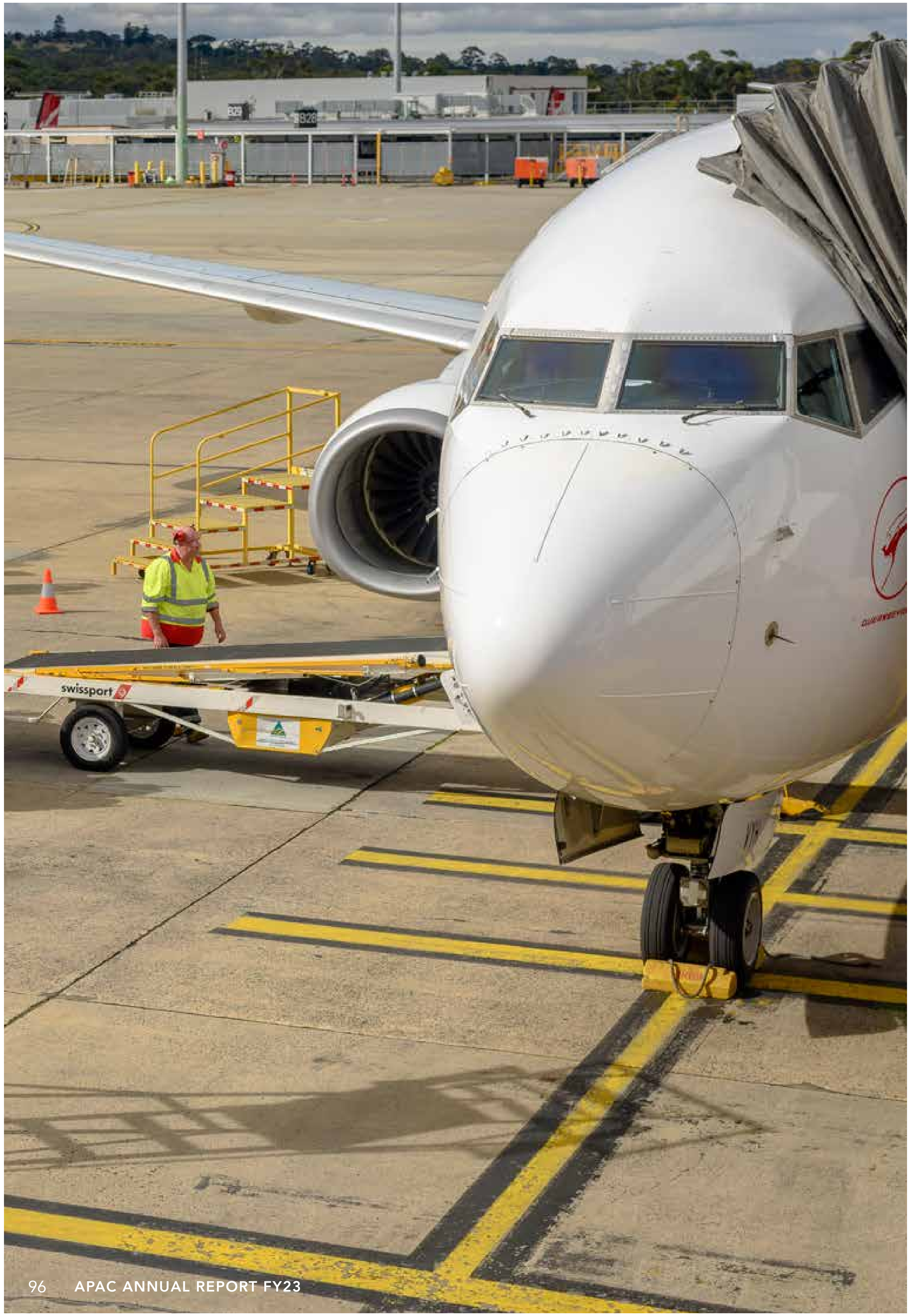
Rounding off of amounts

The Group is of a kind referred to in Australian Securities & Investments Commission (ASIC) Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191 dated 1 April 2016, and in accordance with that instrument all financial information has been rounded to the nearest thousand dollars, unless otherwise indicated.

On behalf of the Directors

Mr P. Hay
Chairman

31 August 2023
Melbourne



Auditors Independence Declaration

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
477 Collins Street
Melbourne, VIC, 3000
Australia

Phone: +61 3 9671 7000
www.deloitte.com.au

31 August 2023

The Board of Directors
Australia Pacific Airports Corporation Limited
Level 2, Terminal 2
Melbourne Airport VIC 3043

Dear Board Members,

Auditor's Independence Declaration

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Australia Pacific Airports Corporation Limited.

As lead audit partner for the audit of the financial report of Australia Pacific Airports Corporation Limited for the year ended 30 June 2023**,** I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Jason Thorne
Partner
Chartered Accountants

GENERAL
information

The financial statements represent Australia Pacific Airports Corporation Limited and its controlled entities as a consolidated group. The financial statements are presented in Australian dollars, which is Australia Pacific Airports Corporation Limited's functional and presentation currency.

Australia Pacific Airports Corporation Limited ACN 069 775 266 is an unlisted public company limited by shares, incorporated and domiciled in Australia.

Its registered office and principal place of business is:

Level 2, Terminal 2,
Melbourne Airport VIC 3043
(03) 9297 1600

website: www.melbourneairport.com.au

Email: reception@melair.com.au

A description of the nature of the Group's operations and its principal activities are included in the Directors' report.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 31 August 2023.

AUSTRALIA PACIFIC AIRPORTS CORPORATION

CONTENTS

Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2023

	Note	2023 $'000	2022 Restated $'000
Revenue			
Aeronautical		432,689	182,770
Security	6	75,276	49,362
Retail		128,879	38,808
Ground Transport		228,824	112,587
Property		122,476	119,617
Outgoings/recharges		48,911	31,612
Other income		5,730	4,020
Profit on sale of property, plant and equipment		31	31
Total revenue		**1,042,816**	**538,882**
Expenses			
Staff costs		(73,038)	(62,386)
Security	6	(73,297)	(44,471)
Services and utilities		(108,243)	(80,378)
Maintenance costs		(28,964)	(20,745)
Administration and marketing costs		(18,094)	(9,103)
Other costs		(32,163)	(8,650)
Software as a Service expense		(15,895)	(21,924)
Allowance for expected credit losses – reversal		678	7,078
Total expenses		**(349,016)**	**(240,579)**
Operating profit		**693,800**	**298,303**
Change in fair value of investment property	12	(1,707)	119,276
Borrowing costs	5	(253,551)	(181,227)
Interest income		12,323	25
Depreciation and amortisation and impairment losses	5	(241,812)	(267,110)
Profit (loss) before income tax (expense)/benefit		**209,053**	**(30,733)**
Income tax (expense)/benefit	7	(62,244)	10,563
Profit (loss) after income tax (expense)/benefit for the year		**146,809**	**(20,170)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net change in the fair value of cash flow hedges taken to equity, net of tax		12,473	104,024
Other comprehensive income for the year, net of tax		12,473	104,024
Total comprehensive income for the year		**159,282**	**83,854**

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Consolidated statement of financial position as at 30 June 2023

	Note	2023 $'000	2022 Restated $'000
Assets			
Current assets			
Cash and cash equivalents		989,623	53,445
Trade and other receivables	8	139,757	80,086
Derivative financial instruments	16	223,146	-
Income tax receivable		21	-
Accrued revenue	4,9	41,360	25,790
Other assets	10	48,994	13,309
Total current assets		**1,442,901**	**172,630**
Non-current assets			
Property, plant and equipment	11	3,610,925	3,444,310
Investment properties	12	2,299,918	2,199,574
Intangible assets	13	675,017	677,001
Derivative financial instruments	16	210,940	307,208
Accrued revenue	4,9	162,893	169,141
Other assets	10	2,048	2,057
Total non-current assets		**6,961,741**	**6,799,291**
Total assets		**8,404,642**	**6,971,921**
Liabilities			
Current liabilities			
Payables	14	166,319	81,995
Borrowings	15	1,197,293	374,873
Employee benefit provisions		23,457	22,633
Derivative financial instruments	16	264	-
Lease liabilities	18	1,287	1,287
Unearned income		11,238	19,809
Total current liabilities		**1,399,858**	**500,597**
Non-current liabilities			
Payables	14	2,452	3,702
Borrowings	15	4,962,225	4,684,575
Deferred tax liability	4,7	676,891	609,280
Employee benefit provisions		1,903	1,811
Derivative financial instruments	16	53,828	40,359
Lease liabilities	18	2,447	3,127
Unearned income		22,442	5,156
Total non-current liabilities		**5,722,188**	**5,348,010**
Total liabilities		**7,122,046**	**5,848,607**
Net assets		**1,282,596**	**1,123,314**
Equity			
Issued capital	20	118,100	118,100
Hedging reserves	21	(23,298)	(35,771)
Retained profits	4	1,187,794	
Total equity		**1,282,596**	**1,123,314**

The above consolidated statement financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity for the year ended 30 June 2023

	Issued capital $'000	Reserves $'000	Retained profits $'000	Total equity $'000
Balance at 1 July 2021	118,100	(139,795)	1,039,614	1,017,919
Adjustment for change in accounting policy (Note 4)	-	-	21,541	21,541
Balance at 1 July 2021 - restated	118,100	(139,795)	1,061,155	1,039,460
Loss after income tax expense for the year	-		(20,170)	(20,170)
Other comprehensive income for the year, net of tax	-	104,024	-	104,024
Total comprehensive profit/(loss) for the year	**-**	**104,024**	**(20,170)**	**83,854**
Balance at 30 June 2022	**118,100**	**(35,771)**	**1,040,985**	**1,123,314**
Balance at 1 July 2022	**118,100**	**(35,771)**	**1,040,985**	**1,123,314**
Profit after income tax expense for the year	-	-	146,809	146,809
Other comprehensive income for the year, net of tax	-	12,473	-	12,473
Total comprehensive income for the year	**-**	**12,473**	**146,809**	**159,282**
Balance at 30 June 2023	**118,100**	**(23,298)**	**1,187,794**	**1,282,596**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows for the year ended 30 June 2023

	Note	2023 $'000	2022 $'000
Cash flows from operating activities			
Receipts from customers		1,093,263	573,615
Payments to suppliers and employees		(403,534)	(296,475)
Payments for Software as a Service		(16,224)	(22,862)
Interest received		5,573	25
Interest paid		(199,297)	(113,162)
Income tax (refund)/paid		-	(21)
Net cash from operating activities	**25**	**479,781**	**141,120**
Cash flows from investing activities			
Payments for investment property		(102,051)	(19,612)
Payments for property, plant and equipment		(405,052)	(214,052)
Payments for intangibles		(2,595)	(405)
Proceeds from disposal of property, plant and equipment		31	106
Net cash used in investing activities		**(509,667)**	**(233,963)**
Cash flows from financing activities			
Proceeds from borrowings		1,612,799	1,211,500
Repayment of borrowings		(621,000)	(1,027,877)
Payment for hedging restructure		-	(65,853)
Repayment of lease liabilities		(680)	(649)
Payment for debt issue costs		(25,055)	(3,019)
Net cash from financing activities		**966,064**	**114,102**
Net increase in cash and cash equivalents		936,178	21,259
Cash and cash equivalents at the beginning of the financial year		53,445	32,186
Cash and cash equivalents at the end of the financial year		**989,623**	**53,445**

The above consolidated statement financial position should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements 30 June 2023

1. Basis of preparation

Statement of compliance

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB), and comply with other requirements of the law. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The financial statements comprise the consolidated financial statements of Australia Pacific Airports Corporation Limited (the Company) and the entities it controls (together the Group). For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

The presentation currency used in these financial statements is Australian dollars ($). Amounts in these financial statements are stated in Australian dollars unless otherwise noted.

The financial statements have been prepared under the historical cost convention, except for measurement of investment properties and derivative financial instruments, which are measured at fair value through profit or loss or other comprehensive income, as described in Note 12 and Note 16.

The financial statements were authorised for issue by the Directors on 31 August 2023.

Rounding of amounts

The Group is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar, unless otherwise indicated.

Net Current Asset Position

The Group was in a net current asset position of $43 million at 30 June 2023 (30 June 2022: net current liabilities $329 million), principally due to cash being held to meet the current borrowings of $1.2 billion maturing in September-23.

Available liquidity as at 30 June 2023 in the form of cash and cash equivalent was $990 million and undrawn bank facilities were $1,770 million (30 June 2022: $1,778 million).

During August 2023, Melbourne Airport refinanced the existing $940 million syndicated bank facility, replacing the existing facility with $1.2 billion of syndicated bank facilities. The new syndicated facility is split across two tranches maturing in August 2026 and August 2028. Aligned to the establishment of the facilities, Melbourne Airport cancelled $600 million of Bilateral facilities maturing in 2025.

The Group retains a total $1.465 billion of bank debt facilities of which $1.2 billion is a syndicated facility and $200m an existing Bilateral facility maturing in April 2026, both facilities are undrawn. These facilities along with the $990 million of cash available are sufficient to meet forward commitments.

The Directors continually monitor the Group's working capital position and capital commitments with reference to the Group's existing debt facilities and available liquidity and are satisfied that the Group will be able to pay its debts as and when they fall due. As a result, the financial statements have been approved on a going concern basis.

2. Significant accounting policies

Revenue from contracts with customers

Aeronautical revenue

Aeronautical revenue is primarily generated from contracts with airlines for the provision of access to terminals, infrastructure, apron parking, airfield and terminal facilities. Revenue is recognised as the service is provided as follows:

- Passenger charges: On a per passenger basis as they arrive or depart
- Runway charges: On a per passenger basis or on the basis of maximum take-off weight
- Aircraft parking charges: Over the duration of time the aircraft is parked and maximum take-off weight

Aeronautical revenues are billed on a monthly basis.

Incentives and discounts are recognised in line with terms of contracts with airlines and are generally based on passenger numbers, flight frequency and or new routes. Revenues from passenger charges are therefore variable consideration and estimated monthly. Variable revenue is only recognised when it is highly probable the revenues will not reverse.

Discounts and incentives are generally paid annually based on contract commencement date and any unpaid amount is recognised as a payable.

Security recovery revenues

Revenue is a pass-through of security operating costs and a capital recovery on depreciation and is based on the recognition of actual security costs and depreciation incurred. Revenue is recognised as the expense is incurred.

Security recovery revenues are billed on a monthly basis.

Ground transport revenues

Parking and ground transport revenue is primarily generated from passengers and staff for the provision of car parking and from taxis, ride share services, busses and private vehicles for the provision of ground access services.

Revenue is recognised for car parking on exit and ground access services over the period of time the service is provided.

Retail revenues

This comprises the lease of commercial space to tenants whose activities include duty free, food and beverage, and financial and advertising services. These contracts contain lease components with revenue recognised on a straight-line basis over the lease term.

Property revenues

This comprises the lease of terminal space, buildings and other space on Melbourne Airport. These contracts contain only lease components with revenue recognised on a straight-line basis over the lease term.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have a material impact on the financial performance or position of the Group.

Standards in issue not yet effective

AASB 2022-6 specified that only covenants with which an entity must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.

AASB 2022-6 further defers the effective date of AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current and AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current from 1 January 2023 to 1 January 2024.

AASB 2023-3 makes amendments to AASB 1060 similar to the ones described above under AASB 2022-6.

AASB 2022-5 Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback. Effective date: 1 January 2024.

The Group acknowledges the International Sustainability Standards Board has recently published climate related disclosure standards noting:

In June 2023, the International Sustainability Standards Board (ISSB) published two IFRS sustainability disclosure standards in response to the demand for better information about sustainability related matters.

- IFRS S1 General Requirements of Sustainability related Financial Information, which sets out the core content for a complete set of sustainability related financial disclosures, thereby establishing a comprehensive baseline of sustainability related financial information; and
- IFRS S2 Climate-related Disclosures, which will require the Group to provide information that enables the users of its financial statements to understand the Group's governance, strategy, risk management, and metrics and targets in relation to climate-related risks and opportunities.

Notwithstanding that the standards are not yet mandatory for adoption for the financial period ended 30 June 2023, the Group has acknowledged the demand for sustainability related disclosures and has considered the potential impacts of sustainability related matters.

There are no current significant financial risks to the statement of financial position. However, the Group is continuing to assess the potential that long term risks of climate change, future climate events, legislation and reporting requirements may adversely impact the value of assets both tangible and intangible. Inability to satisfy reporting or covenant conditions may impact the availability of funding or the cost of available funding.

Management will continue to monitor requirements and implement processes to address climate and sustainability related risks.

3. Critical accounting judgements, estimates and assumptions

In the preparation of the financial statements, the Directors are required to make judgements, estimates and assumptions that affect the application of accounting policies and the reported carrying values of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Details of the critical judgements and key sources of estimation uncertainty are set out in the following notes:

Key sources of estimation uncertainty

- Allowance for expected credit losses (Note 8)
- Fair value of investment properties (Note 12)
- Impairment of goodwill (Note 13)
- Fair value of derivative financial instruments (Note 16)

4. Restatement of comparatives

The Group identified a prior period error associated with straight line accounting for certain long term ground lease contracts, which has been corrected retrospectively via a prior period restatement. The prior period error was identified on transition to a system-based lease accounting platform as part of the Group's finance transformation project (Project Catalyst), resulting in:

- a $21.5 million increase in opening retained earnings as at 1 July 2021;
- a $0.3 million reduction in net loss for the year ended 30 June 2022; and
- a $31.1 million increase in accrued revenue and $9.4m increase in deferred tax liabilities as at 30 June 2022

The comparative information in the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of financial position has been restated to retrospectively account for the impact of the prior period error as summarised below.

There is no cash impact arising from the prior period error.

Consolidated statement of profit or loss and other comprehensive income

	30 June 2022 Reported $'000	Adjustment $'000	30 June 2022 Restated $'000
Property Revenue	119,212	405	119,617
Profit/ (loss) before income tax	(31,138)	405	(30,733)
Income tax benefit	10,684	(121)	10,563
Net impact on loss for the period	**(20,454)**	**284**	**(20,170)**
Extract of key line items affected by the prior period restatement Statement of financial position			
Current assets			
Accrued revenue	24,852	938	25,790
	24,852	938	25,790
Non-current assets			
Accrued revenue	138,902	30,239	169,141
Non-current liabilities			
Deferred tax liability	(599,927)	(9,353)	(609,280)
Net assets	**1,101,490**	**21,824**	**1,123,314**
Retained profit	**1,019,161**	**21,824**	**1,040,985**
Total equity	**1,101,490**	**21,824**	**1,123,314**

5. Profit for the year

The profit before tax for the year includes the following specific items:

	2023 $'000	2022 $'000
Employee benefits expense - superannuation contributions	5,749	5,006
Depreciation, amortisation: and impairment losses:		
Depreciation of property, plant and equipment	237,229	257,344
Amortisaton of intangible assets	4,578	8,279
Impairment of asset under construction	5	1,487
Total depreciation, amortisation and impairment losses	**241,812**	**267,110**
Borrowing costs:		
Interest:		
- Secured debt	229,375	117,589
- Interest capitalised during the period	(16,626)	(5,261)
- Amortisation of deferred borrowing costs	10,325	7,244
Hedge reserve unwind	29,266	60,116
Interest - Lease liabilities	607	531
Other finance costs	604	1,008
Total borrowing costs:	**253,551**	**181,227**

6. Security

	2023 $'000	2022 $'000
Security revenue	75,276	49,362
Security costs	(73,297)	(44,471)
Security depreciation and other costs	(1,979)	(4,891)
	-	-

Security revenue is a pass-through of security operating costs and a capital recovery on depreciation and is based on the recognition of actual security costs and depreciation incurred.

7. Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or

When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset. Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Australia Pacific Airports Corporation Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group. In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

(a) Income tax recognised in profit

	2023 $'000	2022 Restated $'000
Income tax expense comprises of:		
Deferred tax expense/(benefit)	63,466	(9,059)
Current tax in respect of prior years	(21)	-
Deferred tax in respect of prior years	(1,201)	(1,504)
Aggregate income tax expense (benefit)	**62,244**	**(10,563)**
The prima facie income tax expense on pre-tax accounting profit reconciles to the income tax expense in the financial statements as follows:		
Profit/(loss) before income tax expense	**209,053**	**(30,733)**
Tax at the statutory tax rate of 30% (2021: 30%)	62,716	(9,220)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:	-	-
Non-deductible expenses	750	161
Deferred tax in respect of prior years	(1,201)	(1,504)
Current tax in respect of prior years	(21)	-
Income tax expense/(benefit)	**62,244**	**(10,563)**

(b) Deferred tax balances

Taxable and deductible temporary differences arise from the following:

2023	Consolidated			
	Opening balance 1 July 2022 $'000	Charged to income $'000	Charged to equity $'000	Closing balance 30 June 2023 $'000
Gross deferred tax liabilities:				
Property, plant & equipment	(169,674)	7,951	-	**(161,696)**
Accrued revenue	(47,265)	(3,660)	-	**(50,925)**
Investment property	(521,520)	(6,459)	-	**(527,979)**
Other assets	(1,520)	180	-	**(1,340)**
	(739,979)	(1,961)	-	**(741,940)**
Gross deferred tax assets:				
Provisions & accruals	9,365	(1,193)	-	**8,172**
Unearned income	(5)	9,547	-	**9,542**
Hedge reserve	15,352	(2,864)	(5,345)	**7,143**
Tax losses	105,951	(65,795)	-	**40,156**
Other	36	-	-	**36**
	130,699	**(60,305)**	**(5,345)**	**65,049**
Net deferred tax liability	**(609,280)**	**(62,293)**	**(5,345)**	**(676,891)**

2022 Restated	Consolidated			
	Opening balance 1 July 2021 $'000	Charged to income $'000	Charged to equity $'000	Closing balance 30 June 2022 $'000
Gross deferred tax liabilities:				
Property, plant & equipment	(185,005)	15,331	-	**(169,674)**
Accrued revenue	(48,069)	804	-	**(47,265)**
Investment property	(484,435)	(37,085)	-	**(521,520)**
Other assets	(3,000)	1,480	-	**(1,520)**
Deferred borrowing costs	(1,174)	1,174	-	**-**
	(721,683)	**(18,296)**	**-**	**(739,979)**
Gross deferred tax assets:				
Provisions & accruals	6,440	2,925	-	**9,365**
Unearned income	1,125	(1,130)	-	**(5)**
Hedge reserve	59,913	-	(44,562)	**15,352**
Tax losses	78,920	27,031	-	**105,951**
Other	4	(503)	-	**36**
	146,402	**28,859**	**(44,562)**	**130,699**
Net deferred tax liability	**(575,281)**	**10,563**	**(44,562)**	**(609,280)**

8. Trade and other receivables

	2023 $'000	2022 $'000
Trade and other receivables	141,223	82,294
Less: Allowance for expected credit losses	(1,466)	(2,208)
Net trade and other receivables	**139,757**	**80,086**
Total trade and other receivables	**139,757**	**80,086**

Revenue is invoiced on 30 day terms, with the exception of property and rental revenue which is invoiced in advance.

Allowance for expected credit losses

The Group recognises a loss allowance for expected credit losses on trade receivables and accrued revenue. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the trade receivable.

The Group always recognises lifetime ECL for trade receivables and accrued revenue. The expected credit losses on trade receivables and accrued revenue are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Set out below is an overview of the ageing of trade and other receivables and an overview of the associated allowance for expected credit losses held:

	Carrying amount 2023 $'000	Carrying amount 2022 $'000	Allowance for expected credit losses 2023 $'000	Allowance for expected credit losses 2022 $'000
Not overdue	134,524	59,233	-	480
31-60 Days	5,136	16,185	-	147
61-90 Days	65	2,166	-	103
>90 Days	1,498	4,710	1,466	1,478
	141,223	**82,294**	**1,466**	**2,208**

Movements in the allowance for expected credit losses are as follows:

	2023 $'000	2022 $'000
Opening balance	2,208	2,769
Receivables written off during the year as uncollectable	(64)	(218)
Unused amounts reversed	(678)	(343)
Closing balance	**1,466**	**2,208**

9. Accrued revenue

	2023 $'000	2022 $'000
Current:		
Straight line leases	10,731	9,417
Other accrued revenue	28,629	14,373
Accrued rebates	2,000	2,000
Total current	**41,360**	**25,790**
Non-current:		
Straight line leases	160,170	164,418
Accrued rebates	2,723	4,723
Total non-current	**162,893**	**169,141**

Accrued revenue represents amounts the Group is entitled to receive but has not invoiced at reporting date. When the customer is invoiced, the amount is reclassified to trade receivables.

Straight line leases represent accrued revenue arising from straight line recognition of lease income and from the provision of lease incentives as part of lease contracts with customers.

Lease incentives are typically provided at the commencement of a lease which effects the timing of cash flows at the start of the lease, whilst rental revenue is recognised on a straight line basis over the lease term.

Please refer to Note 4 for details relating to the prior period restatement of straight-line lease balances.

10. Other assets

	2023 $'000	2022 $'000
Current assets		
Prepayments	48,079	12,753
Bond	846	460
Other current assets	69	69
Total current	**48,994**	**13,309**
Non-current assets		
Other non-current assets	2,048	2,057
	51,042	**15,366**

11. Property, plant and equipment

2023	Leasehold land $'000	Buildings and services $'000	Roads, runways & infra-structure $'000	Plant and equipment $'000	Assets under construction $'000	Total $'000
Gross carrying amount						
Balance at 1 July 2022	**244,800**	**2,501,893**	**1,544,188**	**915,444**	**438,491**	**5,644,816**
Additions	-	-	-	-	403,858	**403,858**
Disposals	-	-	-	(345)	-	**(345)**
Impairment	-	-	-	-	(5)	**(5)**
Transfer due to change in asset groups (i)	(5,963)	(242,817)	(160,782)	409,562	-	**-**
Transfer to/(from) assets under construction	6	43,143	53,663	65,451	(162,263)	**-**
Balance at 30 June 2023	**238,843**	**2,302,219**	**1,437,069**	**1,390,112**	**680,081**	**6,048,324**
Accumulated depreciation						
Balance at 1 July 2022	**(24,891)**	**(976,607)**	**(521,427)**	**(677,581)**	**-**	**(2,200,506)**
Depreciation expense	(2,317)	(101,539)	(46,440)	(86,933)	-	**(237,229)**
Transfer due to change in asset groups	1,551	171,952	52,641	(226,144)	-	**-**
Disposals	-	-	-	336	-	**336**
Balance at 30 June 2023	**(25,657)**	**(906,194)**	**(515,226)**	**(990,322)**	**-**	**(2,437,399)**
Net book value at 30 June 2023	**213,186**	**1,396,025**	**921,843**	**399,790**	**680,081**	**3,610,925**

(i) Transfer due to change in asset groups arises from migration of assets from old Dynamics 365 to new Dynamics 365 under Project Catalyst with improved disaggregation of assets.

2022	Leasehold land $'000	Buildings and services $'000	Roads, runways & infra-structure $'000	Plant and equipment $'000	Assets under construction $'000	Total $'000
Gross carrying amount						
Balance at 1 July 2021	**244,800**	**2,482,647**	**1,488,456**	**892,970**	**342,157**	**5,451,030**
Additions	-	-	-	-	195,294	**195,294**
Disposals	-	-	-	(21)	-	**(21)**
Impairment	-	-	-	-	(1,487)	**(1,487)**
Transfers to/(from) assets under construction	-	19,246	55,732	22,495	(97,473)	**-**
Balance at 30 June 2022	**244,800**	**2,501,893**	**1,544,188**	**915,444**	**438,491**	**5,644,816**
Accumulated depreciation						
Balance at 1 July 2021	**(22,302)**	**(836,212)**	**(463,347)**	**(621,301)**	**-**	**(1,943,162)**
Depreciation expense	(2,589)	(140,395)	(58,080)	(56,280)	-	**(257,344)**
Balance at 30 June 2022	**(24,891)**	**(976,607)**	**(521,427)**	**(677,581)**	**-**	**(2,200,506)**
Net book value at 30 June 2022	**219,909**	**1,525,286**	**1,022,761**	**237,863**	**438,491**	**3,444,310**

Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life. The following estimated useful lives are used in the calculation of depreciation:

Buildings	10-40 years
Roads, runways and other infrastructure	13-80 years
Plant and equipment	3-15 years

Land leased as part of the airport acquisition (leasehold land) has been valued at acquisition at fair value. Leasehold land is amortised on a straight-line basis over the lease term of 99 years.

12. Investment properties

The Group classifies certain areas of the Airport precinct as investment property as they are held for rental income. These areas include Melbourne Airport Business Park, Hotels, Industrial Buildings and Vacant Land. The Group provide investment properties (along with land and buildings in Note 11) as security for loans as disclosed in note 15.

The profit for the year includes a loss on revaluation of investment properties of $1.7 million, driven by the completion of developments in the Melbourne Airport Business Park, reduction in capitalisation rates in the industrial sector, rental growth and an increase in the value of developable land.

	2023 $'000	2022 $'000
Balance at beginning of the period	2,199,574	2,060,686
Additions for the period (at cost)	102,051	19,612
Net (loss)/gain from fair value adjustments for the year	(1,707)	119,276
Balance at end of the period	**2,299,918**	**2,199,574**

The Group's investment properties represent interests in land and buildings held to derive rental income. They are initially measured at cost, including transaction costs. Subsequently, at each year end reporting date, they are carried at their fair values based on the market value determined by independent (external) valuers. Gains or losses arising from a change in the fair value of investment properties are recognised in the profit or loss for the period in which they arise.

Valuation of investment properties

Each year the Board of Directors appoint an independent professionally qualified valuer to determine the fair value of the Group's investment properties as at balance date (30 June). The external valuer appointed in the current year was Jones Lang LaSalle.

The investment properties held by the Group are held on a leasehold basis (99 year lease, with 73 years remaining as at 30 June 2023). Taking this into consideration, each investment property has been valued by the external valuer as follows:

Valuation method	Description
Capitalisation of net income	The fully leased net income for each precinct has been discounted on a leasehold basis (present value of the net income for the remaining term) from the valuation date at an appropriate capitalisation rate which reflects the nature, location, land value content condition and tenancy profile of each property when compared with current market investment criteria. The valuation does not capitalise into perpetuity as the asset is not freehold. Various adjustments are then made to the calculated result, including estimated future incentives, capital expenditure, vacancy allowances and reversions to market rent.
Discounted cash flow	The discounted cash flow analysis allows the assessment of the long-term return that is likely to be derived from a property with a combination of both rental and capital growth over an assumed investment horizon. A wide range of assumptions are made including a target internal rate of return, rental growth, occupancy, sale price of the property at the end of the investment horizon, potential capital expenditure and costs associated with its disposal at the end of the investment period. The cash flow analysis comprises annual income streams.
Direct comparison approach	This approach has been completed for the vacant land allotments. The most appropriate form of assessment is considered to be the dollar per square metre ($psm) of site area basis.

The external valuer has used the midpoint of the capitalisation of net income approach and discounted cash flow approach as the basis for determining the fair value of each investment property.

Key inputs and sensitivities

Measuring the fair value of the Group's investment properties requires estimates and assumptions which are based on historical experience and expectations of future events that are believed to be reasonable at the date of valuation. Key assumptions include market rents, market rental growth, capitalisation rates, discount rates and terminal yields. Recent and relevant sales evidence and other market data are also considered.

Inputs to investment property valuations are considered Level 3 of the fair value hierarchy as the capitalisation of income and DCF methods require assumptions to be made to determine certain inputs that are not based on observable market data. At reporting date, the key unobservable inputs used by the Group in determining fair value of its investment properties are summarised below:

- Capitalisation rates ranging from 4.50% to 7.05%
- Discount rates ranging from 6.5% to 8%
- Terminal yields ranging from 4.94% to 7.55% and
- Market rental growth rates ranging from 2.50% to 3.40%

All of the above assumptions have been taken from the latest external valuation report.

13. Intangible assets

2023	Goodwill $'000	Masterplan $'000	Software $'000	Total $'000
Net book value				
Balance at 1 July 2022	**671,866**	**1,539**	**3,596**	**677,001**
Disposal	-	-	(4)	**(4)**
Additions	-	2,073	525	**2,598**
Amortisation charge	-	(1,384)	(3,194)	**(4,578)**
	671,866	**2,228**	**923**	**675,017**
Cost	671,866	2,504	33,327	**707,697**
Accumulated amortisation and impairment	-	(276)	(32,404)	**(32,680)**
Net book value at 30 June 2023	**671,866**	**2,228**	**923**	**675,017**

2022	Goodwill $'000	Masterplan $'000	Software $'000	Total $'000
Net book value				
Balance at 1 July 2021	**671,866**	**2,394**	**10,615**	**684,875**
Disposal	-	(46)	-	**(46)**
Additions	-	-	450	**450**
Amortisation charge	-	(809)	(7,469)	**(8,278)**
	671,866	**1,539**	**3,596**	**677,001**
Cost	671,866	4,186	32,806	**708,858**
Accumulated amortisation and impairment	-	(2,647)	(29,210)	**(31,857)**
Net book value at 30 June 2022	**671,866**	**1,539**	**3,596**	**677,001**

Critical accounting estimates and judgements - impairment of goodwill

Determining whether goodwill is impaired requires an annual estimation of the recoverable amount of the cash generating units to which goodwill has been allocated. The Group uses the fair value less cost to sell methodology to estimate the future cash flows expected to arise from the cash generating unit and applies a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating units, in order to calculate present value. These calculations require the use of assumptions and the application of sensitivity analysis where appropriate. The company consider Melbourne and Launceston Airports to be separate cash generating units.

The methodology adopted to value the Melbourne and Launceston Airports is a discounted cash flow based on the forecast dividends to equity holders (including franking credits) at a cost of equity. The valuation derived from this discounted cash flow analysis has been cross checked to a valuation based on the capitalised earnings approach by calculating the implied multiples of the valuation and comparing these with those of comparable companies and transactions to ensure the valuation is providing a reliable measure.

The cash flows used in the discounted cash flow analysis were projected based on management's 20 year financial model. Cash flows are driven by aeronautical, retail and property revenues which are heavily dependent on passenger numbers and pricing which is determined based on known contracted terms and forecast inflation. Growth in passenger numbers over the forecast period is based on internal forecasting and information provided by an independent firm.

Terminal value was calculated for the period beyond the 20-year forecast based on a sustainable level of forecast distributions and a capitalisation amount based on a constant terminal growth rate of 3%.

Post-tax cash flows are discounted to their present value using a post-tax discount rate of 9.85%. The discount rate used reflects current market assessment of the time value of money and the risks specific to the cash generating unit.

Both Melbourne and Launceston Airports have significant headroom between their recoverable amount and the carrying value of their cash generating unit. In the current year the valuation has seen an uplift in this headroom, which remains significantly in excess of the carrying value.

There are no reasonably possible changes in assumptions that would result in impairment.

Accounting policy for Master Plan intangible asset

Under the Airports Act 1996, Melbourne Airport are required every 5 years and Launceston Airports every 8 years to prepare Master Plans to guide the development of the airports for the next 20 years. The costs associated with the Melbourne Airport Master Plan is recognised as intangible assets amortised over the 5 year period and Launceston Airport over an 8 year period.

Software

Software controlled by the Group is capitalised and amortised over the useful life of the software on a straight-line basis.

Software-as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received. Some of these costs incurred for the development of software code that enhances or modifies, or creates additional capability to existing on-premise systems and meets the definition of and recognition criteria for an intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis.

14. Payables

	2023 $'000	2022 $'000
Current liabilities		
Trade and other payables (i)	70,888	40,771
GST payable	2,258	1,211
Accrual for assets under construction	56,271	17,774
	129,417	**59,756**
Interest payable to:		
- Secured debt - bank (ii)	36,902	22,239
	166,319	**81,995**
Non-current liabilities		
Undistributed capital note liability (iii)	1,202	1,202
Other non-current liabilities	1,250	2,500
	2,452	**3,702**

(i) The average credit period for purchases and services is 30 days.

(ii) Secured by a fixed and floating charge over the Group's assets. There have been no defaults on loans payable during the current or prior years.

(iii) Capital notes are entitled to 1/9th of net profit of APAL with distribution equal to 1/9th of declared dividends. Capital notes are redeemable at the end of the Launceston Airport lease.

15. Borrowings

At the reporting date the Group's debt comprises: Bank facilities (Syndicated and bilateral); term bank debt; domestic bonds (AMTN); Euro bonds (EMTN); and USD private placement bonds (USPP).

The balances and other details related to the Group's interest bearing liabilities are presented in the tables below.

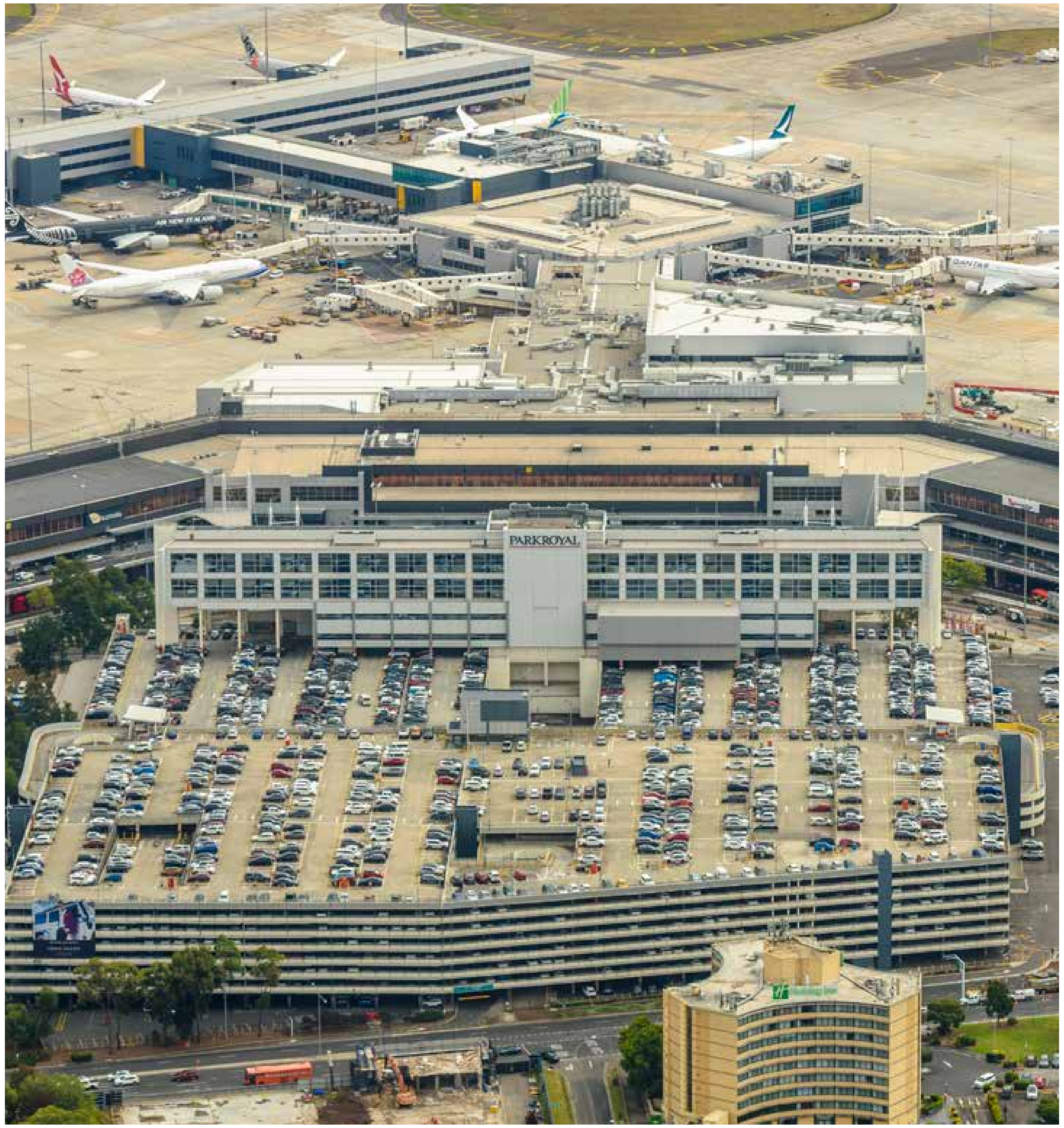
	Face value (i)			
	Drawn ($'000) 2023	Undrawn ($'000) 2023	Drawn ($'000) 2022	Undrawn ($'000) 2022
Drawn and undrawn				
Unsecured bank overdraft	-	22,066	-	21,627
Secured term bank debt	1,300,000	-	500,000	-
Secured bank facilities	34,800	1,770,200	280,800	1,724,200
	1,334,800	**1,792,266**	**780,800**	**1,745,827**
Secured capital markets debt	4,501,606	-	4,063,815	-
Total Borrowings	**5,836,406**	**1,792,266**	**4,844,615**	**1,745,827**

(i) Face values of foreign debt shown reflects the AUD value of the hedged principal amount at inception of the debt.

Borrowings are recorded at an amount equal to the net proceeds received. Borrowing costs are recognised on an accrual basis. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the Statement of Profit or Loss and Other Comprehensive Income over the period of the borrowing using the effective interest rate method.

Ancillary costs incurred by the Group in establishing funding facilities are capitalised and amortised over the term of the facilities. These costs are netted off against the loan in the Statement of Financial Position.

Foreign currency borrowings are reported at spot exchange rates with movement in the spot rate reflected in the Statement of Profit or Loss and Other Comprehensive Income to the extent the borrowings are unhedged and in the hedge reserve if the borrowings are effectively hedged.



			Principal Drawn		Carrying Amount (ii)	
Type	Maturity	Currency	Original Currency $'000	Face Value (AUD) (i) $'000	2023 $'000	2022 $'000
Capital Markets Debt						
AMTN	15-Sep-22	AUD	250,000	-	-	250,000
USPP ($A)	15-Nov-22	AUD	125,000	-	-	125,000
USPP	15-Sep-23	USD	200,000	191,077	301,659	290,681
EMTN (iii)	26-Sep-23	EUR	550,000	784,920	901,787	834,658
EMTN	15-Oct-24	EUR	350,000	505,051	573,865	531,146
AMTN	11-Nov-25	AUD	120,000	120,000	120,000	120,000
USPP	15-Sep-26	USD	200,000	191,077	301,659	290,681
AMTN	4-Nov-26	AUD	200,000	200,000	200,000	200,000
USPP ($A)	15-Jan-28	AUD	50,000	50,000	50,000	50,000
EMTN	27-Sep-30	NOK	1,500,000	242,994	209,418	219,540
AMTN	25-Nov31	AUD	700,000	700,000	700,000	700,000
USPP (iii)	4-Dec-31	USD	105,000	151,844	158,371	152,607
EMTN (iii) (iv)	24-May-33	EUR	500,000	812,799	819,807	-
USPP	4-Dec-34	USD	105,000	151,844	158,371	152,607
USPP ($A)	4-Dec-39	AUD	150,000	150,000	150,000	150,000
USPP ($A)	4-Dec-44	AUD	250,000	250,000	250,000	250,000
Total Capital Market Debt				**4,501,606**	**4,894,937**	**4,316,920**
Bank Debt						
Bilateral Facility (v)	15-Jan-24	AUD		-	-	100,000
Bilateral Facility (v)	8-Apr-26	AUD		-	-	1,000
Syndicated Facility (vi)	30-Sep-24	AUD		-	-	140,000
Cash Advance Facility (vii)	30-Jul-25	AUD		34,800	34,800	39,800
Term Bank Debt	16-Jun-26	AUD		200,000	200,000	200,000
Term Bank Debt (viii)	13-Sep-27	AUD		292,000	292,000	-
Term Bank Debt	16-Jun-29	AUD		300,000	300,000	300,000
Term Bank Debt (viii)	13-Sep-29	AUD		508,000	508,000	-
				1,334,800	**1,334,800**	**780,800**
Total Borrowings				**5,836,406**	**6,229,737**	**5,097,800**
Fair value adjustments			-	-	(33,052)	(14,927)
Deferred upfront borrowing costs			-	-	(37,167)	(23,345)
Total Net Borrowings				**5,836,406**	**6,159,518**	**5,059,448**

	2023 $'000	2022 $'000
Current borrowings	1,197,293	374,873
Non-current borrowings	4,962,225	4,684,575
Total Net Borrowings	**6,159,518**	**5,059,448**

Notes:
All the above borrowings are secured by fixed and floating charges over the Group's assets.
(i) Face values of foreign debt shown reflects the AUD value of the hedged principal amount at inception of the debt.
(ii) Carrying amounts of foreign debt reflect revalued debt in AUD at spot rates as at 30 June 2023 and 30 June 2022, as applicable.
(iii) Excludes fair value adjustments.
(iv) A new EUR$500 million EMTN, with a hedged principal amount of $813 million, was issued on 24 May 2023.
(v) Bilateral facilities held with six banks and have a total limit of $800 million with maturity dates ranging from 15 January 2024 to 8 April 2026. Two facilities with a total limit of $200 million were cancelled in October 2022.
(vi) Syndicated Facility total facility limit of $940 million, comprising two tranches with individual limits of $540 million maturing 31 March 2024) and $400 million (maturing 30 September 2024).
(vii) Cash Advance Facility refers to the bank facility for Australia Pacific Airports (Launceston) Pty Ltd. The maturity date of the facility was extended from 30 July 2023 to 30 July 2025 in March 2023.
(viii) A new $800 million term debt facility was executed on 19 August 2022.

During August 2023, Melbourne Airport refinanced the existing $940 million syndicated bank facility, replacing the existing facility with $1.2 billion of syndicated bank facilities. The new syndicated facility is split across two tranches maturing in August 2026 and August 2028. Aligned to the establishment of the facilities, Melbourne Airport cancelled $600 million of Bilateral facilities maturing in 2025.

Reconciliation of movement of liabilities to cash flows arising from financing activities:

	Long term borrowings (i) 2023 $'000	Short-term borrowings (i) 2023 $'000	Derivative assets held to hedge long-term borrowings 2023 $'000	Long term borrowings 2022 $'000	Short-term borrowings 2022 $'000	Derivative assets held to hedge long-term borrowings 2022 $'000
Balance at 1 July	**4,722,720**	**375,000**	**(266,849)**	**4,719,945**	**266,699**	**(235,618)**
Proceeds from borrowings	1,612,799	-	-	1,211,500	-	-
Repayments of borrowings	(246,000)	(375,000)	-	(836,800)	(191,077)	-
Cash outlay for hedging restructure	-	-	-	-	-	(65,853)
Cash outlay for swaptions	-	-	(3,200)	-	-	-
	1,366,799	**(375,000)**	**(3,200)**	**374,700**	**(191,077)**	**(65,853)**
Non-cash movements						
Reclassification	(1,125,339)	1,125,339	-	(375,000)	375,000	-
Foreign exchange movement	62,111	78,107	-	3,075	(75,622)	-
Fair value changes	-	-	(109,944)	-	-	34,622
	(1,063,228)	**1,203,446**	**(109,944)**	**(371,925)**	**299,378**	**34,622**
Total	**5,026,291**	**1,203,446**	**(379,993)**	**4,722,720**	**375,000**	**(266,849)**

Note:
(i) The total borrowings balance (long-term and short-term) as at 30 June 2023 is $6,229,737,000 (2022: $5,097,720,000) before fair value adjustments and deferred upfront borrowing costs.

16. Derivative financial instruments

The Group uses derivative financial instruments to mitigate its exposure to foreign currency and interest rate risks.

The Group undertook four restructures of its derivative portfolio between December 2020 and February 2022, aimed at reducing payments in the short term, by resetting out of the money fixed rate cross currency and interest rate swaps to current market interest rates.

The reduction in interest costs for the first three restructures ended in FY22. The reduction in interest cost related to the fourth restructure ended in October 2022 and provided $15 million of interest savings in the current period (FY22: $107 million). The restructures triggered a discontinuation of existing hedge relationships resulting in hedge accounting impacts to profit and loss which are reflected in the breakdown of interest detailed in Note 5 and the hedge reserve movement schedule detailed in Note 21.

The net derivative position at reporting date is presented below:

	Current 2023 $'000	Non-current 2023 $'000	Total 2023 $'000	Current 2022 $'000	Non-current 2022 $'000	Total 2022 $'000
Assets						
Cross currency swaps	221,170	174,707	**395,877**	-	274,164	**274,164**
Interest rate swaps	1,976	30,246	**32,222**	-	33,044	**33,044**
Swaption	-	5,987	**5,987**	-	-	**-**
	223,146	**210,940**	**434,086**	**-**	**307,208**	**307,208**
Liabilities						
Cross currency swaps	-	(53,117)	**(53,117)**	-	(38,459)	**(38,459)**
Interest rate swaps	(264)	-	**(264)**	-	(1,900)	**(1,900)**
Swaption	-	(711)	**(711)**	-	-	**-**
	(264)	**(53,828)**	**(54,092)**	**-**	**(40,359)**	**(40,359)**
Net derivative position assets/(liabilities)	**222,882**	**157,112**	**379,994**	**-**	**266,849**	**266,849**

Accounting policy for derivative financial instruments

The Group enters into interest rate swaps, swaptions and cross currency interest rate swaps. The swaps have been allocated against the underlying or forecast cross currency and interest rate exposure and to this extent modify the cross currency and interest rate risk of the underlying and forecast debt. These instruments are initially recognised at fair value on the date a contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss, unless the derivative is designated and effective as a hedging instrument, in which event, the timing of recognition in profit or loss depends on the nature of the hedge relationship.

17. Financial risk management

(a) Capital risk management

The Group manages its capital to ensure the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of debt and maintaining a strong investment grade credit rating.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 15, cash and cash equivalents and equity attributable to equity holders of the Group, comprising issued capital, reserves and retained earnings. In addition, the Group has implemented risk management strategies to mitigate against adverse increases to interest rates on future borrowings.

As at 30 June 2023, the Group had $2,760 million of available liquidity in the form of $1,770 million of undrawn bank facilities and $990 million of cash and cash equivalents.

As outlined in Note 1, during August 2023, Melbourne Airport refinanced the existing $940 million syndicated bank facility, replacing the existing facility with $1.2 billion of syndicated bank facilities. The Group retains a total $1.465 billion of bank debt facilities. These facilities along with the $990 million of cash available are sufficient to meet forward commitments.

The liquidity detailed above is available for repayment of bonds maturing in September 2023 with a face value of $976 million (carrying value $1,203 million).

(b) Categories of financial instruments

2023	At amortised cost $'000	Derivatives designated: as fair value hedge $'000	Derivatives designated: as cash flow hedge $'000	Total $'000
Financial Assets				
Current financial assets				
Cash and cash equivalents	989,623	-	-	**989,623**
Trade and other receivables	139,757	-	-	**139,757**
Current financial assets				
Current cross currency interest rate swaps	-	-	227,110	**227,110**
Current interest rate swaps	-	-	1,975	**1,975**
Non-current financial assets				
Non-current cross currency interest rate swaps	-	-	183,035	**183,035**
Non-current interest rate swaps	-	-	30,246	**30,246**
Non-current swaption	-	-	5,987	**5,987**
	1,129,380	**-**	**448,353**	**1,577,733**
Financial liabilities				
Current financial liabilities				
Trade and other payables	129,413	-	-	**129,413**
Interest payable	36,902	-	-	**36,902**
Lease liabilities	1,287	-	-	**1,287**
Current borrowings	1,203,096	(5,803)	-	**1,197,293**
Current cross currency interest rate swaps	-	5,874	65	**5,939**
Current interest rate swaps	-	-	264	**264**
Non-current financial liabilities				
Non-current borrowings	4,989,474	(27,249)	-	**4,962,225**
Non-current cross currency interest rate swaps	-	24,870	36,576	**61,446**
Non-current swaption	-	-	711	**711**
Non-current payables	2,452	-	-	**2,452**
Non-current lease liabilities	2,447	-	-	**2,447**
	6,365,071	**(2,308)**	**37,616**	**6,400,379**

2022	At amortised cost $'000	Derivatives designated: as fair value hedge $'000	as cash flow hedge $'000	Total $'000
Financial Assets				
Current financial assets				
Cash and cash equivalents	53,445	-	-	**53,445**
Trade and other receivables	36,964	-	-	**36,964**
Non-current financial assets				
Non-current cross currency interest rate swaps	**-**	5,827	275,659	**281,486**
Non-current interest rate swaps	**-**	-	33,044	**33,044**
	133,531	**5,827**	**308,703**	**448,061**
Financial liabilities				
Current financial liabilities				
Trade and other payables	58,545	-	-	**58,545**
Interest payable	22,239	-	-	**22,239**
Lease liabilities	1,287	-	-	**1,287**
Current borrowings	374,873	-	-	**374,873**
Non-current financial liabilities				
Non-current borrowings	4,699,502	(14,927)	-	**4,684,575**
Non-current interest rate swaps	-	-	1,900	**1,900**
Non-current cross currency interest rate swaps	-	20,550	25,231	**45,781**
Non-current payables	3,702	-	-	**3,702**
Non-current lease liabilities	3,127	-	-	**3,127**
	5,163,275	**5,623**	**27,131**	**5,196,029**

(c) Financial risk management objectives

The Group's corporate treasury function provides financing, investing and financial risk management services to the business. The strategic objectives of the corporate treasury function are to manage all material financial risks related to the Group's treasury activities including funding, liquidity, interest rate, foreign exchange, counterparty credit, operational and compliance risks. Corporate Treasury also provides support to the Group by ensuring financial metrics are maintained at levels that support a strong and stable standalone investment grade corporate credit rating.

The Group does not enter into or trade derivative financial instruments for speculative purposes.

The Group's exposures to interest rates on the financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

(d) Interest rate risk management

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rates, including interest rate swaps, swaptions and cross currency hedges to mitigate the risk of rising interest rates.

The Group's exposures to interest rates on the financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

The Group undertook four restructures of its derivative portfolio between December 2020 and February 2022, aimed at reducing payments in the short term, by resetting out of the money fixed rate cross currency and interest rate swaps to current market interest rates. Further detail is provided in Note 16, with the impact reflected in the breakdown of interest detailed in Note 5 and the hedge reserve movement schedule detailed in Note 21.

(e) Interest rate sensitivity

The sensitivity analyses below have been determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the reporting date.

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's:

- Net profit would increase/ decrease by $6,482,000 (2022: increase/ decrease $1,449,000) as a result of the Group's exposure to variable interest rates on certain borrowings.
- Other equity reserves would increase/ decrease by $15,724,000 (2022: increase/ decrease $37,679,000) mainly as a result of changes in fair value through other comprehensive income for fixed rate derivative instruments.

(f) Cross currency sensitivity

Cross currency exposures for the Group are predominantly arising from foreign denominated interest bearing liabilities. The Group's policy is to hedge 100% of cross currency risk for both capital and interest for the life of the exposure. In both the current and prior year, these cross currency exposures were 100% hedged through cross currency swaps until maturity resulting in no other material cross currency risk exposure.

(g) Interest rate derivative contracts

Under interest rate derivative contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of rising interest rates.

The following table details the notional amounts and remaining terms of interest rate derivative contracts outstanding as at the reporting date.

	Average contracted fixed interest rate 2023 %	2022 %	Notional principal amount 2023 $'000	2022 $'000	Fair value of interest rate derivatives 2023 $'000	2022 $'000
Less than 1 year	4.2%	-	729,000	-	1,711	-
1 to 2 years	-	3.4%	-	729,000	-	3,386
2 to 5 years	3.6%	2.1%	1,741,000	346,000	29,833	14,677
5 years +	3.3%	2.6%	118,000	313,000	5,689	13,081
			2,588,000	**1,388,000**	**37,233**	**31,144**

The fair value of these contracts as at 30 June 2022 is disclosed in Note 16.

(h) Foreign currency risk management

As the Group has certain borrowings denominated in foreign currencies, it is exposed to exchange rate fluctuations. These exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

(i) Foreign currency exchange contracts

The Group enters cross currency interest rate swaps to manage its foreign currency risk on foreign denominated borrowings. The swaps have been allocated against the underlying cross currency exposure and to this extent modify the cross currency risk of the underlying debt. The cross currency interest rate swaps are initially recognised at fair value on the date a contract is entered into, and are subsequently remeasured to their fair value at each reporting date.

	Average Contracted Fixed Interest Rate %	Average Exchange Rate	Notional Principal Amount 1 to 5 years $'000	> 5 years $'000	Fair Value of Cross Currency Interest Rate Derivatives 1 to 5 years $'000	> 5 years $'000
Consolidated 2023						
USD (610m)	6.40%	0.8894	382,153	303,688	203,677	1,357
EUR (900m)	5.40%	0.6658	1,289,974	812,799	164,177	10,110
NOK (1,500m)	4.20%	6.1730	-	242,994	-	(36,560)
			1,672,127	**1,359,481**	**367,854**	**(25,093)**
Consolidated 2022						
USD (610m)	6.10%	0.8894	382,153	303,688	184,780	(3,128)
EUR (900m)	4.40%	0.6977	1,289,974	-	76,151	-
NOK (1,500m)	4.20%	6.1730	-	242,994	-	(22,097)
			1,672,127	**546,682**	**260,931**	**(25,225)**

(j) Liquidity risk

The following table details the Group's exposure to liquidity risk as at 30 June 2023. All domestic bonds, US private placements and European bonds listed are fixed rate notes unless otherwise stated.

2023	Weighted average effective interest rate (i)	1 to 3 months $'000	3 months to 1 year $'000	1 to 5 years $'000	More than 5 years $'000	Total $'000
Financial liabilities						
Trade and other payables		129,413	-	-	-	**129,413**
Interest payable		36,902	-	-	-	**36,902**
Lease liability		322	966	6,437	3,862	**11,587**
Non-current payables		2,452	-	-	-	**2,452**
		169,089	**966**	**6,437**	**3,862**	**180,354**
Borrowings:						
Term bank debt	5.26%	18,385	59,174	738,700	860,676	**1,676,935**
Bank facilities	4.98%	462	1,386	36,966	-	**38,814**
AMTN	3.79%	9,901	29,702	452,130	792,228	**1,283,961**
USPP	4.19%	317,242	33,939	500,979	991,065	**1,843,225**
EMTN	5.64%	935,622	45,941	749,963	**1,225,461**	**2,956,987**
		1,281,612	**170,142**	**2,478,738**	**3,869,430**	**7,799,922**
Cross currency interest rate swaps						
- Outflow	(ii)	7,251	12,671	76,419	460,287	**556,628**
- Inflow	(ii)	(5,654)	(5,242)	(43,652)	(410,010)	**(464,558)**
Interest rate swaps	(ii)	**5,714**	**-**	**-**	**-**	**5,714**
		7,311	**7,429**	**32,767**	**50,277**	**97,784**
		1,458,012	**178,537**	**2,517,942**	**3,923,569**	**8,078,060**

2022	Weighted average effective interest rate (i)	1 to 3 months $'000	3 months to 1 year $'000	1 to 5 years $'000	More than 5 years $'000	Total $'000
Financial liabilities						
Trade and other payables		58,545	-	-	-	**58,545**
Interest payable		22,239	-	-	-	**22,239**
Lease liability		322	966	5,150	6,437	**12,875**
Non-current payables		-	-	3,702	-	**3,702**
		81,106	**966**	**8,852**	**6,437**	**97,361**
Borrowings:						
Term bank debt	3.18%	5,371	24,549	447,059	335,097	**812,076**
Bank facilities	2.77%	269	2,949	104,669	-	**107,887**
AMTN	3.80%	262,427	29,395	465,425	818,715	**1,575,962**
USPP	4.14%	15,046	168,629	748,261	1,055,712	**1,987,648**
EMTN	4.72%	31,938	9,347	1,434,152	243,234	**1,718,671**
		315,051	**234,869**	**3,199,566**	**2,452,758**	**6,202,244**
Cross currency interest rate swaps						
- Outflow	(ii)	6,152	10,814	74,217	470,597	**561,780**
- Inflow	(ii)	(5,928)	(4,779)	(42,881)	(417,405)	**(470,993)**
Interest rate swaps	(ii)	**606**	**(2,764)**	**5,988**	**-**	**3,830**
		830	**3,271**	**37,324**	**53,192**	**94,617**
		396,987	**239,106**	**3,245,742**	**2,512,387**	**6,394,222**

Notes:

(i) Weighted average effective interest rate calculation includes duration and volume.
(ii) Swap rates embedded into the weighted average effective interest rates of USPP and EMTN bonds.

As at 30 June 2023, the Group had $2,770 million of available liquidity in the form of $1,770 million of undrawn bank facilities and $990 million of cash and cash equivalents.

As outlined in Note 1 and Note 15, during August 2023, Melbourne Airport refinanced the existing $940 million syndicated bank facility, replacing the existing facility with $1.2 billion of syndicated bank facilities. The Group retains a total $1.465 billion of bank debt facilities. These facilities along with the $990 million of cash available are sufficient to meet forward commitments.

The liquidity detailed above provides sufficient liquidity to cover all financial liabilities due in the next 12 months.

(k) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Significant classes of financial assets of the Group may include trade and other receivables and derivative financial instruments.

The carrying amount of each class of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral or other security. As the Group does not have enforceable offsetting arrangements for its financial instruments, gross amounts have been recognised in the Statement of Financial Position.

For derivative financial instruments, treasury counterparties may include banks and other financial institutions with which the Group may engage for banking, lending, derivatives and other treasury activities. The Group require these counterparties to meet minimum ratings thresholds and concentration limits in line with policies, as a means of mitigating the risk of financial loss from defaults. The Group measures credit risk on a fair value basis.

For trade receivables, the Group adopts a policy of dealing with customers with appropriate credit quality and obtaining collateral support where appropriate for risk mitigation. The Group continues to monitor its trade receivables ageing and engages in follow up activity, which may include enforcement where receivables are overdue. A write off is recognised when there is no reasonable expectation of recovery. Refer to Note 8 for details on Expected Credit Losses.

(l) Fair value

Except as detailed below, the carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective fair values, determined in accordance with the accounting policies disclosed in the financial statements.

All of the Group's financial instruments measured, recognised and disclosed at fair value were valued using market observable inputs (Level 2). There were no transfers between levels during the year and there has been no change in valuation techniques applied.

The fair value of all financial instruments is derived from quoted market interest rates which are subsequently incorporated within generally applied discounted cash flow models. The amounts carried on the Statement of Financial Position approximate the fair value with the following exceptions:

	Fair Value of Financial Instruments			
	Carrying Amount 2023	Carrying Amount 2022	Fair Value 2023	Fair Value 2022
Consolidated				
Bank Facilities	(1,334,800)	(780,800)	(1,322,154)	(788,364)
AMTN	(1,020,000)	(1,270,000)	(881,042)	(1,176,306)
USPP A$	(450,000)	(575,000)	(333,477)	(428,472)
USPP	(898,517)	(872,583)	(853,420)	(877,037)
EMTN - EUR	(2,283,950)	(1,364,870)	(2,270,067)	(1,362,163)
EMTN - NOK	(209,418)	(219,540)	(182,510)	(217,362)
Deferred upfront borrowing costs	37,167	23,345	-	-
	(6,159,518)	**(5,059,448)**	**(5,842,670)**	**(4,849,704)**

(m) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

(n) Hedge accounting

Hedging refers to the way in which the Group uses derivative financial instruments, to manage its exposure to financial risks as described below under "Types of hedging instruments". The gain or loss on the underlying instrument ("hedged item") is expected to move in the opposite direction to the gain or loss on the derivative ("hedging instrument"), therefore offsetting the Group's risk position. Hedge accounting is a technique that enables the matching of the gains and losses on designated hedging instruments and hedged items in the same accounting period to minimise volatility in Profit or Loss.

The Group's major exposure to interest rate risk and foreign currency risk arises from its borrowings.

(o) Cross-currency, interest rate swaps and option contracts

The Group is exposed to risk from movements in foreign exchange and interest rates. As part of the risk management strategy set out above, the Group holds the following types of derivative instruments:

Interest rate swap and option contracts: the Group agrees to exchange the difference between fixed and floating interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of fixed rate debt held and the cash flow exposures of floating rate debt held.

Cross-currency swap contracts: the Group agrees to exchange specified principal and interest foreign currency amounts at an agreed future date at a specified exchange rate. Such contracts enable the Group to mitigate the risk of adverse movements in foreign exchange rates.

The Group enters into the above derivative instruments to offset the risks arising from its long-term borrowings. To the extent permitted by AASB 9, the Group formally designates and documents these financial instruments as fair value and cash flow hedges for accounting purposes. In order to qualify for hedge accounting, AASB 9 requires that prospective hedge effectiveness testing meets all of the following criteria:

- an economic relationship exists between the hedged item and hedging instrument;
- the effect of credit risk does not dominate the value changes resulting from the economic relationship;
- the hedge ratio is the same as that resulting from amounts of hedged items and hedging instruments for risk management.

As a result of borrowing in foreign currency, the Group is exposed to foreign exchange and foreign interest rate risk. Cross-currency swaps are used to hedge both the foreign exchange risk and foreign interest rate risk over the full term of the foreign currency borrowing. The swaps are designated as cash flow hedges of foreign currency/AUD forward foreign exchange risk of the foreign currency borrowing, fair value hedge of the foreign currency benchmark interest rate risk of the foreign currency benchmark component and cash flow hedge of foreign currency/AUD spot foreign exchange risk of the foreign currency borrowing principal.

(p) Fair value hedges

The objective of the Group's fair value hedging is to convert fixed interest rate borrowings to floating interest rate borrowings.

The Group enters into cross-currency swaps to mitigate its exposure to changes in the fair value of long-term offshore borrowings. Changes in the fair value of the hedging instrument, and changes in the fair value of the hedged item that is attributable to the hedged risk ('fair value hedge adjustment') are recognised in profit or loss. Ineffectiveness reflects the extent to which the fair value movements do not offset and is primarily driven by movements in credit of the hedging instrument. AASB 9 allows a component of the Group's borrowing margin associated with cross-currency swaps ("foreign currency basis spread") to be deferred in equity. This component is included in interest on borrowings in profit or loss over the remaining maturity of the borrowing.

The Group's fair value hedges have an economic relationship on the basis that the critical terms of the hedging instrument and hedged item (including face value, cash flows and maturity date) are aligned. The relationship between the hedged risk and the corresponding value of the hedging derivatives results in a hedge ratio of one.

The cumulative amount of fair value hedge adjustments which are included in the carrying amount of our borrowings in the Statement of Financial Position is shown below. This relates to the issue of cross currency swaps over European bonds (September 2023 and May 2033) and USPP 2031 as they are the only instruments with a fair value hedge.

Fixed rate instruments	2023 $'000	2022 $'000
Face value	1,749,563	936,773
Foreign exchange adjustments	130,402	50,492
Cumulative fair value hedge adjustments	(33,052)	(14,927)
Carrying amount	**1,846,913**	**972,338**

(q) Cash flow hedges

The objective of the Group's cash flow hedging is to hedge the exposure arising from variability in future interest and foreign currency cash flows arising from borrowings that bear interest at variable rates or are denominated in foreign currency.

Financial risk managment (continued)

Hedge Accounting Relationship	Fair Value Hedge		Cash Flow Hedge				
Hedging Instrument	USD - CCIRS	EUR - CCIRS	USD - CCIRS	EUR - CCIRS	NOK - CCIRS	AUD - IRS + Swaptions	
Hedged Item	USD Fixed Debt	EUR Fixed Debt	USD Fixed Debt	EUR Fixed Debt	NOK Fixed Debt	AUD Floating Debt	
Notional Amount	USD 105,000,000	EUR 803,936,718	USD 610,000,000	EUR 1,400,000,000	NOK 1,500,000,000	AUD 2,588,000,000	
Hedge Ratio	1:1	1:1	1:1	1:1	1:1	1:1	**Total**
Denomination	A$'000's	A$'000's	A$'000's	A$'000's	A$'000's	A$'000's	**A$'000's**
At 30 June 2023							
Carrying amount of hedging instruments							
Assets - Current	-	-	108,851	118,259	-	1,975	**229,085**
Assets - Non-current	-	-	117,997	65,038	-	36,233	**219,268**
Liabilities - Current	-	(5,874)	-	(65)	-	(264)	**(6,203)**
Liabilities - Non-current	(21,814)	(3,056)	-	(16)	(36,560)	(711)	**(62,157)**
Total	**(21,814)**	**(8,930)**	**226,848**	**183,216**	**(36,560)**	**37,233**	**379,993**
Cumulative fair value adjustment on hedged item*	21,544	11,508	-	-	-	-	**33,052**
Carrying amount of the hedged item recognised in the statement of financial position	(135,888)	(1,291,155)	-	-	-	-	**(1,427,043)**
Balance in cash flow hedge reserve for continuing hedges	-	-	4 ,346	11,112	2,985	(46,122)	**(27,679)**
Balance in cash flow hedge reserve from discontinued hedges	-	-	18,306	(24,072)	-	66,729	**60,963**
During the Year							
Change in fair value of hedging instrument							
used for calculating hedge effectiveness	(7,898)	(8,122)	30,141	110,496	(14,463)	(8,571)	**101,582**
due to cash payment on restructure of hedges	-	-	-	-	-	-	-
Change in fair value of hedged item							
used for calculating hedge effectiveness	7,550	10,574	(27,339)	(118,523)	15,806	13,047	**(98,885)**
Change in cash flow hedge reserve							
for continuing hedge relationships	-	-	(3,360)	(14,379)	(4,341)	(8,563)	**(30,643)**
for discontinued hedge relationships	-	-	13,807	25,290	-	9,364	**48,461**
Change in profit or loss							
Ineffectiveness recognised in profit and loss	(348)	2,452	17	8,020	-	(8)	**10,132**
Unwind of inception fair value	-	7,692	48	(18,715)	-	17,335	**6,361**
Reclassified from CFHR to profit and loss on continued hedge relationships	-	-	(16,128)	(155,718)	5,641	4,196	**(162,009)**
Reclassified from CFHR to profit and loss on discontinued hedge relationships	-	-	(13,807)	(23,288)	-	(9,364)	**(46,459)**
Restructure impacts on profit and loss	-	-	-	-	-	-	-

* excluding impact of changes in foreign exchange rates on notional amount

Financial risk managment (continued)

Hedge Accounting Relationship	Fair Value Hedge		Cash Flow Hedge				
Hedging Instrument	USD - CCIRS	EUR - CCIRS	USD - CCIRS	EUR - CCIRS	NOK - CCIRS	AUD - IRS + Swaptions	
Hedged Item	USD Fixed Debt	EUR Fixed Debt	USD Fixed Debt	EUR Fixed Debt	NOK Fixed Debt	AUD Floating Debt	
Notional Amount	USD 105,000,000	EUR 550,000,000	USD 610,000,000	EUR 900,000,000	NOK 1,500,000,000	AUD 1,388,000,000	
Hedge Ratio	1:1	1:1	1:1	1:1	1:1	1:1	**Total**
Denomination	A$'000's	A$'000's	A$'000's	A$'000's	A$'000's	A$'000's	**A$'000's**
At 30 June 2022							
Carrying amount of hedging instruments							
Assets - Current	-	-	-	-	-	-	-
Assets - Non-current	-	5,827	198,168	77,492	-	33,044	**314,530**
Liabilities - Current	-	-	-	-	-	-	-
Liabilities - Non-current	(13,916)	(6,634)	(2,600)	(534)	(22,097)	(1,900)	**(47,681)**
Total	**(13,916)**	**(807)**	**195,568**	**76,958**	**(22,097)**	**31,144**	**266,849**
Cumulative fair value adjustment on hedged item*	13,993	934	-	-	-	-	**14,928**
Carrying amount of the hedged item recognised in the statement of financial position	(137,587)	(832,009)	-	-	-	-	**(969,596)**
Balance in cash flow hedge reserve for continuing hedges	-	-	986	(3,267)	(1,356)	(54,685)	**(58,322)**
Balance in cash flow hedge reserve from discontinued hedges	-	-	32,113	1,218	-	76,092	**109,423**
During the Year							
Change in fair value of hedging instrument							
used for calculating hedge effectiveness	(21,462)	(28,948)	45,473	31,037	(58,797)	48,656	**15,960**
due to cash payment on restructure of hedges	-	-	10,492	7,053	-	17,705	**35,250**
Change in fair value of hedged item							
used for calculating hedge effectiveness	21,376	28,448	(65,240)	(45,363)	62,365	(72,583)	**(70,998)**
Change in cash flow hedge reserve							
for continuing hedge relationships	-	-	4,512	(14,180)	(27,522)	(62,702)	**(99,892)**
for discontinued hedge relationships	-	-	7,835	(18,440)	-	(38,039)	**(48,644)**
Change in profit or loss							
Ineffectiveness recognised in profit and loss	86	500	288	7,944	-	(1,322)	**7,496**
Unwind of inception fair value	-	-	834	4,285	-	(19,179)	**(14,061)**
Reclassified from CFHR to profit and loss on continued hedge relationships	-	-	(2,477)	(57,150)	(12,919)	-	**(72,546)**
Reclassified from CFHR to profit and loss on discontinued hedge relationships	-	-	9,276	21,718	-	12,063	**(43,056)**
Restructure impacts on profit and loss	-	-	(3,319)	(3,413)	-	425	**(6,307)**

* excluding impact of changes in foreign exchange rates on notional amount

18. Lease liabilities

	2023 $'000	2022 $'000
Lease liabilities		
Current	1,287	1,287
Non-current	2,447	3,127
	3,734	**4,414**

The maturity profile of the Group's lease liabilities based on contractual undiscounted payments is set out in Note 17(j).

19. Lease arrangements - Lessor

Some properties are leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of properties are as follows:

	2023 $'000	2022 $'000
Within one year	123,303	107,278
Later than one year but not later than 5 years	450,726	450,992
Later than 5 years	1,048,661	1,103,459
	1,622,690	**1,661,729**

20. Issued capital

	2023 $'000	2022 $'000
118,100,000 Ordinary Shares - fully paid (30 June 2022: 118,100,000)	118,100	118,100

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

21. Hedging reserves

	2023 $'000	2022 $'000
Consolidated		
Opening balance	35,771	139,795
(Gain) / loss recognised on derivative financial instruments (unrealised)	(119,604)	(177,493)
(Gain) / loss recognised on derivative financial instruments (realised)	(21,792)	28,155
(Gain) / loss on foreign exchange remeasurement transferred to profit and loss	140,217	72,546
(Gain) / loss on hedge ineffectiveness transferred to profit and loss	8,028	(6,910)
(Gain) / loss on unwind of discontinued hedge relationships transferred to profit and loss	(46,459)	(43,056)
(Gain) / loss on restructure impacts transferred to profit and loss	-	6,307
(Gain) / loss on cash flow hedges transferred to profit and loss	21,792	(28,155)
Income tax related to amounts above	5,345	44,582
Closing balance	**23,298**	**35,771**

The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognised in profit or loss at expiry or termination of the hedge transaction.

22. Capital expenditure commitments

	2023 $'000	2022 $'000
Capital expenditure commitments		
Not longer than 1 year	437,866	182,278
Longer than 1 year but no longer than 5 years	365,853	140,477
Total Property, plant and equipment commitments	**803,719**	**322,755**

23. Subsidiaries

Name of entity	Country of incorporation	Ownership interest 2023 %	2022 %
Parent entity			
Australia Pacific Airports Corporation Limited	Australia	-	-
Subsidiaries			
APAC (Holdings No.2) Pty. Limited	Australia	100%	100%
Australia Pacific Airports (Melbourne) Pty. Limited	Australia	100%	100%
Australia Pacific Airports (Property) Pty. Limited (i) (ii)	Australia	100%	100%
APAC (Holdings) Pty. Limited (i)	Australia	100%	100%
Australia Pacific Airports (Launceston) Pty. Limited	Australia	100%	100%

(i) These subsidiaries are classified as small proprietary companies in accordance with the Corporations Act 2001 and are relieved from the requirement to prepare, audit and lodge financial statements.

(ii) This subsidiary was dormant during the financial year.

24. Related party transactions

(a) Equity interests in related parties

Details of the percentage of ordinary shares held in controlled entities are disclosed in Note 23 to the financial statements.

(b) Key management personnel compensation

The aggregate compensation of the key management personnel of the Group is set out below.

	2023 $	2022 $
Current		
Short-term employee benefits	6,379,154	4,560,777
Long-term incentives	495,266	438,836
	6,874,420	**4,999,613**
Existing		
Short-term employee benefits	193,121	2,876,982
Long-term incentives	-	495,985
Resignations	565,000	631,500
	758,121	**4,004,467**
	7,632,541	**9,004,080**

(c) Transactions within the wholly-owned group

Australia Pacific Airports Corporation Limited (APAC) is the ultimate parent entity of the wholly owned group, and the parent entity of the tax consolidated group.

In accordance with tax sharing arrangements (refer to Note 7) tax payments have been received or accrued to reflect the wholly owned Controlled Entity's share of the tax expense of the tax consolidated group.

(d) Transactions with Shareholders

IFM Investors Pty Ltd being shareholders are considered related parties of the Group.

During FY23, IFM Investors Pty Ltd provided resourcing for the Melbourne Airport Rail project. Since the project was on hold as at 30 June 2023, no amount has been accrued at the balance date.

25. Notes to the Statement of Cash Flows

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and investments, net of outstanding bank overdrafts. Cash at the end of the financial period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position. Reconciliation of profit after related income tax to net cash flows from operating activities.

Reconciliation of profit after related income tax to net cash flows from operating activities

	2023 $'000	2022 $'000
Profit/(loss) after income tax (expense)/benefit for the year	146,809	(20,170)
Adjustments for:		
Impairment of property, plant and equipment	5	1,487
Amortisation of deferred borrowing costs	10,325	7,244
Hedge reserve unwind	29,266	60,116
Depreciation and amortisation of non-current assets	241,807	265,623
Gain on sale of non-current assets	(31)	(106)
Loss/ (Gain) on fair value of investment property	1,707	(119,276)
Movement in deferred taxes	62,247	(10,705)
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(58,624)	(41,911)
(Increase)/decrease in other current assets	5,672	(1,411)
(Increase)/decrease in other non-current assets	2,009	2,210
(Increase)/decrease in accrued revenue	(11,321)	(117)
Increase/(decrease) in trade payables	25,616	(26,108)
Increase/(decrease) in interest payables	14,663	705
Increase/(decrease) in employee provisions	916	7,466
Increase/(decrease) in unearned income	8,715	16,072
Net cash from operating activities	**479,781**	**141,120**

26. Remuneration of auditors

	2023 $'000	2022 $'000
Audit or review of the Group financial report and subsidiary financial reports	373,335	421,000
Other assurance services and agreed-upon procedures under other legislation or contractual arrangements	231,570	129,000
	604,905	**550,000**

The auditor of Australia Pacific Airports Corporation Limited is Deloitte Touche Tohmatsu.

27. Company disclosures

The financial information below relates to APAC as a standalone entity:

	2023 $'000	2022 $'000
(a) Financial position:		
Assets:		
Current assets	19,289	19,289
Non-current assets	128,032	128,032
Total assets	**147,321**	**147,321**
Liabilities:		
Current liabilities	(14)	(14)
Non-current liabilities	-	-
Total liabilities	**(14)**	**(14)**
Net assets	**147,307**	**147,307**
Equity:		
Issued capital	118,100	118,100
Retained earnings	29,207	29,207
Total equity	**147,307**	**147,307**
(b) Financial performance		
Other comprehensive income	-	-
Total other comprehensive income	**-**	**-**

28. Contingent liabilities

In the ordinary course of business the Group receives legal claims, but the Directors do not consider there to be any specific matters to disclose.

29. Events after the reporting period

During August 2023, Melbourne Airport refinanced the existing $940 million syndicated bank facility, replacing the existing facility with $1.2 billion of syndicated bank facilities. The new syndicated facility is split across two tranches maturing in August 2026 and August 2028. Aligned to the establishment of the facilities, Melbourne Airport cancelled $600 million of Bilateral facilities maturing in 2025.

The Group retains a total $1.465 billion of bank debt facilities of which $1.2 billion is a syndicated facility and $200m an existing Bilateral facility maturing in April 2026, both facilities are undrawn. These facilities along with the $990 million of cash available are sufficient to meet forward commitments.

Except as disclosed above, no other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Directors' Declaration

The Directors declare that:

(a) The attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity;

(b) The attached financial statements and notes thereto are in compliance with International Financial Reporting Standards as stated in Note 1 to the financial statements;

(c) There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors.

On behalf of the Directors.

Mr P. Hay
Chair

31 August 2023
Melbourne

Independent auditor's report to the members of Australia Pacific Airports Corporation Limited

Deloitte.

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Independent Auditor's Report to the members of Australia Pacific Airports Corporation Limited

Opinion

We have audited the financial report of Australia Pacific Airports Corporation Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001.*

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Deloitte.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Jason Thorne
Partner
Chartered Accountants

Sydney, 31 August 2023

FY23 APAC Environment, Social & Governance Data Report

ENVIRONMENT	APAM	APAL	APAC Total	Unit
GHG Emissions and Energy Management				
Scope 1 GHG emissions	**7,938**	**193**	**8,131**	**tCO2-e**
Natural gas (trigen and boilers)	7,385	Nil	7,385	tCO2-e
Stationary fuels (LPG, diesel, petrol)	41	125	166	tCO2-e
Transport fuels (LPG, diesel, petrol)	491	67	559	tCO2-e
Hydrofluorocarbon emissions	21	Nil	21	tCO2-e
Scope 2 GHG emissions	**35,650**	**326**	**35,976**	**tCO2-e**
Electricity from purchased electricity	35,650	326	35,970	tCO2-e
Scope 3 GHG emissions	**4,097,934**	**48,791**	**4,146,726**	**tCO2-e**
Business partners / consultants	175,006	2,871	177,877	tCO2-e
Construction	226,458	2,883	229,341	tCO2-e
Water, waste water, energy transmission and waste	13,445	347	13,792	tCO2-e
Business travel	792	49	841	tCO2-e
Employee commute (APAC employees)	746	115	861	tCO2-e
Employee commute (Non-APAC employees) [#]	160	2	162	tCO2-e
Aircraft flight (one way - includes landing and take-off)	3,340,863	28,137	3,369,000	tCO2-e
Auxiliary power unit	35,077	1,210	36,287	tCO2-e
Ground support equipment	5,173	253	5,426	tCO2-e
*Engine run-ups / Ground running**	1,419	5	1,424	tCO2-e
Tenant energy	81,816	180	81,996	tCO2-e
Precinct (non-APAC) workforce commute to/from airport	45,734	1,221	46,955	tCO2-e
Ground transport (passengers)	171,245	11,519	182,764	tCO2-e
#FY23 emissions for this metric have been reallocated to 'Precinct (non-APAC) workforce commute to/from airport', as majority of employee base are not APAC employees.				
*APAL's data collection process now enables greater accuracy for this metric.				
Energy				
Total energy sources used to calculate Scope 1 emissions (energy source breakdown)	Gas (92.4%); Stationary fuels (0.6%); Transport fuels (6.8%); HFC emissions (0.3%)	LPG (62%); Diesel (38%)	Not applicable	Not applicable
Total energy sources used to calculate Scope 2 emissions (energy source breakdown)	Electricity from grid (100%)	Electricity from grid (100%)	Not applicable	Not applicable
Approach to sustainable design or construction principles for large capital works	APAM has a 'Sustainability In Design' review process for all capital projects. Large capital projects have their own sustainability targets and initiatives embedded throughout the design and construction process. Launceston Airport utilise the APAM 'Sustainability In Design' review process.		Not applicable	Not applicable
Total energy input to site				
Total in GJ	294,298	6,894	301,192	GJ
Total in kWh	81,749,510	1,915,002	83,664,511	kWh
Total energy input to site (including onsite renewables)				**GJ**
Natural gas (trigen and boilers)	143,310	Nil	143,310	GJ
Stationary fuels (LPG, diesel, petrol)	327	2,046	2,373	GJ
Transport fuels (LPG, diesel, petrol)	7,207	953	8,160	GJ
Electricity (grid)	41,941,085	1,914,958	43,856,043	kWh
Electricity (onsite renewable sources)	17,637,645	Nil	17,637,645	kWh
Electricity (onsite non-renewable sources)	683,936	Nil	683,936	kWh
Total onsite energy generation				
Electricity (onsite renewable sources)	17,637,645	Nil	17,637,645	kWh
Electricity (onsite non-renewable sources)	683,936	Nil	683,936	kWh
Renewable energy purchased off site (PPA)	Nil	Nil	Nil	kWh

ENVIRONMENT	APAM	APAL	APAC Total	Unit
GHG Emissions and Energy Management				
Total significant air emissions				**kg**
Carbon monoxide (CO)	10,950	Not available	10,950	kg
Oxides of nitrogen (NOx)	20,903	Not available	20,903	kg
Oxides of sulphur (SOx)	86	Not available	86	kg
Volatile Organic Compounds (VOC)	1,061	Not available	1,061	kg
Suspended Particulate Matter (PM10)	776	Not available	776	kg
Suspended Particulate Matter (PM2.5)	764	Not available	764	kg
Biodiversity				
Biodiversity conservation efforts	8	3	11	#
Total area managed for biodiversity conservation	1,381	Nil	1,381	ha
On-site (hectares)	513	Nil	513	ha
On-site (percentage)	19	Nil	19	%
Off-site (hectares)	868	Nil	868	ha
Trees and shrubs planted in biodiversity conservation areas	2,600	Nil	2,600	#
Number of wildlife strikes	57	9	66	#
Water Management				
Total Water Consumption	**1,190,092**	**35,532**	**1,225,624**	**kL**
Potable water (estate total)	1,159,242	35,532	1,194,774	kL
Ground water	Nil	Nil	Nil	kL
Recycled water	30,850	Nil	30,850	kL
Total Treated Water	**90**	**0**	**90**	**ML**
Arundel Creek water treatment plant	68	Nil	68	ML
Soil storage facility water treatment plant (Gate 11)	22	Nil	22	ML
Total Waste Water (sewer disposal)	**762,202**	**31,979**	**794,180**	**kL**
Environmental Incidents				
Total environmental incidents	**22**	**1**	**23**	**#**
Number of spills to drains (any size)	16	1	17	#
Number of large spills (>100L)	6	Nil	6	#
Waste Management				
Total waste to landfill (Terminal)	**5,161**	**155**	**5,316**	**tonnes**
Quarantine / biosecurity waste	1,058	26	1,084	tonnes
General / hard / confiscated / industrial waste	4,103	128	4,232	tonnes
Total waste diversion from landfill (Terminal)	**711**	**29**	**740**	**tonnes**
E-waste	2	Nil	2	tonnes
Paper and cardboard	412	Nil	412	tonnes
Garden / green	83	Nil	83	tonnes
Terminal organic - onsite processing	50	Nil	50	tonnes
Terminal organic - offsite processing	23	29	52	tonnes
Metal	32	Nil	32	tonnes
Co-mingled	10	Nil	10	tonnes
Glass	46	Nil	46	tonnes
Demolition waste (incl. bricks, aerosol, timber, plaster, pvc)	51	Nil	51	tonnes
Plastics	2	Nil	2	tonnes
Total waste to landfill (Construction)				
General / hard / confiscated / industrial waste	2,748	Not available	2,748	tonnes
Waste water / NDD/ Slurry	398	Not available	398	kL

ENVIRONMENT	APAM	APAL	APAC Total	Unit
Total waste diversion from landfill (Construction)				
Co-mingle	52	Not available	52	tonnes
Glass	3	Not available	3	tonnes
e-Waste	841	Not available	841	tonnes
Paper and cardboard	62	Not available	62	tonnes
Metal	664	Not available	664	tonnes
Spoil - clean/ re-use / stockpiled	120,868	Not available	120,868	tonnes
Vegetation	1	Not available	1	tonnes
Demolition waste (incl. bricks, aerosol, timber, plaster, pvc)	28,246	Not available	28,246	tonnes
Waste water / NDD/ Slurry	41,927	Not available	41,927	kL
Timber	153	Not available	153	tonnes
Concrete	11,320	Not available	11,320	tonnes
Rock	2,075	Not available	2,075	tonnes

SOCIETY	APAM	APAL	APAC Total	Unit
Stakeholder Engagement				
Number of community complaints received	231	Not available	231	#
Proportion of community complaints closed out / cancelled	231	Not available	231	#
Community investment	573,000	Not available	573,000	$ AUD
Customer satisfaction rating (external eg. Net Promoter Score)	24	Not available	24	#
Labour Relations				
Number of employees	351	37	388	#
Number of employees covered by collective bargaining agreements	84	16	100	#
Number of employees leaving during reporting period	68	5	73	#
Total workforce engaged as contractors	94	1	95	#
Customer Privacy				
Number of cyber security breaches	Nil	Nil	Nil	#
Number of privacy breaches	Nil	Nil	Nil	#
Diversity				
Breakdown of workforce by gender (total workforce)	Female - 127 (36); Male - 224 (64)	Female - 12 (32); Male - 25 (68)	Female - 139 (36); Male - 249 (64)	# (%)
Breakdown of workforce by gender (senior management)		Female - 2 (25); Male - 6(75)		# (%)
Breakdown of workforce by gender (Board)		Female - 2 (25); Male - 6 (75)		# (%)
First Nations Employees		Not avaliable		#
Number of employees born in a country other than Australia		Not available		#
Employee satisfaction for the last three years (have they been completed; if so, internally or externally)		Yes (externally)		Not applicable
Employee Engagement		80		%
No. of hours by social enterprise	7,280	Nil	7,280	#
Dollar impact by social enterprise	259,569	Nil	259,569	$ AUD

SAFETY	APAM	APAL	APAC Total	Unit
Number of work-related employee and contractor fatalities	0	0	0	#
Number of aircraft / ship / customer incidents	7; Nil ; 70	7; Nil ; 2	14; Nil; 72	#
Total Lost Time Injuries				
Lost time injuries (employees)	2	1	3	#
Lost time injuries (contractors)	2	Nil	2	#
Lost time injury severity measure (number of days lost due to LTIs)	131	Nil	131	#
Total Recordable Injury Frequency Rate (TRIFR)				
Employee TRIFR	4.04	21.07	25.11	#
Contractor TRIFR	4.07	Nil	4.07	#
Lost Time Injury Frequency Rate (LTIFR)				
Employee LTIFR	4.04	21.07	25.11	#
Contractor LTIFR	2.26	Nil	2.26	#
Employee hours worked/exposure hours	494,458	47,456	541,914	hr

GOVERNANCE	APAC	Unit
Is there a Code of Conduct in place?	Yes	Yes / No
Staff trained in Code of Conduct	77	%
Number of Code of Conduct related breaches	3	#
Staff training / inductions / professional development	6,039	hr

AUSTRALIA PACIFIC AIRPORTS CORPORATION

MELBOURNE AIRPORT

LAUNCESTON AIRPORT