ANNUAL REPORT

YEAR ENDING 30 JUNE 2022

QUEENSTOWN airport

QAC'S REGISTERED OFFICE
Queenstown Airport Corporation
PO Box 2641
Queenstown 9349
New Zealand
Telephone +64 3 450 9031
Email admin@queenstownairport.co.nz
Website www.queenstownairport.co.nz

CONTENTS

CHAIR AND CEO REPORT

We are pleased to present Queenstown Airport Corporation's (QAC) annual report for the twelve months to 30 June 2022.

We are now moving to recovery after operating for more than two years in the complex environment created by the COVID-19 global pandemic and the related global and national response.

COVID-19 has had a prolonged and material effect on the aviation industry and on our business. For 330 days, the majority of the reporting period, there were no scheduled international flights to and from Queenstown Airport which had a significant impact on both aeronautical and commercial revenue.

Domestically, there was an extended period of nationwide and regional lockdowns, as well as regional border restrictions which resulted in significantly reduced domestic flights at Queenstown Airport. There were no flights between Auckland and Queenstown, usually our busiest route, for 178 days, half of our total operating days, creating an extremely challenging business environment.

Throughout the year we continued to work closely with other airports, partner airlines and government agencies on the national pandemic response and reconnecting New Zealand through the New Zealand Aviation Coalition.

During the second half of the reporting period there was a phased reopening of the New Zealand border. From 12 April, Australians were able to travel to New Zealand once more and scheduled direct trans-Tasman flights returned to Queenstown Airport on 23 May. Visitors from many (non visa-waiver) countries around the world can now travel to New Zealand after further restrictions were lifted on 1 May. Visitors from all international markets are expected to be able to travel to New Zealand from Q1 FY23.

The financial results delivered for FY22 continue to reflect a volatile operating environment. In FY22 revenue was down 3% to $26.8 million from $27.8 million in FY21. By comparison revenue in FY20 was $46.7 million.

Total expenses increased compared to FY21 from $10.7 million to $12.8 million. As signalled in the Interim Report, the increase in total expenses can be attributed to expenditure to ensure QAC has the competency and capacity required as passenger volumes return, including a 10% increase in our workforce. Total expenses were 16% below pre-COVID-19 levels.

Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) decreased by 18% from $17.1 million to $14.0 million. Total operating expenditure was $12.8 million. Profit After Tax was down 34% to $1.1 million from $1.6 million in FY21.

Capital expenditure in this period included investment in the Terminal Upgrade Programme and the upgrade of three aircraft stands.

To date all businesses across the Queenstown Airport campus continue to operate, ensuring the quality and breadth of the offering here in Queenstown is preserved for recovery. Providing financial and other support to the operators at both Queenstown and Wānaka airports has been an integral part of our COVID-19 response. QAC implemented a broad support programme, including rent relief at the onset of the pandemic, in early 2020. Over the reporting period, 68 tenants have received support, valued at approximately $5 million ($12.25 million since 2020).

We are cautiously confident that we have now entered a sustained recovery period and the company's business fundamentals and operating capabilities remain strong. The pace and timing of recovery is dependent on a wide range of factors, including the continued propensity of New Zealanders to travel domestically, trans-Tasman flight schedules to and from Queenstown Airport, and the recovery of global aviation and tourism.

We are pleased to declare a $1.3 million shareholder dividend for FY22 after two years without declaring an annual dividend.

Our forecasts indicate that aircraft and passenger numbers will return steadily and are likely to be on par with pre-COVID levels by FY25.

Phase 1 of our Terminal Upgrade Programme (TUP) was completed in June 2022, on time and within budget. The project has enabled an uplift in passenger amenity and experience.

We've increased the departures processing space to allow for new Aviation Security screening equipment and body scanners, and expanded passenger queuing space. The project also included a new Customs area and Duty-Free Departures store. Resilience and sustainability were key considerations in the project. We've achieved improved seismic strengthening and a new, more energy-efficient heating, cooling, and ventilation system.

This year we updated our sustainability strategy and completed our decarbonisation roadmap. We prioritised three pillars: People, Planet and Prosperity which focus on initiatives like reducing our own operational emissions, community partnerships, noise mitigation programme and biodiversity in our region.

We are proud to be Toitū carbonreduce certified and have set ambitious targets to progress to net carbonzero certification in FY23, to reduce our operational emissions by 60% by 2030 from our baseline reporting year 2019, and to be net-zero by 2040.

In FY22, we introduced an on-site composting facility which enables us to divert organic waste from landfill across airport offices, food and beverage retailers and airport lounges.

We've committed to certified renewable energy supply across the airport campus, including the cessation of diesel generator use for supplementary power supply during peak demand (CPD) times.

A key focus this year has been on developing our draft ten-year strategic plan which considers how we best provide aviation infrastructure and amenity for the district. We've reflected on the company's essential role in contributing to Aotearoa New Zealand's air transport services, the wellbeing of local and regional economies, and supporting the needs of current and future communities.

We are assessing the opportunities and challenges ahead, working to strike the right balance between economic and social benefits to the region, alongside our environmental priorities.

In FY23, we will progress to consultation on, and preparation of, the long-term master plan for Queenstown Airport. Through community and stakeholder engagement we will have the opportunity to better understand the regional communities' vision for the airport company and its assets.

Low-emissions aviation will require a connected network of airlines and airports. Enabling the technology and infrastructure required for the decarbonisation of air travel, including electric aircraft operations and alternative fuels, will be key to our long-term planning.

In closing, we would like to thank the staff at both Queenstown and Wānaka airports - acknowledging their resilience and positivity during very challenging times.

We would also like to pay tribute to Mayor Jim Boult who has served as Mayor of the Queenstown Lakes District for the last six years. He has played an important role in the district over a time of considerable change and challenge. His support and contribution have been greatly appreciated and we wish him well as he embarks on his next phase.

The QAC board and management team recognise the significant opportunity we have in the coming year as we complete our long-term master plan and implement our decarbonisation roadmap to shape the future of this important community asset in partnership with shareholders and the people of the region.

Adrienne Young-Cooper
Chair

Glen Sowry
CEO

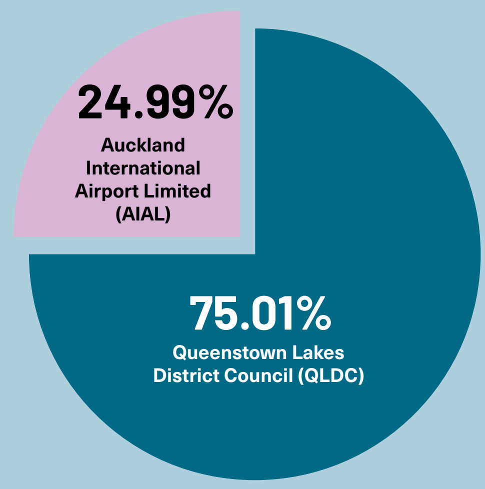
COMPANY OVERVIEW

MISSION	VISION
Why we exist	Where we want to be
PROUDLY CONNECTING OUR HOME WITH NEW ZEALAND AND THE WORLD	**AN INNOVATIVE AIRPORT THAT PEOPLE LOVE TO TRAVEL THROUGH, AND THE COMMUNITY TAKES PRIDE IN**

HOW WE FLY

We are proud to have a 'one team' culture at QAC. In February we got together as a team and reviewed our mission, vision and team values. After a challenging few years, it was a welcome opportunity to reset and think about what's important to us as we work together, plan for the future and serve our customers.

QAC is a council-controlled trading organisation (CCTO) for the purposes of the Local Government Act 2002. The company is owned by one majority and one minority shareholder.



NATURE AND SCOPE OF ACTIVITIES

QAC's purpose is to create long-term value and benefits for its shareholders, business partners and the communities of the Queenstown Lakes District, measured against social, environmental, economic and cultural wellbeing.

QAC's primary activity is the safe and efficient operation of Queenstown Airport, facilitating air connectivity through the provision of infrastructure in the region, to meet the needs of our customers, the residents of, and visitors to the lower South Island.

This includes the provision of appropriate and sound aeronautical and associated infrastructure and facilities for the operations at the airport.

QAC also manages Wānaka Airport and the Glenorchy Airfield on QLDC's behalf.

QAC:

- Ensures effective stewardship of the airports, including meeting all relevant statutory obligations
- Provides airfield, airside, terminal and landside facilities and infrastructure that deliver the required outcomes for all operators and users
- Ensures the operational resilience of Queenstown Airport as a lifeline utility, as required under the Civil Defence Emergency Management Act 2002

QUEENSTOWN AIRPORT

At Queenstown Airport, we provide for scheduled domestic and international air services, commercial and private general aviation operations and the Lakes District base for the Otago Rescue Helicopter service.

WĀNAKA AIRPORT

Wānaka Airport is owned by QLDC. Wānaka Airport facilitates scheduled domestic air services, and both commercial and private general aviation operations.

During the reporting period we entered into a five-year management services agreement (MSA) to operate and manage Wānaka Airport on behalf of QLDC, who in turn have responsibility for long-term planning and investment for Wānaka Airport. We continue to work with QLDC and the Wānaka Airport tenants to ensure that the aerodrome is well managed, safe, secure and operating efficiently.

GLENORCHY AIRFIELD

Glenorchy Airfield is owned by QLDC. We provide grounds maintenance services and airstrip management at Glenorchy, under a Management Services Agreement with QLDC.

REGULATORY OBLIGATIONS

Under the Airport Authorities Act (AAA) and Resource Management Act (RMA), QAC has statutory responsibilities and obligations related to land use and planning and operates in accordance with these obligations. QAC will continue to monitor and maintain regulatory compliance with the obligations set out in the district plan, QAC's designation and resource consents associated with the operation of Queenstown Airport. QAC will continue to monitor regulatory compliance at Wānaka Airport and highlight any issues to QLDC.

HIGHLIGHTS

- COMPLETED 10-YEAR STRATEGIC PLAN
- COMPLETED TERMINAL PASSENGER SCREENING UPGRADE
- APRON UPGRADE COMPLETED
- INSTALLED PUBLIC EV CHARGERS
- LAUNCHED NEW WEBSITE
- MAINTAINED LIVING WAGE ACCREDITATION
- ACHIEVED TOITŪ CARBONREDUCE CERTIFICATION
- IMPLEMENTED NET-ZERO 2040 ROADMAP
- IMPLEMENTED ZQN COMPOST PROGRAMME
- $100K INVESTED IN COMMUNITY PARTNERSHIPS PROGRAMME
- $8M SPENT WITH REGIONAL BUSINESSES
- NO LOST TIME INJURIES

PASSENGER AND AIRCRAFT MOVEMENTS

Total passenger movements were 1,134,544 were down 15% compared to the previous year.

There were 1,096,655 domestic passenger movements (arrivals and departures), a 16% decrease from FY21.

The trans-Tasman 'bubble' was open for a short period from April 2021 to July 2021. Scheduled international services at ZQN did not resume until 23 May 2022. In the reporting period there were 37,889 international passenger movements, up 49% from 25,280 in the previous year.

The decrease in overall passenger movements was a result of nationwide lockdowns and regional border closures significantly restricting domestic travel.

During the reporting period there were 9,734 scheduled international and domestic aircraft movements, down 12% over the same period last year. Domestic aircraft movements were down 13% to 9,366 while international aircraft movements were up slightly from 364 to 368.

ZQN TOTAL AIRCRAFT MOVEMENTS

1 July 2021 to 30 June 2022, compared to previous year

SCHEDULED AIRCRAFT MOVEMENTS	9,768	▼ 12%
HELICOPTER MOVEMENTS	17,545	▼ 10%
FIXED WING MOVEMENTS	4,374	▼ 32%
PRIVATE JET MOVEMENTS	357	▲ 101%

ZQN TOTAL PASSENGER MOVEMENTS

1 July 2021 to 30 June 2022, compared to previous year

DOMESTIC MOVEMENTS	1,096,655	▼ 16%
INTERNATIONAL MOVEMENTS	37,889	▲ 49%
TOTAL	1,134,544	▼ 15%

AIRCRAFT AND PASSENGER MOVEMENTS EXPLAINED

Passenger movements refer to both arriving and departing passengers. Approximately half of the total passenger movements are arrivals, and half are departures.

Aircraft movements refer to both arriving and departing flights. One take-off is one movement, and one landing is one movement.

FINANCIAL PERFORMANCE

The financial results delivered for FY22 continue to reflect a volatile operating environment. There was a 3% decrease in revenue to $26.8 million from $27.8 million in the previous year.

Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) decreased by 18% from $17.1 million to $14.0 million. Total operating expenditure was $12.8 million. Profit After Tax was down 34% to $1.1 million from $1.6 million in FY21.

Capital expenditure in this period included investment in the Terminal Upgrade Programme (TUP), which will ensure the continued resilience of our existing terminal by upgrading the passenger security screening area meeting passenger screening regulatory requirements and enhancing customer experience, as well as improving seismic performance. This project was completed in the second half of FY22.

As at 30 June 2022 term debt was $65.0 million, down from $82.0 million at 30 June 2021. During the reporting period QAC received the payment of $14.7 million owing from QLDC as a result of the voiding of the Wānaka Airport lease on 21 April 2021.

The pace and timing of recovery is dependent on a wide range of factors, including the continued propensity of New Zealanders to travel domestically and trans-Tasman flight schedules to and from Queenstown Airport, and the recovery of global aviation and tourism.

FINANCIAL SNAPSHOT

REVENUE

$26.8m
▼ 3%

EBITDA

$14.0m
▼ 18%

NET PROFIT AFTER TAX

$1.1m
▼ 34%

YEAR IN REVIEW

JULY

01
Deputy Chair, Simon Flood serves as interim Managing Director

AUGUST

17
NZ goes into Alert Level 4 lockdown

26
Achieved Toitū carbonreduce certification

SEPTEMBER

01
Launch Hidden Disabilities Sunflower Scheme

Living Wage accreditation maintained

06
New CEO Glen Sowry starts

08
Domestic travel resumes from WLG & CHC

AKL remains in lockdown

OCTOBER

14
Locals 2 hours free parking special launches

QAC joins coalition of businesses to import Rapid Antigen Tests as part of a national COVID testing trial

18-22
Airport safety week

NOVEMBER

05
Launch Women in Business Series in partnership with the Queenstown Chamber of Commerce

Air New Zealand Board Chair, Dame Therese Walsh

DECEMBER

02
Business After 5 event at Over the Top Helicopters

15
Flights from AKL resume after 178 days

FEBRUARY

21
New body scanners introduced at ZQN security screening

27
32,000 RAT kits arrive at ZQN for distribution to local businesses

MARCH

09-10
Drive-through community vaccine clinic at Brookes Rd carpark

18
NZDF Boeing 787 lands in Queenstown for the first time since 2014 as part of a training flight

APRIL

11
Todd Grace joins QAC as GM Operations and Safety

MAY

02
ZQN Compost System launches

18
New expanded passenger screening area opens

23
QF121 from Sydney lands after 330 days without trans-Tasman flights

JUNE

6
Director Anne Urlwin, appointed an Officer of the New Zealand Order of Merit for services to business

24
Celebrations for the first Matariki Holiday

30
Public EV chargers installed

SAFETY AND OPERATIONS

CHAMPIONING A SAFETY CULTURE

The health, safety and security of our team, the airport community, customers and contractors continues to be our highest priority. We are pleased to report that QAC's safety record remains strong and we haven't had an employee or contractor lost time injury in more than seven years.

AIRPORT SAFETY WEEK 2021

In October our team and members of the airport community took part in Airport Safety Week, a collaboration between the Australian Airports Association (AAA) and the NZ Airports Association (NZ Airports) to engage with employees and contractors working on an aerodrome. A number of workshops and talks were held, focusing on developing and improving knowledge across the airport community.

One very special event was our walk, run, bike the runway, which saw over 60 members of the QAC team and airport community take the opportunity to get their daily steps in over the 1.8km of runway

COVID-19 RESPONSE

In October we joined a coalition of 25 New Zealand businesses to import Rapid Antigen Tests as part of a national trial for COVID-19 testing. Being part of this coalition then led us to facilitate the order and distribution of more than 32,000 RAT kits supporting businesses across the district with their COVID-19 responses.

We supported our team, the airport community, and their family members or household contacts with access to COVID-19 vaccinations through a pop-up COVID-19 vaccine booster clinic at the airport and a drive-through clinic at Brookes Road car park.

We also implemented regular routine Rapid Antigen Testing for all QAC staff to help detect and prevent the spread of COVID-19 amongst our team. This initiative worked extremely well and we were able to ensure we had a resilient workforce.

AIRPORT EMERGENCY SERVICES (AES) EMERGENCY RESPONSE TRAINING

HELICOPTER UNDER WATER EVACUATION TRAINING

In October five members of the AES team went to New Plymouth and completed training for an aquatic emergency response. As part of the exercise our AES staff crew the helicopter and deploy life rafts from the helicopter. Part of the training includes an underwater escape scenario.

AIRPORT EMERGENCY SERVICES (AES) NEW RECRUITS

During the reporting period the AES team took on three new firefighter recruits. The recruits go through a rigorous training programme culminating in becoming a qualified aviation firefighter. Training is undertaken locally, and at Auckland Airport.

INVESTING IN OUR INFRASTRUCTURE

TERMINAL UPGRADE AT ZQN

Phase 1 of our Terminal Upgrade Programme (TUP) was completed in June 2022. The project was completed on time and within budget and has enabled an uplift in passenger amenity and experience.

We've achieved greater operational efficiency by increasing the departures processing space to allow for new Aviation Security screening equipment and body scanners to meet Civil Aviation Authority (CAA) regulations. The expansion of the passenger screening queue space also improves passenger flow and amenity.

Resilience and sustainability were key considerations in the project and we achieved a new, more energy-efficient heating, cooling, and ventilation system.

We have strengthened our seismic performance and the airport meets its New Building Standard (NBS) compliance obligations, which ensures the infrastructure is safe for occupancy. Further improvements will be made in the next stage of upgrade works to ensure resilience in the event of a major seismic event.

The project also included a new Customs area and Duty-Free Departures store.

AIRCRAFT STAND UPGRADE

Work on three of our aircraft stands where aircraft park was completed as part of our regular maintenance works.

Over time, parts of the asphalt surrounding the concrete apron stands had been rutting because of regular aircraft and ground service equipment movements.

To fix the ruts and fortify the aircraft parking area we installed concrete adjacent to the existing concrete stand blocks.

This work took place in phases over a couple of months and didn't disrupt scheduled services.

INVESTING IN OUR CUSTOMER EXPERIENCE

As part of our vision to be innovative and make the airport one that people love to travel through, we introduced some new parking initiatives and options, as well as welcomed new tenants, and launched a new website.

FROM PARK TO PLANE

To support retail and hospitality outlets at Queenstown Airport ahead of the holiday season, we ran a month-long Locals Parking special offering free parking at certain times encouraging visits to the airport's food and beverage and retail outlets.

Queenstown Airport's Park 'n' Ride Car Park in Brookes Road near the Glenda Drive industrial area was converted to a general use car park providing residents and businesses with an affordable parking option in the area.

Queenstown Airport teamed up with Tesla to provide six electric vehicle charging stations at the airport. We're proud be facilitating and enabling the use of EVs at the airport. Installing the Tesla Wall Connectors was a key project in our sustainability workplan.

The charging stations are Tesla Gen3 Wall Connectors and can charge all makes and models of plug-in electric vehicles that have a Type 2 charging port or adapter. EV charging will be available to customers, members of the airport community, and staff for free for the first twelve months with standard parking rates applied.

We welcomed a refreshed Aelia Duty Free store in international departures. The new space has been thoughtfully curated with a strong focus on local producers through their Art of Living concept. In the first few weeks' local boutique products were flying off the shelves.

DIGITAL INNOVATION

In June we launched a new Queenstown Airport website. We partnered with Tomahawk on the project which was initially started in FY20 but was paused due to COVID-19.

The new site delivers an enhanced customer experience, improved platform resilience, and enables us to take a more agile approach to our digital infrastructure as we look to diversify our revenue streams and roll-out new digital tools over time.

INCLUSION AND ACCESSIBILITY

In September we introduced the globally recognised Hidden Disabilities Sunflower Scheme at Queenstown Airport. Passengers wear a lanyard which they can pick up for free from the airport information desk to discreetly let staff know they have a non-obvious disability and may need additional support or extra time to access services, move through the airport and process important information.

COMMERCIAL SNAPSHOT

During the reporting period we increased our commercial revenue as part of our strategy to diversify our revenue streams.

Throughout COVID-19 we supported all our tenants with broad support packages to ensure they were able to continue operating, supporting a quality offering at the airport.

HIGHLIGHTS

- Hosting local favourite Habebes as a pop-up in the forecourt
- Moving app-based pick-up and drop-off next to the terminal
- Showcasing Lake Wānaka as a visitor destination, and celebrating Coronet Peak's 75th anniversary in our domestic baggage reclaim dwell space
- Increasing revenue and land utilised from our northern land holding
- Long-term contract for land use in Wānaka with NASA

SUSTAINABILITY & COMMUNITY

SUSTAINABILITY STRATEGY

Over the reporting period we updated and refined our sustainability strategy to ensure we deliver shareholder value aligned to the Local Government's four wellbeing measures of social, economic, environmental, and cultural.

When developing our sustainability strategy, we incorporated feedback and guidance from a range of stakeholders including shareholders, community, and sustainability experts.

The insights gained enabled us to produce a strategy that prioritises three key pillars – People, Planet and Prosperity, and provides a clear direction to continue the progress we have already made.

We support our majority shareholder, QLDC's vision, that our district sets the standard for regenerative, low impact living, working, and travel. We have identified key priorities under each pillar which will help drive initiatives and deliver results across the business.

Over the reporting period we also completed our decarbonisation roadmap which sets out the practical steps we are taking to achieve our goal of net-zero by 2040. Our targets will be regularly updated to reflect different legislative, technological, and environmental changes.

During the year we committed to certified renewable energy supply across the airport campus, including the cessation of diesel generator use for supplementary power supply during peak demand (CPD) times. The steps taken to date have delivered a 39% decrease in our operational emissions this year. While lower activity has contributed to the decrease, the initiatives we have taken are also having a measurable impact.

We recognise low-emissions aviation will require a connected network of airlines and airports and that the most significant contribution we can make over the long term will be planning for and enabling the decarbonisation of air travel. This will be a core focus in our master planning.

There is some excellent work happening across the region and country to shape a new approach to regenerative tourism and a more sustainable future which seeks to balance volume and value which Queenstown Airport is embracing.

During the year we've participated in industry working groups including the NZ Airports Association Sustainability group and the Technical Expert Group for the Aotearoa Circle Visitor Economy Adaptation Roadmap Project and contributed to the district's destination management plan through the Regenerative Tourism Design Forum workshops.

It is a privilege to call this remarkable place home. We are dedicated kaitiaki committed to preserving and protecting our region alongside the community for the benefit of generations to come. Sustainability guides the way we think, the decisions we make, and the way we do business.

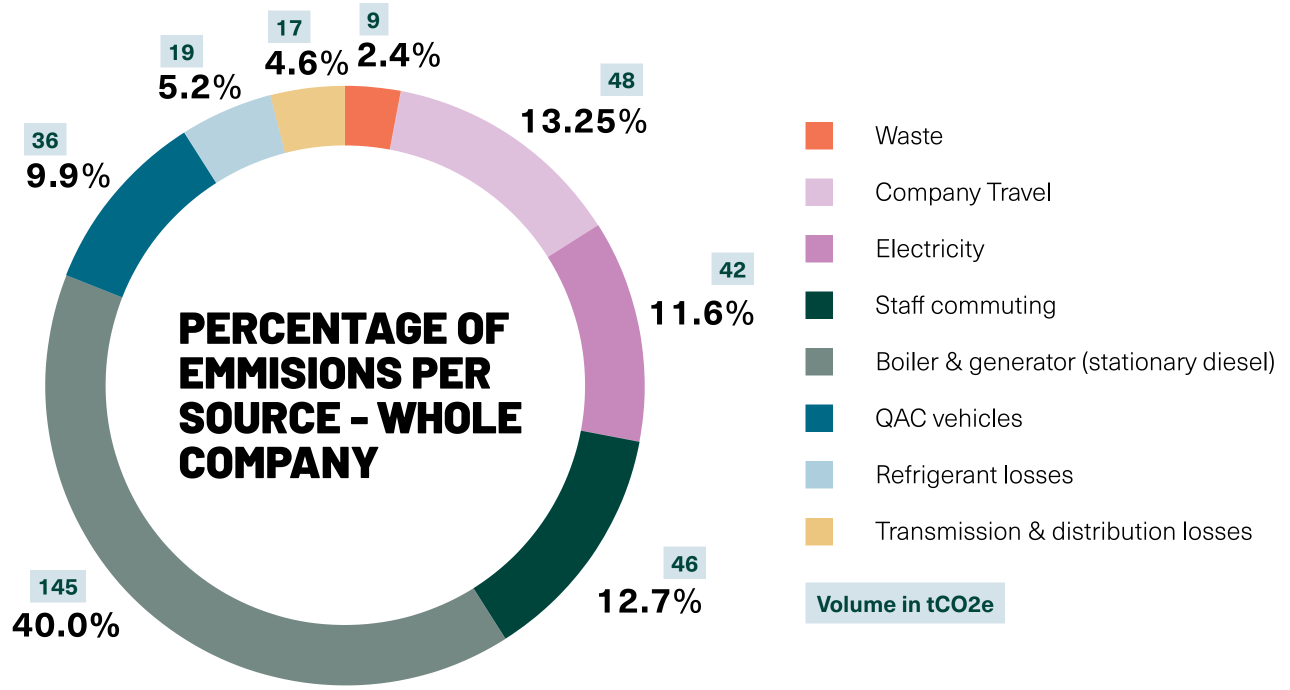
PEOPLE	PLANET	PROSPERITY
ONE TEAM | ACCOUNTABLE | NOISE	CLIMATE | WASTE | BIODIVERSITY	CLIMATE RISK | ZQN | COMMUNITY
BE AN EMPLOYER OF CHOICE AND LIVE OUR VALUES creating a safe, inclusive airport environment.	**BE NET-ZERO BY 2040** by developing, then delivering on, our ZQN to Net-Zero Strategy.	**BE RESILIENT AND PREPARED**, aware of and responsive to, the risks and opportunities posed by climate change.
COMMUNICATE OPENLY AND REPORT REGULARLY demonstrating our commitment to achieving our sustainability goals.	**LEAD WASTE MINIMISATION AND COMPOSTING** across the airport campus to significantly reduce waste to landfill.	**EMBED SUSTAINABILITY ACROSS OUR AIRPORT** so that like health, safety and security, sustainability is what we do.
PROVIDE CERTAINTY AND CLARITY TO THE COMMUNITY around airport activity, mitigate the impact of aircraft noise and complete the residential noise mitigation programme.	**ACTIVELY RESTORE OUR NATIVE HABITAT,** working with key partners, for the benefit of future generations.	**SUPPORT OUR REGION TO THRIVE** by connecting with, and contributing to, our community socially and economically.

In May we launched our Airport Campus Compost Programme. As part of our waste minimisation plan, three CarbonCycle Compost Bins were installed on Queenstown Airport land to enable all compostable food waste from the airport's staff kitchens, and the food and beverage outlets in the terminal to be turned into compost.

The compost will then be used in the airport's gardens and donated to the Whakatipu Reforestation Trust. The CarbonCycle Compost system is modular so over time we can add more if capacity as we require it. They are also designed to ensure the pile gets hot to breakdown material better and has removable side slats so it's easy to turn.

During plastic free July we removed plastic milk bottles from our staff rooms, replacing them with glass milk bottles delivered by, and returned to, Farm Fresh Milk. The move was well received by the team and over the course of the year removed approximately 800 plastic milk bottles and lids from our waste-stream.

OUR CARBON AUDIT RESULTS



TOITŪ CARBON REDUCE ISO 14064-1 ORGANISATION

We are proud to have maintained our Toitū carbonreduce certification in FY22.

This means our carbon footprint has been measured and verified with emissions decreasing year on year. For the reporting period our net greenhouse gas (GHG) emissions were down 39% on last year and we achieved a 'high quality data' ranking.

Since our initial audit in FY19 we have reduced our net GHG emissions by 58% or 501 tCO2e.

The intensity of our emissions has changed slightly over the same period, partly as a result of reduced operations during COVID-19.

- Emissions per full time equivalent staff have decreased by -20%
- Emissions per $1 of revenue have decreased by -12%
- Emissions per passenger movement have increased by 4.3%

Our absolute reductions show we are making real progress towards reducing our impact and enhancing data quality, providing a more robust picture of our operations.

We have set ambitious targets going forward and aim to achieve Toitū net carbonzero certification in FY23 using off-sets, to reduce our operational emissions by 60% by 2030 from our 2019 baseline year, and to be net-zero by 2040.

THRIVING COMMUNITY

Queenstown Airport is an important majority community-owned asset and is uniquely positioned to serve the needs of the community, the regional economy, and connect people to our district and the broader region, and the world.

It's important to us that we balance our activity with the desire to preserve what makes our region a special place to live, work and visit, and provide certainty and clarity to our community around airport activity.

Our goal is to support our region to thrive by investing in meaningful change through positive collaborations and financial partnerships.

Over the reporting period we contributed more than $100,000 to our local communities through our Partnerships Programme.

We continued support of our legacy partnerships with Coastguard Queenstown and the Whakatipu Reforestation Trust.

As part of our legacy partnership with Whakatipu Reforestation Trust, the QAC team has an opportunity to spend half a day volunteering at the Jean Malpas Nursery helping with replanting, propagating, weeding and general nursery duties.

We remained a platinum sponsor of Wakatipu High School Foundation's Awhi Fund and supporter of the Branches Charitable Trust.

We sponsored the sustainability award at the Ignite Wānaka Chamber of Commerce Business Awards.

In November 2021 we announced a new partnership with the Queenstown Chamber of Commerce to deliver a Women in Business Series. The programme is designed to support, empower and connect locals through a range of events showcasing prominent female local and national business leaders. The monthly morning teas kicked off on 5 November with Queenstown Airport board member and local business leader Anne Urlwin, followed by our first quarterly Women in Business Lunch with Air New Zealand Chair Dame Therese Walsh on 19 November.

We were also one of many businesses to support the build of the Shotover Country Mini Ramp.

Coastguard Queenstown launched their new coastguard vessel for Lake Whakatipu. Our team had the opportunity to suggest a name for their new boat, and Natalie Reeves, our Sustainability Manager, put forward Haki te kura after the first woman to swim across the lake.

We installed a mural in the international departures for Whakatipu Reforestation Trust to share their story with those travelling through the airport and give visitors an opportunity to donate to the cause.

OUR PEOPLE

QAC Deputy Chair Simon Flood held the role of Managing Director for the first two months of the reporting period before we welcomed new CEO, Glen Sowry, to the team.

In April we welcomed Todd Grace to the role of GM Operations & Safety. Todd brings a wealth of experience having held a wide range of senior airport roles at Air New Zealand.

We'd also like to thank Kate Walton for joining us as People & Culture Manager on parental leave cover over the year.

LIVING WAGE

In September QAC continued the commitment to pay at least the Living Wage to our permanent staff as well as our contracted cleaning and security staff. The Living Wage reflects the basic expenses of workers and their families such as food, transportation, housing and childcare, and is calculated independently each year by the New Zealand Family Centre Social Policy Unit. QAC became the first airport company in New Zealand to achieve Living Wage accreditation in 2019.

SPOTLIGHT ON TODD GRACE

WHAT DO YOU LOVE ABOUT THE AVIATION INDUSTRY?

Our industry is essentially about connecting people, and there is something quite rewarding about being part of a business that plays such an important role in supporting that. New Zealanders love to travel, and as a country we are geographically quite remote, so whether it be for commerce and tourism, or reconnecting families and friends, the aviation industry plays such an important role in making that happen. The industry also presents its fair share of challenges which in turn attracts highly capable people who thrive in challenging environments. I have been fortunate to work alongside and learn from many of New Zealand's very best business leaders during my 25 years in aviation.

WHAT ARE YOU MOST LOOKING FORWARD TO IN THE YEAR AHEAD AT QUEENSTOWN AIRPORT?

The year ahead will be about supporting the rebuild of aviation at Queenstown Airport as we welcome back airlines and passengers to our region. We will also work on what we need to do to continue to make ZQN a great airport to travel through, and work with the aviation community to develop the supporting service and infrastructure. It has been an exceptionally tough time over the last two years, so it is great to now look forward, focus on building back, and creating an even better airport.

SAFETY IS ONE OF OUR AIRPORT'S HIGHEST PRIORITIES – WHAT DOES SAFETY MEAN TO YOU?

Our industry is incredibly dependent on safety because people are central to everything we do. For me, that means everyone that comes to work at the airport goes home safe at the end of each day and free from harm. It also means that for our customers using the airport, they can do so in an environment that has their safety at the core of everything we do. We have a proud safety record at ZQN that is the result of a lot of hard work by many people over a long period of time. Our priority is to have an ongoing focus on opportunities that continually improves safety, and to support all the operators at the airport in achieving their safety goals.

A SNAPSHOT

SUBMITTED ON THE CIVIL AVIATION BILL, which is going through its most significant re-write in 30 years

PARTICIPATED IN REGENERATIVE TOURISM WORKSHOPS, providing feedback for the region's Destination Management Plan

SUPPORTED THE SAVE MILFORD AIRPORT GROUP highlighting the issues with and the consequence of the proposed closure of the Milford Airport

SUBMITTED ON THE CENTRAL OTAGO DISTRICT COUNCIL REGIONAL PLAN

BOARD OF DIRECTORS

ADRIENNE YOUNG-COOPER
CHAIR

SIMON FLOOD
DEPUTY CHAIR

ANNE URLWIN
DIRECTOR

MARK THOMSON
DIRECTOR

MIKE TOD
DIRECTOR

ANDREW BLAIR
DIRECTOR

SENIOR LEADERSHIP TEAM

GLEN SOWRY
CHIEF EXECUTIVE OFFICER

SARA IRVINE
GM CORPORATE & COMMUNITY AFFAIRS

ANDREW WILLIAMSON
GM FINANCE & COMMERCIAL

RACHEL TREGIGDA
GM PROPERTY & PLANNING

TODD GRACE
GM OPERATIONS & SAFETY

COMPANY INFORMATION

LOCATION	Queenstown Airport Corporation Airport Administration, Queenstown Airport Sir Henry Wigley Drive Frankton Queenstown 9300
MAILING ADDRESS	PO Box 2641 Queenstown 9349 NEW ZEALAND
PHONE	+64 (0) 3 450 9031
EMAIL	admin@queenstownairport.co.nz
WEBSITE	www.queenstownairport.co.nz
SHAREHOLDERS	Queenstown Lakes District Council (75.01%) Auckland Airport Holdings (No2) Limited (24.99%)
DIRECTORS	Adrienne Young-Cooper (Chair) Simon Flood (Deputy Chair) Mark Thomson Anne Urlwin Mike Tod Andrew Blair
AUDITORS	M Hawken of Deloitte Limited (on behalf of the Auditor General) PO Box 1245 Dunedin
BANKERS	BNZ Queenstown Store 36 Grant Road, Frankton Queenstown Westpac Terrace Junction 1092 Frankton Road Queenstown ASB ASB House, Level 2 166 Cashel Street Christchurch Bank of China Level 17 205 Queen Street Auckland

SENIOR LEADERSHIP TEAM	Chief Executive Officer	Glen Sowry glen.sowry@queenstownairport.co.nz
	General Manager, Finance & Commercial	Andrew Williamson andrew.williamson@queenstownairport.co.nz
	General Manager, Property & Planning	Rachel Tregidga rachelt@queenstownairport.co.nz
	General Manager, Operations & Safety	Todd Grace todd.grace@queenstownairport.co.nz
	General Manager, Corporate & Community Affairs	Sara Irvine sara.irvine@queenstownairport.co.nz
	People & Culture Manager	Vacant
SENIOR PERSONS PER CIVIL AVIATION RULES, PART 139	Chief Executive Officer Technology and Asset Manager Airport Operations Manager	Glen Sowry Wayne Stiven Daniel Dodd

*General Manager, Operations & Safety Todd Grace will apply for designation as a senior person in FY23

FINANCIAL STATEMENTS

GOVERNANCE & STATUTORY DISCLOSURES

GOVERNANCE

QAC is governed by a board of six directors. The board of directors is appointed by the shareholders to govern and direct QAC's activities, within the parameters of the Statement of Intent. QLDC is the majority shareholder. Five directors, including the Chair are appointed by QLDC. Auckland International Airport Limited (AIAL) is the minority shareholder. One director is appointed by AIAL.

The board is the body responsible for all strategic and operational decision-making within the company. It is accountable to its shareholders for the financial and non-financial performance of the company.

The board of directors and management team are proud to be stewards of these important community assets and are committed to effective governance, ensuring the company meets best practice governance principles and maintains the highest ethical standards.

The board has an established Audit and Financial Risk Committee to oversee the company's financial reporting processes, system of internal control, and the external audit process, and its processes for identifying and managing financial risk, and for monitoring compliance with applicable law and its own policies. The board also has a Safety and Operations Risk Committee to oversee the company's performance and reporting related to health, safety & security and operational activities and monitor compliance with applicable law and its own policies.

COMMITMENT

The board of directors will continue to govern the company on behalf of shareholders as a sustainable business enterprise, operating in a manner which is safe, financially stable, customer-focused, well planned, and environmentally conscious.

ROLE OF THE BOARD OF DIRECTORS

The board is responsible for the strategic direction and oversight of QAC's activities. This responsibility includes:

- Approving strategic plans, airport master plans, budgets and the SOI
- Approving capital investments and land acquisitions/ disposals
- Establishing procedures and systems to ensure the occupational health and safety of the company's people and contractors
- Corporate policies, including financial and dividend policies, and delegated authorities
- Monitoring financial performance and achievement of the strategic initiatives and SOI objectives
- Appointment and monitoring of the performance and remuneration of the Chief Executive Officer (CEO)
- Ensuring that the company adheres to high ethical and corporate behaviour standards
- Integrity of management information systems
- Assessment of business opportunities and business risks
- Internal control and assurance systems
- Compliance with relevant regulations and legislation
- Ensuring that QAC has appropriate risk management and regulatory compliance policies in place and the company's adherence to these policies
- Actively engaging with shareholders and the community to ensure alignment on objectives

BOARD ATTENDANCE

DIRECTOR	POSITION	MEETINGS ATTENDED	OF A POSSIBLE	COMMITTEE
Adrienne Young-Cooper	Chair	11	11	AFRC, SORC
Simon Flood	Deputy Chair (held the role of Managing Director for a period of time)	11	11	SORC Chair, AFRC
Mark Thomson	Director	11	11	AFRC, SORC
Andrew Blair	Director	11	11	SORC
Mike Tod	Director	10	11	
Anne Urlwin	AFRC Chair / Director	11	11	AFRC Chair

AFRC – Audit Financial Risk Committee **SORC** – Safety Operations Risk Committee

PRINCIPAL ACTIVITIES OF THE COMPANY

The principal activity of the Company during the year was airport operator.

While during the period there has been no material changes to the business that the company is engaged in, the COVID-19 global pandemic continues to create inherent uncertainty around the levels of both domestic and international air travel. Notwithstanding the significant impact of COVID-19 the fundamentals of the business remain strong.

BOARD OF DIRECTORS

The Directors of the Company during the year under review were:

Adrienne F Young-Cooper
Simon R Flood
G Andrew Blair
Anne J Urlwin
Mark R Thomson
Michael QM Tod

DIRECTORS INTERESTS

There were no director interests to declare during the year, that had an impact on the results.

SHARE DEALINGS

No director acquired or disposed of any interest in shares in the Company during the year.

DIRECTORS REMUNERATION

The following are particulars of director's remuneration authorised and received during the year.

		Appointment Date	2022	2021
	Adrienne F Young-Cooper	(appointed 27 November 2017)	63,000	60,808
*	Simon R Flood	(appointed 12 December 2019)	115,435	42,700
	G Andrew Blair	(appointed 30 October 2020)	40,000	26,667
	Anne J Urlwin	(appointed 30 October 2020)	43,000	28,667
**	Mark R Thomson	(appointed 23 June 2017)	40,000	37,050
	Michael Q M Tod	(appointed 30 October 2020)	40,000	26,667
	Michael P Stiassny	(resigned 30 October 2020)		13,567
	Norman J Thompson	(resigned 30 October 2020)		13,551
			341,435	**249,676**

*Simon Flood was acting Managing Director for the period 01 July to 10 September 2021, during this time he was paid a salary and did not receive director fees.
**Mark Thomson is nominated as a director of the Company by Auckland Airport under clause 15.1.2 of the Company constitution.

REMUNERATION OF EMPLOYEES

There were 18 employees (2021: 13) who received remuneration and other benefits in excess of $100,000 per annum. The CEO annual salary is $490,000. In FY22, the CEO's start date was 6 September 2021.

BRACKET			2022 Number of employees	2021 Number of employees
$100,000	–	$110,000	1	2
$110,000	–	$120,000	2	2
$120,000	–	$130,000	2	-
$130,000	–	$140,000	3	2
$140,000	–	$150,000	3	1
$150,000	–	$160,000	1	2
$160,000	–	$170,000	1	-
$180,000	–	$190,000	1	1
$190,000	–	$200,000	1	-
$200,000	–	$210,000	-	1
$220,000	–	$230,000	1	-
$290,000	–	$300,000	-	1
$350,000	–	$360,000	1	-
$400,000	–	$410,000	1	-
$570,000	–	$580,000	-	1

DONATIONS

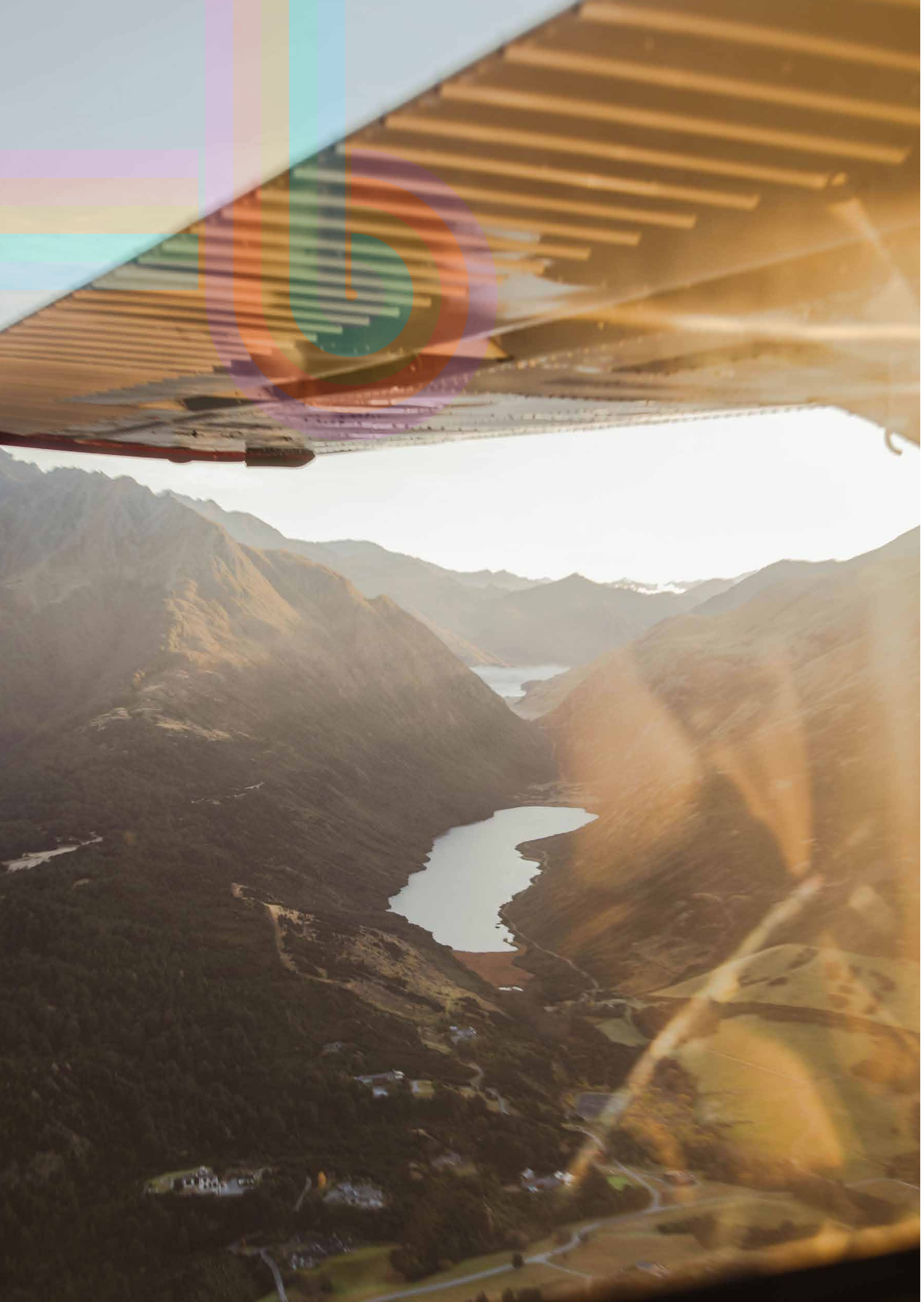
The Company made donations totalling $14,000 during the year (2021: $13,000).

USE OF COMPANY INFORMATION

During the year the Board received no notices from directors of the Company requesting to use company information received in their capacity as directors which would not otherwise have been available to them.

AUDITOR

The Auditor General is the statutory auditor of the Company in accordance with the Public Audit Act 2001. The Auditor General has appointed Mike Hawken of Deloitte Limited to undertake the audit on his behalf.



DIRECTORS' RESPONSIBILITY STATEMENT

The directors of Queenstown Airport Corporation Limited are pleased to present the Annual Report and Financial Statements for Queenstown Airport Corporation Limited for the year ended 30 June 2022.

The directors are responsible for presenting financial statements in accordance with New Zealand law and generally accepted accounting practice which give a true and fair view of the financial position of the Company as at 30 June 2022 and the results of operations and cash flows for the period ended on that date.

The directors consider the financial statements of the Company have been prepared using accounting policies that have been consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed, or otherwise disclosed.

The directors believe that proper accounting records have been kept which enable with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the financial statements with the Financial Reporting Act 2013.

The directors consider that they have taken adequate steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as to the integrity and reliability of the Financial Statements.

This Annual Report is dated 16 August 2022 and is signed in accordance with a resolution of the directors.

On Behalf of the Board,

Chair

Director

STATEMENT OF SERVICE PERFORMANCE

	WORKSTREAM	FY22 PERFORMANCE TARGET	FY22 ACHIEVEMENT
STRATEGIC PLANNING	10-YEAR STRATEGIC PLAN	FY22 – FY31 plan completed	On Track Strategic Plan well progressed. Substantial Board and QLDC engagement and input in advance of the draft plan being submitted to shareholders in early in FY23 (as required in the final FY23 SOI)
	QUEENSTOWN AIRPORT MASTER PLAN	Revised long-term forecasts completed	Completed 10 Year forecast complete, and assumptions validated by DKMA
		Resume preparation of draft master plan for Queenstown Airport	Completed Preparation of the draft master plan for Queenstown Airport resumed in FY22
		Develop community engagement plan	On Track Community engagement plan is progressing pending consultation and agreement with QLDC (as outlined in in the final FY23 SOI)
MAJOR PROJECTS	TERMINAL UPGRADE PROGRAMME (TUP)	Detailed design phase completed	Completed
		Construction phase 1 completed	Completed TUP 1 completed and operational, delivered in FY22 and within budget.
	NOISE MANAGEMENT PLAN (NMP)	Continue to implement the NMP including: facilitating the QALC	Completed Meetings held and minutes recorded and available to the public on the Queenstown Airport website. QALC continues with no material issues raised.
		noise monitoring / modelling	Completed **Modelling** – Detailed modelling of aircraft noise prepared by independent acoustic engineers, in accordance with aerodrome purposes designation. Significant progress has been made with developing a deeper understanding of the noise model and associated capacity enabled in large part by NEO technology enhancements. Completed **Monitoring** – Between November 2021 and May 2022 by independent acoustic engineers, in accordance with aerodrome purposes designation.
		noise mitigation programme	In Progress Noise mitigation programme is ongoing and due to be completed in 2028. In FY22 the programme was reshaped to include alternative mitigation solutions that are attractive and affordable to homeowners. Offers for noise mitigation have been extended to homeowners in line with the projected annual aircraft noise contours for calendar years 2021 and 2022.
		support QLDC to establish a parallel noise committee for Wānaka Airport, under the IMSA.	Completed Decision made with QLDC that a stand-alone Wānaka Airport Noise Committee is not required due to the very low number of complaints received. Noise complaints are a standing agenda item at Wānaka Airport Users Group meetings. Discussions are ongoing with QLDC regarding the establishment of a Wānaka Airport Liaison Committee, including QAC's role.

Deloitte. for Identification

Deloitte. for Identification

FINANCIAL PERFORMANCE MEASURES

PASSENGER MOVEMENTS (FY22)

PASSENGERS (000's)	ACTUAL	SOI	VAR.	
Domestic	1,097	1,200	(103)	(9%)
International	38	494	(456)	(92%)
Total Passengers	**1,135**	**1,694**	**(559)**	**(33%)**

INCOME STATEMENT (FY22)

(000's)	ACTUAL	SOI	VAR.	
Total Revenue	26,810	38,827	(12,017)	(31%)
EBITDA	13,986	24,257	(10,271)	(42%)
Net Profit After Tax	1,082	8,735	(7,653)	(88%)
EBITDA as % of Revenue	52%	62%	(0)	(16%)
Dividends Paid	-	-	-	-
Return on Capital Employed (EBIT to Net Operating Assets)	0.9%	3.7%	(0)	(76%)

FUNDING AND FINANCIAL COVENANTS (FY22)

	ACTUAL	SOI
Closing Debt ($000)	65,000	70,233
EBITDA > 2 times funding expense	5.7	10.8
Shareholders' Funds to Total Tangible Assets > 50%	81.7%	78.6%

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 $ 000's	2021 $ 000's
INCOME			
Revenue from contracts with customers	3	16,350	17,909
Rental and other income	3	10,440	9,800
Other gains		19	50
Total income		**26,810**	**27,759**
EXPENSES			
Operating expenses	3	6,151	5,303
Employee renumeration and benefits	3	6,672	5,358
Total expenses		**12,823**	**10,661**
EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTISATION		**13,986**	**17,098**
Depreciation	8	8,128	9,313
Amortisation	9	331	325
Impairment and Loss on Assets	3	1,495	804
Earnings before interest and taxation		**4,032**	**6,656**
Finance costs	4	2,210	2,895
Profit before tax		**1,822**	**3,761**
Income tax expense	5	741	2,119
Profit for the period		**1,082**	**1,642**

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 $ 000's	2021 $ 000's
PROFIT FOR THE PERIOD		**1,082**	**1,642**
Other comprehensive income			
Items that may be subsequently reclassified to the income statement			
Gain/(loss) on cash flow hedging taken to reserves	16	1,506	728
Income tax relating to gain/(loss) on cash flow hedging	16	(422)	(204)
Realised gains/(losses) transferred to the income statement	16	20	127
Realised gains/(losses) on transfer of Wānaka airport assets transferred to the income statement	16	-	(129)
Items that may not be subsequently reclassified to the income statement			
Gain/(loss) on revaluation of property, plant and equipment	8	61,337	34,651
Income tax relating to gain/(loss) on revaluation of PPE		(6,905)	(2,102)
Other comprehensive income for the year, net of tax		**55,536**	**33,070**
Total comprehensive income for the year, net of tax		**56,618**	**34,712**

The notes and accounting policies on page 49-77 form part of and are to be read in conjunction with these financial statements.

Deloitte. for Identification

Deloitte. for Identification

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

	ORDINARY SHARES	ASSET REVALUATION RESERVE	CASH FLOW HEDGE RESERVE	RETAINED EARNINGS	TOTAL EQUITY
	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's
At 1 July 2021	**37,657**	**236,795**	**(455)**	**54,421**	**328,418**
Profit for the period	-	-	-	1,082	**1,082**
Other comprehensive income	-	54,433	1,104		**55,536**
Total comprehensive income for the period	-	54,433	1,104	1,082	**56,618**
Dividends paid to shareholders	-	-	-	-	-
At 30 June 2022	**37,657**	**291,227**	**649**	**55,501**	**385,035**

	ORDINARY SHARES	ASSET REVALUATION RESERVE	CASH FLOW HEDGE RESERVE	RETAINED EARNINGS	TOTAL EQUITY
At 1 July 2020	**37,657**	**204,376**	**(1,106)**	**52,779**	**293,706**
Profit for the period	-	-	-	1,642	**1,642**
Other comprehensive income	-	32,419	651	-	**33,070**
Total comprehensive income for the period	-	32,419	651	1,642	**34,712**
Dividends paid to shareholders	-	-	-	-	-
At 30 June 2021	**37,657**	**236,795**	**(455)**	**54,421**	**328,418**

Deloitte. for Identification

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	NOTE	2022 $ 000's	2021 $ 000's
CURRENT ASSETS			
Cash and cash equivalents	6	1,800	5,065
Trade and other receivables	7	4,413	19,171
Prepayments		439	321
Derivative financial instruments	12	204	-
Total current assets		**6,856**	**24,556**
NON-CURRENT ASSETS			
Trade and other receivables	7	1,186	1,036
Property, plant and equipment	8	462,657	398,750
Derivative financial instruments	12	698	-
Intangible assets	9	2,124	3,534
Total non-current assets		**466,665**	**403,320**
Total assets		**473,521**	**427,876**
CURRENT LIABILITIES			
Trade and other payables	10	1,971	1,898
Employee entitlements	11	1,124	698
Current tax payable		897	1,438
Derivative financial instruments	12	-	6
Term borrowings (secured)	14	15,000	-
Total current liabilities		**18,992**	**4,040**
NON-CURRENT LIABILITIES			
Derivative financial instruments	12	-	597
Deferred tax liability	5	19,493	12,821
Term borrowings (secured)	14	50,000	82,000
Total non-current liabilities		**69,493**	**95,419**
EQUITY			
Share capital	15	37,657	37,657
Retained earnings	16	55,501	54,421
Asset revaluation reserve	16	291,227	236,795
Cash flow hedge reserve	16	649	(455)
Total equity		**385,035**	**328,418**
Total equity and liabilities		**473,521**	**427,876**

The notes and accounting policies on page 49-77 form part of and are to be read in conjunction with these financial statements.

Deloitte. for Identification

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 $ 000's	2021 $ 000's
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from customers		26,723	25,173
Interest received		17	5
Cash was applied to:			
Payments to suppliers and employees		(12,617)	(9,924)
Interest paid		(2,183)	(2,829)
Income tax paid		(1,968)	(4,068)
Net cash flows from operating activities	20	**9,972**	**8,357**
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Receipt of Wānaka Airport settlement proceeds	7	14,733	-
Cash was applied to:			
Purchases of property, plant and equipment		(10,807)	(21,381)
Purchases of intangible assets		(161)	(99)
Net cash flows from investing activities		**3,764**	**(21,479)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from:			
Drawdown of borrowings		-	13,000
Cash was applied to:			
Repayment of borrowings		(17,000)	-
Dividends paid		-	-
Net cash flows from financing activities		**(17,000)**	**13,000**
Net increase/(decrease) in cash and cash equivalents		(3,265)	(122)
Cash and cash equivalents at the beginning of the period		5,065	5,187
Cash and cash equivalents at the end of the period	6	**1,800**	**5,065**

The notes and accounting policies on page 49-77 form part of and are to be read in conjunction with these financial statements.

Deloitte. for Identification

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

1. CORPORATE INFORMATION

Queenstown Airport Corporation Limited (the Company or Queenstown Airport) is a company established under the Airport Authorities Act 1966 and registered under the Companies Act 1993. The Company is a reporting entity for the purposes of the Financial Reporting Act 2013.

The Company provides airport facilities and supporting infrastructure in Queenstown and aeronautical services in Queenstown, Wānaka and Glenorchy, New Zealand. The Company earns revenue from aeronautical activities, retail and rental leases, car parking facilities and other charges and rents associated with operating an airport.

The registered office of the Company is Level 1, Terminal Building, Queenstown Airport, Sir Henry Wigley Drive, Queenstown, New Zealand. These financial statements for the Company were authorised for issue in accordance with a resolution of the directors on 16 August 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) BASIS OF PREPARATION

These financial statements have been prepared in accordance with the Financial Reporting Act 2013, the Companies Act 1993 and the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards ('NZIFRS') and other applicable financial reporting standards as appropriate for profit orientated entities.

The financial statements have been prepared on a historical cost basis, except for derivative financial instruments, foreign currency bank accounts and certain items of property, plant and equipment which is based on the fair values of the consideration given in exchange for goods and services.

The financial statements are presented in New Zealand dollars. New Zealand dollars are the Company's functional currency.

The financial statements are presented rounded to the nearest one thousand dollars. Due to rounding, numbers presented may not add up precisely to totals provided.

B) CHANGES IN ACCOUNTING POLICIES AND APPLICATION OF NEW ACCOUNTING POLICIES

The accounting policies set out in these financial statements are consistent for all periods presented except as identified below.

New or revised standards and interpretations that have been approved but are not yet effective have not been adopted by the Company for the annual reporting period ended 30 June 2022.

C) REVENUE RECOGNITION

Revenue arising from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when a customer obtains control of the service. The Company disaggregates revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic

Deloitte. for Identification

factors. When selecting the type of categories to use to disaggregate revenue, the company considers how information about the Company's revenue has been presented for information regularly reviewed by the board and management. The Company provides services relating to the aviation sector. The following categories of revenue have been identified – scheduled airlines and general aviation, parking, recoveries and commercial vehicles access.

Scheduled Airlines and General Aviation

Revenue arises at the point of time when the associated aircraft takes off or lands. Payment is due monthly (see note 7 for the payment terms).

Parking

Car park revenue is recognised in accordance with the hourly, daily or weekly parking charges over the time as the service is being transferred for the period when the vehicles use the carparks. For practical reasons the revenue is recorded at the time the car leaves the car park. Aircraft parking is recorded in accordance with the daily parking charges at the time the aircraft leaves the airport. The Company does not consider accrued park charges at a period end to be material based on regular assessment and any amounts are not adjusted for. Payment is due on departure from the carpark.

Recoveries

Revenue is recognised over the time as the lessees are continuously supplied with common areas services, utilities and amenities. The contract price is appropriately allocated to performance obligations using the input method – revenue is recognised on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation, i.e. resources consumed, relative to the total expected inputs to the satisfaction of that performance obligation. Payment is due monthly (see Note 7 for the payment terms).

Commercial Vehicles Access

Revenue is recognised at the point of time when the vehicles enter the transport area through the barrier. Payment is due upfront.

Rental Revenue

Rental revenue is recognised in accordance with NZ IFRS 16 as described below.

The Company enters into lease agreements as a lessor with respect to some of its land and buildings. Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term. Contingent rents, such as turnover based rents, are recognised as revenue in the period they are earned.

Interest Income

Interest income is recognised as interest accrues using the effective interest method.

D) EMPLOYEE BENEFITS

Employee benefits including salary and wages, Kiwisaver and leave entitlements are expensed as the related service is provided. A liability is recognised for benefits accruing to employees for salaries and wages, incentives, annual leave and redundancy as a result of services rendered by employees and contractual obligations up to balance date at current rates of pay.

Deloitte.
for
Identification

E) TAXATION

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income.

Deferred tax

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Income taxes relating to items recognised in other comprehensive income or directly in equity are recognised in other comprehensive income or directly in equity and not in the income statement. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset and liability giving rise to them are realised or settled, based on tax rates that have been enacted or substantively enacted by reporting date.

Goods and services tax

Revenues, expenses, assets and liabilities are recognised net of the amount of GST, except for receivables and payables which are recognised inclusive of GST. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense. Commitments and contingencies are disclosed net of the amount of GST.

F) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are initially recognised at cost. The cost of property, plant and equipment includes all costs directly attributable to bringing the item to working condition for its intended use.

Expenditure on an asset will be recognised as an asset if it is probable that future economic benefits will flow to the entity, and if the cost of the asset can be measured reliably. This principle applies for both initial and subsequent expenditure.

Vehicles, plant and equipment, rescue fire equipment and furniture are carried at cost less accumulated depreciation and impairment losses.

Land, buildings, runways, taxiways and aprons and certain plant and equipment are carried at fair value, as determined by an independent registered valuer, less accumulated depreciation and any impairment losses recognised after the date of any revaluation. Land, land improvements, buildings, roading and car parking, and runways acquired or constructed after the date of the latest revaluation are carried at cost, which approximates fair value. Revaluations are carried out with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the balance sheet date.

Vested assets from the majority shareholder are initially measured at fair value at the date on which control is obtained.

Revaluations

Revaluation increments are recognised in the property, plant and equipment revaluation reserve, except to the extent that they reverse a revaluation decrease of the same asset previously recognised in the profit for the year, in which case the increase is recognised in profit for the year.

Revaluation decreases are recognised in the profit for the period, except to the extent that they offset a previous revaluation increase for the same asset, in which case the decrease is recognised directly in the property, plant and equipment revaluation reserve via other comprehensive income.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets.

Deloitte.
for
Identification

Fair Value

Where the fair value of an asset is able to be determined by reference to market based evidence, such as sales of comparable assets or discounted cash flows, the fair value is determined using this information. Where fair value of the asset is not able to be reliably determined using market based evidence, optimised depreciated replacement cost is used to determine fair value. For further discussion on fair values refer to note 8.

Depreciation

Depreciation is calculated on a diminishing value (DV) basis for all assets except buildings (noise mitigation), runways, taxiways and aprons so as to write-off the carrying value cost of each asset to its estimated residual value over its estimated useful life. Runways, taxiways and aprons are depreciated on a straight line (SL) basis.

Expenditure incurred to maintain these assets at full operating capability is charged to the profit for the year in the year incurred. The estimated useful lives of the major asset classes have been estimated as follows:

	Rate %	Method
Buildings	1.4% - 50.0%	DV or SL
Runways, Taxiways & Aprons	1.0% - 20.0%	SL
Plant & Equipment	1.0% - 67%	DV

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

Disposal

An item of property, plant and equipment is derecognised upon disposal or recognised as impaired when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit for the period the asset is derecognised.

Capitalisation of costs

Labour and funding costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised to the asset as they are incurred. Borrowing costs are capitalised at the weighted average rate of the borrowing costs of the Company during the period the qualifying asset is being brought to intended use. All other labour and funding costs are recognised in the Income Statement in the period in which they are incurred.

Costs associated with the strategic and master planning work have been assessed and any costs of a capital nature have been disclosed in the Statement of Financial Position at year end.

G) INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation is charged on a straight line basis over the assessed estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for prospectively.

Deloitte.
for
Identification

H) IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use for cash-generating assets, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the profit for the year immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the profit for the year immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

I) FINANCIAL INSTRUMENTS

The Company's financial assets comprise cash and cash equivalents and trade receivables. The Company's financial liabilities comprise accounts payable and accruals, borrowings, provisions, other liabilities (classified as financial liabilities at amortised cost) and derivatives (designated as a hedge).

Financial assets at amortised costs

The Company classifies its financial assets as at amortised cost only if the asset is held within a business model whose objective is to collect the contractual cash flows, and the contractual terms give rise to cash flows that are solely payments of principal and interest.

- **Cash** in the statement of financial position and the cash flow statement comprises cash on hand, on-call deposits held with banks and short-term highly liquid investments.
- **Trade receivables** are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

Financial liabilities at amortised costs

- **Trade and other payables** are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature. Trade and other payables are not interest-bearing.
- For all **borrowings**, the fair values are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

Deloitte.
for
Identification

Financial liabilities at fair value

Hedging derivatives - The Company uses derivative financial instruments to hedge its risks associated with interest rates and foreign currency. Derivative financial instruments are recognised at fair value. Cash flow hedges are currently applied to future interest cash flows on variable rate loans and on variable foreign exchange rates. The effective portion of the gain or loss on the hedging instruments is recognised directly in other comprehensive income and accumulated as a separate component of equity in the cash flow hedge reserve, while the ineffective portion is recognised in the income statement. Amounts taken to equity are transferred to the income statement when the hedged transaction affects the income statement.

The Company applied Hypothetical Hedge/Matched Terms method to measure effectiveness of the hedge relationship, by comparison of hedging instrument to hypothetical derivative (in which the fair value is determined by the credit-risk free benchmark rate).

Fair value hierarchy

The Company made judgements and estimates in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

Fair value levels:

Level 1 - The fair value of financial instruments traded in active markets (e.g. publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2 - The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 - If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3 (e.g. unlisted equity securities).

Changes in level 2 and 3 fair values are analysed at the end of each reporting period. The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

The Company's exposure to various risks associated with the financial instruments is discussed in Note 13. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned in Note 13.

J) FOREIGN CURRENCIES

The financial statements are presented in New Zealand dollars, being the Company's functional currency. Transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks (refer to Note 13).

Deloitte.
for
Identification

K) CHANGES IN ACCOUNTING ESTIMATES, ACCOUNTING POLICIES AND DISCLOSURES

The Company accounts for the changes in accounting estimates prospectively in the financial statements. Therefore, carrying amounts of assets and liabilities and any associated expense and gains are adjusted in the period of change in estimate. There were no changes in the accounting estimates in the current year.

New and amended standards and interpretations

The Company has not early adopted any new standards, interpretations or amendments that have been issued but are not yet effective.

L) SIGNIFICANT EVENTS

COVID-19 has had a significant impact on the aviation industry and on the Company's business during the reporting period. While passenger volumes are recovering, passenger volumes over the reporting period were well below pre COVID-19 levels as a result of nationwide and global restrictions on people movement associated with COVID-19.

For the majority of the reporting period (330 days) there were no scheduled international flights to and from Queenstown Airport which had a significant impact on both aeronautical and commercial revenue. Domestically, there was a prolonged period of lock- down in Auckland and surrounds which resulted in significantly reduced domestic connections at Queenstown Airport. Auckland to Queenstown is our busiest domestic route and there were no flights to or from Auckland for 178 days of the reporting period.

During Q3 and Q4 of the reporting period there was a phased reopening of the New Zealand border. From 12 April Australians were able to travel to New Zealand once more and direct trans-Tasman flights returned at Queenstown Airport on 23 May. Visitors from many (non visa-waiver) countries around the world can now travel to New Zealand after further restrictions were lifted on 1 May. Visitors from all international markets are expected to be able to travel to New Zealand from Q2 FY23.

The pace and timing of recovery is dependent on a wide range of factors, including the continued propensity of New Zealanders to travel domestically and trans-Tasman flight schedules to and from Queenstown Airport, and the recovery of global aviation and tourism. The Company's forecasts are based on information available at the time of preparing the financial statements and reflects the input from various data sources.

The directors are confident that QAC has now entered the recovery period and are of the view that the Company's business fundamentals remain strong.

Deloitte.
for
Identification

3. SURPLUS FROM OPERATIONS

(a) Operating Revenue

The Company derives revenue from the transfer of services over time and at a point in time through four major revenue categories.

REVENUE FROM CONTRACTS WITH CUSTOMERS	TIMING OF RECOGNITION	2022 $ 000's	2021 $ 000's
Scheduled airlines and general aviation	At point in time	12,836	14,011
Parking	Over time	2,026	2,258
Recoveries	Over time	438	578
Commercial vehicle access	At point in time	1,049	1,062
Total revenue from contracts with customers		**16,350**	**17,909**
Lease rental revenue		9,589	9,489
Government grants		468	203
Management Fee (Wānaka Airport)		360	68
Other revenue		23	40
Total revenue from rental and other income		**10,440**	**9,800**

Government grant revenue relates to the receipt of the Governments' COVID-19 wage subsidy scheme.

(b) Operating Expenses	2022 $ 000's	2021 $ 000's
Administration and other	3,101	2,616
Audit services	100	92
Professional services	1,169	1,153
Repairs and maintenance	585	603
Utilities	1,183	840
Provision for doubtful debts	13	-
Total operating expenses	**6,151**	**5,303**
Audit services include :		
Audit of annual financial statements	73	65
Audit of disclosure financial statements	27	27
Total audit services	**100**	**92**

(c) Employee renumeration and benefits	2022 $ 000's	2021 $ 000's
Salaries and Wages	6,419	5,085
Directors fees	253	273
Total employee renumeration and benefits	**6,672**	**5,358**

(d) Total impairment and loss on assets	2022 $ 000's	2021 $ 000's
Asset impairment*	1,336	-
Loss on disposal of assets	159	804
Total impairment and loss on assets	**1,495**	**804**

* The asset impairment includes the derecognition of costs incurred in relation to the noise boundary strategy. The Company's strategy is to operate within its current noise boundaries at Queenstown Airport (ZQN), accordingly the future economic benefits associated with this asset can no longer be reliably measured.

4. FINANCE COSTS

	2022 $ 000's	2021 $ 000's
Interest and finance charges paid for financial liabilities not at fair value through profit or loss	2,469	2,719
Fair value gain/(loss) on interest rate swaps designated as cashflow hedges	28	177
Less capitalised borrowings costs	(287)	-
Net finance costs	**2,210**	**2,895**

Interest was capitalised for the year ended 30 June 2022 at a weighted average cost of borrowings of 3.6% [2021: Nil]. Finance income from financial assets held for cash management purposes was immaterial and it was classified as revenue in the Income Statement.

Deloitte. for Identification

Deloitte. for Identification

5. TAXATION

	2022 $ 000's	2021 $ 000's
(a) Current income tax expense		
Current income tax	1,403	2,134
Deferred income tax	(8)	(49)
Prior period adjustment	(27)	(32)
Origination and reversal of temporary differences	(627)	66
Total income tax expense	**741**	**2,119**
(b) Numeric reconciliation between income tax expense and profit before tax		
Surplus before taxation per the Income Statement	1,822	3,761
Prima Facie Taxation @ 28%	510	1,053
Adjusted for tax effect of:		
Permanent differences	385	536
Creation/(reversal) of temporary differences	(146)	579
Amortisation of tax component of derivatives	(8)	(49)
Income tax expense as per the Income Statement	**741**	**2,119**
(c) Net deferred liabilities		
Balance at beginning of the year	12,821	10,480
Deferred tax benefit/(charge) charged to income	(654)	34
Deferred tax benefit/(charge) charged to comprehensive income	7,326	2,306
Balance at end of the year	**19,493**	**12,821**
The balance of deferred tax liabilities comprises:		
i Deferred tax liabilities		
Intangible assets	583	600
Property, plant and equipment	18,177	11,999
Derivatives	252	-
Trade and other receivables	660	507
	19,673	**13,106**
ii Deferred tax assets		
Trade and other payables	35	-
Derivatives	-	169
Employee benefits	146	116
	180	**285**
Net deferred tax liability	**19,493**	**12,821**

During the year ending 30 June 2016, a movement in deferred tax on derivatives of $578,000 occurred relating to losses on interest rate swaps closed out during that financial year. These are being amortised over the original life of the swap, reducing the tax expense for accounting purposes, but were immediately deductible for tax purposes. During the year ending 30 June 2022, $8,000 (2021: $49,000) was recognised as a reduction in tax expense (refer Note 5).

Deloitte. for Identification

6. CASH AND CASH EQUIVALENTS

	2022 $ 000's	2021 $ 000's
Cash at bank	1,794	5,050
Cash on hand	6	15
Cash and cash equivalents	**1,800**	**5,065**

7. TRADE AND OTHER RECEIVABLES

	2022 $ 000's	2021 $ 000's
Trade receivables	3,281	3,222
less provision for expected credit losses	(256)	(319)
Revenue accruals and other receivables	2,573	17,304
Closing balance	**5,599**	**20,206**
Recognised in the statement of financial position		
Current assets	4,413	19,171
Non-current assets	1,186	1,036
Closing balance	**5,599**	**20,206**

Trade receivables have general payment terms of the 20th of the month following invoice. Movements in the provision for expected credit losses have been included in net impairment losses on financial assets in the income statement. No individual amount within the provision for expected credit losses is material.

Revenue accruals and other receivables in 2021 includes the amount owing from QLDC ($14.7 million) to cancel the lease arrangement for Wānaka airport and deferred rental arrangements with tenants in response to COVID-19 of $2.6 million (2021: $2.1 million).

Deloitte. for Identification

8. PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amounts at the beginning and end of the year

	LAND	BUILDINGS	LAND IMPROVE-MENT	RUNWAYS, TAXIWAYS & APRONS	CAR PARKING	PLANT & EQUIP-MENT	TOTAL
	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's
At fair value	257,104	63,858	11,893	36,693	15,535	-	**385,082**
At cost	-	-	-	-	-	25,347	**25,347**
Work in progress at cost	-	2,320	-	93	-	1,836	**4,249**
Accumulated depreciation	-	-	-	-	-	(15,926)	**(15,926)**
Balance at 30 June 2021	**257,104**	**66,178**	**11,893**	**36,786**	**15,535**	**11,256**	**398,750**
Revaluation	40,079	17,320	248	-	3,689	-	**61,337**
Additions	-	10,086	-	896	103	813	**11,898**
Disposals	-	-	-	-	-	(243)	**(243)**
Work in progress movement	-	(701)	-	448	-	(706)	**(959)**
Depreciation	-	(3,245)	(159)	(1,878)	(978)	(1,868)	**(8,128)**
Movement to 30 June 2022	**40,079**	**23,460**	**89**	**(534)**	**2,814**	**(2,004)**	**63,906**
At fair value	297,182	88,019	11,981	37,588	18,349	-	**453,120**
At Cost	-	-	-	-	-	25,917	**25,917**
Work in progress at cost	-	1,620	-	541	-	1,130	**3,291**
Accumulated Depreciation	-	-	-	(1,878)	-	(17,795)	**(19,673)**
Balance at 30 June 2022	**297,182**	**89,639**	**11,981**	**36,252**	**18,349**	**9,252**	**462,657**

The carrying value of the asset categories above includes work in progress. Buildings includes noise mitigation works. Plant & equipment includes plant & equipment, vehicles, roading, and fixtures & fittings.

The Company's assets are secured by way of a general security agreement.

	LAND	RIGHT OF USE ASSET	BUILDINGS	LAND IMPROVE-MENTS	RUNWAYS, TAXIWAYS & APRONS	CAR PARKING	PLANT & EQUIP-MENT	TOTAL
	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's
At fair value	**231,040**	11,340	**64,660**	**11,302**	**47,949**	**17,822**	-	**384,113**
At cost	-	-	-	-	-	-	24,918	**24,918**
Work in progress at cost	-	-	937	-	73	-	2,046	**3,056**
Accumulated depreciation	-	(228)	(5,669)	(252)	(4,674)	(2,158)	(13,906)	**(26,887)**
Balance at 30 June 2020	**231,040**	**11,112**	**59,928**	**11,050**	**43,348**	**15,664**	**13,058**	**385,201**
Revaluation	26,823	-	8,454	677	(1,977)	674	-	**34,651**
Additions	-	-	135	320	88	356	938	**1,837**
Disposals	-	(11,021)	(609)	-	(1,919)	-	(509)	**(14,058)**
Work in progress movement	(760)	-	1,384	-	20	-	(210)	**433**
Depreciation	-	(91)	(3,113)	(154)	(2,773)	(1,160)	(2,021)	**(9,313)**
Movement to 30 June 2021	**26,063**	**(11,112)**	**6,251**	**843**	**(6,561)**	**(130)**	**(1,802)**	**13,550**
At fair value	257,104	-	63,858	11,893	36,693	15,535	-	**385,082**
At Cost	-	-	-	-	-	-	25,347	**25,347**
Work in progress at cost	-	-	2,320	-	93	-	1,836	**4,249**
Accumulated Depreciation	-	-	-	-	-	-	(15,926)	**(15,926)**
Balance at 30 June 2021	**257,104**	**-**	**66,178**	**11,893**	**36,786**	**15,535**	**11,256**	**398,750**

Deloitte. for Identification

Deloitte. for Identification

(b) Carrying amounts of land, buildings, runway and aprons if measured at historical cost less accumulated depreciation

	LAND	BUILDINGS	RUNWAYS, TAXIWAYS & APRONS	PLANT & EQUIPMENT	TOTAL
YEAR ENDED 30 JUNE 2022	**$ 000's**	**$ 000's**	**$ 000's**	**$ 000's**	**$ 000's**
At historical cost	49,970	83,378	80,439	37,653	**251,441**
Work in progress at cost	-	1,620	541	1,131	**3,292**
Accumulated depreciation	-	(29,786)	(21,985)	(22,743)	**(74,514)**
Net carrying amount	**49,970**	**55,212**	**58,996**	**16,042**	**180,219**
YEAR ENDED 30 JUNE 2021					
At historical cost	49,970	73,700	79,543	36,980	**240,193**
Work in progress at cost	-	2,320	93	1,836	**4,249**
Accumulated depreciation	-	(27,066)	(18,665)	(20,485)	**(66,216)**
Net carrying amount	**49,970**	**48,954**	**60,971**	**18,331**	**178,226**

(c) Revaluation of land, buildings, runways, taxiway and aprons and property, plant and equipment

At the end of each reporting period, the Company makes an assessment of whether the carrying amounts differ materially from fair value and whether a revaluation is required.

Land, buildings, roading and car parking were independently valued by JLL, registered valuers, as at 30 June 2022. The runways, taxiways and aprons category was not revalued at 30 June 2022. Beca Valuations Limited (Beca), registered valuers undertook a review of the value of the runways, taxiways and aprons values and concluded that that value had not moved materially from 30 June 2021.

Valuations are completed in accordance with financial reporting and valuation standards. Management reviews the key inputs, assesses valuation movements and holds discussions with the valuers as part of the process. Discussions about the valuation processes and results are held between the Company's management and the Board.

Fair value measurement at 30 June 2022

The valuation assessments of Aeronautical and Non-Aeronautical assets have been undertaken in accordance with NZ IAS 16, which states that assets held for use in the production or supply of goods or services or for rental consideration from third parties, are to be identified as Property, Plant and Equipment and therefore recorded at their 'Fair Value'. Fair value is 'The amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction' Where Fair Value can be determined by reference to the price paid in an active market for the same or similar assets, the value of those assets can generally be determined on the basis of 'Market Value'. Under NZ IAS 16 there is no requirement to assess (and deduct) disposal costs.

The valuation has also been prepared in compliance with NZ IFRS 13 Fair Value Measurement. NZ IFRS 13 Fair Value Measurement applies to reporting standards that require or permit fair value measurements or disclosures and provides a single NZ IFRS framework for measuring fair value and requires disclosures about fair value measurement. The Standard defines fair value on the basis of an 'exit price' notion and uses a 'fair value hierarchy', which results in a market-based, rather than entity-specific, measurement.

Deloitte.
for Identification

The Company's land, buildings, runways, taxiway and aprons and property, plant and equipment are categorised as Level 1, 2 and 3 in the fair value hierarchy. During the year, there were no transfers between the levels of the fair value hierarchy.

The table below summarises the valuation methodology, key valuation assumptions, fair value hierarchy levels and valuation sensitivity analysis for the significant asset classes.

ASSET CLASSIFICATION & DESCRIPTION	ASSET CLASS	VALUATION METHODOLOGY	KEY VALUATION ASSUMPTIONS	FAIR VALUE HIERARCHY LEVEL	VALUATION SENSITIVITY
Land Aeronautical Land used for airport-related activities.	Land	Market Value – based on zonal use. Direct Sales Comparison based on degree of utility within the airport area.	Airport Use zone land compared to commercial and rural values at an average rate of $688,000 per hectare, while Airport terminal land at an average rate of $3,286,000 per hectare.	3	Airport use +/- $3.0 million, Terminal area +/- $1,000,000 (5% change in land value rates)
Carparking Land accommodating transportation uses including public, rental car and staff parking as well as commercial service operators.	Carparking	Market Value - based on zonal use, land value sales due to uncertain revenue forecasting.	Based on land sales comparison on zonal approach at $8,000,000 per hectare.	3	+/- $2 million (5% change in land value rates)
Commercial Commercial land in the south-western area of the airport.	Land	Market Value on existing airport use. Sales comparisons for land value assessments.	Land areas assessed at $396/m2.	3	+/- $1.0 million (5% change in land value rate or discount rate for contestable land)
Ground Leases Land leased to third parties for aeronautical activities where the Lessee owns the improvements.	Land	Market Value using a Present Value of future rental annuities plus land value, based upon actual current lease agreements with third parties. Due to airport disruption and large number of leases under renewal but yet to review.	Majority of the ground leased sites assessed at a freehold land value of $1,100/m2 to $1,500/m2.	3	+/- $2.6 million (5% change in land value rate or discount rate for contestable land)

Deloitte.
for Identification

ASSET CLASSIFICATION & DESCRIPTION	ASSET CLASS	VALUATION METHODOLOGY	KEY VALUATION ASSUMPTIONS	FAIR VALUE HIERARCHY LEVEL	VALUATION SENSITIVITY
Industrial Vacant land zoned industrial at the northern end of the airport.	Land	Market Value under a Direct Sales Comparison Approach.	Land values range between \$375 – \$396m^2.	3	+/- \$2.9 million (5% change in freehold land rates)
Residential Various residential sites.	Land	Market Value under a Direct Sales Comparison Approach.	Adopted land value rate of \$1,275/m^2.	3	+/- \$500,000 (5% change in land value rate)
Runway, Taxiway & Aprons Aeronautical Aeronautical infrastructure and sealed surfaces.	Runways, Taxiways & Aprons	Fair Value under the Depreciated Replacement Cost (DRC) Approach. It is based upon the principle of substitution, assuming the use of modern materials, techniques and designs.	Reference has been made to inflation indices used and construction rates compiled by Beca's cost estimators and valuations team, who are involved in aviation civil works.	3	+/- \$1.0 million (5% change in DRC value)
Buildings Aeronautical Terminal Building.	Buildings	Fair Value under an Optimised Depreciated Replacement Cost (ODRC) approach. The cost of constructing an equivalent asset at current market-based input cost rates, adjusted for remaining useful life (depreciation).	Construction cost range \$3,750psm to \$8000psm and depreciation rates of circa 2.0% per annum.	3	+/- \$4.00 million (5% change to replacement rate)
Commercial Queenstown Buildings leased to third parties and surrounding improvements.	Buildings	Contestable buildings have been valued on an investment basis, while the various surrounding improvements have been valued using an ODRC approach.	Yield rates of 4.5% applied to contestable buildings. Land values \$1,000/m2 - \$1,400/m2.	3	+/- \$1.0 million (5% change in land value rate or discount rate for contestable land)

Deloitte.
for Identification

ASSET CLASSIFICATION & DESCRIPTION	ASSET CLASS	VALUATION METHODOLOGY	KEY VALUATION ASSUMPTIONS	FAIR VALUE HIERARCHY LEVEL	VALUATION SENSITIVITY
Residential Residential improvements.	Land	Market Value under a Direct Sales Comparison Approach.	Dwelling values of \$100,000 - \$400,000 depending upon size and quality of presentation. Kerbside values.	3	+/- \$75,000 (5% change in value)
Wānaka - Non-Aeronautical Farmland and buildings including a dwelling and sheds.	Land	Fair value under an Optimised Depreciated Replacement Cost (ODRC).	Dwelling rate at \$1,200/m2 and sheds at \$200/m2.	3	+/- \$20,000 (10% change in ODRC value)
Wānaka - Non-Aeronautical Windermere Farm and Ferguson land.	Land	Market Value under Direct Sales Comparison and Hypothetical Subdivision Approaches.	Average adopted land value rate of \$90,000 per hectare.	3	+/- \$1.00 million (5% change in average land rate)

SENSITIVITY OF INPUTS	
Land	The critical elements in establishing the 'market value existing use' of land is the market rate prevailing for similar land. ▪ An increase in demand for land will increase the fair value, vice versa ▪ Rezoning, servicing upgrades or reconfiguring land can result in an increase in the fair value, vice versa
Runway, Taxiway & Aprons and Land Improvements	The critical elements in establishing the fair value of civil assets is the movement in the average cost rates for concrete, asphalt, base course and foundations, as well as the estimated remaining useful life of the assets. ▪ An increase to any of the average cost rates listed above will increase the fair value, vice versa ▪ A reduction in the estimated remaining useful life of the assets will reduce the fair value, vice versa
Buildings, Plant & Equipment and Car Parking	▪ An increase in modern equivalent asset replacement cost will increase the fair value, vice versa ▪ A reduction in the estimated remaining useful life of the assets will reduce the fair value, vice versa ▪ An increase in the cashflow from an asset will increase the fair value, vice versa

Deloitte.
for Identification

(d) Carrying amounts of land and buildings, split between leased and not leased assets

	LAND NOT LEASED $ 000's	LAND LEASED $ 000's	BUILDINGS NOT LEASED $ 000's	BUILDINGS LEASED $ 000's	TOTAL $ 000's
At fair value	123,900	133,204	33,132	30,726	320,962
At cost	-	-	-	-	-
Work in progress at cost	-	-	2,077	243	2,320
Accumulated depreciation	-	-	-	-	-
Balance as at 30 June 2021	**123,900**	**133,204**	**35,209**	**30,969**	**323,282**
Revaluation	23,961	16,118	10,355	6,965	57,399
Additions	-	-	6,030	4,056	10,087
Work in Progress	-	-	(419)	(282)	(701)
Depreciation	-	-	(1,940)	(1,305)	(3,245)
Movement to 30 June 2022	**23,961**	**16,118**	**14,025**	**9,435**	**63,540**
At fair value	147,860	149,322	47,576	40,443	385,201
At cost	-	-	-	-	-
Work in progress at cost	-	-	1,659	(39)	1,620
Accumulated depreciation	-	-	-	-	-
Balance as at 30 June 2022	**147,860**	**149,322**	**49,235**	**40,404**	**386,821**

9. INTANGIBLE ASSETS

	2022 $ 000's	2021 $ 000's
Cost		
Opening balance	6,185	7,034
Impairment of intangible assets	(1,336)	-
Additions/(disposals) from internal developments	257	(849)
Total cost closing balance	**5,106**	**6,185**
Accumulated amortisation		
Opening balance	2,651	2,326
Amortisation expense	331	325
Total accumulated amortisation	**2,982**	**2,651**
Total carrying value of intangible assets	**2,124**	**3,534**

The following useful lives are used in the calculation of amortisation:

Pricing Project - 3 years
Noise boundaries - 6 to 9 years
Flight fans - 15 years

The Company has not identified any material assets related to contracts with customers.

Deloitte. for Identification

10. TRADE AND OTHER PAYABLES

	2022 $ 000's	2021 $ 000's
Trade payables	650	1,347
Other creditors and accruals	1,321	551
Closing balance	**1,971**	**1,898**

The above balances are unsecured.

11. EMPLOYEE ENTITLEMENTS

	2022 $ 000's	2021 $ 000's
Accrued salary, wages and incentives	547	239
Annual leave	577	459
Closing balance	**1,124**	**698**

12. DERIVATIVES

	2022 $ 000's	2021 $ 000's
Derivative financial assets (liabilities)		
Interest rate swaps (effective)	1,178	(597)
Foreign exchange forward contracts (effective)	(276)	(6)
Closing balance	**902**	**(604)**
Recognised in the statement of financial position		
Current Assets	204	-
Non-current Assets	698	-
Current liabilities	-	(6)
Non-current liabilities	-	(597)
Total derivatives	**902**	**(604)**

In order to protect against rising interest rates the Company has entered into interest rate swap contracts under which it has a right to receive interest at variable rates and to pay interest at fixed rates.

Deloitte. for Identification

13. FINANCIAL RISK MANAGEMENT

(a) Foreign exchange risk management

It is the policy of the Company to enter into forward foreign exchange contracts to cover committed foreign currency payments and receipts over $0.5 million by at least 80% of the exposure generated

	NOTIONAL VALUE (USD)	FAIR VALUE
2022	**$ 000's**	**$ 000's**
Outstanding floating to fixed contracts		
Less than 1 year	339	(57)
1 to 2 years	329	(55)
3 to 5 years	958	(164)
	1,626	**(276)**

2021	**$ 000's**	**$ 000's**
Outstanding floating to fixed contracts		
Less than 1 year	221	6
	221	**6**

(b) Interest rate risk management

The Company has interest rate risk resulting from its floating rate borrowings under its debt facility. In order to protect against this risk, the Company has entered into interest rate swaps agreements, under which it has the obligation to transform a series of future variable interest cash flows, attributable to changes in 3 month NZD-BRR-FRA, back to a known fixed interest cash flow based on the relevant swap rate that existed at the inception of the hedge relationship. The following table details the notional principal amounts and remaining term of interest rate swap contracts outstanding as at reporting date:

	CONTRACT FIXED INTEREST RATE (WEIGHTED AVERAGE)	NOTIONAL PRINCIPAL AMOUNT	FAIR VALUE
2022	**%**	**$ 000's**	**$ 000's**
Outstanding floating to fixed contracts			
Less than 1 year	2.0%	15,000	261
1 to 2 years	2.0%	8,000	267
3 to 5 years	1.8%	15,000	650
		38,000	**1,178**
Cover of principal outstanding (contracts with an effective date before 30 June 2022)		**35%**	

	CONTRACT FIXED INTEREST RATE (WEIGHTED AVERAGE)	NOTIONAL PRINCIPAL AMOUNT	FAIR VALUE
2021	**%**	**$ 000's**	**$ 000's**
Outstanding floating to fixed contracts			
Less than 1 year		-	-
1 to 2 years	2.6%	10,000	-
3 to 5 years	2.0%	13,000	597
		23,000	**597**
Cover of principal outstanding (contracts with an effective date before 30 June 2021)		**28%**	

The interest rate swaps are designated hedge relationships and the hedges assessed to be highly effective over the term of the hedge relationship. As a result, a net unrealised gain of $1,084,000 net of tax $422,000 relating to the hedging instruments, is included in other comprehensive income (2021: unrealised gain of $524,000 net of tax $204,000).

At 30 June 2022, if the interest rates had changed by +/- 1%, with all other variables held constant, the impact on profit before tax would have been $463,000 2021: $525,000) lower/higher. A sensitivity of 1% has been selected as this is considered reasonable given the current level of interest rates and the trend observed both on a historical basis and market expectations for future moves.

Deloitte. for Identification

Deloitte. for Identification

(c) Capital risk management

When managing capital, management ensures that the Company continues as a going concern, the Company has access to sufficient capital to fund investments, capital can be accessed at a competitive cost and optimal returns are delivered to shareholders.

The Company is not subject to any externally imposed capital requirements apart from covenants in respect of bank facilities.

(d) Credit and liquidity risk management

Credit risk arises from cash and cash equivalents, favourable derivative financial instruments, deposits with banks and credit exposures to customers, including outstanding receivables. Credit risk is managed by the senior management and directed by the board. Only independently rated banks with a minimum rating of A (Standard & Poor's) or A1 (Moody's) are accepted. For parties where there is no independent rating, the financial department assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. For some customers the Company may obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets is mentioned in the Note 7 Trade & Other Receivables, and Note 6 Cash and Cash Equivalents. There are no significant concentrations of credit risk, through exposure to individual customer due to the specifics of the industry. The Company applies the IFRS 9 simplified approach to measuring credit losses, refer to Note 7 Trade & Other Receivables for further discussion.

Liquidity risk represents the risk that the Company may not have the financial ability to meet its contractual obligations. The Company evaluates its liquidity requirements on an on-going basis and reviews the treasury policy headroom levels on an annual basis. In general, the Company generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has funding in place to cover potential shortfalls.

The table below analyses the company's financial liabilities and derivative financial liabilities that will be settled on a net basis, into relevant maturity groupings based on the remaining period at year end to the contractual maturity date. The amounts disclosed in the table are the gross contractual undiscounted cash flows. Balances within 12 months equal their carrying balances.

	CARRYING AMOUNT	TOTAL CASHFLOW	ON DEMAND	<1 YEAR	1-2 YEARS	3-5 YEARS
	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's
2022						
Financial liabilities						
Trade and other payables	**1,971**	**1,971**	1,971	-	-	-
Borrowings	**65,000**	**71,350**	-	18,329	43,560	9,461
Total financial liabilities	**66,971**	**73,321**	**1,971**	**18,329**	**43,560**	**9,461**
2021						
Financial liabilities						
Trade and other payables	1,898	1,898	1,898	-	-	-
Borrowings	82,000	82,000	-	-	30,000	52,000
Derivative financial instruments	604	604	-	-	-	597
Total financial liabilities	**84,501**	**84,501**	**1,898**	**-**	**30,000**	**52,597**

Deloitte. for Identification

14. BORROWINGS

	EXPIRY DATE	LINE LIMIT $ 000's	2022 $ 000's	2021 $ 000's
Bank Facilities				
Bank of China	30 April 2023	30,000	15,000	30,000
ASB	30 June 2024	10,000	10,000	10,000
ASB B	30 June 2025	20,000	1,000	1,000
BNZ	30 June 2024	30,000	13,000	15,000
Westpac C	30 June 2025	30,000	8,000	8,000
Westpac D	30 June 2024	20,000	18,000	18,000
Total borrowings		**140,000**	**65,000**	**82,000**
Recognised in the statement of financial position				
Current liabilities			15,000	-
Non-current liabilities			50,000	82,000
Total borrowings			**65,000**	**82,000**

The bank facilities are secured by a general security agreement over the Company's assets, undertakings and any uncalled capital. QAC can refinance any current debt within existing facilities.

15. SHARE CAPITAL

	2022 NO.	2022 $ 000's	2021 NO.	2021 $ 000's
(a) Authorised share capital				
Ordinary shares – fully paid.	16,060,365	37,657	16,060,365	37,657

(b) Ordinary shares

All ordinary shares have equal voting rights and equal rights to distributions and any surplus on winding up of the Company.

Deloitte. for Identification

16. RETAINED EARNINGS AND RESERVES

	2022 $ 000's	2021 $ 000's
(a) Retained earnings		
Movements in Retained Earnings were as follows:		
Balance 1 July	54,421	52,779
Net surplus for the year	1,082	1,642
Dividends paid	-	-
Balance at 30 June	**55,501**	**54,421**

	2022 $ 000's	2021 $ 000's
(b) Asset revaluation reserve		
Movements in the asset revaluation reserve were as follows:		
Balance 1 July	236,795	204,376
Realised gain/(loss) transferred to statement of comprehensive income	-	(129)
Increase arising on revaluation of assets	61,337	34,651
Deferred tax movement	(6,905)	(2,102)
Balance at 30 June	**291,227**	**236,795**

	2022 $ 000's	2021 $ 000's
(c) Cash flow hedge reserve		
Movements in the cash flow hedge reserve were as follows:		
Balance 1 July	(455)	(1,106)
Gain/(loss) recognised on interest rate swaps	1,775	735
Deferred tax movement arising on interest rate swaps	(497)	(206)
Gain recognised on forward exchange contracts	(270)	(6)
Deferred tax movement arising on forward exchange contracts	76	2
Realised gain/(loss) transferred to statement of comprehensive income	20	127
Balance at 30 June	**649**	**(455)**

The cash flow hedge 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 the Income Statement when the hedge relationship is discontinued.

During the year ending 30 June 2016, the Company closed out $20 million of interest rate swaps at rates ranging from 4.78% to 5.615% at a loss (net of tax) of $1.5 million. As these were designated hedge relationships, the net loss and related tax benefit will be recognised in the Income Statement, over the period of the original swap. During the year ending 30 June 2022, the interest expense of $28,000 and tax benefit of $8,000 was recognised (2021: $177,000 and $49,000 respectively).

Deloitte. for Identification

17. DIVIDENDS

No dividends were declared and paid during the period (2021 nil).

18. OPERATING LEASE ARRANGEMENTS

(a) Company as Lessor: Operating Lease Rental

Operating leases relate to the commercial property owned by the Company with lease terms of between 4 months to 33 years, with options to extend for up to a further 10 years. The lease terms at 30 June 2022, extend up to 19 years in the future. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

Rental income earned by the Company from its commercial property is set out in Note 3. The Company has contractual rights under leases to the following Minimum Annual Guaranteed rentals and contracted escalations but excludes at risk receipts such as turnover rents and CPI increases:

	2022 $ 000's	2021 $ 000's
Less than 12 months	11,167	10,366
1-2 years	5,581	5,709
2-3 years	3,112	4,344
3-4 years	2,121	2,576
4-5 years	897	1,678
5+ years	4,153	4,944
Total company as lessor; operating lease rental	**27,032**	**29,615**

Deloitte. for Identification

19. RELATED PARTY TRANSACTIONS

Queenstown Airport Corporation Limited is 75.01% owned by the ultimate parent entity, Queenstown Lakes District Council, and 24.99% owned by Auckland Airport Holdings (No 2) Limited.

Related parties of the Company are:

- Queenstown Lakes District Council (QLDC) - shareholder
- Wānaka Airport (WKA) - management contract on behalf of QLDC
- Auckland International Airport Limited (AIAL) - shareholder
- Mark R Thomson - General Manager Property and Commercial AIAL - director QAC

(a) Transactions with related parties

The following transactions occurred with related parties:

All transactions were provided on normal commercial terms.

	2022 $ 000's	2021 $ 000's
Queenstown Lakes District Council (QLDC)		
Rates paid	433	460
Resource and building consent costs and collection fees	10	24
Wānaka Airport Settlement	-	(14,733)
Frankton Golf Club income	(44)	(44)
Parking infringement	(10)	(8)
Glenorchy Airstrip Maintenance	(9)	-
RAT Tests	(8)	-
	372	(14,301)
Wānaka Airport (WKA)		-
NASA Rent	66	-
Rates	2	-
Management Fee	(360)	-
NASA Launch Pad	(51)	-
Credit Card Charges	(8)	-
Windemere Grazing	(3)	
	(354)	-
Net payment / (receipt) to QLDC	**18**	**(14,301)**
Auckland International Airport Limited (AIAL)		
Rescue fire training fees paid	48	-
Director fees and expenses paid	40	50
Net payments to AIAL	**88**	**50**

(b) Balances with related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2022 $ 000's	2021 $ 000's
Queenstown Lakes District Council (QLDC)		
Receivables	(7)	(14,733)
Payables	-	1
	(7)	(14,732)
Wānaka Airport (WKA)		
Receivables	(36)	-
Payables	-	-
	(36)	-
Net (receivable) / payable balance (QLDC)	**(43)**	**(14,732)**
Auckland International Airport Limited (AIAL)		
Receivables	-	-
Payables	13	-
Net (receivable) / payable balance (AIAL)	**13**	**-**

During the prior year the High Court ruled that the granting of the long-term lease for Wānaka Airport from QLDC to the Company was unlawful for the reasons set out in its decision and set the lease aside. Accordingly, the lease arrangement was cancelled and improvements relating to Wānaka Airport have been transferred to QLDC. The Company has entered into a management services agreement to provide various services related to the day-to-day operations of Wānaka Airport on behalf of QLDC.

In the prior year the directors took independent advice to determine a settlement value of $14.7 million to reverse the lease arrangement. The settlement value represents the net cash outflows made by the Company since the inception of the long-term lease on 1 April 2018, including the cash paid for the long-term lease and improvements. The settlement value is disclosed in Trade and Other Receivables in the Statement of Financial Position.

In the prior year a net loss on the transfer of assets to QLDC of $0.8M was recognised in the Income Statement.

(c) Key Management Personnel Compensation

Key management personnel compensation for the year's ended 30 June 2022 and 30 June 2021 is set out below. The key management personnel are all the directors of the Company and the executives with the greatest authority for the strategic direction and management of the Company.

	2022 $ 000's	2021 $ 000's
Short term benefits	1,901	1,814
Total	**1,901**	**1,814**

Deloitte. for Identification

Deloitte. for Identification

20. RECONCILIATION OF CASH FLOWS

(a) Operating Activities	2022 $ 000's	2021 $ 000's
Net profit after taxation	1,082	1,643
Add/(Deduct) non-cash items:		
Amortisation	331	325
Depreciation	8,128	9,313
Impairment and loss on assets	1,495	804
Other	27	(177)
Changes in Assets and Liabilities:		
(Increase) in trade and other receivables	(61)	14,733
(Increase)/decrease in prepayments	(118)	189
Increase/(decrease) in current tax payable	(1,227)	1,920
Increase/(decrease) in trade and other payables	(124)	(17,747)
Increase/(decrease) in employee entitlements	427	(305)
(Increase)/decrease in deferred tax liability	13	(2,341)
Net cash flows from operating activities	**9,972**	**8,357**

(b) Financing Activities	2022 $ 000's	2021 $ 000's
Opening balance	82,000	69,000
Net loans (Repayments)/drawdown	(17,000)	13,000
Closing balance	**65,000**	**82,000**

21. CONTINGENT LIABILITIES

(a) Noise mitigation

The Company has implemented a programme of works to assist homeowners living in the inner and mid noise boundaries to mitigate the effects of aircraft sound exposure. Offers for noise mitigation have been extended to homeowners in line with the projected annual aircraft noise contours for calendar years 2021 and 2022.

Inner noise mitigation

Prior to 30 June 2020, the Company had made inner noise mitigation offers to 39 properties (7 are owned by the Company), at a total cost of $1,838,000. Aircraft noise at Queenstown Airport has decreased as a result of the reduced aircraft movement levels due to the impacts of COVID-19. Projected Annual Aircraft Noise Contours for calendar years 2021 and 2022 have not identified any Inner Noise properties eligible for works. There are no capital commitments at reporting date.

Mid noise mitigation

Prior to 30 June 2020 the Company had made a commitment to provide noise mitigation works (mechanical ventilation) to 131 properties. As at 30 June 2022, 25 homeowners had replied and requested to proceed with design prior to determining whether to accept the offers.

(b) Lot 6

During the year ending 30 June 2021 the Company made a compensation payment of $18.34 million for land acquired under the Public Works Act 1981 (PWA) and known as 'Lot 6'. In October 2021 the previous owner, Remark-ables Park Ltd (RPL), indicated that it would seek additional compensation under the PWA. As at 16 August 2022, the Company has not received a valid claim for further compensation.

22. CAPITAL COMMITMENTS

	2022 $ 000's	2021 $ 000's
Committed for Acquisition of Property, Plant and Equipment	1,576	6,867
	1,576	**6,867**

23. SUBSEQUENT EVENTS

On 16 August 2022, the Directors declared a fully imputed dividend of $1,300,000 in respect of the year ended 30 June 2022. There were no other significant events after balance date.

Deloitte. for Identification

Deloitte. for Identification

Deloitte.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF QUEENSTOWN AIRPORT CORPORATION LIMITED FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2022

The Auditor-General is the auditor of Queenstown Airport Corporation Limited the (company). The Auditor-General has appointed me, Mike Hawken, using the staff and resources of Deloitte Limited, to carry out the audit of the financial statements and the performance information of the company on his behalf.

Opinion

We have audited:

- the financial statements of the company on pages 44 to 77, that comprise the statement of financial position as at 30 June 2022, the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and

- the performance information of the company on pages 40 to 41.

In our opinion:

- the financial statements of the company on pages 44 to 77:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2022; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand equivalents to International Financial Reporting Standards; and
- the performance information of the company on pages 40 to 41 presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company's objectives, for the year ended 30 June 2022.

Our audit was completed on 16 August 2022. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the company for assessing the company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are 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 carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of shareholders taken on the basis of these financial statements and the performance information.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, 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 the internal control.

- We 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 company's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- We evaluate the appropriateness of the reported performance information within the company's framework for reporting performance.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company'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 statements and the performance information 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 company to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of 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 in our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 2 to 39, 42 to 43 and 81 to 90, but does not include the financial statements and performance information, and our auditor's report thereon.

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

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, 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.

Independence

We are independent of the company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit of the financial statements and the disclosure financial statements, we have no relationship with, or interests in, the company.

Mike Hawken, Partner
for Deloitte Limited
On behalf of the Auditor-General
Dunedin, New Zealand