



ANNUAL REPORT

YEAR ENDING 30 JUNE 2023





QAC'S REGISTERED OFFICE

Queenstown Airport Corporation
 Sir Henry Wigley Drive
 Frankton, New Zealand
Telephone +64 3 450 9031
Email admin@queenstownairport.co.nz
Website www.queenstownairport.co.nz

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CHAIR AND CEO REPORT



We are pleased to present Queenstown Airport Corporation's annual report for the 12 months to 30 June 2023.

This year, the airport company moved firmly into recovery and our focus has been on strategic long-term planning, upgrades to the Queenstown Airport terminal, and our workforce.

The impact of the COVID-19 pandemic and the related global and national response was significant. Between March 2020 and April 2022, disruptions and change became the norm. During the reporting period, stability has returned and all domestic and international routes are operating again. By November 2022, all four airlines flying to Queenstown Airport before the pandemic had resumed services.

The general aviation operators, including fixed-wing flightseeing and helicopters, have also reported a strong recovery this year.

The FY23 financial results reflect the steady return of passengers throughout the year. The company's financial performance is closely tied to passenger movements.

A total of 2.37 million passengers arrived and departed through Queenstown Airport, 109% higher than FY22 and in line with FY19 with 2.32 million passenger movements.

In FY23, revenue was up 122% to \$59.6 million from \$26.8 million in FY22. By comparison, revenue in FY19 was \$49.6 million.

Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) increased by 214% from \$14.0 million to \$43.9 million. Total operating expenditure was \$15.8 million. Profit After Tax was \$22.2 million, compared to \$1.1 million in FY22.

Given the strong performance of the company during this year, and after an extended period with very limited dividend payments, the board of directors is pleased to confirm a total annual dividend of \$15.54 million. An interim dividend payment of \$5.98 million was paid to shareholders in February. A final dividend of \$9.56 million will be paid to shareholders this month.

The focus of our capital programme was safety, sustainability and increasing efficiency. The ZQN Terminal Upgrade Programme continues. Improvements to the check-in area, upgrades to the departures processing area and the international arrivals area were completed. Four new solar-powered, enclosed aircraft access ramps were introduced just before the winter travel peak.

Operating expenditure was comparatively low during the reporting period due to the reduced operating budgets in place at the start of the year in response to the impact of the COVID-19 pandemic. During the second half of FY23, as more certainty returned, operating expenditure increased and more people joined the QAC team.

Our mission is to proudly connect our home with New Zealand and the world. Our vision is to be an innovative airport that people love to travel through, and the community takes pride in. In April, we conducted the first independent community sentiment survey, which shows the airport is highly valued and used regularly by residents of the Queenstown Lakes District. The survey found that 95% of respondents had used the airport in the past year, with 5% using the airport weekly and 40% using it every two to three months. The airport was valued for providing excellent connectivity, safety, cleanliness, and for airport staff who were easy to deal with and helpful. While it is encouraging to see that our community highly values Queenstown Airport, the survey also highlights that we have more work to do in the way we engage and communicate, which will remain a focus. The overall satisfaction score of 64% includes people who felt very positive to slightly positive about Queenstown Airport; 13% were neutral and 23% were negative. We'll be completing community sentiment surveys annually and aim to improve the satisfaction score each year.

This year we published our 10-year Strategic Plan and subsequently prepared a draft Master Plan for Queenstown Airport. The airport plays a crucial role in enabling the economic and social wellbeing of our region and will be a lifeline utility in the event of a natural disaster, so long-term planning is essential.

As part of the development of the draft Master Plan, we talked to a broad range of people from across the region to guide us on the issues of significance to our communities. The key themes included access to and from the airport, a focus on excellent customer experience, and maximising the airport's connection with the landscape and environment.

The draft plan proposes a series of improvements focusing on safety, resilience, efficiency, and customer experience. It also allocates space to enable and support the decarbonisation of aviation and to protect options to meet the community's future needs. Consultation on the draft plan in May and June attracted widespread interest and a broad range of feedback. A summary of feedback will be made public in August before an updated final Master Plan is presented to shareholders.

This year we have continued to implement our Sustainability Strategy and associated decarbonisation roadmap. We are pleased to report we have progressed from Toitū carbonreduce to Toitū net carbonzero certification this year. We are actively working to reduce our operational emissions, and have committed to certified 100% renewable electricity supply, and to eliminating non-emergency Scope 1 and 2 emissions by 2030.

We recently secured sustainability-linked loans with our four banks, which tie our debt facilities to the achievement of ambitious and independently verified sustainability targets. This is a positive step in embedding sustainability across the company.

Located in one of the most spectacular parts of the world, Queenstown Airport sees protecting and investing in biodiversity as a priority. This year we formed a new partnership with the Whakatipu Reforestation Trust and Shotover Primary School to accelerate the restoration of the nationally significant Shotover Wetland, a short distance from airport.

This year, we established an integrated operations centre, a central control room where Queenstown Airport's duty managers work alongside airline representatives and Aviation Security managers. This initiative enables closer collaboration and decision-making in the dynamic airport environment.

We also initiated an airport community safety committee, co-chaired by QAC and Airways, which meets quarterly to share safety information and suggest improvements.

We'd like to acknowledge and thank Anne Urlwin for her contribution. Anne left the QAC board in February after serving as a director and Chair of the Audit and Financial Risk Committee from 2019. Her experience, insights, and clear guidance were of great benefit to the board and leadership team.

In closing, we would like to thank the staff at both Queenstown and Wānaka airports for their efforts this year. This report outlines the results achieved and the work completed throughout the year. It has been a busy and productive period and our people have made a significant contribution.

Two handwritten signatures in black ink. The first signature is on the left and the second is on the right.

Adrienne Young-Cooper
Chair

Glen Sowry
CEO

COMPANY OVERVIEW

MISSION

VISION

Why we exist

**PROUDLY CONNECTING
OUR HOME
WITH NEW ZEALAND
AND THE WORLD**

Where we want to be

**AN INNOVATIVE
AIRPORT
THAT PEOPLE LOVE TO
TRAVEL THROUGH, AND THE
COMMUNITY TAKES PRIDE IN**

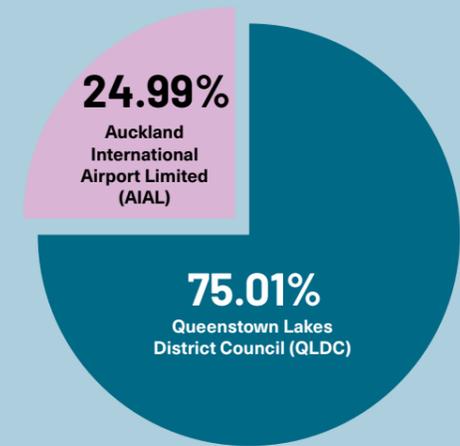
HOW WE FLY

DO THE
RIGHT
THING

REMARKABLE
EVERY DAY

we
get
it
DONE

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. QAC manages Wānaka Airport under a Management Services Agreement (MSA) with QLDC. Wānaka Airport facilitates scheduled domestic air services, and both commercial and private general aviation operations.

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.

FY23 HIGHLIGHTS



**DRAFT MASTER
PLAN CONSULTATION**



**DOMESTIC DEPARTURE
AREA EXPANDED**



**SLOT COORDINATION
SYSTEM INTRODUCED**



**EXTRA SELF-SERVICE
TECHNOLOGY
INSTALLED**



**NEW FIRE TRUCK
ADDED TO FLEET**



**FOUR ENCLOSED
AIRCRAFT ACCESS
RAMPS INTRODUCED**



**100% CERTIFIED
RENEWABLE
ELECTRICITY**



**ZŌN SUSTAINABILITY
PLEDGE LAUNCHED**



**\$120K INVESTED
IN COMMUNITY
PARTNERSHIPS
PROGRAMME**



**TOITŪ NET CARBONZERO
CERTIFICATION ACHIEVED**



**PARK & RIDE
REINTRODUCED**



**RECORD DIVIDEND FOR
SHAREHOLDERS**

PASSENGER AND AIRCRAFT MOVEMENTS

A full schedule of domestic and trans-Tasman flights operated in FY23 – the first full year without travel restrictions since FY19 – and statistics reflect the significant demand for travel when borders opened again after the COVID pandemic.

Queenstown Airport saw passenger numbers rebound dramatically as people reconnected with loved ones and made the most of the fantastic conditions at the region's skifields in 2022. Passenger numbers were slightly higher than FY19 but aircraft movements were slightly lower, thanks to the introduction on some services of quieter, more fuel-efficient aircraft with more seats available.

Passenger movements through Queenstown Airport in FY23 totalled 2,370,488. Of these, 1,633,627 were travelling on domestic flights and 721,405 were travelling to or from Australia.

The airport handled 17,714 scheduled aircraft movements, not far behind the 17,736 recorded in FY19. Slot coordination was introduced during the reporting period, enabling better distribution of flights throughout the day.

General aviation operators at Queenstown Airport have also had a strong year, with a total of 32,328 helicopter movements and 12,769 movements by fixed-wing aircraft.



ZQN TOTAL AIRCRAFT MOVEMENTS

1 July 2022 to 30 June 2023, compared with the previous year

SCHEDULED AIRCRAFT MOVEMENTS



17,714 ▲ 81%

HELICOPTER MOVEMENTS



32,328 ▲ 84%

FIXED-WING MOVEMENTS



12,769 ▲ 192%

PRIVATE JET MOVEMENTS



599 ▲ 68%

ZQN TOTAL PASSENGER MOVEMENTS

1 July 2022 to 30 June 2023, compared with the previous year



DOMESTIC MOVEMENTS

1,633,627 ▲ 49%

INTERNATIONAL MOVEMENTS

736,861 ▲ 1854%*

TOTAL

2,370,488 ▲ 109%

AIRCRAFT AND PASSENGER MOVEMENTS EXPLAINED



Airports report passengers and aircrafts as movements. A plane arriving in Queenstown and then departing counts as two aircraft movements. Similarly, about half of the total passenger movements are arrivals and half are departures.

* International travel restrictions were in place in FY22

FINANCIAL PERFORMANCE

The financial results delivered for FY23 reflect the combination of the strong recovery of passenger numbers from June 2022 and improved yields from commercial concessionaires. There was a 122% increase in revenue to \$59.6 million from \$26.8 million in the previous year.

Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) increased by 214% from \$14.0 million to \$43.9 million. Total operating expenditure was \$15.8 million. Profit for the period was up significantly to \$22.2 million from \$1.1 million in FY22.

Capital expenditure in this period of \$8.4 million included investment in the Terminal Upgrade Programme to improve sustainability and the customer experience, and in airfield maintenance.

As at 30 June 2023, term debt was \$39.5 million, down from \$65.0 million at 30 June 2022.



FINANCIAL SNAPSHOT

REVENUE

\$59.6m
▲ 122%

EBITDA

\$43.9m
▲ 214%

PROFIT FOR THE PERIOD

\$22.2m
▲ 1953%

YEAR IN REVIEW

| JULY | AUGUST | SEPTEMBER | OCTOBER | NOVEMBER | DECEMBER | JANUARY | FEBRUARY | MARCH | APRIL | MAY | JUNE |
|--|---|---|--|---|--|---|---|--|--|--|---|
| <p>06 Six EV charging stations installed</p>  | <p>17-21 Coronet Peak's 75th anniversary celebration</p> <p>26 ZQN rolls out the rainbow for Winter Pride</p>  | <p>05 QAC Shotover Wetlands restoration project</p> <p>22 10-year Strategic Plan released</p>  | <p>17-21 Airport Safety & Security Week</p>  <p>18 Aviation Security screening area reconfigured</p> | <p>02 Virgin Australia returns to ZQN</p>  <p>23 District sets carbon-zero tourism goal</p> <p>30 Customised Rosenbauer Panther fire fighting vehicle added to the Airport Emergency Service's fleet</p>  | <p>12 Park & Ride makes a comeback</p>  | <p>14 Lake Hayes A&P Show</p>  | <p>14 Air New Zealand Lounge access moved airside</p>  | <p>06 ZQN signs Biosecurity Business Pledge</p> | <p>04 Love Wānaka, Love Queenstown platforms launched</p>  <p>16 NASA launches super-pressure balloon from Wānaka</p>  <p>26 Domestic departures lounge upgrade begins</p> | <p>16 Partnership with Wakatipu Community Foundation announced</p>  <p>24 Draft Master Plan released for public consultation</p> | <p>1-5 LUMAbility project launched</p>  <p>26 ZQN Sustainability Pledge</p> |

SAFETY AND OPERATIONS

Safety and security remain our highest priority at Queenstown Airport and we are pleased to report there were no employee lost-time injuries in the past year – extending that record to more than eight years. Meanwhile, we continue to look for ways to make the airport even safer and more efficient.

STAIRS REPLACED WITH RAMPS

Four innovative boarding ramps, imported from the UK and assembled on the airfield, are a significant investment in operational efficiency, safety, accessibility and sustainability. Fully enclosed, they have a low gradient and anti-slip flooring, making them safer to use than the stairs they are replacing. They also make it quicker to get passengers on and off aircraft and reduce the number of passengers who need help boarding. The ramps are fully electric and solar-powered – a first for New Zealand.

INTEGRATED OPERATIONS CENTRE

Another innovation to improve efficiency is the establishment of an integrated operations centre. Queenstown Airport's duty managers now work alongside Aviation Security managers and airline representatives in a central control room, which enables collaboration and quick decision-making.

BIOSECURITY BUSINESS PLEDGE

In April, Queenstown Airport signed the Biosecurity Business Pledge. An initiative of the Ministry of Primary Industries, the pledge is a partnership encouraging New Zealand businesses to work together to strengthen New Zealand's border and proactively manage biosecurity risks. Signing the pledge reinforces the airport's strong commitment to biosecurity and demonstrates we care about our region and keeping our community safe.

AERODROME RECERTIFICATION

Queenstown Airport passed its five-yearly Civil Aviation Authority Part 139 Recertification audit during the reporting period.

AIRPORT EMERGENCY SERVICE



Queenstown Airport added a specialised aircraft rescue and firefighting vehicle to its fleet in November. The Rosenbauer Panther S was built to Queenstown Airport's specifications in Austria and will enable the Airport Emergency Service to respond to an emergency with the very latest technology. The airport also has two Rosenbauer Buffalo fire trucks, bought in the mid-2000s, so now has an extra vehicle for training and to cover maintenance.



ENHANCING THE CUSTOMER EXPERIENCE

Our vision is to be an innovative airport that people love to travel through and the community takes pride in. We are working hard to build a customer-centric culture, to deliver an exceptional customer experience, and to anticipate the needs of future travellers.



CUSTOMER EXPERIENCE SURVEYS

The first step towards achieving this is to build a deeper understanding of our customers, their journey through Queenstown Airport, and their needs and expectations at each step along the way. We have signed up to the Airports Council International (ACI) globally recognised Airport Service Quality (ASQ) programme, which gives us tools to measure our performance and to benchmark our services against those of other airports. Our first ASQ survey was completed in Q4 and will be repeated quarterly to support agile, customer-focused decision-making.

PARKING

Since the resumption of scheduled flights, local residents have been keen to travel and the car parks at the terminal have been heavily used, particularly at weekends. To meet this demand, the Park & Ride service was relaunched in December. Customers using the Brookes Road car park pay less for parking than at the terminal and get a free shuttle ride to and from the airport.

In response to customer feedback, we also raised the free parking period offered in the terminal car parks from 10 minutes to 20 minutes before the summer holidays. This has made it easier for locals to drop off and pick up passengers at the airport and reduced congestion in the drop-off zones.

AIR NEW ZEALAND LOUNGE

Access to the Air New Zealand Regional Lounge at Queenstown Airport switched from landside to airside in February. A new entrance was created and an elevator installed to enable this. Lounge members can now clear security as soon as they have checked in, relax until their flight is called, then go directly to the departure gate to board their plane.

As well as allowing customers to spend longer in the lounge, the change has helped to smooth the flow of passengers through security screening.

FLIGHT INFORMATION SCREENS

The digital screens providing information about arrivals and departures have been redesigned to be easier to read and to meet accessibility guidelines.



COMMERCIAL SNAPSHOT

Highlights of the year included:



Leasing an additional 4,300m² of commercial land.



Resumption of the Park & Ride free transfer service.



Hosting a range of local food trucks in the forecourt.



Increasing revenue generated from rental car bookings made through the Queenstown Airport website.

INVESTING IN OUR INFRASTRUCTURE

Changes to the centre of the terminal to improve the experience of travellers flying out of Queenstown Airport began in April.

The project, which is the second phase of the Terminal Upgrade Programme, increases the space allocated to those waiting to board domestic flights and incorporates the Airpresso cafe into the airside departures area. It also includes extra toilets, the creation of a fourth passenger screening lane, a separate screening area for bulk goods, and a new landside cafe.

Work has been carefully scheduled at night to minimise the impact on passengers and tenants in the terminal.

The project will reduce queues for screening and provide a comfortable and inviting place, with a full food and beverage service, where people can relax ahead of their flight.

We are also taking the opportunity to do some seismic strengthening work while construction is under way.



CHECK-IN AREA

Reconfiguration of the check-in area shared by Jetstar, Qantas and Virgin Australia – combined with more self-service technology – has improved passenger flow in the terminal and reduced congestion during peak times.

Six Elenium automated bag drop units, nine extra self-service check-in kiosks and full management and monitoring software have been installed this year, completing a project that began in 2019 with the installation of 15 kiosks. The technology speeds up the check-in process and is easy for passengers and airline staff to use.

INTERIOR REFRESH

The International Arrivals area has been given a dramatic refresh, with a floor-to-ceiling photograph of native forest, beautiful green tiles, and new furniture.



OUR PEOPLE

Rebuilding the capacity of our workforce has been an important focus this year, with staff numbers increasing by about a third and increased emphasis on training.

RECOGNISING OUR TEAM

QAC aims to be an employer of choice and to recognise the contribution and effort of the whole QAC team. This year we reviewed our wellbeing programme. QAC employees have access to health insurance, an annual Get Active subsidy, and a paid day off for their birthday, as well as other benefits.

We also completed a comprehensive staff engagement survey and implemented an action plan based on feedback received.

ON THE FRONT LINE

QAC's operations team members have been on the front line with smiles on their faces as travellers have returned to Queenstown Airport. To provide back-up for the duty managers and more opportunity for career development and progression, three Customer Services Supervisor roles were created this year. We are fortunate to have great depth of talent within our customer services team and the leadership roles were filled internally.

LIVING WAGE ACCREDITATION

QAC was the first airport company in New Zealand to achieve Living Wage Accreditation and is proud to have maintained that over the reporting period when the minimum pay rate was lifted to \$23.65 an hour. The independently calculated Living Wage ensures even the lowest-paid employees receive enough to live with dignity.

UNIFORMS

New items of uniform featuring ZQN's updated brand colours and logos have been gradually introduced this year. The comfort and safety of our staff, along with the sustainability of materials and design, were key selection criteria. They have been so well received that we've had members of the public wanting to buy them.

STRENGTHENING OUR EMERGENCY RESPONSE

Queenstown Airport bolstered the Airport Emergency Service (AES) during the reporting period. Seven recruits – three women and four men – have joined the team since the resumption of national and international flights. They have undergone extensive training, including travelling to Changi Airport in Singapore to practise using foam on Jet A1 fuel fires.

Rigorous training is essential to ensure the most efficient and effective response if there were ever an incident at Queenstown Airport. A significant move to strengthen AES this year was the creation of a Training Officer role. Historically, our AES officers have been sent to larger airports for much of their training. With the appointment of a Training Officer, we can bring much of that training in-house, develop our own people and training facilities, and bring consistency and consolidation to the AES training programme.



SUSTAINABILITY AND COMMUNITY





OUR SUSTAINABILITY STRATEGY

We are proud to be part of the Queenstown Lakes community and it's important to us that we balance our activity with the preservation of what makes our region a special place to live, work, and visit.



PEOPLE

ONE TEAM | ACCOUNTABLE | NOISE



BE AN EMPLOYER OF CHOICE AND LIVE OUR VALUES creating a safe, inclusive airport environment.



COMMUNICATE OPENLY AND REPORT REGULARLY demonstrating our commitment to achieving our sustainability goals.



PROVIDE CERTAINTY AND CLARITY TO THE COMMUNITY around airport activity, mitigate the impact of aircraft noise and complete the residential noise mitigation programme.



PLANET

CLIMATE | WASTE | BIODIVERSITY



BE NET-ZERO BY 2040 by developing, then delivering on, our ZQN to Net-Zero Strategy.



LEAD WASTE MINIMISATION AND COMPOSTING across the airport campus to significantly reduce waste to landfill.



ACTIVELY RESTORE OUR NATIVE HABITAT, working with key partners, for the benefit of future generations.



PROSPERITY

CLIMATE RISK | ZQN | COMMUNITY



BE RESILIENT AND PREPARED, aware of and responsive to, the risks and opportunities posed by climate change.



EMBED SUSTAINABILITY ACROSS OUR AIRPORT so that like health, safety and security, sustainability is what we do.



SUPPORT OUR REGION TO THRIVE by connecting with, and contributing to, our community socially and economically.

IWI ENGAGEMENT

QAC is committed to positive engagement with iwi and hapū. QAC's majority shareholder, the Queenstown Lakes District Council, has established partnerships with both Aukaha and Ngāi Tahu ki Murihiku (Te Ao Marama), who work on behalf of iwi to work with relevant territorial local authorities. We have begun discussions with a goal to building stronger relationships with these organisations as we work to respect the whakapapa of Kāi Tahu as part of our master planning and cultural heritage initiatives, and to ensure that iwi values and issues are reflected in plans and initiatives.

SUSTAINABILITY-LINKED LOANS

QAC is pleased to have entered a sustainability-linked loan structure with its banking partners. From FY24, Queenstown Airport's debt will be directly linked to the achievement of specific sustainability targets. Under the terms of the loan, Queenstown Airport has set four targets:

- achieving Airport Carbon Accreditation, the leading global certification for airport carbon management
- reducing Queenstown Airport's Scope 1 and 2 greenhouse gas emissions, supporting our transition to net-zero
- installing infrastructure that supports reductions in Queenstown Airport's Scope 3 greenhouse gas emissions, including by enabling electrification of parked aircraft, ground service equipment and charging infrastructure for electric vehicles
- reducing the waste sent to landfill across the terminal precinct.

WASTE MINIMISATION AND COMPOSTING

This year, we reviewed the airport's composting system and expanded the range of organic waste that can be accepted, which has increased participation. Organic waste from the food and beverage outlets, airport lounges and staff kitchens in the terminal is now being collected. We also completed an audit of all terminal waste to inform our waste minimisation strategy and recycling programme.

DECARBONISATION TARGETS

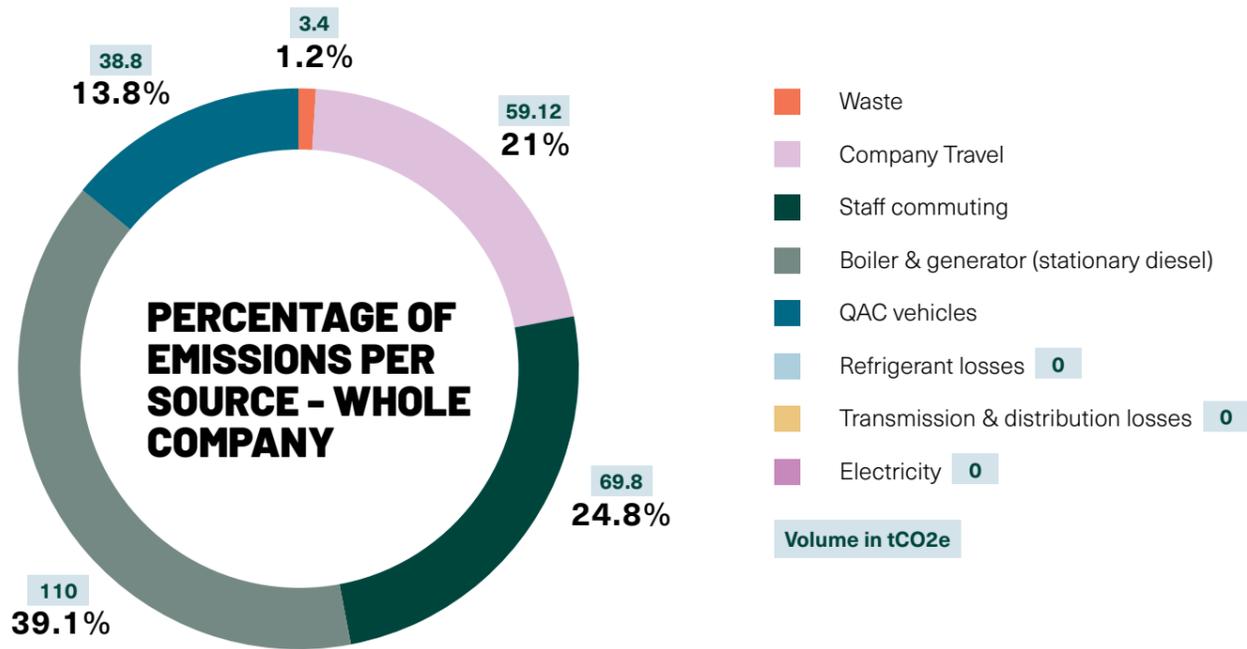
This year, we have continued to implement our decarbonisation strategy for airport operations.

Setting absolute emission reduction targets means that while activity at the airport increases, our total greenhouse gas emissions are decreasing. We are pleased to have progressed from Toitū carbonreduce certification and achieved Toitū net carbonzero certification.

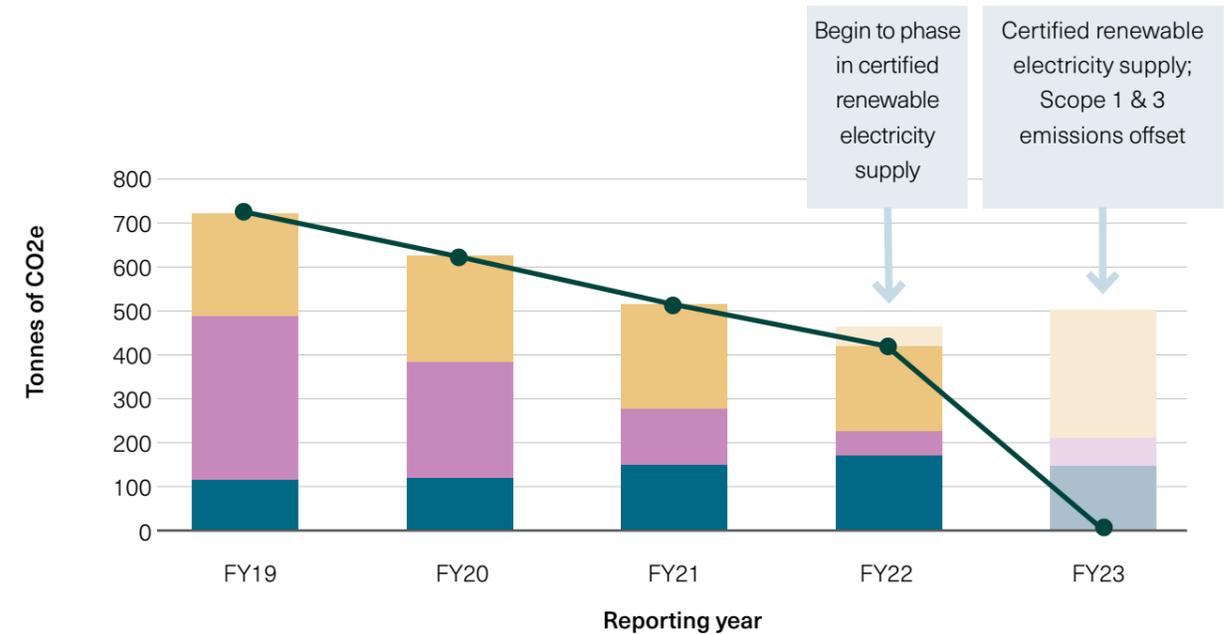
Since our initial FY19 audit, our greenhouse gas emissions have decreased by 65%, meaning we have surpassed our target to reduce absolute emissions by 60%, compared with our baseline year, by 2030. Our revised target is an 85% reduction by 2028.

The decarbonisation of aviation is a global challenge and airports have an important role to play in facilitating the changes required to successfully decarbonise. A key component of our long-term planning is preparing for and enabling the decarbonisation of air travel. We are supporting the global Fly Net Zero by 2050 target through infrastructure planning, collaboration and advocacy.

OUR CARBON AUDIT RESULTS



HOW WE HAVE ACHIEVED NET CARBONZERO FOR QAC OPERATIONS



We are proud to have achieved Toitū net carbonzero certification in FY23.

This year we are pleased to have progressed from Toitū carbonreduce certification to Toitū net carbonzero certification for FY23, meaning that we have accurately measured our greenhouse gas emissions and put in place strategies to manage, reduce and offset the impacts of our operations.

For the reporting period, our greenhouse gas (GHG) emissions were down 16% on last year and we achieved a 'high-quality data' ranking. Since our initial audit in FY19, we have reduced our GHG emissions by 65%.

The intensity of emissions has decreased compared to FY22. Activity, revenue and the number of full time equivalent staff employed have all increased during the reporting period.

- Emissions per fulltime equivalent staff have decreased by 50%.
- Emissions per \$1 of revenue have decreased by 76%.
- Emissions per passenger movement have decreased by 34%.

We will continue to reduce absolute operational emissions each year and offset remaining emissions through verified carbon credits to achieve a neutral balance. This year we invested in native reforestation in the lower South Island.



| SCOPE 1 | SCOPE 2 | SCOPE 3 |
|---|--|---|
| Direct emissions within our operational control | Indirect emissions from energy generation | Emissions from sources we do not directly control or own but which are enabled by our activities |
| On-site boiler, operational vehicles including emergency vehicles | Purchased electricity supply | QAC waste and company travel |



ZQN POWERED BY 100% CERTIFIED RENEWABLE ELECTRICITY



65% REDUCTION IN EMISSIONS SINCE 2019



SUPPORTING OUR REGION TO THRIVE

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.

One of the ways we support our region to thrive is by investing in meaningful change through positive collaborations and financial partnerships. Over the reporting period, we contributed more than \$120,000 to our local communities and events through our Partnerships Programme.

This year we again supported:

- Coastguard Queenstown
- the Whakatipu Reforestation Trust
- the Wakatipu High School Foundation's Awhi Fund
- the Branches Charitable Trust
- the Queenstown Airport Kids' Run (part of the New Zealand Sotheby's International Realty Queenstown Marathon)
- Winter Pride, rolling out the rainbow at ZQN.

LOVE QUEENSTOWN / LOVE WĀNAKA

Queenstown Airport was proud to be a founding partner of the Love Queenstown / Love Wānaka community funds launched in April. The project has evolved out of the Destination Management Plan and is jointly coordinated by Destination Queenstown and Lake Wānaka Tourism. The focus of the two funds is supporting localised climate, conservation, and biodiversity initiatives, accelerating the region's shift to a regenerative carbon zero future and enabling visitors to have a positive impact on Queenstown and Wānaka through their activities and experiences.

At the airport, we are promoting the funds and giving visitors opportunities to contribute to them. We have provided a high-profile space next to domestic baggage reclaim. The immersive installation allows our visitors to connect with the values of our region from the moment they arrive, learning about the initiative and how they can give-back during their travels.



WAKATIPU COMMUNITY FOUNDATION

We formed a new partnership with the Wakatipu Community Foundation to support community philanthropy and deliver long-term benefits to the communities the airport serves. The foundation channels charitable donations to a wide range of local organisations and initiatives making a positive impact in areas including youth, education, health, the arts, and the environment.

CARBON ZERO 2030

Queenstown Airport supports the Queenstown Lakes District's ambitious target, announced in November 2022 under the banner 'Travel to a thriving future', to be the world's first carbon-zero tourism destination. Planning for and enabling the decarbonisation of aviation is core to our strategy and will be critical to achieving this bold ambition.



LAKES HAYES A&P SHOW

Queenstown Airport and the Lakes Hayes A&P Show have a shared ambition to see the much-loved community event become waste-free. As a new sponsor, the airport is providing funding to help make that happen. The three-year partnership has kick-started a range of initiatives to cut waste, including covering the cost of using the DISHrupt service at the show. DISHrupt is run by Sustainable Queenstown and provides reusable dishes, cups, and cutlery for use at events, reducing the need for single-use food packaging and cutlery. The partnership is off to a great start. This year waste to landfill was cut by 50%.

SHOTOVER WETLAND PROJECT

We are proud to have been a partner of the Whakatipu Reforestation Trust since 2016. This year we joined the Shotover Wetland restoration project, which was established by the trust, Shotover Primary School and Grant Stalker in 2016, with support from Accor Hotels Queenstown. The regionally significant wetland covers nearly 7 hectares east of the Kimiākau (Shotover) River confluence and is home to nationally and internationally threatened plant species. Queenstown Airport's involvement will accelerate the progress of the project and involves native planting, predator trapping, the creation and maintenance of recreational pathways, clearance of exotic vegetation and maintenance.



PROUD TO SUPPORT LUMABILITY

We launched a new partnership to make the LUMA Southern Light Project accessible to all. LUMAbility provided guided tours to the popular arts, performance and sensory event held in Queenstown Gardens at King's Birthday Weekend. The tours occurred outside of regular opening times, catering to those with diverse needs. Year one ran as a pilot project and all those who experienced LUMAbility felt it was a great success – we can't wait to bring it back in 2024!

BOARD OF DIRECTORS



**ADRIENNE
YOUNG-COOPER**
CHAIR



**SIMON
FLOOD**
DEPUTY CHAIR



**MIKE
TOD**
DIRECTOR



**MARK
THOMSON**
DIRECTOR



**ANDREW
BLAIR**
DIRECTOR

SENIOR LEADERSHIP TEAM



**GLEN
SOWRY**
CHIEF EXECUTIVE
OFFICER



**SARA
IRVINE**
GM SUSTAINABILITY
& CORPORATE
AFFAIRS



**ANDREW
WILLIAMSON**
CHIEF FINANCIAL
OFFICER



**RACHEL
TREGIGDA**
GM PROPERTY
PLANNING



**TODD
GRACE**
CHIEF OPERATING
OFFICER



**MELISSA
BROOK**
GM STRATEGY

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 (resigned effective from 1 March 2023)
 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 |
| Chief Financial Officer | Andrew Williamson andrew.williamson@queenstownairport.co.nz |
| General Manager, Property Planning | Rachel Tregidga rachel.t@queenstownairport.co.nz |
| Chief Operating Officer | Todd Grace todd.grace@queenstownairport.co.nz |
| General Manager, Sustainability & Corporate Affairs | Sara Irvine sara.irvine@queenstownairport.co.nz |
| General Manager, Strategy | Melissa Brook melissa.brook@queenstownairport.co.nz |

SENIOR PERSONS PER CIVIL AVIATION RULES, PART 139

| | |
|---|--------------|
| Chief Executive Officer | Glen Sowry |
| Head of Assets & Airport Emergency Service | Wayne Stiven |
| Senior Manager, Regulatory & Compliance | Daniel Dodd |

FINANCIAL STATEMENTS



GOVERNANCE AND STATUTORY DISCLOSURES

QAC is currently governed by a board of five directors. The board is appointed by the shareholders to govern and direct QAC's activities within the parameters of the Statement of Intent. Auckland International Airport Limited (AIAL) is the minority shareholder and appoints one director. Queenstown Lakes District Council is the majority shareholder and appoints all the other directors, including the Chair and Deputy Chair.

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 that 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 | 9 | 9 | AFRC, SORC |
| Simon Flood | Deputy Chair | 9 | 9 | SORC Chair, AFRC* |
| Mark Thomson | Director | 9 | 9 | AFRC, SORC |
| Andrew Blair | Director | 9 | 9 | SORC |
| Mike Tod | Director | 9 | 9 | |
| Anne Urlwin** | AFRC Chair / Director | 6 | 6 | AFRC Chair |

* Chair from 1 March 2023

** Resigned effective from 1 March 2023

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 as an airport operator. The Company provides airport facilities and supporting infrastructure in Queenstown, New Zealand, and aeronautical services in Queenstown, Wānaka and Glenorchy, New Zealand. There has been no material change to the business over the reporting period.

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 that had an impact on the results to declare during the year.

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 directors' remuneration authorised and received during the year.

| | Appointment Date | 2023 | 2022 |
|--|--|----------------|----------------|
| | Adrienne F Young-Cooper (appointed 27 November 2017) | 63,000 | 63,000 |
| | Simon R Flood (appointed 12 December 2019) | 45,000 | 115,435 |
| | G Andrew Blair (appointed 30 October 2020) | 40,000 | 40,000 |
| | * Anne J Urlwin (appointed 30 October 2020) | 28,667 | 43,000 |
| | ** Mark R Thomson (appointed 23 June 2017) | 40,000 | 40,000 |
| | Michael Q M Tod (appointed 30 October 2020) | 40,000 | 40,000 |
| | | 256,667 | 341,435 |

*Resigned effective from 1 March 2023

**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 27 employees who received remuneration and other benefits in excess of \$100,000 during the reporting period.

| BRACKET | FY23 Number of employees | FY22 Number of employees |
|-----------------------|-----------------------------|-----------------------------|
| \$100,000 – \$110,000 | 6 | 1 |
| \$110,000 – \$120,000 | 7 | 2 |
| \$120,000 – \$130,000 | 2 | 2 |
| \$130,000 – \$140,000 | - | 3 |
| \$140,000 – \$150,000 | 1 | 3 |
| \$150,000 – \$160,000 | 2 | 1 |
| \$160,000 – \$170,000 | - | 1 |
| \$170,000 – \$180,000 | 1 | - |
| \$180,000 – \$190,000 | 1 | 1 |
| \$190,000 – \$200,000 | 1 | 1 |
| \$200,000 – \$210,000 | - | - |
| \$210,000 – \$220,000 | 1 | - |
| \$220,000 – \$230,000 | 1 | 1 |
| \$260,000 – \$270,000 | 1 | - |
| \$350,000 – \$360,000 | 1 | 1 |
| \$390,000 – \$400,000 | 1 | - |
| \$400,000 – \$410,000 | - | 1 |
| \$610,000 – \$620,000 | 1 | - |

DONATIONS

The Company made donations totalling \$20,000 during the year (2022: \$14,000)

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 that 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 2023.

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 2023 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 17 August 2023 and is signed in accordance with a resolution of the directors.

Chair

Deputy Chair

STATEMENT OF SERVICE PERFORMANCE

| WORKSTREAM | FY23 PERFORMANCE TARGET | FY23 ACHIEVEMENT | |
|---|---|--------------------|---|
| 10-YEAR STRATEGIC PLAN | <ul style="list-style-type: none"> Deliver strategic plan FY23 – FY32 to shareholders and complete consultation with shareholders | Completed | QAC hosted workshop with Councillors in September 2022, 10-year Strategic Plan delivered to shareholders and published on QAC website in September 2022. |
| TERMINAL UPGRADE PROGRAMME | <ul style="list-style-type: none"> Complete terminal refresh project to improve passenger amenity and facilitation | In Progress | Project workplan for FY23 continues, due to be completed in 2023. |
| | <ul style="list-style-type: none"> Complete terminal development plan, approved by the board | On Track | Work on detailed development plans, including the terminal development plan (TDP), will commence when we have an approved final Master Plan. |
| | <ul style="list-style-type: none"> Establish quantitative base-line customer satisfaction benchmark (NPS) | Completed | Customer satisfaction benchmark Q2 2023 from the ASQ Departures Survey is 4.25. |
| QUEENSTOWN AIRPORT MASTER PLAN | <ul style="list-style-type: none"> Complete draft master plan, approved by the board | Completed | Draft Master Plan approved for public consultation by the Board in May 2022. |
| | <ul style="list-style-type: none"> Consult with shareholders on the draft master plan | Completed | Draft Master Plan workshop held on 13 April, embargoed copy of draft Master Plan and supporting documents delivered to shareholders on 17 May 2023. |
| | <ul style="list-style-type: none"> Complete formal stakeholder and community engagement on the Queenstown Airport draft master plan | Completed | Public consultation on the draft Master Plan took place from 24th May to 23rd June 2023. A summary of consultation will be available in August 2023. |
| | <ul style="list-style-type: none"> Incorporate feedback from all stakeholders to inform final master plan | In Progress | Changes to the draft Master Plan will be worked through in the first half of FY24. |
| | <ul style="list-style-type: none"> Upon completion of the final master plan, seek the endorsement of shareholders on the final master plan before approval and adoption by the QAC Board (FY23/24) | In Progress | Under way – updates to Master Plan will be worked through in the 1st half of FY24 prior to seeking endorsement from shareholders and approval / adoption by the QAC Board. |
| NOISE MANAGEMENT PLAN (NMP) | <ul style="list-style-type: none"> Implement the NMP work plan for FY23, including: <ul style="list-style-type: none"> facilitating the Queenstown Airport Liaison Committee | Completed | Queenstown Airport Liaison Committee (QALC) meetings held quarterly. Committee membership and meeting minutes are published on the QAC website. |
| | <ul style="list-style-type: none"> noise modelling to determine compliance with operative noise boundaries | Completed | The compliance contour report for the 2022 calendar year is published on the QAC website. |
| | <ul style="list-style-type: none"> offering noise mitigation works in line with projected noise contours and carrying out work following acceptance of offers | Completed | Noise mitigation offers have been made in line with FY23 work plan. |
| BIODIVERSITY AND DECARBONISATION | <ul style="list-style-type: none"> Publish annual sustainability plan on Queenstown Airport website | Completed | The Sustainability Strategy was published on the QAC website in July 2022. |
| | <ul style="list-style-type: none"> Complete Annual Toitū audit and progress to achieve carbon neutral certification | Completed | Annual Toitū audit took place in July 2023. Toitū net carbonzero certification achieved. |
| | <ul style="list-style-type: none"> Complete a climate risk and opportunity report including financial and legal risk | Completed | Series of workshops held. Report included in Annual Report FY23. |
| | <ul style="list-style-type: none"> Complete our Net-Zero 2040 Strategy aligned with our decarbonisation roadmap | Completed | Net-Zero 2040 strategy completed and summary available on website. |
| | <ul style="list-style-type: none"> Launch a biodiversity project in the Whakatipu basin | Completed | MOU signed, public announcement made, programme of works underway. |
| | <ul style="list-style-type: none"> Introduce a Single Use Cup free policy at Queenstown Airport | On Track | Public commitment made. Implementation project under way. |
| | <ul style="list-style-type: none"> Upgrade airport-wide waste, recycling and composting systems | Completed | Composting system expanded (physical compost bins doubled and range of organic waste accepted increased). New internal and external terminal bins in place. A review of ZQN communal waste facility is under way. |
| | <ul style="list-style-type: none"> Introduce landside EV charging stations | Completed | Charging stations installed in Car Park A. |
| | <ul style="list-style-type: none"> Achieve renewable energy certification at ZQN | Completed | Certification for all electricity purchased in FY23 received. |
| | <ul style="list-style-type: none"> Introduce predator control plan at ZQN in partnership with Wakatipu Wildlife Trust | Completed | Traps purchased, put in place and routine monitoring continues. |
| HEALTH, SAFETY AND SECURITY | <ul style="list-style-type: none"> Expand Queenstown Airport training and compliance programme to include targeted in-person safety and security training for stakeholders | In Progress | Members of Safety Committees at ZQN and WKA established, targeted in-person safety and security training for stakeholders under way. |
| | <ul style="list-style-type: none"> Complete three-yearly full scale emergency exercises at Queenstown and Wānaka airports, and produce reports for continuous improvement | Completed | Full-scale emergency exercises completed, reports produced. |



FINANCIAL PERFORMANCE MEASURES

PASSENGER AND AIRCRAFT MOVEMENTS (FY23)

| PASSENGERS (000's) | ACTUAL | SOI | VAR. | |
|---------------------------|---------------|--------------|-------------|------------|
| Domestic | 1,634 | 1,309 | 325 | 25% |
| International | 737 | 289 | 448 | 155% |
| Total Passengers | 2,370 | 1,598 | 772 | 48% |
| Aircraft Movements | 17,714 | 12,175 | 5,539 | 45% |

INCOME STATEMENT (FY23)

| (000's) | ACTUAL | SOI | VAR. | |
|--|---------------|------------|-------------|------|
| Total Revenue | 59,625 | 35,965 | 23,660 | 66% |
| EBITDA | 43,869 | 20,945 | 22,924 | 109% |
| Net Profit After Tax | 22,204 | 6,453 | 15,751 | 244% |
| EBITDA as % of Revenue | 74% | 58% | | |
| Dividends Paid | 7,281 | 1,000 | 6,281 | 628% |
| Return on Capital Employed (EBIT to Net Operating Assets) | 7.1% | 2.9% | | |

FUNDING AND FINANCIAL COVENANTS (FY23)

| | ACTUAL | SOI |
|--|---------------|------------|
| Closing Debt (\$000) | 39,500 | 70,000 |
| EBITDA > 2 times funding expense | 14.4 | 6.9 |
| Shareholders' Funds to Total Tangible Assets > 50% | 85.4% | 80.5% |

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2023

| | | 2023 | 2022 |
|---|------|---------------|---------------|
| | NOTE | \$ 000's | \$ 000's |
| INCOME | | | |
| Revenue from contracts with customers | 3 | 39,554 | 16,350 |
| Rental and other income | 3 | 20,057 | 10,440 |
| Other gains | | 14 | 19 |
| Total income | | 59,625 | 26,810 |
| EXPENSES | | | |
| Operating expenses | 3 | 7,866 | 6,151 |
| Employee remuneration and benefits | 3 | 7,891 | 6,672 |
| Total expenses | | 15,756 | 12,823 |
| EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTISATION (EBITDA) | | | |
| | | 43,869 | 13,986 |
| Depreciation | 8 | 9,068 | 8,128 |
| Amortisation | 9 | 363 | 331 |
| Impairment and Loss on Assets | 3 | - | 1,495 |
| Earnings before interest and taxation | | 34,438 | 4,032 |
| Finance costs | 4 | 3,041 | 2,210 |
| Profit before tax | | 31,397 | 1,822 |
| Income tax expense | 5 | 9,192 | 741 |
| Profit for the period | | 22,204 | 1,082 |

The notes and accounting policies on pages 51 to 79 form part of and are to be read in conjunction with these financial statements.



STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

| | | 2023 | 2022 |
|--|------|---------------|---------------|
| | NOTE | \$ 000's | \$ 000's |
| PROFIT FOR THE PERIOD | | | |
| | | 22,204 | 1,082 |
| Other comprehensive income | | | |
| Items that may be subsequently reclassified to the income statement | | | |
| Gain/(loss) on cash flow hedging taken to reserves | 16 | 73 | 1,506 |
| Income tax relating to gain/(loss) on cash flow hedging | 16 | (20) | (422) |
| Realised gains/(losses) transferred to the income statement | 16 | - | 20 |
| Items that may not be subsequently reclassified to the income statement | | | |
| Gain/(loss) on revaluation of property, plant and equipment | 8 | 51,527 | 61,337 |
| Income tax relating to gain/(loss) on revaluation of PPE | | (6,501) | (6,905) |
| Other comprehensive income for the year, net of tax | | 45,078 | 55,536 |
| Total comprehensive income for the year, net of tax | | 67,283 | 56,618 |

The notes and accounting policies on pages 51 to 79 form part of and are to be read in conjunction with these financial statements.



STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

| | 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 2022 | 37,657 | 291,227 | 649 | 55,501 | 385,035 |
| Profit for the period | - | - | - | 22,204 | 22,204 |
| Other comprehensive income | - | 45,026 | 53 | - | 45,078 |
| Total comprehensive income for the period | - | 45,026 | 53 | 22,204 | 67,283 |
| Dividends paid to shareholders | - | - | - | (7,281) | (7,281) |
| At 30 June 2023 | 37,657 | 336,253 | 702 | 70,425 | 445,037 |

| | | | | | |
|--|---------------|----------------|--------------|---------------|----------------|
| 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 |

The notes and accounting policies on pages 51 to 79 form part of and are to be read in conjunction with these financial statements.



STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

| | | 2023 | 2022 |
|--------------------------------------|------|----------------|----------------|
| | NOTE | \$ 000's | \$ 000's |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 6 | 1,215 | 1,800 |
| Trade and other receivables | 7 | 4,545 | 4,413 |
| Prepayments | | 560 | 439 |
| Derivative financial instruments | 12 | 219 | 261 |
| Total current assets | | 6,539 | 6,913 |
| NON-CURRENT ASSETS | | | |
| Trade and other receivables | 7 | 290 | 1,186 |
| Property, plant and equipment | 8 | 513,467 | 462,657 |
| Intangible assets | 9 | 1,821 | 2,124 |
| Derivative financial instruments | 12 | 985 | 917 |
| Total non-current assets | | 516,564 | 466,884 |
| Total assets | | 523,102 | 473,797 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 10 | 2,393 | 2,119 |
| Employee entitlements | 11 | 1,551 | 1,124 |
| Current tax payable | | 9,313 | 749 |
| Derivative financial instruments | 12 | 62 | 57 |
| Term borrowings (secured) | 14 | 26,500 | 15,000 |
| Total current liabilities | | 39,819 | 19,049 |
| NON-CURRENT LIABILITIES | | | |
| Derivative financial instruments | 12 | 168 | 219 |
| Deferred tax liability | 5 | 25,077 | 19,493 |
| Term borrowings (secured) | 14 | 13,000 | 50,000 |
| Total non-current liabilities | | 38,245 | 69,712 |
| EQUITY | | | |
| Share capital | 15 | 37,657 | 37,657 |
| Retained earnings | 16 | 70,425 | 55,501 |
| Asset revaluation reserve | 16 | 336,253 | 291,227 |
| Cash flow hedge reserve | 16 | 702 | 649 |
| Total equity | | 445,037 | 385,035 |
| Total equity and liabilities | | 523,102 | 473,797 |

The notes and accounting policies on pages 51 to 79 form part of and are to be read in conjunction with these financial statements.



STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2023

| | | 2023 | 2022 |
|---|------|-----------------|-----------------|
| | NOTE | \$ 000's | \$ 000's |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash was provided from: | | | |
| Receipts from customers | | 68,419 | 26,723 |
| Interest received | | 114 | 17 |
| Cash was applied to: | | | |
| Payments to suppliers and employees | | (24,429) | (12,617) |
| Interest paid | | (3,067) | (2,183) |
| Income tax paid | | (1,566) | (1,968) |
| Net cash flows from operating activities | 20 | 39,472 | 9,972 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Cash was provided from: | | | |
| Receipt of Wānaka Airport settlement proceeds | | - | 14,733 |
| Cash was applied to: | | | |
| Purchase of property, plant and equipment | | (7,216) | (10,807) |
| Purchase of intangible assets | | (61) | (161) |
| Net cash flows from investing activities | | (7,276) | 3,764 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Cash was applied to: | | | |
| Repayment of bank borrowings | | (25,500) | (17,000) |
| Dividends paid | | (7,281) | - |
| Net cash flows from financing activities | | (32,781) | (17,000) |
| Net increase/(decrease) in cash and cash equivalents | | (585) | (3,265) |
| Cash and cash equivalents at the beginning of the period | | 1,800 | 5,065 |
| Cash and cash equivalents at the end of the period | 6 | 1,215 | 1,800 |

The notes and accounting policies on pages 51 to 79 form part of and are to be read in conjunction with these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

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, New Zealand, 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 and also earns revenue from providing management services for the operation of airports.

The registered office of the Company is Level 1, Terminal Building, Queenstown Airport, Sir Henry Wigley Drive, Queenstown 9300, New Zealand.

These financial statements for the Company were authorised for issue in accordance with a resolution of the directors on 17 August 2023.

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.

The financial statements of the Company are prepared on a going concern basis.

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.

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 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 in 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 in 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.

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.

All asset classes except property 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. All asset classes except property and equipment 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. Property and equipment is held at cost.

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.

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 |
| Land Improvements | 1.0% - 10.0% | SL |
| Runways, Taxiways & Aprons | 1.0% - 20.0% | SL or DV |
| Car Parking | 1.0% - 26.4% | DV |
| 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 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.

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.

- i. **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.
- ii. **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

- iii. **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.
- iv. 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.

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).

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

There were no Significant Events during the reporting period.

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 | 2023 | 2022 |
|--|-----------------------|---------------|---------------|
| | | \$ 000's | \$ 000's |
| Scheduled airlines and general aviation | At point in time | 32,135 | 12,836 |
| Parking | Over time | 4,236 | 2,026 |
| Recoveries | Over time | 658 | 438 |
| Commercial vehicle access | At point in time | 2,526 | 1,049 |
| Total revenue from contracts with customers | | 39,554 | 16,350 |
| Lease rental revenue | | 19,356 | 9,589 |
| Government grants | | - | 468 |
| Management Fee (Wānaka Airport) | | 365 | 360 |
| Other revenue | | 336 | 23 |
| Total revenue from rental and other income | | 20,057 | 10,440 |

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

| (b) Operating Expenses | 2023 | 2022 |
|--|--------------|--------------|
| | \$ 000's | \$ 000's |
| Administration and other | 4,096 | 3,113 |
| Professional services | 1,411 | 1,270 |
| Repairs and maintenance | 728 | 585 |
| Utilities | 1,630 | 1,183 |
| Total operating expenses | 7,866 | 6,151 |
| Audit services include : | | |
| Audit of annual financial statements | 80 | 73 |
| Audit of disclosure financial statements | 29 | 27 |
| Total audit services | 109 | 100 |

| (c) Employee remuneration and benefits | 2023 | 2022 |
|---|--------------|--------------|
| | \$ 000's | \$ 000's |
| Salaries and Wages | 7,632 | 6,419 |
| Directors fees | 258 | 253 |
| Total employee remuneration and benefits | 7,891 | 6,672 |

| (d) Total impairment and loss on assets | 2023 | 2022 |
|--|----------|--------------|
| | \$ 000's | \$ 000's |
| Asset impairment* | - | 1,336 |
| Loss on disposal of assets | - | 159 |
| Total impairment and loss on assets | - | 1,495 |

* The asset impairment in the prior period 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

| | 2023 | 2022 |
|--|--------------|--------------|
| | \$ 000's | \$ 000's |
| Interest and finance charges paid for financial liabilities not at fair value through profit or loss | 3,041 | 2,469 |
| Fair value gain/(loss) on interest rate swaps designated as cashflow hedges | - | 28 |
| Less capitalised borrowings costs | - | (287) |
| Net finance costs | 3,041 | 2,210 |

There was no interest capitalised for the year ended 30 June 2023 (2022: \$287K at a weighted average cost of 3.6%). Finance income from financial assets held for cash management purposes was immaterial and it was classified as revenue in the Income Statement.

5. TAXATION

| | 2023 | 2022 |
|--|-----------------|-----------------|
| | \$ 000's | \$ 000's |
| (a) Current income tax expense | | |
| Current income tax | 10,130 | 1,403 |
| Deferred income tax | - | (8) |
| Prior period adjustment | 116 | (27) |
| Origination and reversal of temporary differences | (1,054) | (627) |
| Total income tax expense | 9,192 | 741 |
| (b) Numeric reconciliation between income tax expense and profit before tax | | |
| Surplus before taxation per the Income Statement | 31,397 | 1,822 |
| Prima Facie Taxation @ 28% | 8,791 | 510 |
| Adjusted for tax effect of: | | |
| Permanent differences | 42 | 385 |
| Creation/(reversal) of temporary differences | 359 | (146) |
| Amortisation of tax component of derivatives | - | (8) |
| Income tax expense as per the Income Statement | 9,192 | 741 |
| (c) Net deferred liabilities | | |
| Balance at beginning of the year | 19,493 | 12,821 |
| Deferred tax benefit/(charge) charged to income | (937) | (654) |
| Deferred tax benefit/(charge) charged to comprehensive income | 6,522 | 7,326 |
| Balance at end of the year | 25,077 | 19,493 |
| The balance of deferred tax liabilities comprises: | | |
| i Deferred tax liabilities | | |
| Intangible assets | 498 | 583 |
| Property, plant and equipment | 24,227 | 18,177 |
| Derivatives | 273 | 252 |
| Trade and other receivables | 273 | 660 |
| | 25,272 | 19,673 |
| ii Deferred tax assets | | |
| Trade and other payables | 39 | 35 |
| Derivatives | - | - |
| Employee benefits | 156 | 146 |
| | 194 | 180 |
| Net deferred tax liability | 25,077 | 19,493 |

6. CASH AND CASH EQUIVALENTS

| | 2023 | 2022 |
|----------------------------------|-----------------|-----------------|
| | \$ 000's | \$ 000's |
| Cash at bank | 1,209 | 1,794 |
| Cash on hand | 6 | 6 |
| Cash and cash equivalents | 1,215 | 1,800 |

7. TRADE AND OTHER RECEIVABLES

| | 2023 | 2022 |
|--|-----------------|-----------------|
| | \$ 000's | \$ 000's |
| Trade receivables | 3,834 | 3,281 |
| less provision for expected credit losses | (237) | (256) |
| Revenue accruals and other receivables | 1,238 | 2,573 |
| Closing balance | 4,835 | 5,599 |
| Recognised in the statement of financial position | | |
| Current assets | 4,545 | 4,413 |
| Non-current assets | 290 | 1,186 |
| Closing balance | 4,835 | 5,599 |

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 impairment and loss on assets in the income statement. No individual amount within the provision for expected credit losses is material.

Revenue accruals and other receivables in 2023 includes deferred rental arrangements with tenants in response to COVID-19 of \$1.2 million (2022: \$2.6 million).

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 | 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 |
| Revaluation | 28,235 | 11,582 | 3,148 | 6,410 | 2,150 | - | 51,527 |
| Additions | - | 1,375 | 104 | 166 | 130 | 3,403 | 5,178 |
| Disposals | - | - | - | - | - | (26) | (26) |
| Work in progress movement | - | 3,153 | 10 | (63) | 778 | (680) | 3,199 |
| Depreciation | - | (4,093) | (170) | (1,913) | (1,139) | (1,752) | (9,068) |
| Movement to 30 June 2023 | 28,235 | 12,017 | 3,092 | 4,601 | 1,919 | 946 | 50,810 |
| At fair value | 325,418 | 96,884 | 15,064 | 40,374 | 19,490 | - | 497,229 |
| At Cost | - | - | - | - | - | 29,104 | 29,104 |
| Work in progress at cost | - | 4,773 | 10 | 478 | 778 | 451 | 6,490 |
| Accumulated Depreciation | - | - | - | - | - | (19,356) | (19,356) |
| Balance at 30 June 2023 | 325,418 | 101,656 | 15,074 | 40,852 | 20,268 | 10,198 | 513,467 |

| | 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.

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

| | LAND | BUILDINGS | LAND IMPROVEMENTS | RUNWAYS, TAXIWAYS & APRONS | CAR PARKING | PLANT & EQUIPMENT | TOTAL |
|---------------------------------|---------------|---------------|-------------------|----------------------------|--------------|-------------------|-----------------|
| YEAR ENDED 30 JUNE 2023 | \$ 000's | \$ 000's | \$ 000's | \$ 000's | \$ 000's | \$ 000's | \$ 000's |
| At historical cost | 49,970 | 84,466 | 11,440 | 69,269 | 11,825 | 29,336 | 256,306 |
| Work in progress at cost | - | 4,773 | 10 | 478 | 778 | 451 | 6,490 |
| Accumulated depreciation | - | (32,008) | (1,952) | (22,867) | (5,205) | (19,731) | (81,764) |
| Net carrying amount | 49,970 | 57,231 | 9,497 | 46,881 | 7,398 | 10,055 | 181,032 |
| YEAR ENDED 30 JUNE 2022 | | | | | | | |
| At historical cost | 49,970 | 83,378 | 11,335 | 69,104 | 11,695 | 25,959 | 251,441 |
| Work in progress at cost | - | 1,620 | - | 541 | - | 1,131 | 3,292 |
| Accumulated depreciation | - | (29,786) | (1,767) | (20,218) | (4,745) | (17,998) | (74,514) |
| Net carrying amount year | 49,970 | 55,212 | 9,568 | 49,428 | 6,950 | 9,091 | 180,219 |

(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 2023. The runways, taxiways and aprons were independently valued by Beca Valuations Limited (Beca), registered valuers, as at the same date.

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 2023

The valuation assessments of Aeronautical and Non-Aeronautical assets have been undertaken in accordance with NZ IAS 16. 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.

The Company's land, buildings, runways, taxiway and aprons and property, plant and equipment are all categorised as Level 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 | CLOSING VALUE (\$000'S) 30 JUNE 2023 | 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 \$74/m ² , while Airport terminal land at an average rate of \$360/m ² . | 56,498 | Airport use +/- \$4.0 million, Terminal area +/- \$1,000,000 (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 \$436/m ² . | 117,042 | +/- \$1.0 million (5% change in land value rate or discount rate for contestable land) |
| 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 \$435 – \$673m ² . | 64,381 | +/- \$3.0 million (5% change in freehold land rates) |
| 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. | Majority of the ground leased sites assessed at a freehold land value of \$1,300/m ² to \$1,600/m ² . | 62,228 | +/- \$3.0 million (5% change in land value rate or discount rate for contestable land) |
| Residential Various residential sites. | Land | Market Value under a Direct Sales Comparison Approach. | Adopted land value rate of \$1,400/m ² . | 12,454 | +/- \$600,000 (5% change in land value rate) |
| 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 \$8.5/m ² . | 3,656 | +/- \$1.0 million (5% change in average land rate) |
| Wānaka - Non-Aeronautical Farmland and buildings including a dwelling and sheds. | Land & Buildings | Fair value under an Optimised Depreciated Replacement Cost (ODRC). | Dwelling rate at \$1,200/m ² and sheds at \$200/m ² . | 9,158 | +/- \$20,000 (10% change in ODRC value) |

| ASSET CLASSIFICATION & DESCRIPTION | ASSET CLASS | VALUATION METHODOLOGY | KEY VALUATION ASSUMPTIONS | CLOSING VALUE (\$000'S) 30 JUNE 2023 | VALUATION SENSITIVITY |
|--|----------------------------|---|--|--------------------------------------|--|
| 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 4.0% applied to contestable buildings. Land values \$1,000/m ² - \$1,400/m ² . | 6,631 | +/- \$1.0 million (5% change in land value rate or discount rate for contestable land) |
| 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 \$3,000psm to \$9,000psm and depreciation rates of circa 2.0% per annum. | 88,953 | +/- \$4.00 million (5% change to replacement rate) |
| Residential Residential improvements. | Buildings | Market Value under a Direct Sales Comparison Approach. | Dwelling values of \$100,000 - \$400,000 depending upon size and quality of presentation. Kerbside values. | 1,300 | +/- \$75,000 (5% change in value) |
| 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. | 40,374 | +/- \$1.0 million (5% change in DRC value) |
| 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 \$884/m ² . | 19,490 | +/- \$2.5 million (5% change in land value rates) |

SENSITIVITY OF INPUTS

| | |
|---|---|
| Land | <p>The critical elements in establishing the 'market value existing use' of land is the market rate prevailing for similar land.</p> <ul style="list-style-type: none"> 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 | <p>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.</p> <ul style="list-style-type: none"> 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 | <ul style="list-style-type: none"> 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 |

(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 | 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 |
| Revaluation | 16,881 | 11,355 | 6,925 | 4,658 | 39,818 |
| Additions | - | - | 822 | 553 | 1,375 |
| Disposals | - | - | - | - | - |
| Work in Progress | - | - | 1,885 | 1,268 | 3,153 |
| Depreciation | - | - | (2,447) | (1,646) | (4,093) |
| Movement to 30 June 2023 | 16,881 | 11,355 | 7,184 | 4,833 | 40,252 |
| At fair value | 164,741 | 160,677 | 52,876 | 44,007 | 422,301 |
| At cost | - | - | - | - | - |
| Work in progress at cost | - | - | 3,544 | 1,229 | 4,773 |
| Accumulated depreciation | - | - | - | - | - |
| Balance as at 30 June 2023 | 164,741 | 160,677 | 56,419 | 45,236 | 427,073 |

9. INTANGIBLE ASSETS

| | 2023 | 2022 |
|--|-----------------|-----------------|
| | \$ 000's | \$ 000's |
| Cost | | |
| Opening balance | 5,106 | 6,185 |
| Impairment of intangible assets | - | (1,336) |
| Additions/(disposals) from internal developments | 61 | 257 |
| Total cost closing balance | 5,167 | 5,106 |
| Accumulated amortisation | | |
| Opening balance | 2,982 | 2,651 |
| Amortisation expense | 363 | 331 |
| Total accumulated amortisation | 3,345 | 2,982 |
| Total carrying value of intangible assets | 1,821 | 2,124 |

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.

10. TRADE AND OTHER PAYABLES

| | 2023 | 2022 |
|------------------------------|-----------------|-----------------|
| | \$ 000's | \$ 000's |
| Trade payables | 1,117 | 798 |
| Other creditors and accruals | 1,276 | 1,321 |
| Closing balance | 2,393 | 2,119 |

The above balances are unsecured.

11. EMPLOYEE ENTITLEMENTS

| | 2023 | 2022 |
|--------------------------------------|-----------------|-----------------|
| | \$ 000's | \$ 000's |
| Accrued salary, wages and incentives | 933 | 547 |
| Annual & Alternative Leave | 618 | 577 |
| Closing balance | 1,551 | 1,124 |

12. DERIVATIVES

| | 2023 | 2022 |
|--|-----------------|-----------------|
| | \$ 000's | \$ 000's |
| Derivative financial assets (liabilities) | | |
| Interest rate swaps (effective) | 1,205 | 1,178 |
| Foreign exchange forward contracts (effective) | (230) | (276) |
| Closing balance | 975 | 902 |
| Recognised in the statement of financial position | | |
| Current Assets | 219 | 261 |
| Non-current Assets | 985 | 917 |
| Current liabilities | 62 | 57 |
| Non-current liabilities | 168 | 219 |
| Total derivatives | 975 | 902 |

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.

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 |
|---|-------------------------|--------------|
| 2023 | \$ 000's | \$ 000's |
| Outstanding floating to fixed contracts | | |
| Less than 1 year | 329 | (62) |
| 1 to 2 years | 346 | (62) |
| 3 to 5 years | 613 | (106) |
| | 1,288 | (230) |
| 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) |

(b) Interest rate risk management

It is the Company policy that the parameters for the percentage of forecast core debt, including any associated derivatives, that have fixed interest rates in any period shall be within the following profiles:

| | 0-12 Mth | Yrs 2 & 3 | Yrs 4 & 5 | Yrs 6 & 7 |
|-------------------------|----------|-----------|-----------|-----------|
| Maximum fixed rate debt | 90% | 70% | 50% | 30% |
| Minimum fixed rate debt | 30% | 20% | 0% | 0% |

The maximum term for fixing interest rates is 7 years unless specifically approved by the Board.

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 |
|---|--|---------------------------------|---------------|
| 2023 | % | \$ 000's | \$ 000's |
| Outstanding floating to fixed contracts | | | |
| Less than 1 year | 2.0% | 8,000 | 219 |
| 1 to 2 years | 3.4% | 10,000 | 718 |
| 3 to 5 years | 1.9% | 5,000 | 267 |
| | | 23,000 | 1,205 |
| Cover of principal outstanding (contracts with an effective date before 30 June 2023) | | 58% | |
| 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% | |

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 \$52,700 net of tax \$20,494 relating to the hedging instruments, is included in other comprehensive income (2022: unrealised gain of \$1,084,000 net of tax \$422,000).

At 30 June 2023, if the interest rates had changed by +/- 1%, with all other variables held constant, the impact on profit before tax would have been \$298,000 (2022: \$463,000) 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.

(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 |
| 2023 | | | | | | |
| Financial liabilities | | | | | | |
| Trade and other payables | 2,393 | 2,393 | 2,393 | - | - | - |
| Borrowings | 39,500 | 43,834 | - | 29,114 | 860 | 13,860 |
| Derivative financial instruments | 230 | 230 | - | - | - | - |
| Total financial liabilities | 42,122 | 46,456 | 2,393 | 29,114 | 860 | 13,860 |
| 2022 | | | | | | |
| Financial liabilities | | | | | | |
| Trade and other payables | 2,119 | 2,119 | 2,119 | - | - | - |
| Borrowings | 65,000 | 71,350 | - | 18,329 | 43,560 | 9,461 |
| Derivative financial instruments | 276 | 276 | - | - | - | - |
| Total financial liabilities | 67,395 | 73,745 | 2,119 | 18,329 | 43,560 | 9,461 |

14. BORROWINGS

| | EXPIRY DATE | LINE LIMIT \$ 000's | 2023 \$ 000's | 2022 \$ 000's |
|--|--------------|------------------------|------------------|------------------|
| Bank Facilities | | | | |
| Bank of China | 30 June 2026 | 20,000 | 13,000 | 15,000 |
| ASB A | 30 June 2024 | 10,000 | 7,000 | 10,000 |
| ASB B | 30 June 2025 | 10,000 | - | 1,000 |
| BNZ | 30 June 2024 | 20,000 | 6,500 | 13,000 |
| Westpac C | 30 June 2025 | 20,000 | - | 8,000 |
| Westpac D | 30 June 2024 | 20,000 | 13,000 | 18,000 |
| Total borrowings | | 100,000 | 39,500 | 65,000 |
| Recognised in the statement of financial position | | | | |
| Current liabilities | | - | 26,500 | 15,000 |
| Non-current liabilities | | | 13,000 | 50,000 |
| Total borrowings | | | 39,500 | 65,000 |

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.

Subsequent to balance date the Company extended the ASB A and Westpac D Facilities to 30 June 2026.

15. SHARE CAPITAL

| | 2023 | | 2022 | |
|-------------------------------------|------------|----------|------------|----------|
| | NO. | \$ 000's | NO. | \$ 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.

16. RETAINED EARNINGS AND RESERVES

| | 2023 | 2022 |
|---|-----------------|-----------------|
| | \$ 000's | \$ 000's |
| (a) Retained earnings | | |
| Movements in Retained Earnings were as follows: | | |
| Balance 1 July | 55,501 | 54,421 |
| Net surplus for the year | 22,204 | 1,082 |
| Dividends paid | (7,281) | - |
| Balance at 30 June | 70,425 | 55,501 |

| | 2023 | 2022 |
|---|-----------------|-----------------|
| | \$ 000's | \$ 000's |
| (b) Asset revaluation reserve | | |
| Movements in the asset revaluation reserve were as follows: | | |
| Balance 1 July | 291,227 | 236,795 |
| Realised gain/(loss) transferred to statement of comprehensive income | - | - |
| Increase arising on revaluation of assets | 51,527 | 61,337 |
| Deferred tax movement | (6,501) | (6,905) |
| Balance at 30 June | 336,253 | 291,227 |

| | 2023 | 2022 |
|---|-----------------|-----------------|
| | \$ 000's | \$ 000's |
| (c) Cash flow hedge reserve | | |
| Movements in the cash flow hedge reserve were as follows: | | |
| Balance 1 July | 649 | (455) |
| Gain/(loss) recognised on interest rate swaps | 27 | 1,775 |
| Deferred tax movement arising on interest rate swaps | (8) | (497) |
| Gain recognised on forward exchange contracts | 46 | (270) |
| Deferred tax movement arising on forward exchange contracts | (13) | 76 |
| Realised gain/(loss) transferred to statement of comprehensive income | - | 20 |
| Balance at 30 June | 702 | 649 |

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.

17. DIVIDENDS

On 28 February 2023 an interim dividend of 37.24 cents per share (total dividend of \$5,981,000) for the year ended 30 June 2023 was paid to holders of fully paid ordinary shares.

On 31 August 2022 a final dividend of 8.09 cents per share (total dividend: \$1,300,000) for the year ended 30 June 2022 was paid to holders of fully paid ordinary shares.

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 between 1 year to 33 years, with options to extend for up to a further 10 years. The lease terms at 30 June 2023, extend up to 14 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:

| | 2023 | 2022 |
|---|-----------------|-----------------|
| | \$ 000's | \$ 000's |
| Less than 12 months | 15,476 | 11,167 |
| 1-2 years | 4,960 | 5,581 |
| 2-3 years | 3,453 | 3,112 |
| 3-4 years | 2,672 | 2,121 |
| 4-5 years | 2,540 | 897 |
| 5+ years | 7,142 | 4,153 |
| Total operating lease rentals receivable | 36,244 | 27,032 |

19. RELATED PARTY TRANSACTIONS

Queenstown Airport 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) and Glenorchy Airport - management contract on behalf of QLDC to provide aeronautical services at both locations
- Auckland International Airport Limited (AIAL) - shareholder
- Mark R Thomson - Chief Commercial Officer (AIAL) - director QAC

(a) Transactions with related parties

The following transactions occurred with related parties:

All transactions were provided on normal commercial terms.

| | 2023 | 2022 |
|--|------------|-----------|
| | \$ 000's | \$ 000's |
| Queenstown Lakes District Council (QLDC) | | |
| Rates paid | 347 | 443 |
| Rental receipts | (44) | (44) |
| Sundry payments/(receipts) | 35 | (27) |
| Wānaka Airport - management fee | (365) | (360) |
| Wānaka and Glenorchy Airport - Sundry payments | 181 | 6 |
| Net payment to QLDC | 154 | 18 |
| Auckland International Airport Limited (AIAL) | | |
| Director fees/expenses paid | 40 | 40 |
| Rescue fire training fees paid | 13 | 48 |
| Net payment to AIAL | 53 | 88 |

(b) Balances with related parties

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

| | 2023 | 2022 |
|--|-------------|-------------|
| | \$ 000's | \$ 000's |
| Queenstown Lakes District Council (QLDC) | | |
| Receivables | (64) | (43) |
| Payables | 7 | - |
| Net (receivable) balance (QLDC) | (56) | (43) |
| Auckland International Airport Limited (AIAL) | | |
| Receivables | - | - |
| Payables | - | 13 |
| Net payable balance (AIAL) | - | 13 |

(c) Key Management Personnel Compensation

Key management personnel compensation for the year's ended 30 June 2023 and 30 June 2022 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.

| | 2023 | 2022 |
|--------------------------|--------------|--------------|
| | \$ 000's | \$ 000's |
| Short-term benefits paid | 2,288 | 1,901 |
| Total | 2,288 | 1,901 |

20. RECONCILIATION OF CASH FLOWS

| | 2023 | 2022 |
|--|---------------|--------------|
| | \$ 000's | \$ 000's |
| (a) Operating Activities | | |
| Net profit after taxation | 22,204 | 1,082 |
| Add/(Deduct) non-cash items: | | |
| Amortisation | 363 | 331 |
| Depreciation | 9,068 | 8,128 |
| Impairment and loss on assets | - | 1,495 |
| Other | (26) | 27 |
| Changes in Assets and Liabilities: | | |
| (Increase)/decrease in trade and other receivables | 19 | (61) |
| (Increase)/decrease in prepayments | (120) | (118) |
| Increase/(decrease) in current tax payable | 7,627 | (1,227) |
| Increase/(decrease) in trade and other payables | (71) | (124) |
| Increase/(decrease) in employee entitlements | 427 | 427 |
| (Increase)/decrease in deferred tax liability | (19) | 13 |
| Net cash flows from operating activities | 39,472 | 9,972 |

| | 2023 | 2022 |
|---------------------------------|---------------|---------------|
| | \$ 000's | \$ 000's |
| (b) Financing Activities | | |
| Opening balance | 65,000 | 82,000 |
| Repayment of bank borrowings | (25,500) | (17,000) |
| Dividends paid | (7,281) | - |
| Closing balance | 32,219 | 65,000 |

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 noise exposure. The Company is obligated, on an annual basis, to offer, 100% funding of noise mitigation works for Critical Listening Environments of buildings that existed on 8 May 2013 containing an Activity Sensitive to Aircraft Noise (as defined in the Queenstown Lakes District Plan) that are within the 65 dB Projected Annual Aircraft Noise Contour. The Company is offering 100% of funding of mechanical ventilation for Critical Listening Environments of buildings that existed on 8 May 2013 containing an Activity Sensitive to Aircraft Noise (as defined in the Queenstown Lakes District Plan) that are within the 60 dB Projected Annual Aircraft Noise Contour.

Offers for noise mitigation have been extended to homeowners in line with the projected annual aircraft noise contours for calendar years 2022 and 2023. Property owners have twelve months from the date of offer to determine if they wish to take the offer made by the Company for mitigation works. It is difficult to estimate the future value of the mitigation works due to the uncertainty of the level of uptake from property owners and the differing construction and acoustic treatment requirements necessary to mitigate each property.

(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) in 2019 and known as 'Lot 6'. In October 2021 the previous owner, Remarkables Park Ltd (RPL), indicated that it would seek additional compensation under the PWA. In November 2022 the directors received further independent valuation advice for Lot 6, which indicated that the \$18.34 million compensation payment was in the appropriate range. On 7 July 2023 the Company received a claim from RPL for further compensation and is currently reviewing the claim and considering its response. The matter is likely to be referred to the Land Valuation Tribunal, but there has been no such referral as yet.

(c) Property Covenant

In March 2023, High Court proceedings were served on the Company seeking to modify a restrictive covenant registered against land owned by RPL and two other parties, south of the main runway. The covenant restricts the range of activities that land can be used for, for the benefit of the Airport land so long as it is operated as an airport. The Company has filed a defence and the parties are currently undertaking discovery of documents, with a hearing likely to be scheduled in 2024.

22. CAPITAL COMMITMENTS

| | 2023 | 2022 |
|--|--------------|--------------|
| | \$ 000's | \$ 000's |
| Committed for Acquisition of Property, Plant and Equipment | 3,269 | 1,576 |
| | 3,269 | 1,576 |

23. SUBSEQUENT EVENTS

On 17 August 2023, the Directors declared a fully imputed dividend of \$9,561,800 in respect of the year ended 30 June 2023.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF QUEENSTOWN AIRPORT CORPORATION LIMITED FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2023

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 46 to 79, that comprise the statement of financial position as at 30 June 2023, 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 42 to 43.

In our opinion:

- the financial statements of the company on pages 46 to 79:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2023; 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 42 to 43 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 2023.

Our audit was completed on 18 August 2023. 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 opinion.

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 41 and 44 to 45, 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

