Auckland Airport

Building for the long haul

Annual Report 2024

It’s underway.

An investment in renewing Aotearoa New Zealand’s gateway airport to create a vibrant, seamlessly connected airport that is easy to navigate, a pleasure to spend time in, sustainable and filled with enterprise.

This is uplifting, future-fit infrastructure that, over the long haul, will maintain and strengthen our country’s interactions with the world and serve a thriving economy. The new domestic jet terminal will meet future demands, ensure longer-term resilience, and upgrade travellers’ experiences.

Welcome to Auckland Airport – AKL.

Auckland Airport

About this report

Nau mai, welcome to our 2024 Annual Report: **Building for the long haul.**

The 2024 financial year reflects an extraordinarily busy year of progress on our re-development programme.

Travellers have expressed strong support for the development, to ensure Auckland Airport is resilient to climate-change impacts and has the necessary capacity and capability to meet Aotearoa New Zealand's travel, trade and tourism needs for the long haul.

The airport touches the lives of every New Zealander in some way, whether as a place of employment, the millions who travel through the terminals each year, or the businesses and consumers relying on the country's main air cargo hub. It also impacts on the environment and so, to create the world we want to travel tomorrow, we put sustainability at the core of planning, design, and construction.

Globally, airports are making major upgrades to core assets for the next era of travel, and AKL is no different. This report gives an update on how far we have come in the past year in upgrading critical assets and delivering a resilient entry point that creates value for our community, stakeholders, investors, and the economy.

We welcome your feedback. Please send any comments or suggestions to investors@aucklandairport.co.nz

Contents


Public
Transport Buses
Ngā Pahi ā-Hapori 公交巴士

About us

For generations Auckland Airport has been the gateway to the world for Kiwis. With our growing desire to explore, trade and connect, Auckland Airport has evolved to become a cornerstone of Tāmaki Makaurau Auckland's economy and a key contributor to national prosperity.

The evolution of AKL has entered a new era with an essential infrastructure programme to make the airport resilient to climate events and fit for future generations to continue their journey. Every day more than 75,000 people engage in some way with Auckland Airport, and we want each of those engagements to be seamless.

We are well underway with major projects across the airfield, terminals and transport systems that will revitalise the precinct, allow us to meet future demand as a destination for travel, hospitality, business and trade, and support a lower carbon future for aviation.

We play a major role in supporting tourism: A daily wide body flight over the course of a year generates up to $150 million in tourism spending and carries more than half a billion dollars in high-value freight.

The rest of the decade will deliver thousands of employment opportunities for infrastructure partners as we call on them for multifaceted work programmes that are either underway or are about to start.

We own and operate Auckland Airport

Supporting

27 airlines

Operating to

42
international destinations

23
New Zealand destinations in FY24

158,000
aircraft movements in FY24

18.5m
passenger movements in FY24

158,359t
of international cargo

24km
of roading network

170,000
sqm of floor area over two terminals

3,635
metres runway capable of handling all commercial aircraft types

We provide important services to travellers, airlines and our commercial partners

24/7
aviation fire, medical, and marine search and rescue services

320
businesses on precinct

3 hotels
with a combined 772 rooms

We are a property developer and owner

1,500ha
land holding

$3.1b
of logistics and distribution warehouses, office buildings and shopping centres

$162.4m
of contractual rental income per annum

$874m
of assets under development

99%
average occupancy rate

2 hotel
joint ventures in partnership with Tainui Group Holdings

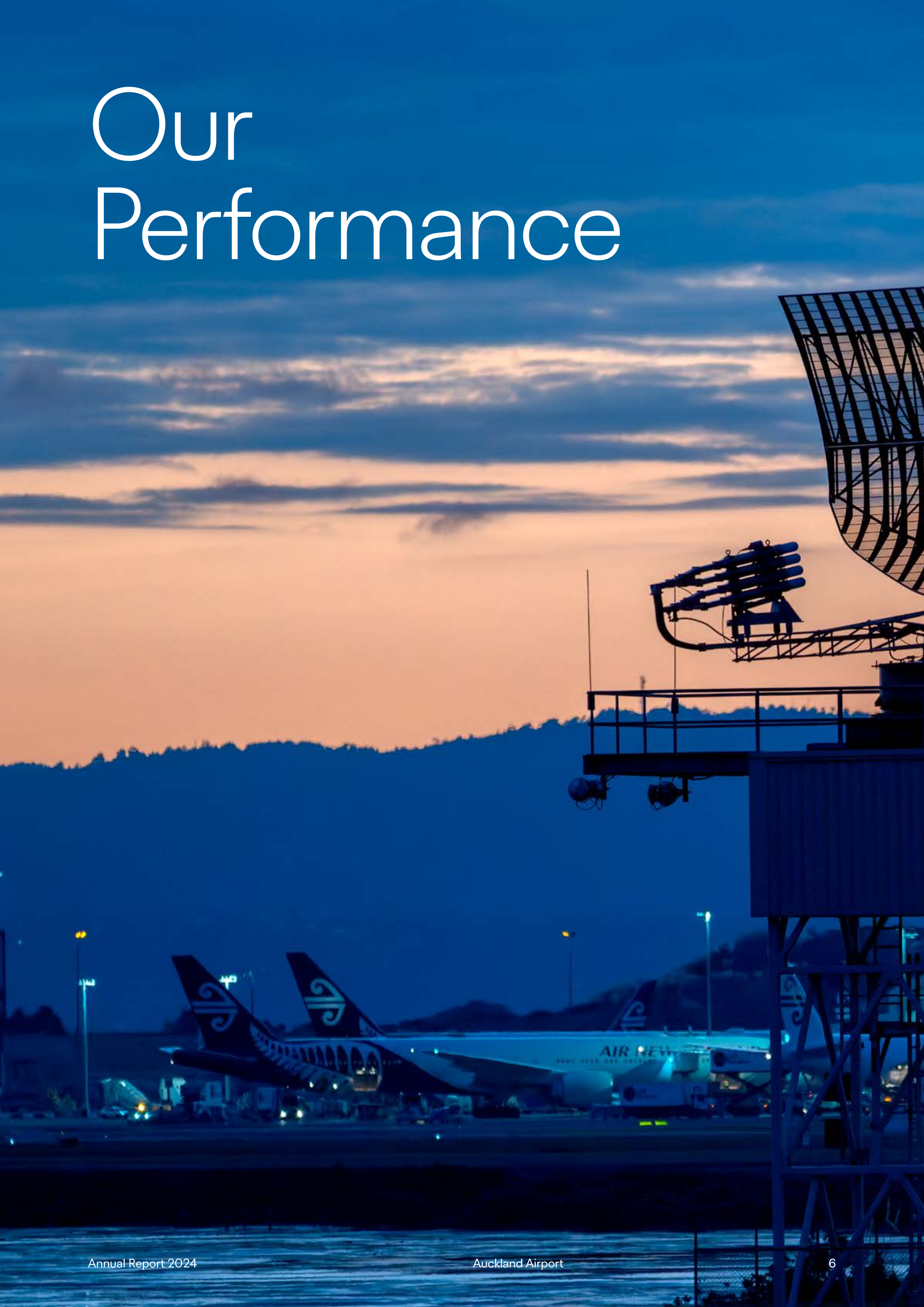
We are a substantial employer and enabler of employment

665
full-time and 81 part-time Auckland Airport employees with diverse skills and capabilities

4,450
students and job seekers assisted through Ara Auckland Airport Job and Skills Hub programmes since 2017

20,000
people work in and around the airport

Our Performance



2024 key numbers

Our performance in the 12 months to 30 June 2024

Passengers

18.5m

▲ 17% (vs FY23)

Domestic	International	International transit
8.5m	9.3m	0.8m
▲ 5%	▲ 30%	▲ 26%

Revenue	Operating EBITDAFI	Reported profit after tax
$895.5m	$614m	$5.5m
▲ 43%	▲ 55%	▼ 87%

Underlying profit	Dividend per share	Final	Interim
$276.6m[1]	13.25¢	6.5¢	6.75¢
▲ 87%	▲ 231%	▲ 63%	N/A

Underlying earnings per share	Five-year average annual shareholder return	Net capex additions
18.75¢	-4.3%	$1,158.7m
		▲ 79%

1 Auckland Airport recognises underlying profit is a non-GAAP measure and a reconciliation between reported profit after tax and underlying profit after tax is included in the Financial Report section of this annual report.

Environment

384k m^3

potable water used (22% increase from 2019 baseline)

2,103t

waste to landfill (15% reduction from the 2019 baseline)

4,404t CO_2e

Scope 1 and Scope 2 emissions (25% reduction from 2019 baseline)

Community

$568,943[2]

in support to Ara Education Charitable Trust in FY24

1,400

households offered noise mitigation packages, above statutory requirements

$444,376

granted to the Auckland Airport Community Trust for projects to support learning, literacy and life skills in our location South Auckland

Health, Safety & Wellbeing

As of end June 2024, more than **50 PCBUs** employing in excess of

20,000

workers fell within Auckland Airport's health, safety and wellbeing umbrella.[3]

Annual Safety Performance Metrics (vs FY23):

Total number of **employee injuries**

39 (80)

Total number of employee **Lost Time Injuries**

4 (5)

Total number of **contractor injuries**

57 (99)

Total number of **contractor Lost Time Injuries**

13 (20)

Total **Recordable Injury Frequency Rate:**

1.92 per 200,000 hours worked (0.86)

Total number of **public injuries**

69 (63)

Leaders' Safety Walks [4]

604

Integration of Aviation Safety Management and Health, Safety & Wellbeing Management functions completed.

Diversity and inclusion

Proportion of women

50% Auckland Airport Board of Directors

50% Executive Leadership team

43% Overall workforce

44% Senior leaders [5]

Diversity

8.2% of people leaders [6] self-identify as Māori or Pasifika

32 ethnicities across our workforce

Iwi

We work in partnership with local iwi, engaging on tikanga for events within our operations, stages of our infrastructure build, and sharing information and understanding through regular kaitiaki hui covering resource management processes, and future airport development. This has resulted in projects such as the whaariki designs in the terminal precinct area adjacent to the Transport Hub, the Park & Ride South bus shelters, and sourcing of plants from iwi nurseries. We also value the kaitiakitanga role of iwi in developing our environmental and biodiversity plans.

2 Mixture of cash donations and contributions in kind.

3 A PCBU (Person Conducting a Business or Undertaking) is an individual or organisation with the primary duty of ensuring the health and safety of workers and others affected by their work.

4 Each senior leader completes at least one walk a month to increase visibility, address any safety issues raised by workers, and explore opportunities for improvements.

5 Direct reports to the leadership team with substantive roles.

6 Staff members with at least one direct report.

From the Chair and Chief Executive

We continue to create opportunities to connect visitors to Aotearoa New Zealand, and New Zealanders to the world.

The addition of new routes and new airlines flying to Auckland helped reinvigorate our tourism industry and bring trade opportunities, which resulted in overall passenger numbers in the 2024 financial year increasing by 17% to 18.5 million. International passenger numbers (including transits) were up 29% to 10.1 million and domestic passenger numbers increased 5% to 8.5 million.

We continued to see a strong recovery in capacity available for long-haul travel, and in the past year 53% more international long-haul passengers passed through our terminals. In January alone, one million international passengers travelled through the international terminal, representing a monthly level not experienced since January 2020. The arrival of 38% more North American visitors over the last 12 months was a highlight and contributed to a year of strong growth. We also welcomed new routes for tourism and trade with China.

Auckland Airport welcomes 75% of all international arrivals to New Zealand. As traveller numbers ramped up during the first half of FY24, we recognise that some customers experienced long delays in the international arrivals process – something our team worked hard to resolve. Alongside border agencies, airlines and ground handlers, we made significant improvements that have continued to support smooth journeys for travellers throughout the second half of the financial year.

Air travel has not been immune to the economic headwinds that have been felt across all parts of the domestic economy over the second half of the year. This has been compounded by a shortage of aircraft capacity globally driven by ongoing supply chain, production quality and regulatory issues that have restricted new aircraft deliveries to airlines, limiting opportunities for growth for some of our airline customers. Further, our largest carrier, Air New Zealand, has faced challenging engine issues on both its international and domestic fleets. We are very confident of longer-term growth as these issues are resolved but continue to actively manage our costs against the volatility we are seeing in the market to ensure we remain match fit for FY25 and beyond.

Patrick Strange
Chair

Carrie Hurihanganui
Chief Executive

Financial results

The 2024 financial year has provided a solid result compared to the year prior due to the strong recovery in international travel and the impact of the airport's continued investment in commercial activities.

Revenues in the year to 30 June 2024 increased by 43% to $895.5 million. This was also reflected in an increase in earnings before interest, expense, taxation, depreciation, fair value adjustments and investments in associates (EBITDAFI) of 55% to $614 million.

Total reported profit after tax decreased by 87% to $5.5 million while underlying net profit after tax was up by $128.5 million to a profit of $276.6 million. This resulted in an underlying profit per share of 18.75 cents for the 2024 financial year.

The continued strong appetite from international travellers to visit New Zealand has been pleasing to see and resulted in higher revenue across all passenger-driven lines of business including aeronautical, retail, parking and hotels. Our property investment business also continued to deliver strong results. The property rent roll increased 10% in the year and the investment property portfolio is now valued at $3.1 billion.

We are pleased to declare a final dividend for the 2024 financial year of 6.5 cents per share. Including the interim dividend, the total distribution in the year of 13.25 cents equates to a 71% payout of underlying profit for the 2024 financial year. The dividend reinvestment plan will again be available for the final dividend, offering our shareholders the opportunity to reinvest the dividend into further shares in the company.

Infrastructure progress

We are very focused on implementing our infrastructure development plan. By the end of the 2024 financial year, we had completed more than 20% of our integrated terminal programme. After Covid delays, timely completion of this programme is essential to avoid major operating constraints that would have far-reaching impact for the airport, airlines and New Zealand.

We are cognisant of the need to balance the high cost of infrastructure post-pandemic against the need for additional capacity, a better customer experience, operational safety and resilience, and protecting the airport against adverse weather events.

Air New Zealand withdrew its previous support for some of the build, stating it was too expensive in their view. We have engaged with them to understand and address their concerns and to share more information about our careful and cost-effective approach to the build.

From a customer perspective, the results of a survey released in May told us more than 75% of people want to see the airport development happen, with nine in 10 travellers wanting increased capacity to allow more flights and potentially more airline competition.

Auckland Airport is now the region's most active construction site with 1,200 people working on projects to upgrade the airport, with more than 1,000 of those focused on advancing our integrated terminal and associated works.

This period of transformation will inevitably cause disruption, and we thank everyone who uses the airport precinct for their patience. The outcome will be worth it.

In April, we opened the ground floor of our Transport Hub, providing travellers with a more spacious, covered public pick-up and drop-off zone. This allows the temporary closure of the inner terminal road to make way for upgrades to essential services and stormwater, and new public areas ahead of the eventual return of public transport and commercial drop-offs to the area.

Elements of the upgrade programme on the terminal forecourt are being accelerated so taxi and rideshare pickups can be brought closer to the terminal much earlier than originally planned, making it quicker and more convenient for customers to meet their ride. We thank travellers and transport operators for their patience as we operate from the temporary pick-up location until the new forecourt area is up and running.

On the airfield, we are almost halfway through completing our 250,000sqm airfield expansion, which includes delivery of vital stormwater upgrades to boost our defence against major weather events.

These developments are all supportive of and consistent with the development of a second parallel runway. This runway is designated, and the land required protected. The airport does not have a current view on when it will be required.

Regulatory environment

In July 2024, the Commerce Commission provided an objective and independent assessment of our plans in a draft report on our aeronautical pricing changes for Price Setting Event 4 (PSE4).

We welcomed the Commission's draft conclusion that Auckland Airport has carried out extensive consultation with airlines and the rigour applied to planning and costing the investment, which benchmarked well internationally.

The Commission also acknowledged the importance of timely investment to ensure Auckland Airport is a resilient, efficient and well-functioning airfield and international gateway for New Zealand, saying: "Our draft conclusion is that there appear to be operational and financial reasons for Auckland Airport to proceed with the TIP (terminal integration programme) now... If the investment is deferred because the cost to build and associated increases in airport charges are considered too high, postponing the same investment into the future is unlikely to address this concern."

Underlying net profit after tax

$276.6 million

Auckland Airport recognises underlying profit is a non-GAAP measure and a reconciliation between reported profit after tax and underlying profit after tax is included in the Financial Report section of this annual report.

An improvement of

$128.5 million

compared with the $148.1m profit in the prior year

The directors and management of Auckland Airport understand the importance of reported profits meeting accounting standards. Because we comply with accounting standards, investors can confidently compare different companies knowing there is integrity in our reporting approach. However, we believe that an underlying profit measurement can also assist investors to understand what is happening in a business like Auckland Airport, where revaluation changes can distort financial results or where one-off transactions, both positive and negative, can make it difficult to compare profits between years.

For several years, Auckland Airport has referred to underlying profit alongside reported results. We do so when we report our results, and when we give our market guidance (where we exclude fair value changes and other one-off items) or when we consider dividends and our policy to pay 70% to 90% of underlying net profit after tax (excluding unrealised gains and losses arising from revaluation of property or treasury instruments and other one-off items).

In referring to underlying profits, we acknowledge our obligation to show investors how we have derived this result. You can find the reconciliation between underlying profit and reported profit for the current reporting period in the Financial Report section of this annual report on page 110.

In its draft report, the Commission questioned the weighted average cost of capital (WACC) Auckland Airport used to set prices, suggesting a lower value may be appropriate. In particular, the Commission shared a different interpretation regarding how the effects of the pandemic should be considered.

We are committed to fully engaging with the next round of submissions on the Commission's draft report, including providing further context on how we considered the impact of the pandemic. The Commission's final report is expected no later than quarter 1 2025. Auckland Airport will consider lowering pricing if the Commission's final report continues to say our WACC is materially too high.

Any changes to charges would take place from 1 July 2025 and apply for the remainder of the pricing period, which ends in June 2027.

Sustainable approach

We recognise that aviation needs to play its part in a lower-emissions economy. Our decarbonisation pathway is integrated into the capital plan and sets a target to reduce direct emissions by 90% from 2019 levels by 2030. We are already delivering some significant cuts. We have achieved a 25% reduction in our direct carbon emissions compared to 2019, and although this is a slight increase from FY23, we are closely aligned to the forecast of the decarbonisation pathway. This year we were proud to be recognised for our efforts in carbon management and reduction through the Airport Carbon Accreditation scheme.

Looking ahead to a lower-emissions aviation future, we are putting the right infrastructure in place, such as the installation of ground power units and electric ground support equipment chargers on the airfield. Aircraft emissions are the largest contributor to Auckland Airport's emissions (96%) and as well as decarbonising our own operations, we continue to ensure the precinct can respond to the adoption longer-term of new technology employed by airlines, particularly in areas of hydrogen, electric and hybrid aircraft. We are pleased with the recent government announcement to increase New Zealand's engagement with Australia to decarbonise aviation and investigate a regional approach to sustainable aviation fuel production.

We have an opportunity to move the dial within the industry on carbon reduction within our infrastructure programme, with carbon reduction and sustainability an important part of the design, construction and operation of our airport upgrades. The integrated terminal building has a selection of features that will deliver carbon savings throughout the construction and operation, including in the baggage systems, the lighting design and in material selection.

A thriving precinct

We continue to pursue quality developments that take us beyond terminals and travel, and in December 2023 we were proud to open Te Arikinui Pullman Auckland Airport Hotel in partnership with Tainui Group Holdings, which adds 311 five-star hotel rooms on the doorstep of the international terminal.

Next month, we look forward to the opening of our new premium outlet shopping centre on the edge of the Manukau Harbour that borders our airport. Some of the world's most desired brands and several iconic Kiwi labels will be found at Mānawa Bay, underneath what is expected to be the largest rooftop solar array in New Zealand.

He tāngata

Our people are rising to the challenge of delivering the most complex building programme in our history, while operating the airport 24 hours a day, seven days a week. We have embedded our commitment to safety, risk, resilience, and compliance at the heart of the business, and this year we invested in an integrated Safety & Risk team to deliver on better health, safety and compliance outcomes in our daily operations, and to provide internal assurance to the Board and Chief Executive.

We enter our new financial year with a fresh set of values that reflect what makes us unique. There is still a way to go with building the airport New Zealand needs, but the values of Tātou tātou - All in, Kōkiri Tahi - Know how, and Karawhiua - Let's go, will support our people on the journey ahead.

Looking ahead

While the expansion of international routes and growth in overseas visitors was positive in this financial year, our focus will be on helping retain New Zealand's attractiveness as a destination, including efforts to encourage airlines to commit capacity to meet demand to fly to Auckland and New Zealand. A particular focus will be on supporting the return of travellers from across the Tasman, which was at 83% of pre-pandemic levels at the end of June 2024.

We are providing guidance of underlying profit after tax to between $280 million and $320 million for the 2025 financial year, with expected total passenger numbers of circa 19.1 million, and capital expenditure of between $1,000 million and $1,300 million for the period.

We look forward to unveiling more of the projects happening behind the hoardings in the coming year, and to delivering enhancements to our services for customers and travellers as we build for the long haul.

Ngā manaakitanga

Patrick Strange
Chair

Carrie Hurihanganui
Chief Executive

Leadership

Auckland Airport's journey will continue under new board leadership in the 2025 financial year, with Patrick Strange retiring in October.

Patrick has served on the Board since 2015 and held the title of Chair since 2018, leading the company through the challenges of a pandemic, the recovery, and the ramping up of our infrastructure programme. He has the heartfelt thanks of our entire Auckland Airport team for his outstanding and unwavering guidance and service.

Patrick will be succeeded as Chair by Julia Hoare, who joined the Board in 2017.

Julia Hoare
Incoming Chair

Executive Leadership Team

The leadership team develops and drives the implementation of our strategy and mission to reimagine the travel experience and become the world's most welcoming airport, through the creation of a modern precinct that will cost-effectively meet the future needs of travellers and deliver for business and the economy.

The strategic management of commercial and operational activities ensures continuous and sustainable growth of Auckland Airport for the wider community, customers, employees, and shareholders.

This year the team was further bolstered with the appointment of key people following global searches.

Susana Fueyo Suarez joined in February as Chief Infrastructure Officer and brings a track record of disciplined delivery in complex infrastructure projects in Australia and around the world.

Darren Evans was appointed to the newly created position of Chief Safety & Risk Officer and brings 30 years of safety and risk management experience across multiple industries, including aviation and construction.

Stewart Reynolds was appointed Chief Financial Officer in July 2024 after acting in the role since December 2023. Stewart joined Auckland Airport in 2016 as Head of Strategy, Planning and Performance.

Susana, Darren, and Stewart join a strong management team overseeing multiple projects in a development period that is incomparable in our almost-60-year history.

1 Top row

Richard Wilkinson
Chief Digital Officer

Mark Thomson
Chief Commercial Officer

Chloe Surridge
Chief Operations Officer

Melanie Dooney
Chief Corporate Services Officer

Stewart Reynolds
Chief Financial Officer

2 Front row

Scott Tasker
Chief Customer Officer

Mary-Liz Tuck
Chief Strategic Planning Officer

Carrie Hurihanganui
Chief Executive

Susana Fueyo Suarez
Chief Infrastructure Officer

Darren Evans
Chief Safety & Risk Officer

Our business model

Our Business Model reflects how our key inputs interact with our business activities to create sustainable and commercial value for our stakeholders and ultimately the travellers and airport users. The outcomes of our activities are measured to advance us towards realising our strategic aspirations and deliver on our purpose.

INPUTS

Our customers
- **4** domestic airlines
- **27** international airlines
- **300** commercial tenants

Our assets
- **1,500ha** of land
- **2.8 million sqm** airfield
- **1** runway
- **2** terminals
- **24km** roading network
- **14,373** car parks
- **4** utility networks
- **578,000sqm** of commercial property
- **3** hotels
- **Investment** in Queenstown Airport

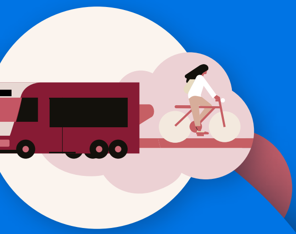
Our employees

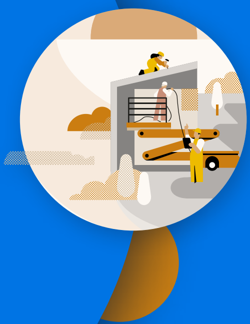
665 full-time and **81 part-time** employees with diverse skills and capability
- **55%** males
- **43%** females
- **2.5%** prefer not to describe or say

Our community relationships
- Iwi relationships
- **9 Auckland** secondary schools through Ara Education Charitable Trust

Connect

Collaborating with our partners to connect travellers and cargo within New Zealand and between New Zealand and the world.





Infrastructure

Designing and building fit-for-purpose and resilient airport that supports lower carbon emissions.

Community

Cultivating an inclusive and safe place for people to soar in their careers. Employment opportunities for our local South Auckland community.

OUTPUTS

AKL is a thriving enterprise

- **18.5** million passenger movements
- **158,000** aircraft movements
- **75%** of all international arrivals to New Zealand
- **64%** of all domestic seat capacity
- **158,359** tonnes of cargo
- **1.6** million exits from car parks

AKL is seamless connectivity

- **70,000** vehicles per week through the Transport Hub
- **33%** reduction in arrivals queue time for majority of travellers
- **24,000** people per week using the green line walkway

AKL is enduring infrastructure

- **35%** of integrated terminal project in delivery
- **4,500sqm** of baggage handling infrastructure
- **11**km of common services trenching complete
- Airfield expansion **40%** complete

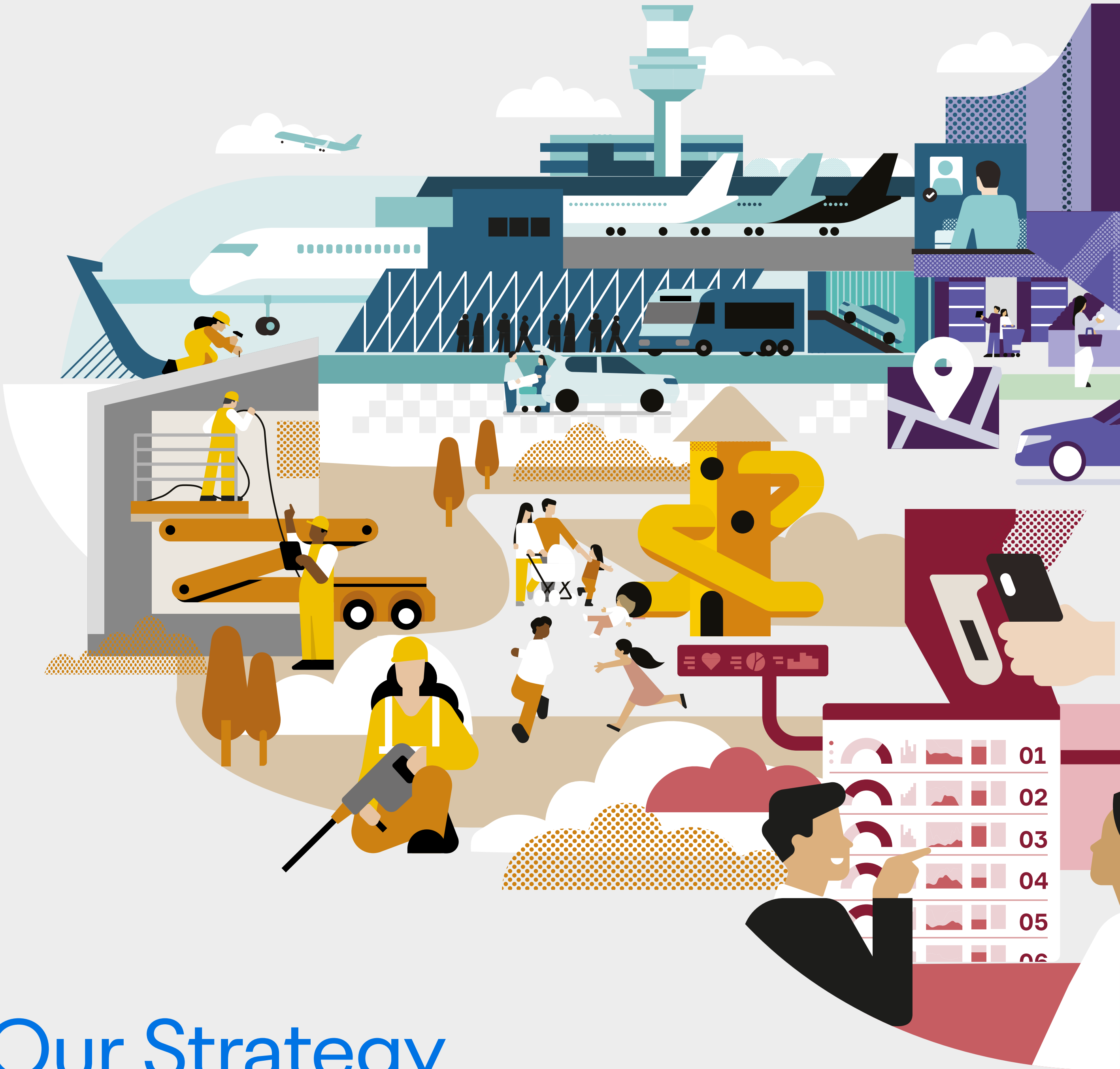
AKL is empowered community

- **30** employees in Leadership Styles Inventory programme
- **21** people in new Safety & Risk team
- **51** days of local volunteer work by employees

AKL is future resilience

- **25%** reduction in scope 1 and 2 emissions against 2019 baseline
- Achieved **Level 4** Airport Carbon Accreditation
- **80%** of 3.5km network of stormwater pipes installed
- **185** tonnes of food waste sent to composting solution

Our Strategy



Our Strategy

As custodians of Aotearoa New Zealand's largest airport, we are guided by our strategic plan and road map ***Building a Better Future*** to create a vibrant precinct of travel, trade and hospitality that connects people and place, contributes to the prosperity to our community and supports the wider economy.

Building a Better Future

The investment we make today will unlock capacity for the demands of future travel, present Auckland Airport as an entry point of national pride and ensure our airfield and terminals are resistant to climate change events.

As smart technology evolves, we continue to use it to enhance the experiences, products, and services we offer across travel, hospitality, commercial property, entertainment, and trade. It's about creating a seamless airport experience, growing the connection to our community, and caring for the land, sea and sky that surround our operations.

The airport as an employer brings together a diverse and multi-skilled workforce that embraces a 'head, heart, and hands' values system to deliver complex infrastructure projects safely and efficiently within a 24/7 operating environment.

Our aspirations are guided by the foundations of delivering value for generations to come through **Thriving Enterprise, Empowered Community, Seamless Connectivity, Enduring Infrastructure and Future Resilience.**

Our approach to sustainability

Auckland Airport is for the world we'll travel tomorrow. By focusing on the pillars of our sustainability strategy – through looking after our planet, empowering people and acting responsibly - we're committed to creating enduring value and positive impacts for our communities, economy, and environment.

Big dreams like these don't happen by themselves. We are taking proactive steps to help minimise the impact of aviation on the environment, building greater resilience into the airfield to support the decarbonisation of aviation, and working with airlines to understand their needs and requirements for low-carbon aircraft. The Auckland Airport Master Plan, currently being refreshed, intends to future-proof the precinct for lower-carbon air travel and road transport.

We're making significant strides. Already we have achieved a 25% reduction in our direct carbon emissions compared to 2019. Although this is a slight increase (2.6%) from FY23 (caused by increased natural gas use for heating and cooling in the terminals due to weather conditions and increasing electricity demands), we are closely aligned to what was forecast in 2021 in the decarbonisation pathway. Our Transport Hub and the soon-to-open Mānawa Bay feature expansive solar arrays on their rooftops to inject more renewable energy into the grid; and in the 2024 financial year Auckland Airport had its electricity supply certified as 100% renewable.

There are still plenty of challenges ahead, but we are playing our part.

In the 2024 financial year, with the assistance of an independent consultancy, Oxygen Consulting, Auckland Airport adopted the 2021 Global Reporting Initiative Standards to assess the topics that are most significant to Auckland Airport's stakeholders and inform our approach to sustainability. This process resulted in updating the sustainability strategy which guides our business. Being a sustainable business for Auckland Airport means being in it for the long haul and we're focusing our efforts around three key themes:

1

Ground power units allow aircraft to connect to New Zealand's low carbon electricity supply instead of burning jet fuel while at the gate.

2

Mānawa Bay will have what is believed to be the largest rooftop solar array in New Zealand.

3

Being a sustainable business means being in it for the long haul.

Thriving Enterprise

1

A line-up of some of the 27 airlines offering connections between Auckland and the world in the 2024 financial year.

A destination doesn't always require a ticket. AKL aims to be a place of vibrant enterprise and trade - not only a destination for travel, but a place to stay and enjoy. We are reimagining the experience we offer every customer to create a dynamic environment that drives prosperity. Putting the customer at the centre of our thinking, we are focused on doing the basics well and driving innovation. Sustainability is an important element within design and delivery.

Thriving Enterprise

2

North American routes were a highlight of the year, while the return of Sichuan Airlines brought to six the complement of airlines flying to seven destinations in China.

Connecting AKL

The airport's unique place on the shores of the Manukau Harbour has long been a launching point to explore the world and take advantage of trading opportunities, so it is vital to keep creating ways to connect to the world.

The 2024 financial year saw the touchdown of new airlines and celebrated the return of important routes, delivering a strong recovery in long-haul international capacity to 91% of pre-2019 levels.

With 27 airlines flying to 42 destinations, the number of international travellers using Auckland Airport increased 29% to 10.1 million. In January 2024 alone, 1 million people were processed through the international terminal, a monthly figure not seen since January 2020.

A significant driver of growth came from increased services by major North American airlines connecting Auckland to eight destinations in the United States and Canada, driving up the available seats from North America to New Zealand by 48%.

"The summer surge delivered record breaking US traveller numbers with arrivals of American visitors up 40%," Auckland Airport Chief Customer Officer Scott Tasker says. "We also saw 11% more Kiwis flying the North American routes and enjoying fares 13% down on the previous year. This affirms the value of our efforts in encouraging the North American airlines to fly here.

"When you consider that US travellers have the highest median daily spend of all visitors and contributed $1.4 billion to the economy in 2023, adding more connections through our country's main international gateway can make a significant difference to the economy."

Sichuan Airlines' colourful livery featuring a distinctive giant panda returned to the runway in April and signalled the sixth airline connecting Auckland to seven destinations in China. Seat capacity on routes to China between April and October 2024 is at 114% of 2019 levels, with the addition of two new routes (Haikou from Hainan Airlines and Hangzhou from China Eastern Airlines) helping to grow the connection between Auckland and New Zealand's largest trading partner.

Chinese carriers continue to perform an important role in carrying connecting traffic via their hub airports to and from destinations across Asia, UK and Europe.

"Auckland Airport is proactive in the development of international networks and connectivity that services Auckland and New Zealand. But we want to go beyond just making those connections, we want every customer who benefits from their availability to have the most positive experience along the way," Scott says.

3

Game On

AKL was proud to play a part in building momentum around the FIFA Women's World Cup when players and fans flooded the country in July 2023. A large welcome sign on the approach to the runway let travellers know it was "Game On!", and the international arrivals area was transformed with a grandstand and mock football field welcoming players and fans.

"We know this wasn't always the case during the year and in line with that blockbuster summer we experienced increased congestion at peak times, with early or late flight arrival times one of the contributing factors. We set about fixing this by working alongside the border agencies, airlines and ground handlers to make improvements to ease pressure in the system. Looking ahead, the investment we're making now in our terminals and systems will provide a better customer experience."

Southeast Asia and the India market remain in our sights as visitor numbers from India increased by 60% during the year, with 72,000 arrivals, and visitors from the Philippines also grew strongly, by 59% to 23,000 people.

Additional international routes on offer this year, including two new destinations in China, have provided additional air freight capacity for high value products to get to market. In the 2024 financial year, Auckland Airport handled 158,359 tonnes of international cargo valued at $26.4 billion, accounting for 89% of New Zealand's international air cargo.

Our top export markets are China (16,493 tonnes), Australia (14,912 tonnes) and USA (11,517 tonnes), with food preparation, salmon and infant formula being the most traded commodities. The top export growth products were tomatoes, capsicums, and blueberries.

Short-haul and domestic

Auckland Airport has direct flight connections to eight destinations in Australia. Overall seat capacity offered by airlines on the trans-Tasman routes recovered to 88% during the financial year with 87% of the seat capacity on the Auckland-Australia routes operated by Air New Zealand and the Qantas Group (Qantas, Jetstar).

"While international tourism has surged back to life, the Australian inbound market is taking longer to recover, prompting a renewed focus on accelerating the return of travellers from across the Tasman," Scott says.

While 1.3 million Australians visited New Zealand in the year to June 2024, representing an 86% recovery of pre-pandemic levels, there is a shortfall in volume that creates an opportunity for growth in our number one tourism market.

"Auckland Airport is working with tourism industry partners to ensure New Zealand retains its destination appeal to Australian tourists, who face trans-Tasman airfares that over the last year have varied from 50% to 90% higher than 2019 on routes to Auckland, Wellington and Christchurch."

Total domestic seat capacity operated by airlines at Auckland Airport during the year was 13% lower than 2019, but domestic flights were seen to have high load factors at 85.7%, which was 1.1% higher than 2019. Overall, the domestic terminal processed 8.5 million passengers, an increase of 5% on the previous year.

4

Jetstar is among the airlines offering flight connections to Australia and around New Zealand.

5

An elevated view of the outdoor plaza which showcases Tāmaki Makaurau Auckland within an airport environment.

6

The architecturally striking Te Arikinui Pullman Auckland Airport Hotel opened in December 2023.

A new welcome

Improving the customer experience saw a uniquely Aotearoa New Zealand welcome take shape outside the international terminal during the year.

The development of a 19,000sqm outdoor plaza, featuring extensive landscaping with native plants, now wraps around covered walkways linking the terminal to the new Transport Hub, hotels and long-term parking. Home to 22 Pōhutukawa trees re-located from other areas of the precinct, the plaza is also the new location for a 35-year-old cast bronze statue of celebrated aviator Jean Batten.

"Many international visitors come here to experience New Zealand's landscape, so we wanted to give them a taste of that as soon as they step foot outside the terminal," Chief Commercial Officer Mark Thomson says.

The plaza provides the connection point from the terminal to the five-star Te Arikinui Pullman Auckland Airport Hotel, located a short walk away. The architecturally striking 311-room hotel opened in December with several hundred guests attending a karakia for the hotel led by Kiingi Tuheitia Pootatau Te Wherowhero VII, mana whenua and leaders of Waikato-Tainui.

Kiingi Tuheitia Pootatau Te Wherowhero VII gifted the hotel name, meaning 'Supreme Ariki' or 'Supreme Paramount Chief', in honour of his late mother, Dame Te Atairangikaahu.

Te Arikinui Pullman reflects the mana of the iwi throughout with designs by Renata Te Wiata (Tuurangawaewae Marae), with reference to Kiingitanga, celestial voyages and stories of taniwha incorporated in patterns throughout the construction, from wall fabrics to glass and timber.

"Te Arikinui Pullman is uniquely Aotearoa, from the cultural elements incorporated throughout the design to construction with natural materials," Mark says. "It also builds upon our successful hotel partnership with Tainui Group Holdings, which includes the joint venture Novotel Auckland Airport next door.

"It is pleasing to see how well received it has been by travellers, with guest feedback ranking it in the top 10 of Accor's hotels in New Zealand and Australia, and number two in New Zealand, within the first six months of trading."

The airport's new purpose-built premium outlet centre, Mānawa Bay, to the east of the precinct is also unique in both the concept and the site. Mānawa Bay (Mānawa is one of the words in te reo Māori meaning mangroves) is set to bring an outlet experience that, while often seen overseas, has not been delivered in New Zealand before.

"We're delighted with the interest we've had from retailers," Mark says. "Opening in September 2024, Mānawa Bay will see international brands Nike, Tommy Hilfiger, Swarovski, and Calvin Klein alongside iconic local names like Huffer, Icebreaker, ilabb and Glassons."

The 35,000sqm building has achieved a 5 Green Star design rating from the New Zealand Green Building Council and supports what is believed to be the largest rooftop solar array in New Zealand, with roof-top panels expected to generate 2.3MW of energy and supplying up to 80% of the anticipated power used by stores.

The centre will provide up to 750 retail and hospitality employment opportunities, with more jobs created through logistics and support functions.

7

An artist impression of the dining precinct at the new premium outlet shopping centre, Mānawa Bay.

8

Improving the duty-free offer and experience for customers at the international terminal.

Landing well

Auckland Airport has maintained its focus on delivering high quality, sustainable builds for tenants at The Landing Business Park and this year saw the completion of projects totalling 45,000sqm.

Hellmann Worldwide Logistics was handed the keys to their third logistics facility that Auckland Airport has delivered for them in The Landing, and two temperature-controlled logistics facilities were completed for an NZX/ASX listed entity. ASX-listed Reece Group moved into their new national logistics hub, as did Azi's Global Logistics.

Projects currently underway include a 20,000sqm logistics hub for IKEA, which is on track to complete in January 2025, along with a 20,000sqm pharmaceutical facility for DHL which, once complete, will be the fifth building for the Germany-based logistics giant. These market-leading facilities are forecast to have a combined completion value of $160m.

The airport investment property portfolio ended the year having a total value of $3.1 billion and a rent roll increase of 10% with occupancy levels at 99%. Our weighted average lease term (WALT) currently sits at eight years and is one of the highest WALT's relative to the New Zealand listed property sector.

Reinvigorating terminal-based retail

A busy year of upgrades and expansion saw about 60 of the airport's 115 tenancies undergoing renewals, tendering or new fit-outs.

Aelia Duty Free (operated by Lagardère/AWPL) extended its retail space to make it New Zealand's largest duty-free offering through a substantial upgrade, to improve the experience of airport customers as the single operator of core duty-free categories.

"We are delighted with how our duty-free partner, Aelia, operating under the single-operator model, has delivered a vibrant new offer to our customers that showcases both international brands as well as products that are unique to Aotearoa," Auckland Airport's Head of Retail Lucy Thomas says.

A tender process is currently underway to appoint a duty-free operator for the next duty-free licence period, from mid-2025.

"Auckland Airport is looking for a distinctively Aotearoa New Zealand offer that resonates with customers and places significance on representing both the best of New Zealand and the world," Lucy says. "We've been really heartened by the response and interest so far."

At the domestic terminal, a multi-stage redevelopment of the dwell and dining precinct prior to security screening is underway to optimise space, improve ambience, and upgrade the dining options. This will include the introduction of several new food and beverage offerings and increased seating. This will help the terminal remain fit-for-purpose until domestic jets move to the new Integrated Terminal when it opens in 2028/2029.

Empowered Community

1 From left

Anna Kolodeznaya – AES Officer, Emergency Response & Security
Fintan Richardson – AES Officer, Emergency Response & Security
James Bell – AES Officer, Emergency Response & Security
Rick McCamish – AES Officer, Emergency Response & Security

Metres of scaffolding surrounding our physical structures can be seen throughout the precinct, but the structures in place to support our people and community are woven throughout - whether it's connecting our South Auckland community to employment opportunities, or ensuring our people have the support to be safe and soar in their careers. We seek a deeper understanding of what makes them unique so we can continue to cultivate an inclusive place of work that contributes to the success of our business and the economy.

Empowered Community

2

Health, safety and wellbeing partner Pip Wellis and lead architect John MacKenzie with senior construction manager Stuart Gibbs.

Team building

Bringing together a team of collaborative and solutions-focused people will help deliver what is Tāmaki Makaurau Auckland's largest private infrastructure programme and meet the airport's ambition to be a thriving aviation precinct.

To achieve this, Auckland Airport is focused on building diversity, equity and inclusion across all parts of the business, including the ambition for 20% of people leaders to come from a Māori or Pasifika background by 2030, in line with the projected ethnicity makeup of Aotearoa New Zealand. Today leadership comprises 8.2% Māori and Pasifika.

"Part of our work this year has been to build greater understanding of our people from a neurodiversity and cultural heritage perspective. The more we understand about the rich tapestry of our people the more it will help us create a more inclusive and supportive environment," Auckland Airport's Chief Corporate Services Officer Melanie Dooney says.

There continues to be a strong focus on reducing the gender pay gap and this year saw a 6% reduction to 21%, compared to 27% the previous year.

There is a high level of female participation in the business, with 50% female representation at Board and Executive levels, and a broader senior leadership team that is nearly 44% female. However, there are imbalances in some areas that are being addressed.

"The key contributor is gender representation across particular salary bands or within particular business units where women represent just under 40% of people," Melanie says. "Our ambition is to ensure diversity across all parts of our business, and seeing more women in infrastructure and operations roles will be a key part of this."

The launch of the Wāhine Toa Career Mentorship for Women programme is an initiative to support women into those more senior roles. With an initial 13 participants identified as having potential for career progression, the programme creates an opportunity to accelerate the pipeline for female talent within the business.

"Through programmes like Wāhine Toa we continue to work towards reducing the gap by championing gender diversity and supporting women in our teams," Melanie says.

Additional support for families began during the year through the parental leave policy that offers support above the government-funded rate.

The People Experience team also put a strong focus on supporting leadership capability with the introduction of an organisational tool to help unlock effective leadership. As a result of the initiative, six accredited coaches are in place across the business and by early July there will be 30 people involved in the programme.

People first, safety always

Auckland Airport's goal is to become New Zealand's safest and healthiest airport while also leading the way in safety and risk management.

A new integrated Safety & Risk Team is a critical addition to continuing to drive the airport's commitment to safety, risk, resilience, and compliance into the heart of the business.

The team fulfils a dual role, Darren Evans, the airport's Chief Safety & Risk Officer, says.

"First, we are supporting our business units in achieving the best possible outcomes in their daily operations via robust systems and processes, as well as helping to build knowledge and capability. We also act as the organisation's second line of defence from a risk management perspective."

Building a great culture of health, safety and wellbeing also means giving people the tools they need to do their work well, Darren says.

The Senior Leadership Walk Programme - where leaders capture key insights to help foster a safer and healthier work environment - became easier to deliver during the year, with the switch from an intranet-based reporting system to an easy-to-use mobile app, allowing leaders to capture key insights in real time, which are in turn fed back to teams and Health & Safety Representatives.

3

AES Officer Laura Andrews, who suggested an initiative now in place throughout the precinct.

Dignity Initiative

The People Experience team and Airport Emergency Services joined forces to champion the introduction of period products to 11 employee bathrooms this year. The initiative, in partnership with social enterprise Dignity, has made complementary products available to employees to support wellbeing, diversity and inclusion while removing barriers to accessing the essential products, including for women working in an airside environment.

"I think it shows the development in the equity space, that we have a team who is willing to invest in our wāhine," says AES officer Laura Andrews, who came up with the idea.

4

New staff welcomed at
Te Manukanuka o Hoturoa
Marae in June 2024.

Auckland Airport is lucky to have a place of cultural connection at the heart of the precinct. Te Manukanuka o Hoturoa Marae is a treasured space to come together. During the year, we hosted four whakatau where we warmly welcomed new airport kaimahi and talked about the connections the airport has with iwi and the whenua. A senior leaders forum held at the marae in June focused on building cultural understanding, including tikanga and waiata.

5

One of the endangered New Zealand dotterel / tūturiwhatu which nest at the airport.

Supporting the next generation

Auckland Airport has an eye on the future prosperity of its local community and businesses by supporting programmes designed to inspire and unlock the potential of people seeking to upskill and find employment.

For 80 young women from high schools across the region, that involved a look behind the scenes of infrastructure projects as part of the Girls in Infrastructure® programme, encouraging females to consider a career in the sector. Participants from 10 schools visited three project sites and heard from Chief Infrastructure Officer Susana Fueyo Suarez, who was keen to inspire potential future leaders in the field.

The 16–18-year-olds were also welcomed to the Ara Auckland Airport Jobs and Skills Hub to meet women operating heavy machinery in the industry, and to hear about their pathway into the workforce.

Through our support of the Ara Education Charitable Trust, Auckland Airport's jobs and skills hub, we continue to support the development of South Auckland talent and connect people to employers. Future workers may come through several pathways, including a skills-based work experience programme for Year 13 students from local high schools.

This was the path taken by Allan Taupau, 18, who says he found a place of belonging at Ara after leaving Ōtāhuhu College.

At the Ara renovation site, homes once destined for demolition are getting a second chance through rangatahi youth like Allan, who work on them to hone practical skills. By dismantling and salvaging timber and other building materials, approximately 50 tonnes of construction waste from each house has been saved from going to landfill.

It was obvious to team facilitators that Allan had a strong work ethic and drive to go further, so before the 12-week programme was up, they asked if he would be interested in a job with Alaska Construction Interiors, working on the domestic terminal upgrades.

He is now inspired to become a site manager by age 20.

"Honestly, if I got one thing out of Ara, the important thing was speak up and ask questions," Allan says. "It took me a few days to get used to the environment and then I became the loudest one there. When one of the leaders asked us to do something, I put my hand up straight away. I always volunteered. It's better to experience and learn from your mistakes than not trying at all."

6

Allan Taupau credits the Ara Auckland Airport Jobs and Skills Hub for helping to kick-start his career.

Custodians of the future

The airport's approach to preserving and enhancing the environment in balance with aviation operations was the focus of a visit from New Zealand's next generation of environmental leaders during the year.

The high school students from the BLAKE Inspire leadership development programme joined a special outing to see first-hand the airport's work to look after the endangered New Zealand dotterel/tūturiwhatu during their nesting season (starting in October).

The airport's protected, pest-free environment is popular with nesting dotterels and the tiny birds are welcome guests at Auckland Airport because they are too small to pose a risk to aircraft safety.

The wildlife management team is responsible for protecting the eight to 12 visiting birds and this year partnered with certified bird banders to band the endangered dotterels so they can be tracked to see if they return to the airport each year.

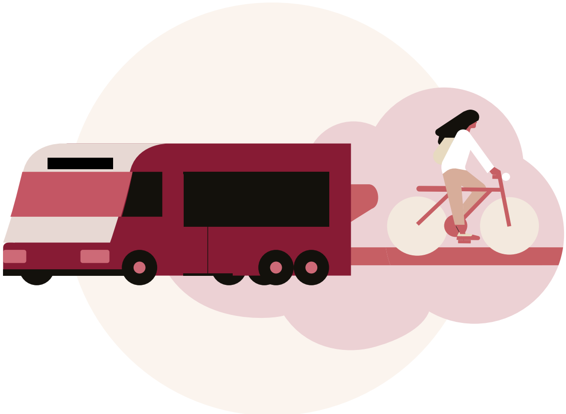
Seamless Connectivity

1

Park & Ride South offers travellers another option for making their way to and from the terminals.

Our vision of a seamless aviation precinct is taking shape with better connections and upgrades to travel routes for customers to enjoy smoother journeys every day. We continue to innovate and enhance airport services to improve the passenger experience and respond quickly when improvement is needed. By supporting the introduction of smart technology for traveller management and working collaboratively with our partners, we can prioritise solutions and target resources where they have the most impact.

Seamless Connectivity



Transport Hub has travellers covered

It was goodbye to all-weather, rushed farewells at the old pick-up and drop-off area and hello to a vastly improved customer experience with the opening of the first stage of the Transport Hub during the year.

With 320m of covered kerbside access close to the international terminal, the ground floor of the hub officially opened in April with a campaign to capture the special moments Kiwis will often only share at the airport.

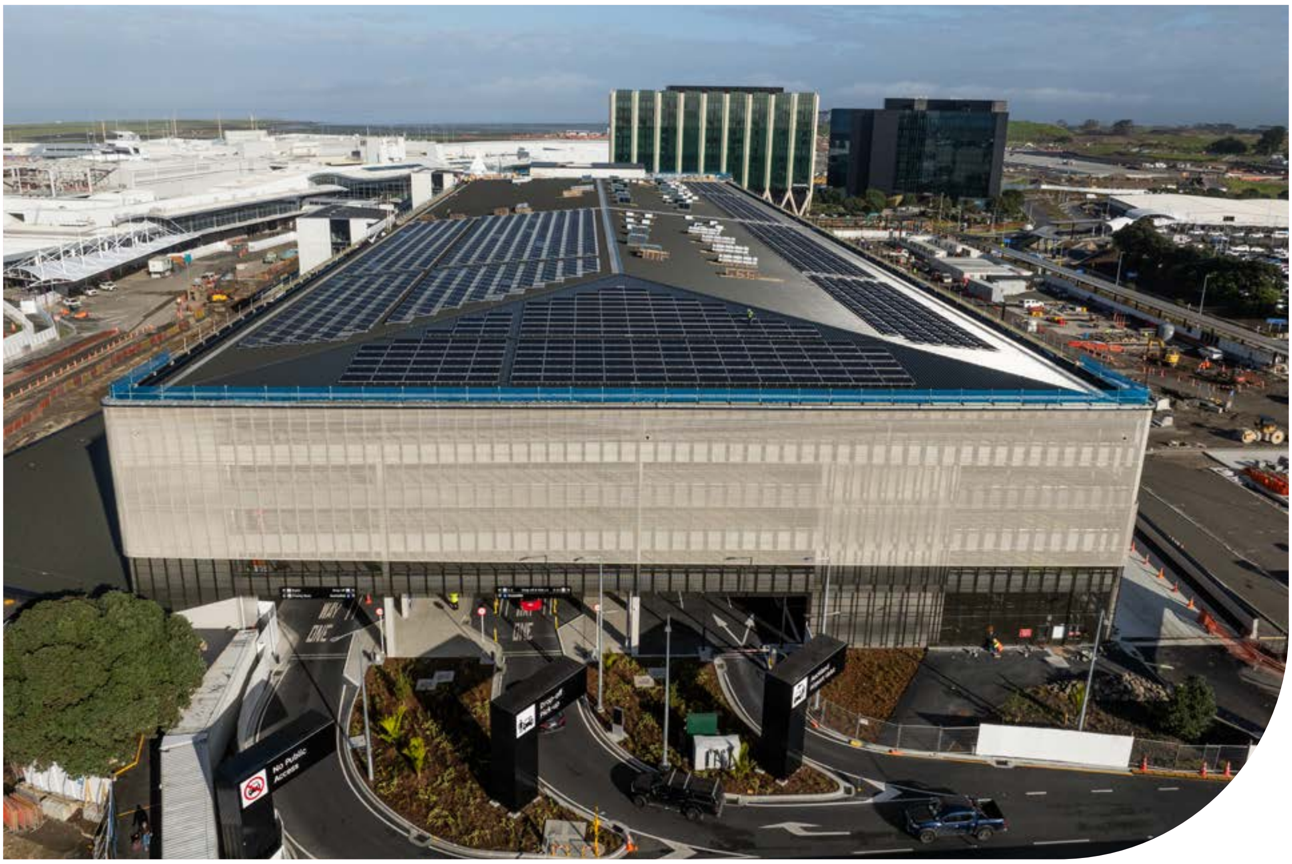
More than warm feelings, however, the $300 million-plus Transport Hub marks the biggest change to transport flows in 50 years and a vital step towards making the journey from road to plane a more efficient and modern airport experience.

Currently serving 10,000 vehicles arriving and departing with passengers each day, through separate car, bus, taxi and rideshare drop-off lanes, the Transport Hub will offer four levels of parking above the public pick-up/drop-off zone, an additional 2,000 parking spaces. The first upper levels will open from October 2024 with the rest of the building progressively coming online before the end of 2024.

The Transport Hub is complemented by an adjoining three level office building that targets a 5 Green Star sustainability rating. The Transport Hub itself also aims to meet the threshold for a Gold Parksmart sustainability rating, in part due the inclusion of a 1.2-megawatt solar

2

A 1.2-megawatt rooftop solar array installed on the roof of the Transport Hub.



3

Licence plate recognition technology has been rolled out at airport parking facilities during the year.

4

Park & Ride South opened on SH20B/ Puhinui Road in early June 2024.

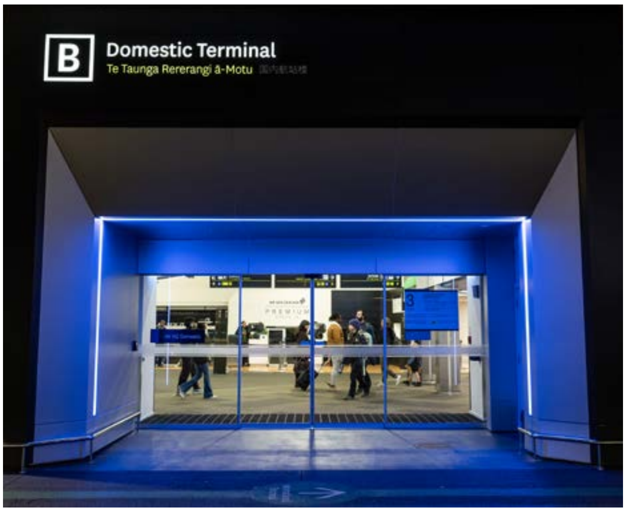
system on the building's 14,000sqm roof, and EV charging stations. Five underground 25,000 litre rainwater tanks will also provide non-potable water to the office floors when they are ready for tenants, planned for the end of March 2025.

The Transport Hub will also adopt the latest generation of licence plate recognition (LPR) technology for easier entry and exit. LPR technology has also been rolled out to car parks D and E, and at the newly opened Park & Ride South. With 40% of airport traffic coming from the south and east, the Park & Ride South on Puhinui Road/SH20B is well positioned to ease traffic pressure around the precinct. The 17ha site opened to the public in June and adds about 3,000 parking spaces. It is also expected to be used by an estimated 3,500 airport workers who previously travelled through the precinct to use Park & Ride North, further easing pressure on the roading system.

The airport's first fully electric bus fleet is arriving at the end of 2024 and by February 2025 will be transporting all customers of Park & Ride South between terminals, running every 10 minutes. The buses will use transit lanes funded by the airport and New Zealand Transport Agency, along with upgraded connecting roads such as Laurence Stevens Drive. A public drop-off and pick-up area can also be operated at peak times such as school holidays to provide an alternative option for travellers.

"Resilient roading and transport infrastructure is critical to creating more seamless journeys around the airport precinct, whether accessing the terminals, shoppers wanting to visit Mānawa Bay or keeping freight moving," Chief Infrastructure Officer Susana Fueyo Suarez says.

Improvements to travel routes around the precinct during the year saw the opening of Te Ara Kōrako, linking George Bolt Memorial Drive with Nixon Road, as an alternative route for freight-related traffic, and terminal-bound transit lanes on Laurence Stevens Drive opened in December 2023 as part of the first stage to upgrades to southern connections. The roundabout at Puhinui Road, Tom Pearce Drive and Hape Drive is due to be replaced by a signalised intersection in late August/early September 2024.



5

Making it easier for travellers to navigate the domestic terminal with the introduction of zones A, B & C in August 2024.

6

Technology upgrades were carried out to boost connectivity at the domestic and international terminals.

Creating better journeys

Changes to navigating around the domestic terminal, upgrades to WiFi, and better management in passenger processing at the international terminal have helped deliver an improved customer experience from front door to gate lounge this year.

Ahead of moving domestic jet operations to the new integrated terminal, the airport has used existing space within the domestic terminal to create additional dwell areas, as well as boosting wireless connectivity, and introducing new wayfinding signage for a more intuitive airport experience.

With approximately 20,000 people passing through the doors daily, the almost 60-year-old domestic terminal is at capacity during peak times. The way people navigate their way through the terminal has been overhauled to simplify the check-in and departure process, starting with clearly marked entry portals to the terminal.

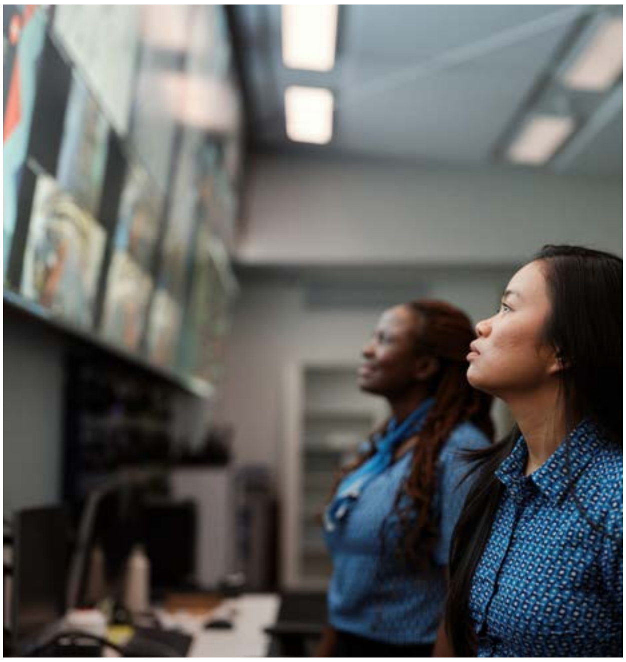
Passenger processing during peak times continues to be a challenge as tens of thousands of people pass through the airport. At the domestic terminal, 22 March 2024 witnessed the highest number of passengers, with more than 29,000 arrivals and departures.

The busiest day at the international terminal, 7 January 2024, saw more than 36,000 traveller arrivals and departures.

7

Green line

It may not come as a surprise in a country that loves the great outdoors that an estimated 24,000 travellers a week prefer to stretch their legs between flights by using the walkway between the domestic and international terminals. In June, the iconic green line walk was re-routed to make way for construction of the integrated domestic jet and international terminal. While inter-terminal buses still operate, the airport has designed a safe and welcoming environment for people wanting to take the 950m pathway. A collaboration with the Department of Conservation saw stunning imagery of some of Aotearoa New Zealand's beautiful walks put on display, to make the journey a little more enjoyable and perhaps inspire thoughts of future travel.



8

Margaret Muzondiwa, Safety, Risk and Compliance Co-ordinator, Compliance & Assurance. Jian Bautista, Airport Operations Duty Supervisor, Terminal Operations.

"While we build for extra capacity by integrating domestic jet operations and international travel under one roof, the operations team is constantly working with airlines, ground handlers, aviation security and border agencies to troubleshoot pressure points and ease congestion," Chief Operations Officer Chloe Surridge says.

Queue times for international arrivals in the 2024 financial year improved by 43% at the median (50th percentile) compared to the previous year (from 31.3 minutes to 17.7 minutes), in part due to the implementation of a low-risk biosecurity arrivals pathway with the Ministry for Primary Industries in late 2023.

The pathway's impact was evident in the final seven months of the financial year, with queue times down 28% compared to July-Nov 2023 when it was not in place.

When looking at queue times for the majority of travellers (the 95th percentile) during the financial year, there was a 33% reduction.

"This year we have looked at streamlining processes and teams, ensuring they are providing maximum effectiveness within the ecosystem and greater collaboration with our stakeholders and partners," Chloe says.

"Our task now is to keep building on the momentum we have, and grow and strengthen our decision-making on the day, as well as using data insights more effectively to manage the complex flow of traffic, travellers, baggage and aircraft."

The airport operations team continues to plan for busy periods. More than 70 additional customer services staff were employed during the year, and separate to airport operations, the number of airline ground handling staff exceeded 2022 levels.

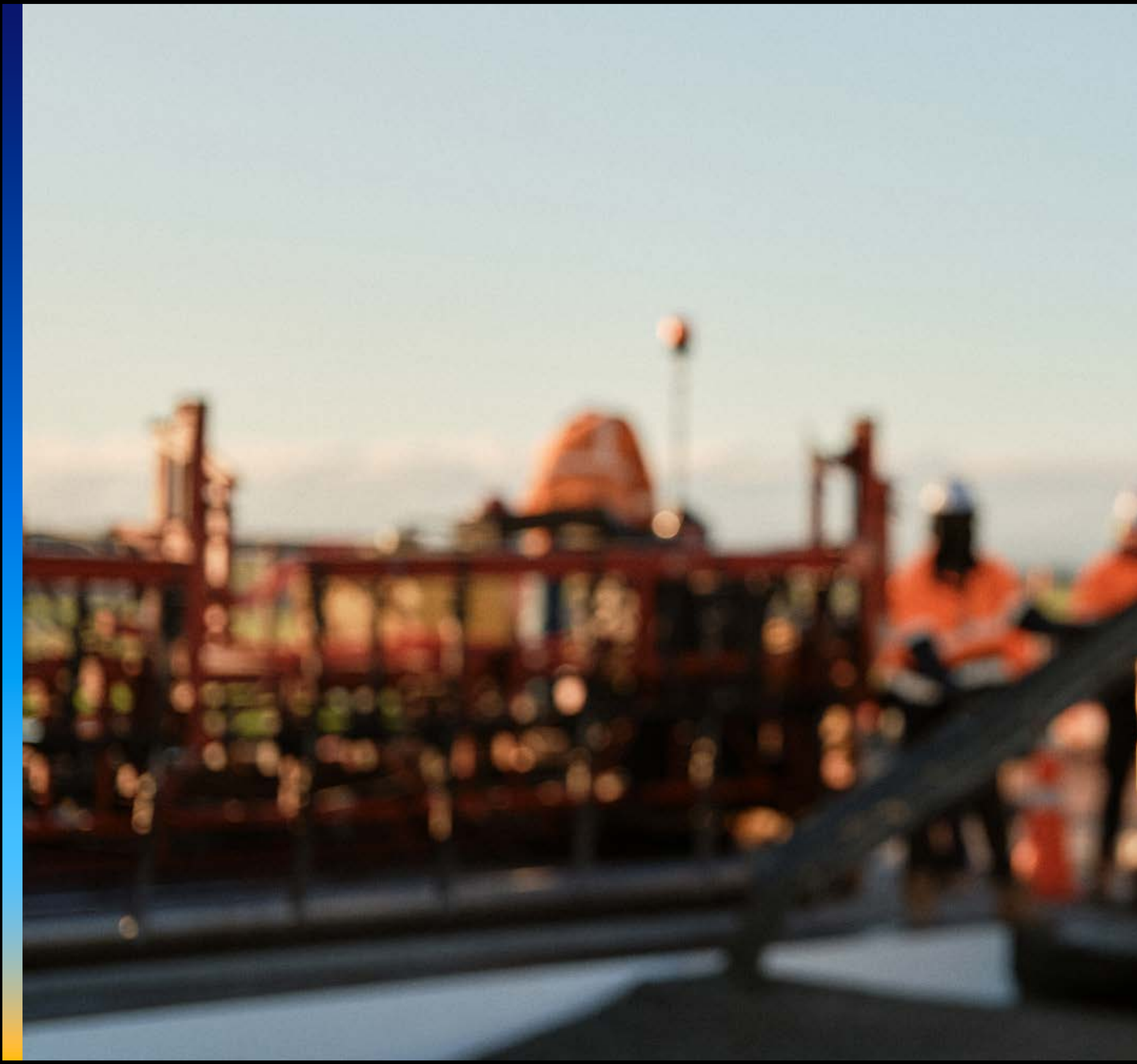
"Airline on-time performance also contributes to processing times, and while we saw an improvement during the year, with 52% of international arrivals on time (15 minutes either side of scheduled time) compared to 48% the previous year, there are on-going discussions with airlines about how on-time performance can be further improved," Chloe says.

The airport continues to engage with border agencies to improve processes and support initiatives such as the implementation of new scanning technology at Aviation Security, expansion of eGate eligibility at New Zealand Customs as well as promoting the increased use of the electronic New Zealand Travellers Declaration.

Enduring Infrastructure

1

Overseeing a concrete pour as part of the airfield pavement renewal programme.



For almost 60 years Auckland Airport has managed resilience upgrades to airfield, terminal and transport infrastructure. As Aotearoa New Zealand's main gateway, we also respond to customers when they ask for a better airport experience. By investing in building the capacity and creating efficiency, we can create easier movement through the airport system. The future of travel is a more sustainable and resilient airport that supports lower carbon aviation - AKL is on the way there.

Enduring Infrastructure

Construction activity well underway

Structures are going up and foundation piles are going down. Earth is moved and pavement is renewed. As the hive of activity happening around the airfield intensifies, there is one structure that catches the eye.

The three-storey 'Stitch', or East Terminal Expansion, will link the international terminal and the new domestic jet terminal, providing a short, covered connection between the two.

The Stitch represents the first major component of the terminal integration programme and by the end of the financial year more than 20% was complete. To the east of the Stitch is the location for the new domestic jet terminal, which will offer 26% more seat capacity through the ability to accommodate both widebody and narrowbody aircraft into some gates.

"We have a phenomenal team of talented people across the industry involved," Terminal Integration Programme Director Tim McKenzie says. "The Stitch is the work of hundreds of people both onsite and across design and delivery, and represents an investment of hundreds of millions of dollars so far."

On the ground floor of the Stitch, the former Eastern Bag Hall has been demolished and reconstructed as part of the journey to a new, modern baggage handling system. Three new carousels commissioned in October 2023 form part of the system that will incorporate world-class technologies, the design and construction of which will continue over the coming year.

2

Windows being installed on 'the Stitch' in August 2024. The structure will provide a seamless link between international and domestic jet travel.

3

Welfare in mind

Creating a culture in construction where workers can share a problem, raise a concern, or simply enjoy some downtime away from their work is behind a unique space established during the year. The welfare facility has the support of MATES In Construction, who offer training and talks on mental health and well-being. With construction workers six times more likely to lose a colleague through self-harm than a worksite accident, there's a huge need for support and initiatives like "What's my why?", where people talk about what motivates them to get home safely each day. The area can accommodate about 175 people and features a kitchen, tables and seating for eating lunch, plus foosball, table tennis and air hockey tables for downtime recreation. According to the site managers, the welfare facility has boosted morale and the overall well-being for hundreds of crew on site, making it a place they really want to come to.

"This year significant construction progress has been made to deliver on our commitment to create a better airport experience, by bringing the domestic jet terminal and international terminal under one roof in just a few years' time," Tim says.

"We're now looking forward to taking delivery of some of the structural steel that will be used in the terminal construction. Overall, the terminal will require more than 6,000 tonnes of steel. By way of comparison, the Eiffel Tower weighs 10,000 tonnes."

Construction of the integrated terminal is the result of careful planning and sequencing across multiple projects and a vast programme of work during the year. Among them, is the relocation of the truck dock that creates a new entry point for goods and services from landside to airside within the international terminal, and more than 11km of common services trenching containing high and low voltage power and communications services.

Inside view

A glimpse of future travel through the new domestic jet terminal was revealed during the year with an animated walk-through revealing the elements that will transform the traveller experience by offering self-service check-in, and shorter queuing times through 44% more capacity for passenger processing per hour.

The animation brought to life the simplicity of navigating a five-minute walk between domestic and international flights and showcases functional design and sustainability elements. "It has been fantastic to publicly share the Integrated Terminal project after years of refining the design," Lead Architect John MacKenzie says. "It's hugely exciting to see the project come to life both digitally through our Spatial Information Team and the significant physical progress on site."

The design incorporates several sustainability features and uses sustainable, low-carbon materials such as a laminated timber floor structure in the pier, and a cost-effective mix of durable wool-blend carpet and rubber flooring.

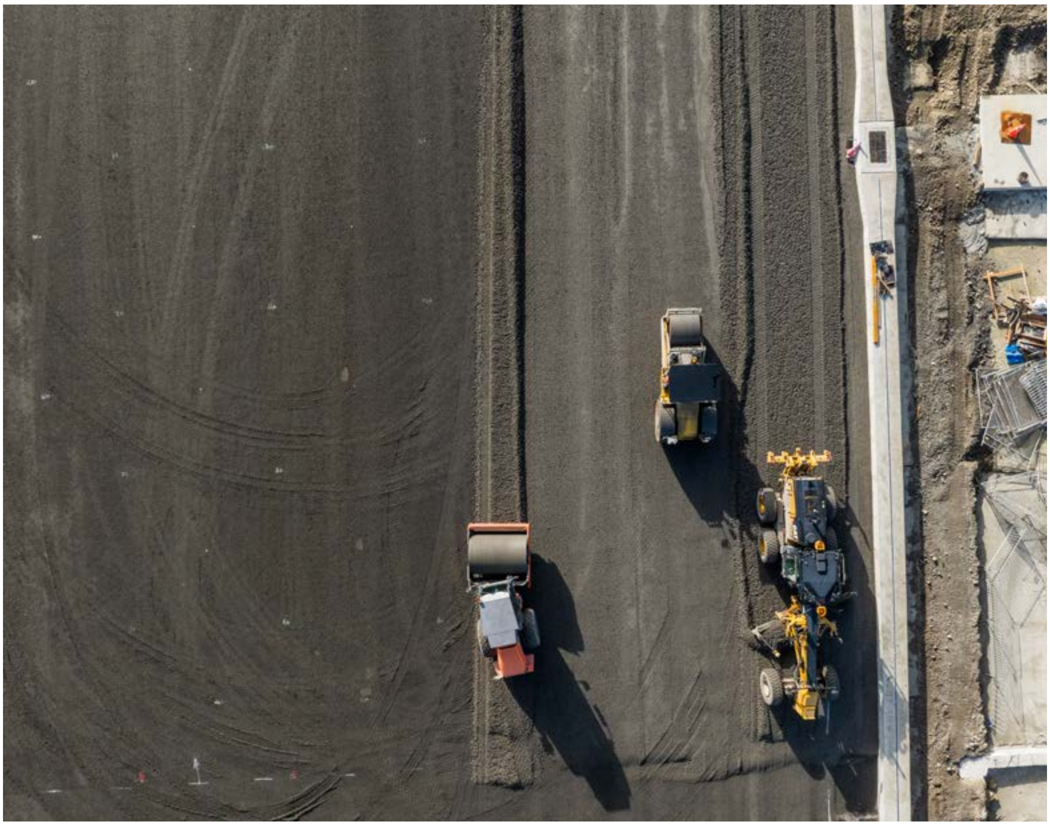
The interior design is inspired by the local environment, drawing from natural elements such as the nearby harbour, volcanic stone fields, and maunga, John says.

As airports around the world make their own progress on upgrading infrastructure for a future age of travel, Auckland Airport can transparently benchmark its terminal cost of $2.2 billion, with a further $1.7 billion of related infrastructure, against other projects. For instance, Brisbane Airport's capital investment of $5.5 billion and terminal 6 at New York's JFK airport, where a slightly smaller terminal with fewer gates will cost around $6.8 billion.

"We are many things to many people and this infrastructure programme will add capacity for growth, with these new assets improving our offering to airlines and, ultimately, travellers," Chief Infrastructure Officer Susana Fueyo Suarez says. "This is happening in the middle of a very, very busy operational environment."

"We have a long-haul ahead of us with a five-year complex programme of works to be delivered while maintaining the airport's capacity and operations. We are getting on with it and have an extensive pipeline of capital works with more than 85 projects in planning and delivery."

Cost-conscious planning has seen elements like bathroom design for the new terminal incorporated into upgrades at the present domestic terminal, so materials and design elements can be tested and replicated in a cost-effective way.



4

Preparation for concrete slabs on the airfield expansion, an additional 250,000sqm with six remote stands.

5

Mark Blanchard, Construction Operations Manager, Infrastructure.

Paving the way

Like a chess game, that requires exact planning and forward thinking, several important moves must take place on the airfield to keep the airport runway fit for purpose and pave the way for the integrated terminal.

One of them is the airfield pavement renewal programme, which has covered an area the size of two rugby fields in the past year. The airport's original 6m by 6m pavement slabs on runway areas, taxiways and stands are being replaced with robust pavement that incorporates properties for longer life and better durability. The pavement renewal work is mapped out in detail, since it all happens around 13,000 aircraft movements a month on the airfield.

Significant work has gone into the realignment of Taxiway Bravo to become the main taxiway for the future contingent runway operations. The realignment will assist construction requirements for the new domestic jet terminal and eventually enable essential runway upgrade work to the main southern runway which must be carried out towards the end of the decade.

Old concrete is removed and stockpiled, with one mountain of 45,000 cubic metres already put to use in the airfield expansion and a second, similar, massive stockpile now available to be crushed and used in future projects, including, potentially, the new domestic jet terminal construction.

Airfield expansion

The weather could not have been more challenging for carrying out the earthworks necessary for the largest airfield expansion since the airport opened.

"We have been shifting hundreds of thousands of tonnes of soil, enough to fill 160 Olympic-sized pools, and establishing the subgrade, and it rained from January through to August 2023," Airfield Project Manager Geraint Francis says.

Underway to the north of Pier B, it will deliver 250,000sqm of new pavement area dedicated to six additional aircraft stands and is equivalent in size to 23 rugby fields.

By September 2023, the hard yards of digging and trimming the land were done and contractors were able to repurpose 108,000 tonnes of old runway concrete as backfill material, as part of a lower carbon solution. The recycled concrete covered approximately 20% of the required backfill, which not only saved on imported fill material but diverted the construction waste from landfill and saved approximately 3,900 disposal truck-and-trailer movements on local roads.

The site has 60% of required services such as fuel lines installed, along with 80% of stormwater pipes in place, and the full-scale deployment of pavement was underway in July 2024.

"The commencement of the concrete pavement layer is a real celebration milestone for the team and marks the shift from the significant underground earthworks, utilities and drainage work into finishing mode," Airfield Programme Director Jason Dardis says. "We have invested in a low carbon concrete mix with our contractor, which will reduce carbon output by 16,000 tonnes compared with a traditional mix."

Planes will be parking there by the third quarter of 2025.

6

After extensive preparation, the airfield expansion was ready for paving to start in July 2024.

Future Resilience

1

Hail on the tarmac, photographed by airport Wildlife Ranger John Corcoran.

Sustainability is an important element of our airport development, both through aeronautical and commercial projects. We're proud to be recognised as one of the top international airports for our efforts to decarbonise our own operations, as well as working with our stakeholders to reduce the impact of theirs. Our targets are demanding and push us to create an airport that serves the world we want to travel tomorrow. We look to technology and best sustainable practices that align with global climate goals.

Future Resilience

Playing our part in aviation decarbonisation

With Aotearoa New Zealand's nearest international neighbour more than 2,000km away, Auckland Airport is a vital gateway for travel and trade. However, aviation also contributes to climate change, and increasingly extreme weather affects our airport, travellers, and global communities.

So, while Auckland Airport keeps New Zealand connected, it has an equally important responsibility to help the airlines decarbonise aviation.

The first step has been to reduce the impact of operations through the development of a decarbonisation pathway providing a clear route to reduce direct emissions (scope 1 and 2) from electricity, natural gas, fuels, and refrigerants by 90% by 2030 from the 2019 baseline. The remaining 10% (consisting of refrigerants and fuels where there is currently no alternative) will be offset using an internationally recognised and certified scheme.

The scope 1 and 2 decarbonisation pathway is well underway with a work programme to replace the natural gas boilers and increase electrification across all parts of the airport operations. In the 2024 financial year, the airport achieved a 25% reduction in scope 1 and 2 emissions against the 2019 baseline, which, although is a slight increase (2.6%) from the previous year, is aligned with the forecast of the decarbonisation pathway. This year the airport purchased a 100% certified renewable energy product, known as Certified from Meridian Energy Limited. The net proceeds of Certified are reinvested into community projects that support the decarbonisation of New Zealand, such as the purchase of electric vehicles, the installation of EV charging facilities and the installation of solar panels.

2

An electric tug is prepared for an aircraft pushback off Gate 6.

3

Ground power units enabling international aircraft to connect to NZ's low-carbon electricity supply.

Further information on Auckland Airport's emissions can be found in the Climate-Related Disclosure and Greenhouse Gas Inventory.

Auckland Airport's business operations have a significant amount of scope 3 emissions, compared to scope 1 and 2, and decarbonising airport operations is only the first step of the journey. The airport has a role in unlocking aviation decarbonisation by ensuring the precinct is ready for infrastructure that will enable airline partners to adopt lower-emissions technologies as they become available. Technological advancement and uptake are critical for the decarbonisation of aviation. As hydrogen, electric and hybrid aircraft technology improves, they have the potential to change the way New Zealanders travel domestically and to contribute to the country's net zero 2050 target. Airports have an important role in facilitating this transition as infrastructure providers, and as Auckland Airport is underway with a refresh of its Master Plan, it is including elements to unlock the adoption of new technology.

In the interim, the airport has invested in electric ground power units at each gate in the integrated terminal, allowing aircraft to run on electricity while waiting on the aircraft stand and electric charging for vehicles on the airfield.

"The decarbonisation pathway for aviation is not straightforward and there's no instant answer, but by working closely with industry partners we can help each other create solution-based changes," Chief Strategic Planning Officer Mary-Liz Tuck says.

4

Global standards

Auckland Airport's sustainability work has been recognised as world-class with an accreditation that puts AKL among the top international airports for carbon management. The Level 4 Airport Carbon Accreditation from Airports Council International is the only global carbon management certification programme for airports. Achieving Level 4 requires an airport to align their carbon management ambition with global climate goals, transform their operations with absolute emission reduction in mind and to partner with stakeholders to support their decarbonisation plans. The council noted the airport's approach to carbon management demonstrated a firm commitment to investing in a more sustainable future.

5

Reusable coffee cups are accepted across cafes in both terminals, including the new Allpress Espresso. Compostable cups are provided where reusable isn't available.

6

Food waste collection was introduced at the domestic terminal food court in August 2023, then to kitchens and back-of-house areas of eight landside food and beverage businesses in the international terminal.

Waste not

Keeping waste of all kinds out of landfill is a priority and initiatives put in place throughout the airport are delivering less – in the best possible way.

Existing efforts to collect and treat food waste has gone a step further, to include more food operator kitchens and public food court areas. Starting at the domestic terminal in August 2023, food-waste collection started in the public eating areas in the food court and was extended in October 2023 to include kitchens and back-of-house areas of eight landside food and beverage businesses in the international terminal.

The result was 185 tonnes of food waste being diverted from landfill over the financial year, which made a significant contribution to Auckland Airport's target to reduce aeronautical waste-to-landfill by 20% by 2030 against a 2019 baseline. The food waste is converted into high-quality compost used by produce growers around the country.

Waste reduction is also being achieved by repurposing lost property from the airport and baggage handling providers if it remains unclaimed after three months. Almost 9,000kg of suitcases, strollers, clothing, sports gear, books, shoes, umbrellas, toys and homeware were donated to community organisation ME Family Services, that supports families in need.

Bathroom upgrades have also contributed to waste reduction with the installation of hand dryers. At the domestic terminal alone, this has the potential to save up to 10 million paper towels, the equivalent of 40 tonnes of waste, going to landfill each year.

The combination of these initiatives, and more, contributed to a 15% decrease in aeronautical waste sent to landfill against the 2019 baseline. This supports Auckland Airport's commitment to reducing waste produced across the precinct and finding alternative solutions to landfill.

Adapting the airport's stormwater infrastructure

Alongside climate mitigation measures, Auckland Airport is undertaking actions to adapt to the changing climate to ensure the airport remains a resilient gateway for New Zealand. Significant work was undertaken into understanding the potential impacts of climate change and how to adapt to them. Extensive information on the risks that climate change poses to the airport, and the work underway to mitigate against these, is provided in the Climate Related Disclosure chapter.

The development of a new stormwater pond system has progressed, with an area of land approximately 19,000sqm now readied for the construction of a Coupled Wetland Biofilter, the first treatment pond of its type and scale in New Zealand.

Located north of Pier B, the new pond will treat water run-off coming from a 3.5km network of stormwater pipes, about half of which measure more than 1.8m in diameter, which will be completely installed by March 2025. The stormwater network will carry run-off water through a series of natural water treatment stages, ending with percolation through the native planted sandy soil biofilter media.

The biofilter is a spatially efficient means of water treatment and the new facility is future proofed to cater for four times the size of the current development of pavement water capture. The biofilters will use 12,000 native plants and the system is designed to achieve higher environmental treatment quality before it discharges into the harbour.

"The treatment pond has multiple benefits," Mary-Liz says. "The Coupled Wetland Biofilter caters for planned land developments expected over the next 20 years and maximises the land-use efficiency within a much smaller footprint compared to traditional ponds.

"Climate change has also been factored into the design of the Coupled Wetland Biofilter, with consideration given to expected increased rainfall, sea level rise and storm surge."

7

Pre-implementation Programme Manager Adrienne Khor and Mark Blanchard, Construction Operations Manager, demonstrate the size of stormwater pipes installed as part of a 3.5km network.

What matters most

With assistance from Oxygen Consulting, Auckland Airport re-assessed its material topics in the 2024 financial year in line with the Global Reporting Index 2021 Standard. This involved engagement with a wide cross-section of internal and external stakeholders to identify and rank the key material issues.

The outcome was a revised list of material topics, identifying six highly material and nine material topics. The top three issues remain unchanged - health, safety and wellbeing, customer experience, and economic impact. Sustainable infrastructure and climate change adaptation are two new topics that have come out as highly material. Material topics have been linked to Auckland Airport's strategic pillars and in this year's annual report progress against the topics is covered throughout the report and summarised in the table below.

1

Carpenter Howard Riwhi from the airport Infrastructure team.

Material topics

	FY24 material topic and definition	Response	Deepdive section
Highly material topics (in order)	Health, safety and wellbeing	• Formed new integrated Safety & Risk Business Unit. • Leader Walks in FY24 are at 100% completion, taking a proactive approach to health and safety. • Auckland Airport continued to create opportunities to knowledge-share across the industry, hosting two contractor forums for senior leaders and three construction, health and safety leader forums.	Empowered community Page 30-35
	Customer experience	• Upgrades to the domestic and international terminals to improve the customer experience include two new bathroom blocks, additional dwell space in the domestic departures area and refreshed bathrooms in the international terminal. • Implemented customer services standards across 10 touchpoints. • Hosted engagement sessions with key customer groups. • In the final quarter of the 2024 financial year, the customer satisfaction score, as measured by the Airport Council International, was 4.08, increasing from 4.06 in FY23.	Thriving enterprise Page 24-29; Seamless connectivity Page 36-41;
	Economic impact	• In the 2024 financial year, Auckland Airport had 27 airlines flying to 42 destinations. • The total value of exports moved by airfreight through Auckland Airport totalled $26.4 billion. • Domestic and international travellers increased, reaching 8.5 million and 10.1 million, respectively. • Infrastructure projects underway are supporting more than 1,200 jobs including contractors and consultants.	Thriving enterprise Page 24-29
	Responsible employer (staff benefits and diversity, equity and inclusion)	• Continued to work on diversity across the business which included reducing the gender pay gap and increasing the number of women and Māori and Pasifika in leadership roles. • We moved our starting wage to the NZ Living Wage from 1 July 2024. We also proactively lifted any of our people with wages below it effective 1 July, two months earlier than the 1 September date. • Improved the performance and development process to enable fair and consistent evaluation, and increased the functionality of our payroll and HR systems.	About us Page 4; Empowered community Page 30-35

	FY24 material topic and definition	Response	Deepdive section
Highly material topics (in order)	Sustainable infrastructure	• Invested into on-site renewable energy generation with the installation of solar panels on Mānawa Bay and the Transport Hub. • Continue to work with our construction partners to achieve greater outcomes for the environment, community and employees during construction of key projects on the precinct. • Achieved Green Star ratings (design or as-built) for the Transport Hub, Mānawa Bay and three properties in the Landing Business Park, working closely with our customers to achieve their desired outcomes.	Thriving enterprise Page 24-29; Seamless connectivity Page 36-41; Enduring infrastructure Page 42-47.
	Climate change adaptation and resilience	• Brought forward investment into stormwater infrastructure with the construction of new stormwater ponds and pipes well underway as part of the airfield expansion project. • Continued to develop our understanding of climate change risks and impacts through the Climate Related Disclosure process aligned with the new XRB CRD standards.	Enduring infrastructure Page 42-47; Future resilience Page 48-51
Priority topics	Security and biosecurity control	• Led the development of a biosecurity industry forum, creating a network for technical assistance amongst MPI ports. • Developed a streamlined internal compliance and assurance process with a focus of tightening relationships with stakeholders. • Built biosecurity capability across our team.	Thriving enterprise Page 24-29
	Transparency and disclosure	• Auckland Airport's FY23 Annual Report won the 2024 award for Communication in the Private Sector at the Australasian Reporting Awards. • The FY23 Climate Related Disclosure was one of the first in New Zealand to fully align with the new External Reporting Board's climate related disclosure standard.	Future resilience Page 48-51
	Community impact and tangata whenua partnerships	• Second hotel joint venture with Tainui Group Holdings - Te Arikinui Pullman Auckland Airport Hotel. • Provided financial and in-kind support for local community groups through the Auckland Airport Community Trust, the Twelve Days of Christmas campaign, community volunteering and Ara Auckland Airport Skills and Job Hub employment programme. • Work alongside local iwi monthly to share information and identify opportunities for iwi involvement across future airport operations and precinct development. • Auckland Airport hosted student visits to key building sites and talked about potential career paths.	Empowered community Page 30-35
	Aircraft noise	• Refreshed our noise mitigation programme engagement material, resulting in sending offers of noise mitigation to 1,400 properties. • Inspections were completed at 111 properties and 11 offers were accepted. • Worked with Airways Corporation on the planned redesign of the Missed Approach Procedure to minimise noise impacts.	Empowered community Page 30-35

	FY24 material topic and definition	Response	Deepdive section
Priority topics	Transport and accessibility	• Developed and opened key pieces of transport infrastructure including the Transport Hub, Park & Ride South and Te Ara Kōrako. • Continued to work with external stakeholders on improving access and better connections to the airport precinct.	Seamless connectivity Page 36-41
	Carbon emissions	• Continued to progress our decarbonisation pathway, targeting a 90% reduction in scope 1 and 2 emissions from the 2019 baseline by 2030. • Purchased a 100% certified renewable energy product, known as Certified from Meridian Energy Limited, allowing the airport to report its scope 2 purchased electricity emissions as zero, using market-based methodology. Achieved Level 4 'Transformation' Airport Carbon Accreditation.	Future resilience Page 48-51
	Decarbonisation of aviation	• Continued to take an active role in industry groups in matters relating to aviation decarbonisation, including Sustainable Aviation Aotearoa, Heart Aerospace, and NZ Airports Association. • Full flight emissions increased with passenger numbers. FY24 is the first time that year-on-year comparison can be made and work with our airline partners is ongoing to ensure Auckland Airport provides the right infrastructure to support their decarbonisation plans.	Future resilience Page 48-51
	Waste	• Developed a Waste Minimisation Strategy to set priorities to contribute to our target of 20% reduction in waste to landfill for aeronautical waste. • 15% reduction in waste to landfill, against the 2019 baseline was achieved. • Waste reduction initiatives implemented during the year included expanding the organic waste separation programme and removing hand towels during bathroom upgrades. • Increased engagement on waste initiatives with external stakeholders including MPI, CAA and airlines.	Future resilience Page 48-51
	Environmental custodianship	• Continued protection of NZ dotterel on the airfield during their breeding season and partnership with experts to track nesting behaviour. • A total of 384,350m^3 of potable water was used in the 2024 financial year, an increase from the 2019 baseline. • Work was underway on an innovative stormwater pond which treats water to a higher quality before discharge.	Thriving enterprise Page 24-29; Empowered community Page 30-35; Future resilience Page 48-51;

Climate-related Disclosure

As New Zealand's largest airport, Auckland Airport Limited is an important economic engine for New Zealand, making a significant contribution to the Auckland community and helping to grow the country's success in travel, trade and tourism.

Our operations deliver high levels of availability, reliability and resilience to the aeronautical community and New Zealand, and we recognise climate change has the potential to affect our business, both through physical impacts and in the transition to a low-carbon economy.

We are committed to reducing our carbon footprint, improving the resilience of our business strategy and adapting to the predicted effects of a changing climate, now and into the future. We are also committed to supporting our partners, particularly in the aviation sector, to reduce carbon emissions.

Contents

Our climate-related disclosure journey

Auckland Airport has voluntarily published climate-related disclosures for the past three years. This year, we are required for the first time to comply with the New Zealand Climate-related Disclosure standards.

2021

- Adopted the guidelines of the Task Force on Climate-Related Financial Disclosures (TCFD) for the first time
- Identified and assessed climate-related risks and opportunities
- Set a suite of new sustainability targets to 2030, including on carbon

2022

- Continued to align our climate-related disclosure with TCFD guidelines
- Identified additional physical climate-related risks and improved our understanding of the potential impacts of the physical risks under different scenarios
- Identified a much broader range of transition risks relating to policy, market and reputation
- Elevated climate-related risks to sit within the company executive-level risks, increasing Board oversight of climate-related risks and controls

2023

- Conducted climate-related scenario analysis across three possible futures, drawing from the tourism sector, and property and construction sector-wide scenarios
- Evaluated and quantified the potential financial impact of material climate-related risks
- Measured a broader range of climate-related metrics
- Undertook further modelling of physical climate-related risks
- Complied with the New Zealand climate-related disclosure standards one year before mandated

2024

- Matured disclosure to improve compliance against the climate-related disclosure standards
- The charter and remit of the Safety and Operational Risk Committee was strengthened in the area of sustainability (including climate change) governance, and as a consequence sustainability was added in the title of the Committee
- Quantified the financial impact of a greater range of climate-related risks

2025

Planned:

- Improve understanding of climate-related opportunities and ensure business strategy maximises opportunities while minimising risk
- Formalise climate-related risk management procedure
- Conduct Board climate-related upskilling sessions to ensure the Board has the skills and competencies to govern climate-related issues

Governance

Board oversight

Auckland Airport's Board of directors has ultimate responsibility for reviewing and ratifying the risk-management structure, processes and guidelines that are developed, maintained and implemented by management, including for climate change. The Board sets the company's risk appetite on an annual basis, and tracks the development of any existing risks and the emergence of new risks to the company.

Reporting processes and frequency

The Board has delegated risk oversight and monitoring to the Safety, Sustainability and Operational Risk Committee (SSORC), which at present comprises four Board directors. The SSORC is responsible for assisting the Board in discharging its responsibilities in relation to risks, and oversees, reports and makes recommendations to the Board on the safety, environmental, sustainability (including climate change) and operational risk profile of the business. The SSORC receives a quarterly report from management on whole-of-company risks and controls, including the physical and transition impacts of climate change on the business. Outcomes of the SSORC meetings are discussed at full Board level where necessary.

A separate committee, the Audit and Financial Risk Committee (AFRC) is responsible for the preparation of financial and non-financial disclosures, including the annual Climate-related Disclosure and Greenhouse Gas Inventory. The AFRC reviews and approves the release of these two disclosures on an annual basis.

Skills and competencies

The Board assesses the level of experience and competence each director has across different categories including sustainability and climate change. Climate change competency is defined as 'expertise and experience of climate-related business threats and opportunities, including climate science, low carbon transition across the value chain, and public policy.' Two Board members have been assessed as having high competence in climate change and sustainability, with a further four having practical and direct experience, and two with some experience. Gaps in Board skills are addressed where identified, including through additional training such as the monthly Board experience sessions, which cover a range of topics. Climate-related issues have not yet been covered in the Board experiential sessions, this topic will be considered for 2025.

Strategy development

The Board considers climate change in overseeing the development and implementation of the business strategy. This is factored into the balanced scorecard from which the business measures performance/success, including against sustainability metrics. Each year, the Board specifically reviews performance against the company strategy at the annual Board strategy day using the balanced scorecard as the quantitative measure. Throughout the year the Board also receives regular updates on the wider organisational performance, including sustainability, which helps inform the Board of the organisation's success of managing physical and transition risks.

Remuneration

The Board also considers climate change when setting management remuneration. In the 2024 financial year, all members of the executive leadership team (ELT), including the Chief Executive, had at least 10% of their short-term incentive linked to specific sustainability KPIs. KPIs included the delivery of plans and initiatives (specific to the responsibilities of each ELT member) that would contribute to a reduction in scope 1, 2 and 3 emissions and improvement in climate resilience. In addition, various ELT members have sustainability woven into other KPIs which form part of their short-term incentive. This includes delivery of assets that contribute to Auckland Airport's sustainability and climate-related targets, such as commissioning of rooftop solar arrays.

Sustainability metrics and targets (outlined in the Metrics and Targets section on page 76) are set by management and approved by the Board, and performance against these is tracked over time. The targets themselves are not incorporated into remuneration policies, however ELT KPIs contribute to organisational performance against these targets.

Management's role

Auckland Airport's management is responsible for the identification, assessment and management of risks and opportunities (including from climate change). Management has developed an enterprise risk management process, designed to promote a culture that ensures a proactive and consistent approach to identifying, mitigating and managing risk on a company-wide basis. See the Risk Management section on page 78 for a more detailed description of the enterprise risk management process.

Reporting processes and frequency

The Chief Executive oversees the risk management process and quarterly reporting to the SSORC. The leader of each business unit is responsible for assessing and monitoring the risks specific to their business unit, including those related to climate change. Climate-related risks and opportunities are grouped to sit with the Chief Strategic Planning Officer. However, each ELT member is responsible for any relevant individual climate-related risk, such as changing consumer preferences due to climate change, which is the responsibility of the Chief Customer Officer.

The sustainability team oversees the development and implementation of the sustainability programme across the business, including material climate change initiatives and controls. This includes ongoing monitoring of climate change modelling and research, the development of a climate adaptation plan, the implementation of our decarbonisation pathway, and the advancement of our annual climate-related disclosures.

Organisational structure and responsibilities

Auckland Airport Board

- Overall responsibility for business risks and opportunities
- Ensures Auckland Airport has appropriate and effective risk management in place
- Ensures the Board has appropriate skills and competencies to provide oversight of climate-related issues
- Sets the Chief Executive's annual objectives for short-term incentives, including sustainability objectives

Sub-committees of the Board

Safety, Sustainability and Operational Risk Committee (SSORC)

- Oversees, reports and makes recommendations to the Board on the safety, sustainability and operational risk profile of the business
- Ensures Auckland Airport has an effective sustainability strategy, targets and reporting, and monitors implementation of the strategy including emissions reductions over time
- Reviews procedures related to climate-related risk management
- Receives quarterly risk updates from management, including on climate-related risk
- Assesses the internal processes for determining, monitoring and managing risks
- Holds management accountable for managing risks appropriately

Audit and Financial Risk Committee (AFRC)

- Oversees, reports and makes recommendations to the Board on the publication of financial and non-financial disclosures including the Climate-related Disclosure and Greenhouse Gas (GHG) Emissions Inventory Report

Executive team

- Oversees the enterprise risk management framework and reporting to the Board and Board committees
- Identifies, assesses and monitors climate-related risk relevant to their area of the business
- Regularly monitors and evaluates the effectiveness of Auckland Airport's processes and risk plans

Chief Strategic Planning Officer

- Owns the organisation's sustainability strategy and targets
- Reports to the SSORC on a quarterly basis on progress on sustainability including climate change resilience
- Responsible for preparation of the organisation's annual Climate-related Disclosure and Greenhouse Gas Inventory

Chief Financial Officer

- Ensures financial decisions give appropriate consideration to climate change
- Facilitates the business planning processes and ensures climate-related risks and opportunities are considered
- Sets the company business plan and budgets
- Responsible for the quantification of anticipated financial impacts of climate-related risks

Chief Safety and Risk Officer

- Owns the implementation of the Risk Management Policy and associated processes
- Facilitates the quarterly risk management update to the SSORC

Key management roles reporting to Executive Management

Head of Masterplanning & Sustainability

- Responsible for the development and implementation of holistic climate change mitigation, adaptation and transition plans to ensure resilience against climate change and other environmental issues

Head of Strategy, Planning & Performance

- Responsible for the organisation's budget setting process including ensuring the right level of climate consideration is included. Leads the development and monitoring of the company business strategy

Head of Risk, Compliance and Assurance

- Monitors the enterprise risk management framework and the status of risks across the organisation

Risk management

Our Board risk appetite statement and risk management company policy guide our approach to climate-related risk. All of Auckland Airport's risks (including but not limited to operational risks, health and safety risks, construction risks, environmental risks and climate-related risks) are centralised in an enterprise risk register. This enables oversight of the status of all risks, including risk ratings, controls and ongoing progress made to minimise the risks. Climate-related risks are fully integrated into the company risk assessment process and are prioritised holistically as one of sixteen executive-level risks.

Identifying and assessing climate-related risks

Hazards across the value chain are identified at all levels of the organisation. In the case of climate-related risks, a cross-company identification process is undertaken every two years to cover the evolving understanding of the impacts of climate change on Auckland Airport. The most recent identification workshop was undertaken across transition risks in FY24.

Once identified, all risks are assessed through Auckland Airport's Risk Assessment Matrix (pictured below). This matrix assesses the likelihood of the event occurring, and the impact on the business should it occur, to produce a total "risk rating". Risk ratings are described as "residual risks" and "inherent risks", reflecting the impact on the business with or without controls in place to mitigate the risks.

Potential consequence	Likelihood, probability and frequency: A Rare:	B Unlikely:	C Possible:	D Likely:	E Almost certain:
1. Insignificant	L (1)	L (2)	L (3)	L (7)	M (8)
2. Minor	L (4)	L (5)	M (9)	M (10)	H (14)
3. Moderate	L (6)	M (11)	M (12)	H (15)	C (20)
4. Major	M (13)	H (16)	H (17)	C (21)	C 22)
5. Catastrophic	H (18)	C (19)	C (23)	C (24)	C (25)

Climate-related risks are assessed on an annual basis by a cross-functional group of management including representatives from the sustainability, safety and risk, and finance teams, using the scenarios and timeframes outlined in the Strategy section on page 65. Annual climate-related risk assessments are reviewed by the leadership team in preparation for the quantification of the financial impact of risks for disclosure. Material climate-related risks are documented on the enterprise risk register and assessed by the sustainability team on a quarterly basis.

Managing physical risks

Auckland Airport has undertaken scientific modelling[1] of physical climate hazards to better understand the risk to the business. The most significant physical risk for Auckland Airport, as listed in the Strategy section on page 65, is flooding of aeronautical infrastructure such as the terminals and airfield due to the impacts of extreme weather events and sea-level rise.

A precinct-wide stormwater management plan and sub-catchment strategies have been developed to inform the response to the flooding risk. A series of stormwater infrastructure upgrades will be implemented alongside our capital development programme. More than three kilometres of stormwater pipes are being installed as part of the development of the remote stands to the northwest of the airfield, with a commissioning date of 2025. Additionally, a new stormwater pond is under construction that will use biofiltration, both increasing capacity of the stormwater network and improving water quality. In addition, Auckland Airport considers non-airport owned upstream infrastructure (such as impervious surfaces and stormwater systems) which may contribute to or mitigate potential flooding on the Auckland Airport precinct.

Managing transition risks

As an organisation within a high-carbon industry, the pace and scale of the transition to a low-carbon economy has the potential to pose significant risk to Auckland Airport, particularly across the policy and legal landscape, and reputationally.

To mitigate these risks, we are committed to reducing our carbon footprint and engaging with others across the supply chain to collaborate on scope 3 emissions reduction. Auckland Airport's decarbonisation pathway and initiatives to reduce indirect emissions are outlined on page 74-75.

1. In 2023 Auckland Airport engaged Beca to conduct modelling of flooding and inundation risk using various levels of infrastructure intervention against the Intergovernmental Panel on Climate Change Representative Concentration Pathway (RCP) 2.6, 4.5 and 8.5

Strategy

Resilience of business strategy

Auckland Airport has an extensive coastline, given our unique location next to the Manukau Harbour. As a result, physical inundation and flooding of assets due to sea-level rise and extreme weather events is one of our key climate-related risks. Our business model is built on the operation and development of aeronautical infrastructure and commercial property. This means impacts from sea-level rise and extreme weather events could significantly affect our business operations.

In addition, due to the high carbon profile of the aviation industry, there are various risks to the business associated with the transition to a low-carbon economy. Global and domestic carbon policies affecting aviation activity, as well as public perceptions towards air travel, have the potential to affect Auckland Airport.

We keep abreast of global and local trends in climate change research and modelling, and undertake regular environmental scans and analysis of key factors such as developments in global carbon policy, public perception of aviation, and technological advancements to decarbonise aviation, so we are able to respond to any emerging risks early.

Current climate-related impacts

While the full impact of climate change is yet to affect businesses, Auckland Airport is already experiencing both physical and transition impacts. Some of the ways climate change has affected operations in the 2024 financial year are illustrated below.

Physical impacts	Severe weather events and insurance impacts	The Auckland Anniversary weekend flooding in January 2023, which closed the international terminal for 37 hours following record-breaking rainfall, continued to affect operations in the 2024 financial year. Damage was still being repaired throughout the financial year, including to amenities, lifts and escalators. The majority of the flood remediation work has been completed as at 30 June 2024, with costs of $21.1 million incurred across the 2023 and 2024 financial years. The insurance claim is ongoing and total business interruption costs will be determined in due course. Additionally, Auckland Airport brought forward investment in stormwater infrastructure following that flooding event. More than three kilometres of stormwater pipes are being installed as part of the remote stands development in 2024. New stormwater infrastructure was always in the design of the project, however following the flooding event, the pipes and manholes were upsized, overland flow paths regraded away from the terminal and existing retention ponds enlarged to futureproof against further severe weather events. This upsize in stormwater infrastructure cost approximately $6.6 million more than the original design.
Transition impacts	Increasing stakeholder expectations for climate change mitigation and adaptation	Sustainability, including climate change, is an evolving discipline worldwide. As new scientific evidence emerges and lower carbon solutions become more readily available, stakeholder expectations evolve for corporates to play a large role in mitigating and adapting to the impacts of climate change. This is directly evidenced by the evolving disclosure requirements in the sustainability indices Auckland Airport participates in[2], conversations with investors, as well as the company's most recent materiality assessment, which involved interviews with external stakeholders about what sustainability topics matter most. Auckland Airport has invested in a range of initiatives to reduce carbon emissions and integrate sustainability into development. In the 2024 financial year, this includes the purchase of 10 electric and plug-in hybrid vehicles, the replacement of HVAC equipment that uses R-22 refrigerant in favour of lower emission R-32 refrigerant, and lighting upgrades around the terminal and wider precinct to LED at a cost of $6.43 million.
	Consultation on additional climate change policy	This year, the Climate Change Commission consulted on whether to include international aviation and shipping emissions in New Zealand's emissions budgets and targets. The final advice is due to Government by 31 December 2024, after which the Government will decide whether to adopt the recommendation. Auckland Airport presented a submission on the consultation document, supporting in principle the inclusion of the emissions within NZ's 2050 target, however with the position that it is too early for inclusion given the low level of understanding of the social and economic impacts that subsequent policies may have. Auckland Airport also stated as part of its submission that it would be pleased to work with the Commission to undertake the modelling and analysis required to better understand potential policy impacts. The consultation had a negligible financial impact on Auckland Airport within the 2024 financial year, however it sets a precedent for potential future expenditure on research alongside the Commission. The consultation also highlights the materiality of the risk of climate-related policy and legislative mechanisms restricting Auckland Airport's operations in future.

2. Auckland Airport reports annually to the S&P Global Corporate Sustainability Assessment, GRESB Infrastructure Asset Assessment and FTSE4Good.

Scenario analysis

Auckland Airport uses scenario analysis to test the organisation's resilience against climate change. Drawing from the sector-wide scenarios developed for the tourism and construction and property sectors, in 2023 Auckland Airport developed three climate-related scenarios that cover all relevant aspects of the business. These scenarios describe plausible and distinct futures, and are designed to test a range of potential climate-related impacts. The scenarios have been reconfirmed in the 2024 financial year following the publication of the transport sector scenarios.

Auckland Airport followed TCFD guidance for scenario analysis as summarised in figure A. A range of internal stakeholders from the sustainability and strategy teams led the development of the scenarios with input from the leadership team in a workshop format. The three scenarios represent an orderly transition, a disorderly transition and a hothouse scenario. These scenarios are outlined on the following pages.

Figure a. A summary of the scenario analysis process undertaken.

Step 1: Assess materiality of climate-related risks

- Identify current climate change risks and opportunities
- Assess likelihood and impact of each risk

Step 2: Identify driving forces

- Identify the external driving forces which may impact Auckland Airport's climate change risks
- Rank driving forces based on uncertainties and impacts

Step 3: Develop scenario

- Form scenarios based on different combinations of driving forces
- Describe how each driving force develops and its impact over the time horizon
- Describe how the driving forces could interact

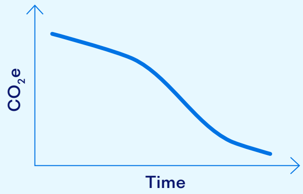
Step 4: Evaluate business impacts

- Evaluate potential effects on the organisation under each of the scenarios
- Quantify potential financial impact of risks to the business
- Identify key sensitivities

Step 5: Assess effectiveness of business strategy against scenarios

- Identify potential responses to risks under scenarios
- Evaluate effectiveness of responses across scenarios, as well as responses to specific scenarios
- Identify what adjustments to strategic/financial plans need to be made

Scenario 1: Orderly



Tightening of international frameworks results in global emissions declining rapidly in an orderly fashion in line with a 1.5°C pathway .

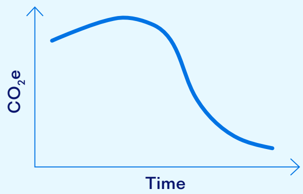
Impact on Auckland Airport

- High transition risk in the short term, however regulatory changes and market demand drives innovation so decarbonisation becomes the norm
- Low physical risk with limited interruption to business activity from physical climate change impacts

Driving forces

1. **Temperature and weather patterns**
   - Lowest modelling pathways (RCP 2.6 and similar): ~1.5°C temperature increase
   - The frequency and intensity of severe weather events slightly amplify over time
2. **Price of carbon**
   - Moderate increases in the price of carbon
3. **Attitudes towards travel**
   - Public does not tolerate high-emitting activities, however aviation is partially decarbonised
4. **State of NZ tourism**
   - The tourism sector in New Zealand thrives, due to unique nature-based tourism
5. **Government regulation**
   - Strong decarbonisation policy globally and nationally
6. **Technology development**
   - Successful development and deployment of low carbon aviation technologies in the 2030s due to financial incentives and market demand
   - 70% reduction in domestic aviation fossil fuel use relative to 2019 levels[3]

Scenario 2: Disorderly



Little policy action until 2030, after which rapid decarbonisation occurs to limit warming to 2°C.

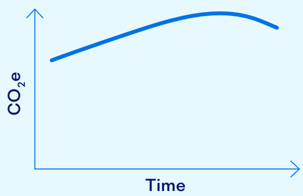
Impact on Auckland Airport

- High transition risk: Sudden push for rapid decarbonisation post-2040 to limit warming to 2°C
- Physical risk: Infrequent disruption to critical infrastructure

Driving forces

1. **Temperature and weather patterns**
   - Medium modelling pathways (RCP 4.5 and similar): ~2.4°C temperature increase
   - Severe weather events slowly increase in frequency and intensity
2. **Price of carbon**
   - High increase in carbon price
3. **Attitudes towards travel**
   - Social pressure to limit travel is a strong motivator for some people to avoid flying
   - Travel tends to be closer to home and involve less-frequent long-haul trips
4. **State of NZ tourism**
   - Prices for long-haul travel are extremely high, meaning only wealthy people can afford to visit New Zealand
   - The tourism sector struggles
5. **Government regulation**
   - Little additional decarbonisation policy until post-2030, after which policy is rapidly updated to limit the physical impacts of climate change
6. **Technology development**
   - Slow deployment of low-carbon technologies in the short-term, with rapid uptake in later years
   - Main focus of decarbonisation is on short regional routes
   - Fossil fuel use for domestic aviation remains at 2019 levels[3]

Scenario 3: Hothouse



Global emissions continue to rise. Efforts to mitigate climate change are implemented only by the largest global emitters once it is too late.

Impact on Auckland Airport

- Limited transition risks: little additional climate change policy or reputational risk
- High physical risks in the long term: frequent severe weather events cause regular disruption to critical assets

Driving forces

1. **Temperate and weather patterns**
   - Highest modelling pathways (RCP 8.5 and similar): ~4.3°C temperature increase
   - Increase in severe weather events over time
2. **Price of carbon**
   - Does not increase much from current price
   - However, price of oil is high due to scarcity in resources
3. **Attitudes towards travel**
   - Public aware of climate change but don't want to change behaviours
   - Business activity is unconstrained and unchallenged
4. **State of NZ tourism**
   - New Zealand tourism remains a viable industry as physical climate impacts are less severe than in other countries. The price of travel is high due to physical climate change impacts and the scarcity of fossil fuels due to increasing physical and geopolitical insecurities
5. **Government regulation**
   - No additional global or national climate change policy above what has already been agreed
6. **Technology development**
   - Aviation continues to rely on fossil fuels for the vast majority of its activities
   - 20% increase in domestic aviation fossil fuel use compared to 2019 levels[3]

3. Assumption from The Aotearoa Circle 'Tourism Sector Climate Change Scenarios' published 2023.

Climate-related risks and opportunities

Climate-related risks and opportunities indirectly serve as inputs to the internal capital deployment and funding decision-making processes.

Auckland Airport continues to consider climate-related risks and opportunities as part of its strategic planning, including our short-term asset management plans, medium-term capital projects, long-term masterplan and longer-term flood and stormwater modelling for the whole of the Auckland Airport precinct. We use the following definitions when referring to different planning timeframes:

A long-term stormwater strategy has been developed and integrated into the development plan to ensure the risk of flooding and inundation is minimised throughout the precinct. Relevant projects, such as the remote stands that are under development, have additional stormwater requirements built into the design to increase capacity of the stormwater network.

Table 1: The following risks and opportunities have been considered across Auckland Airport's entire value chain. All material risks are limited to the geography of the Auckland Airport precinct.

	Anticipated impact on Auckland Airport	Potential financial impact[4]	Scenario under which impact is greatest[4]	Time horizon under which impact is reasonably expected	Strategic response and mitigations[5]
Physical risks	Extreme weather events causing damage to infrastructure, business interruption and operational delays. Exacerbated due to long-term climate-related shifts such as sea-level rise.	Damage to infrastructure could result in increased capital expenditure. Decreased or disrupted flying could result in loss of revenue. Increased frequency and severity of weather events could impact insurance premiums and the availability of insurance. Quantified potential financial impact = $0 to $75 million per event • Cost associated with a significant flooding event with a 100-year Annual Return Interval under RCP 2.6, 4.5 and 8.5[6] • Financial impacts to terminal, airfield, roading and carparks drawn from experience from the flooding event in January 2023 and extrapolated to flood modelling in 2110 • Considers the impact of sea level rise under each scenario • Does not currently account for the impact of stormwater upgrades underway in the 2024 financial year – this will be updated once the assets have been commissioned	Hothouse	Long term – climate modelling has determined that a severe weather event under the worst case climate scenario (RCP 8.5) may cause flooding from 2046	• Stormwater masterplan kept up to date reflecting latest climate change information and non-airport owned upstream infrastructure development • Implementation of stormwater network upgrades to withstand future severe weather events • Maintenance of infrastructure undertaken with consideration of climate change impacts • Insurances held for business interruption and major disruption • Underway: Development of a holistic climate adaptation plan, incorporating infrastructure upgrades, nature-based solutions and emergency responses • Long-term: Development of a second runway at a higher elevation
	Disruption to construction timeframes due to adverse weather	Delays to construction resulting in late completion, whether directly affected on site or through the supply chain, could result in increased capital costs due to longer equipment hire and labour costs. It could also result in increased capitalised interest and lost revenue from the operation of the asset. Severe weather events could also damage work already done on site, increasing capital costs. Quantified potential financial impact = not quantified • This impact has not been quantified due to significant uncertainty and assumptions associated with the impact to a specific project • The potential financial impact on a project is highly dependent on the amount, type and scale of construction ongoing at Auckland Airport at any one time	Hothouse	All time horizons – adverse weather events already impact construction timeframes, and this will become more severe under all climate scenarios	• Allowance for inclement weather built into construction contracts • Use of data from nearby weather stations to inform the extent that inclement weather needs to be allowed for in contracts • Construction programme includes a variety of packages to enable resources to be diverted during inclement weather • Targeted timing of projects to avoid/minimise winter works

4. Risk in 2050 incorporating mitigations currently in place
5. While not mandatory under the NZ CRD standards, Auckland Airport has elected to disclose its current and planned mitigation actions to convey to end users the actions undertaken to minimise the organisation's climate-related risks
6. Drawn from flood modelling undertaken by Beca in 2023

	Anticipated impact on Auckland Airport	Potential financial impact[4]	Scenario under which impact is greatest[4]	Time horizon under which impact is reasonably expected	Strategic response and mitigations[5]
Transition risks	Moderation in growth caused by external decarbonisation policy and pricing mechanisms	Policies and legislation could include: • Restrictions on operations to constrain demand in an attempt to reduce carbon emissions from aviation • Restrictions on airport operational expansion • Measures that increase the price of travel, including mandatory emissions-related levies or SAF mandates Quantified potential financial impact = $0 to $45 million per year • Financial impact reflects annualised figure of reduction in the 2050 net profit after tax (NPAT) from retail, car parking, transport licence fees and hotels compared to unconstrained forecast if an emissions-related levy was introduced to aviation in NZ,[7] compared to unconstrained forecast if the airport was operating at maximum capacity. • Aeronautical income assumed to be unchanged as the building blocks methodology will recover aeronautical charges over the reduced passenger volumes • Demand impact from emissions-related levies has been assessed using different demand elasticity models for domestic and international passengers and different cabin classes • Auckland Airport has a long-term financial model for forecasting high level financial scenarios, based on estimated passenger volumes and expected run rate for income and expenses • Both models used to estimate impact on NPAT from the estimated reduction in passenger numbers, compared to the initial passenger numbers in 2050	Disorderly	All time horizons – policy and pricing mechanisms affecting demand for aviation could occur under all time horizons, as has been demonstrated by the Climate Change Commission's recent consultation on international aviation emissions	• Policy engagement and advocacy • Decarbonisation of operational emissions • Incorporating sustainability (including emissions reduction) into the design of all infrastructure from the outset • Long-term masterplanning to support future aviation fuels and technologies
	External decarbonisation policy, regulation and legislation increasing the need for adaptation and mitigation expenditure	This could include requirements to reduce operational and embodied carbon in construction, lower emissions in operation of the business and extend efforts to decarbonise the aviation sector. It could also include requirements to strengthen resilience against the physical impacts of climate change including increasing freeboard and the managed retreat of vulnerable assets. Quantified potential financial impact = (not quantified) • This risk has not been quantified due to the variety in potential policies and the extent of uncertainties in the financial impact on the business.	Orderly and disorderly	All time horizons – policy requiring investment in adaptation and mitigation can occur in all time horizons, as is demonstrated by the country's Emissions Reduction Plan	• Policy engagement and advocacy • Decarbonisation of operational emissions • Incorporating sustainability (including emissions reduction) into the design of all infrastructure from the outset • Long-term masterplanning to support future aviation fuels and technologies

7. Assumptions on price increases drawn from proposed emissions-related passenger taxes on aviation from the 2021 Parliamentary Commissioner for the Environment advice to the Government Report 'Not 100% - but four steps closer to sustainable tourism'.

	Anticipated impact on Auckland Airport	Potential financial impact[4]	Scenario under which impact is greatest[4]	Time horizon under which impact is reasonably expected	Strategic response and mitigations[5]
Transition risks		• Expenditure on climate mitigation and adaptation is already occurring at Auckland Airport as part of the sustainability programme and to increase business resilience. While future policy may provide greater incentive or justification for climate-related expenditure, we expect voluntary efforts will continue			
	New Zealand becomes less attractive to airlines if low emissions technologies and fuels are not available	If other airports have access to low-emissions technology (such as SAF supply, electric aircraft charging infrastructure and hydrogen refuelling infrastructure) that Auckland Airport doesn't, airlines may choose to fly elsewhere. This could result in a reduction in passengers and aircraft movements, resulting in a reduction in revenue. Quantified potential financial impact = \$0 to \$50 million • Financial impact represents annualised figure of reduction in the 2050 NPAT from retail, carparking, transport licence fees and hotels if expected growth in passenger numbers was reduced due to airlines not choosing to fly to Auckland, compared to the unconstrained forecast if the airport was operating at maximum capacity. • Aeronautical income assumed to be unchanged as the building blocks methodology will recover aeronautical charges over the reduced passenger volumes • Assumes that Auckland Airport forecast annual passenger growth rate is reduced between 2035 and 2050 to varying extents under the three climate-related scenarios • Auckland Airport has a long-term financial model for forecasting high level financial scenarios, based on estimated passenger volumes and expected run rate for income and expenses • Model used to estimate impact on NPAT from the estimated reduction in passenger numbers, compared to the initial passenger numbers in 2050	Disorderly	Medium to long term – Auckland Airport does not expect to see widescale deployment of future aircraft technologies and fuels within the next ten years (short term)	• Maintaining a diverse portfolio of markets and strengthening short-haul markets • Long-term masterplanning to support future aviation fuels and technologies • Policy engagement and advocacy

	Anticipated impact on Auckland Airport	Potential financial impact[4]	Scenario under which impact is greatest[4]	Time horizon under which impact is reasonably expected	Strategic response and mitigations[5]
Transition risks	Moderation in growth of passenger numbers if public sentiment towards air travel changes due to the carbon footprint of aviation	A reduction in the growth of passengers against the unconstrained forecast could result in a reduction in potential revenue. Quantified potential financial impact = $0 - $50 million • Financial impact represents annualised figure of reduction in the 2050 NPAT from retail, carparking, transport licence fees and hotels if expected growth in passenger numbers was reduced due to social pressures, compared to the unconstrained forecast if the airport was operating at maximum capacity • Aeronautical income assumed to be unchanged as the building blocks methodology will recover aeronautical charges over the reduced passenger volumes • Assumes that Auckland Airport forecast annual passenger growth rate is reduced between 2035 and 2050 at varying extents under the three climate-related scenarios • Auckland Airport has a long-term financial model for forecasting high level financial scenarios, based on estimated passenger volumes and expected run rate for income and expenses • Model used to estimate impact on NPAT from the estimated reduction in passenger numbers, compared to the initial passenger numbers in 2050	Disorderly	Medium to long term – Auckland Airport assumes there would not be a material impact on demand for aviation due to public sentiment within the next ten years (short term)	• Maintaining a diverse portfolio of markets and strengthening short-haul markets • Long-term masterplanning to support future aviation fuels and technologies • Transparent and balanced disclosure of sustainability performance, including Greenhouse Gas Inventory and decarbonisation initiatives
	Investors and financiers avoid aviation sector due to carbon footprint	Higher interest rates and cost of capital Quantified potential financial impact = (not quantified) • This risk has not been quantified because there is insufficient information available to develop assumptions on how this could affect Auckland Airport • However, this risk is deemed material, so it remains within the disclosed risks	Disorderly	All time horizons – investor and financier appetites for high emitting activities are already changing, and could reasonably affect Auckland Airport across all time horizons	• Decarbonisation of operational emissions incorporating sustainability (including emissions reduction) into the design of all infrastructure from the outset • Long-term masterplanning to support future aviation fuels and technologies • Transparent and balanced disclosure of sustainability performance, including Greenhouse Gas Inventory and decarbonisation initiatives

	Anticipated impact on Auckland Airport	Potential financial impact[4]	Scenario under which impact is greatest[4]	Time horizon under which impact is reasonably expected	Strategic response and mitigations[5]
Transition risks	Litigation due to inaction on decarbonisation, greenwashing or other climate-related elements	Litigation involving the company could cause loss in productivity and legal costs. It could also result in potential fines and/or settlements. Quantified potential financial impact = (not quantified) • This risk has not been quantified due to the level of uncertainty associated with potential litigation and a lack of relevant benchmarks for court ordered payments of fines related to climate change	Disorderly	All time horizons – climate-related litigation is accelerating nationally and globally, and could affect Auckland Airport under all time horizons	• Decarbonisation of operational emissions • Incorporating sustainability (including emissions reduction) into the design of all infrastructure from the outset • Transparent and balanced disclosure of Greenhouse Gas Inventory and decarbonisation initiatives • Independent assurance across annual Greenhouse Gas Inventory • External subject-matter expertise across sustainability communications
	Disruption to operations due to changes in technology	Changing technologies, such as low or zero-emissions aircraft, could result in increased capital costs. New technologies such as electric aircraft may have reduced seat capacity, requiring additional movements to achieve the same passenger volumes. This may reduce efficiencies on the airfield and bring forward investment in additional infrastructure. Quantified potential financial impact = (not quantified) • This risk has not been quantified because there is insufficient information available to develop assumptions on how this could affect Auckland Airport . However, this risk is deemed material, so it remains within the disclosed risks	Orderly	Medium to long term - Auckland Airport does not expect to see widescale deployment of future aircraft technologies and fuels within the next 10 years (short term)	• Liaison with the wider aviation industry on developments in technology • Participation in industry groups focused on decarbonising aviation (Sustainable Aviation Aotearoa and Heart Aerospace Advisory Board) • Long-term masterplanning to support future aviation fuels and technologies

Climate-related risks have the potential to affect assets, as noted in our FY24 Financial Statements. No risks or opportunities identified are considered to have impacts warranting material changes to the valuation of Auckland Airport's assets, given the long-term nature of the assessment and the mitigations that are planned in advance.

Climate-related opportunities

Climate change also presents opportunities for Auckland Airport. These include:

- Leadership in climate change mitigation and adaptation, contributing to making New Zealand a desirable, low-carbon and climate resilient destination
- Lowering operating costs by reducing energy consumption, self-generation and other efficiency initiatives
- Operational efficiencies to reduce emissions improving other aspects of business, including customer experience
- Reduced vulnerability to volatility of fossil fuel prices

These opportunities have not been quantified because they are not considered to have a material financial impact on the business.

Business model and transition planning

Auckland Airport groups its revenue-making activities into three groups: aeronautical, retail and carparking, and commercial property. A full business model description can be found on page 10-11.

Aviation is critical for New Zealand to maintain the connectivity of people and goods with the rest of the world. As the primary gateway to New Zealand, Auckland Airport is a significant contributor to the regional and national economy, and is critical to New Zealand's trade and tourism industries. About 75% of all international passengers visiting New Zealand pass through Auckland Airport each year, with 90% of long-haul passengers flying into Auckland. A daily wide body aircraft over the course of a year generates up to $150m in tourism and carries more than $500 million in high-value freight.

However, we acknowledge that the aviation sector contributes to climate change. As a hard-to-abate sector, it will take a whole-of-sector collaborative approach to tackle the challenge of decarbonising aviation. In the meantime, Auckland Airport is continuing its efforts to decarbonise the business and value chain, as well as adapt to a changing climate.

Early in 2024 Auckland Airport achieved level four 'Transformation' Airport Carbon Accreditation, from Airport Council International. This accreditation recognises best practice carbon management at airports, and requires airports to commit to long-term scope 1 and 2 reduction targets aligned with 1.5°C, as well as partnerships with stakeholders to reduce scope 3 emissions.

Reducing our direct emissions

We are well on the way to reducing scope 1 and 2 emissions by 90% from 2019 levels by 2030, in line with our planned decarbonisation pathway. We plan to achieve this through measures including:

- Phasing out the use of natural gas in the terminal through the incremental replacement of natural gas boilers with electric alternatives
- Electrifying our corporate vehicle fleet
- Using refrigerants with the lowest global warming potential possible
- Using electricity generated from a mix of on- and off-site renewable generation[8]

From 2030, the residual emissions (estimated to be 10% of 2019's scope 1 and 2 emissions) will be permanently neutralised through the purchase of certified carbon removals. The certification scheme has not yet been decided.

Collaborating to decarbonise the wider sector

Scope 1 and 2 emissions make up only a small proportion of Auckland Airport's GHG emissions inventory. The vast majority of emissions that occur as a consequence of operating New Zealand's largest airport are outside our direct operational control. We are partnering with our stakeholders to address these emissions and work towards New Zealand's goal to reach net zero by 2050.

More than 96% of Auckland Airport's emissions come from the operation of aircraft. As a hard-to-abate sector, the decarbonisation of aviation is a complex and long-term endeavour that requires collaboration with all parts of the industry and reduction in our scope 3 emissions is reliant on the actions of our aviation customers and partners. Our role as an airport is to provide the right infrastructure on the ground to enable the adoption of alternate technologies when they become available, as well as to enable the efficient operation of the airfield to minimise fuel burn while on the ground and on approach to Auckland Airport.

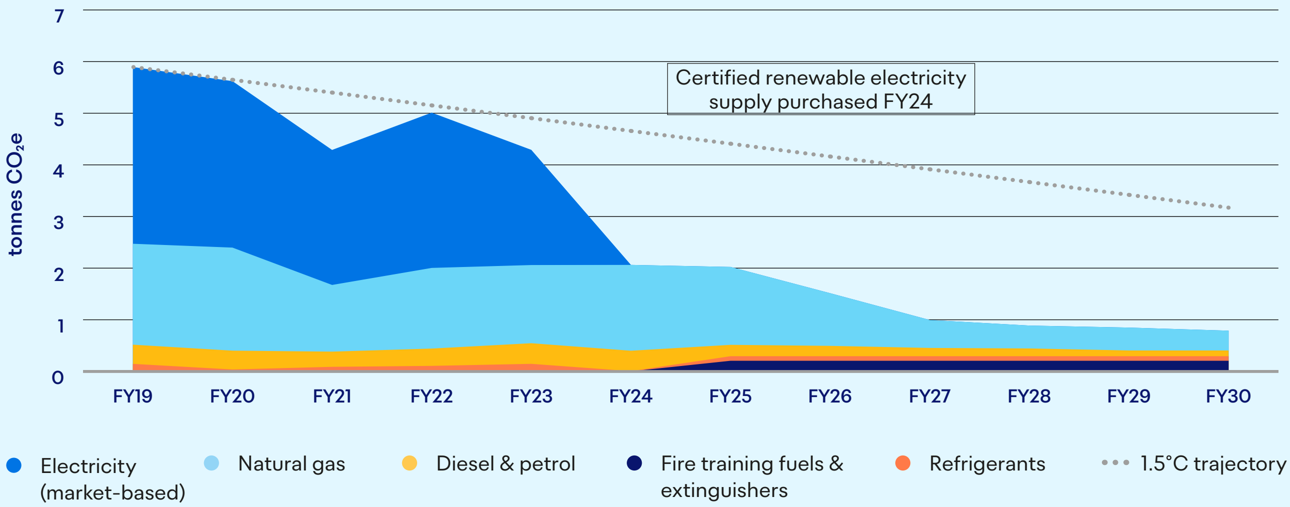
Our transition plan includes:

- Long-term masterplanning to support future aviation fuels and technologies
- Involvement in industry groups focused on enabling the decarbonisation of aviation
- Advocacy and engagement with government and industry bodies
- Improving operational practices on the ground to minimise fuel burn

8. In FY24, Auckland Airport purchased a 100% certified renewable energy product, known as Certified from Meridian Energy Limited. Following this, Auckland Airport is able to report its Scope 2 purchased electricity emissions as zero, using market-based methodology as per the GHG protocol Scope 2 guidance. Certified renewable energy has been purchased as an interim measure while a scope 2 emissions reduction work plan progresses. In the future, a Power Purchase Agreement from off-site generation may contribute to achieving the decarbonisation target for scope 2.

Auckland Airport's scope 1 and 2 decarbonisation pathway

The decarbonisation pathway aligns with a 1.5°C trajectory



Operating a climate-resilient, low-carbon precinct

Aviation is only one part of our business. Auckland Airport also develops infrastructure, operates surface transport networks, and owns a large property development portfolio.

Resilience over the long term is in our best interest. Our transition plan relating to the precinct involves:

- Incorporating sustainability (including emissions reduction and climate adaptation) into the design of all infrastructure from the outset
- Masterplanning for mass rapid transit to improve connectivity with wider Auckland, as well as more public and active modes to improve low-carbon transport options around the precinct
- Minimising waste and moving towards a circular economy
- Developing a holistic climate adaptation plan, involving a combination of infrastructure upgrades, nature-based solutions and operational responses

Auckland Airport's transition plan towards a climate-resilient, low-carbon future will evolve over time as our understanding of risks and opportunities matures.

1

Rooftop solar panels on the Transport Hub

Metrics and targets

Our targets

- 90% reduction in scope 1 and 2 emissions from 2019 levels by 2030 (25% reduction adopting a location-based approach against baseline in FY24)
- 20% reduction in potable water use from 2019 levels by 2030 (22% increase against baseline in FY24)
- 20% reduction in waste to landfill from 2019 levels by 2030 (15% reduction against baseline in FY24)

Given Auckland Airport's targets end in 2030, we do not have any interim targets.

Auckland Airport's 2024 carbon emissions

In the 2024 financial year, Auckland Airport achieved a reduction in scope 1 and 2 emissions of 25% (using a location-based calculation methodology) compared to the 2019 baseline, however this is a 2.6% increase from the 2023 financial year. The upturn is due to increased natural gas use for heating and cooling in the terminal due to weather conditions and increasing demands for electricity. This increase in scope 1 and 2 emissions was forecast in Auckland Airport's decarbonisation pathway and as such, we remain on track to achieve the 2030 target to reduce direct emissions by 90%.

Using a location-based methodology, Auckland Airport's electricity use generated 2,341 tCO_2e. However, given Auckland Airport purchased Certified renewable energy (RECs) in the 2024 financial year (through its energy supplier Meridian), the total market-based emissions can be reported as zero tCO2e. RECs certify that the electricity purchased by Auckland Airport is from renewable sources. The net proceeds of the purchase of RECs are reinvested into community projects that support the decarbonisation of New Zealand, such as the purchase of electric vehicles (EVs), the installation of EV charging facilities and the installation of solar panels. In the long term, Auckland Airport plans to seek a power purchase agreement for new renewable electricity generation either on- or off-site.

Scope 3 emissions have increased year-on-year, driven by increases in jet fuel and construction emissions. Jet fuel emissions grew by 36% representing growth in passenger numbers and aircraft movements over the year. Jet fuel emissions are the largest portion of Auckland Airport's GHG inventory (96%) but the hardest to abate. Additionally, construction emissions have also grown as the capital development programme progresses.

Below is a summary of Auckland Airport's greenhouse gas emissions.

Table 2: Auckland Airport's greenhouse gas emissions

Scope		FY19	FY20	FY21	FY22	FY23	FY24
Scope 1	Tonnes CO_2e	2,472	2,397	1,674	2,004	2,060	2,063
Scope 2 (location-based)	Tonnes CO_2e	3,423	3,224	2,615	3,007	2,231	2,341
Scope 2 (market-based)	Tonnes CO_2e	3,423	3,224	2,615	3,007	2,231	0[9]
Scope 3	Tonnes CO_2e	6,228	5,185	16,497	77,523[10]	2,579,061[11]	3,581,495
Scope 1 & 2 emissions intensity	kg CO_2e per sqm terminal area	39.23	36.10	28.06	25.69	25.31	26.24
Scope 1 & 2 emissions intensity	kg CO_2e per passenger	0.30	0.39	0.73	0.94	0.27	0.24
Scope 3 full flight emissions intensity	tCO_2e per passenger	Not calculated	Not calculated	Not calculated	Not calculated	0.16	0.19

9. In FY24 Auckland Airport purchased a 100% certified renewable energy product, known as Certified from Meridian Energy Limited.
10. In FY22 Auckland Airport reported aircraft landing and take-off emissions for the first time, resulting in a much higher scope 3 emissions footprint
11. In FY23 Auckland Airport introduced a wider range of scope 3 emissions sources with the aim to align disclosure with the international Airport Carbon Accreditation framework. This includes aircraft full-flight emissions as well as contractor vehicles, airside vehicles and tenant electricity use.

For the full 2024 emissions profile, please refer to Auckland Airport's FY24 Greenhouse Gas Emissions Inventory Report which can be accessed at https://corporate.aucklandairport.co.nz/investors/results-and-reports. This report outlines further detail about the calculation methodology for Auckland Airport's emissions.

Information within the Greenhouse Gas Emissions Inventory Report is stated in accordance with the requirements of the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards (2004).

Additional climate-related metrics

Auckland Airport has quantified the following additional climate-related metrics in the 2024 financial year. Almost all of the metrics have remained the same as the previous year, with the only change being a greater amount of capital expenditure deployed towards climate-related risks and opportunities.

Table 3: Additional climate-related metrics

Metric	FY23	FY24	Explanation
Amount or percentage of assets or business activities vulnerable to transition risks	Almost all (>90%) of the business may be impacted to some extent by climate-related transition risks	Almost all (>90%) of the business may be impacted to some extent by climate-related transition risks	Auckland Airport's aeronautical and commercial lines of business may be affected to varying degrees by transition risks associated with climate change. These impacts include reductions in revenue following potential changes in demand or volume of activity at Auckland Airport.
Amount or percentage of assets or business activities vulnerable to physical risks	13% of the Auckland Airport precinct	13% of the Auckland Airport precinct	Percentage of land area modelled to be impacted by sea level rise and extreme weather events in future under RCP 8.5[12].
Proportion of revenue, assets, or other business activities aligned with climate-related opportunities, expressed as an amount or percentage	Minimal	Minimal	Climate-related opportunities have been considered as having low materiality and therefore have not been quantified.
Amount, in reporting currency, of capital expenditure, financing, or investment deployed toward climate-related risks and opportunities	$2.86 million	$6.43 million	Capital expenditure on assets or projects that are separately identifiable, material, and whose main purpose is mitigation of climate-related risks or realisation of opportunities. Given climate resilience and decarbonisation is a key focus for many Auckland Airport projects, capex has not been captured for those projects where it is not reasonably practical to separate sustainability elements from the rest of the project. For example, Mānawa Bay's fully electric food court, installation of larger stormwater infrastructure and Green Star-rated buildings.
Internal emissions price	N/A	N/A	Auckland Airport does not use an internal emissions price for business activity. However, where needed, the current New Zealand Emissions Trading Scheme price is used. The future carbon prices under the tourism sector climate-related scenarios have been used within Auckland Airport's climate-related scenario analysis.
Proportion of management remuneration linked to climate-related risks or opportunities in the current period, expressed as a percentage, weighting, description or amount in reporting currency	10% of total Short-Term Incentive for Chief Executive and direct reports	At least 10% of total Short-Term Incentive for Chief Executive and direct reports, dependent on role and specific deliverable	The proportion of the Short-Term Incentive that is linked to climate change is confirmed by the Board for the Chief Executive at the start of the financial year.

12. Based on modelling undertaken by Beca in 2023

Enterprise Risk Management

1

An Airport Operations Team carrying out a scheduled runway inspection for any foreign object debris.

Enterprise Risk Management is an integral part of the company's business.

Enterprise risk management

Auckland Airport has developed a framework, designed to promote a culture which ensures a proactive and consistent approach to identifying, assessing, mitigating and managing risks.

The framework and risk management policy provides clarity on roles and responsibilities of the board and management to oversee, manage and minimise any current or emerging risks that may impact the achievement of Auckland Airport's strategic objectives or business performance. Under this framework and approach, the Board is responsible for reviewing and ratifying the enterprise risk management framework, structure, policies, processes, and guidelines which are developed, maintained, and implemented by management. The Board also sets the company's risk appetite on an annual basis which defines the level of risk the company is willing to accept in pursuit of its objectives.

Board sub committees and management governance committees are in place to ensure that potential financial and non-financial risks are identified, continuously monitored and risk mitigation strategies and actions are taken.

Audit and financial risk

The Audit and Financial Risk Committee is responsible for financial risk management oversight with a core function of assisting the Board in performing its responsibilities, with particular reference to financial risk management, financial reporting, and internal and external audit processes. The Committee has direct communication with, and unrestricted access to, the internal and external auditors. The Committee meets with the internal and external auditors at least twice annually.

The Audit and Financial Risk Committee is required to form a view and make a recommendation to the Board each year that the company's interim and annual financial statements are presented fairly, in all material respects, and in accordance with the relevant accounting standards, which is founded on a sound system of risk management and internal compliance and control, which implements the policies adopted by the Board, and that those controls are operating in all material respects efficiently and effectively. In addition, the Audit and Financial Risk Committee is responsible for reviewing and recommending to the Board the approval of the company annual Climate Change Disclosure and Greenhouse Gas Emissions Inventory Report.

2

Gerard Backhouse-Smith, Engineering Tradesman, Infrastructure team.

Safety, sustainability and operational risk

The Safety, Sustainability and Operational Risk Committee (SSORC) is responsible for non-financial risk management oversight. The Committee reviews and monitors the company's enterprise-wide processes to identify and manage core risks such as: airport operations, health, safety and wellbeing, third party, assets, biosecurity, physical security, cybersecurity, and sustainability, environmental, social and governance (ESG) risks.

The SSORC reviews the performance of the company's safety management system, including the safety policy statement biennially and provides guidance on the approach and targets for the following year.

As part of a continual review cycle and recognising the paramount importance of managing critical health, safety and wellbeing risk, the committee considers the controls and improvement activities undertaken. This approach ensures that critical health, safety and wellbeing risks are proactively identified, evaluated, and controlled in a manner that safeguards the health, safety and wellbeing of employees, customers, contractors, and the overall business operations. The continuous review and evaluation of these critical health, safety and wellbeing risks enable the SSORC to stay at the forefront of the risk management practices for the health, safety and wellbeing risk category.

The company has a Crisis Management Team (CMT), made up of leadership team members and senior employees from across the business which has an established governance structure to manage fast-evolving risk situations in a robust and practical way. The CMT is responsible for making strategic, business response, emergency communications, staff health and welfare, and government relations decisions. The CMT framework is always reviewed following critical incidents to identify areas of continuous improvement.

Auckland Airport's business is also subject to other internal and external audit and review, including in particular the regular external audit by New Zealand's Civil Aviation Authority to ensure operational certification and verification of our Safety Management System.

Sustainability, environmental, social and governance (ESG) risk

Auckland Airport operates in a commercial environment where there is always potential for economic, environmental and social sustainability risks. The company recognises its unique role in protecting the New Zealand natural environment through its role at the border and the role that the visitor economy plays in all areas of sustainability.

Auckland Airport has in place appropriate mechanisms and controls to identify where these risks are material to the company and to manage these as required. Sustainability is a key responsibility of Auckland Airport's Board and leadership team. In identifying sustainability risks, the company assesses common risks across the business to determine the likelihood and severity of those risks and, subsequently, whether they are a concern for the company. In addition to managing the risks associated with sustainability, we are committed to external disclosure and benchmarking, and report on a number of sustainability performance indicators. Auckland Airport has a sustainability policy which outlines the company's commitment to our sustainability strategy.

The impacts of climate change, including rising sea levels and temperatures, and unpredictable weather patterns could have negative effects on the infrastructure and property assets of the company and is a key risk to our business.

Auckland Airport is approved by the Ministry of Primary Industries (MPI) as a Place of First Arrival for international arriving aircraft, people and cargo to New Zealand. Auckland Airport's tiakitanga is beyond compliance, and therefore the company sees this MPI approval as a privilege, not a right, and with this comes significant responsibility. Auckland Airport's biosecurity policy outlines our commitment to this responsibility by proactively working with border agencies, health agencies, airlines and tenants to collaboratively keep New Zealand free of any new exotic pests and diseases. Auckland Airport has had an acute focus on maintaining a strong biosecurity awareness culture during the 2024 financial year through tailored awareness and training programmes delivered to our own employees, stakeholders and workers based at the airport.

Modern Slavery

In the 2024 financial year, the company has undertaken further work to identify and assess the risks of modern slavery in Auckland Airport's supply chain and has identified focus areas to enable the company to continue to progress eradicating modern slavery.

We acknowledge that the greatest risks within our supply chain that could potentially link to modern slavery are through forced labour used in the goods we procure or potentially through migrant workers in forced labour engaged by contractors or their subcontractors.

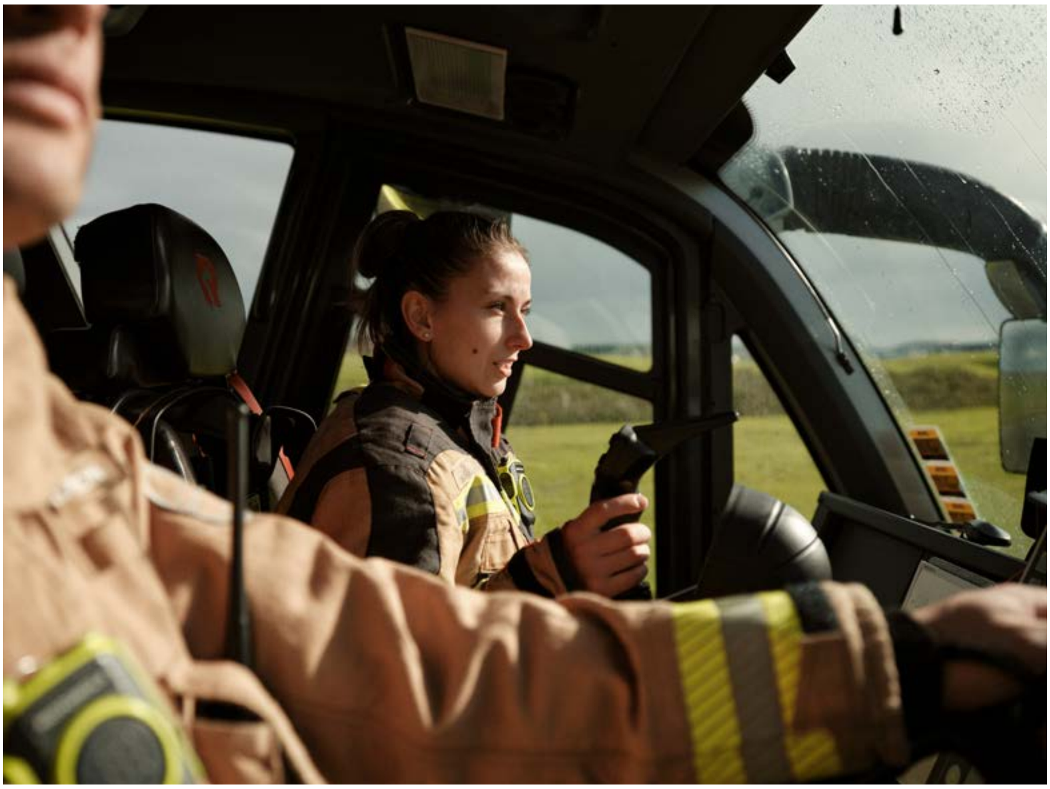
We are committed to eradicating risks through ethical procurement which includes undertaking due diligence by analysing the various tiers of the supply chain of a good that is deemed high-risk. We also work closely with our key suppliers and contractors and provide them with the tools and resources to support them in identifying and mitigating their modern slavery risks.

Our key suppliers are required to complete a modern slavery questionnaire which assists the company in benchmarking the supplier's modern slavery risk profile. Through third-party software we have identified geographical regions and products that are determined to carry a higher risk of modern slavery and during the supplier due diligence or procurement phase we ensure we critically assess the multi-tiered supply chain of suppliers.

In addition to working with our suppliers, the company provides training on modern slavery and ethical procurement to educate key personnel.

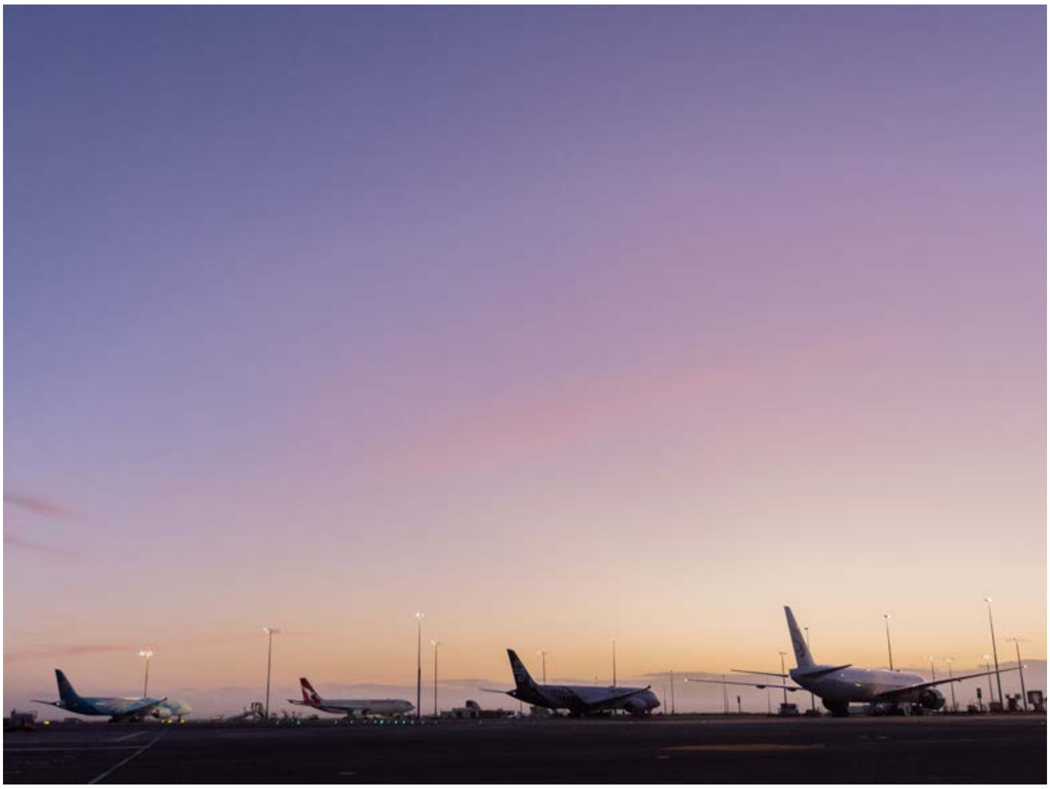
The company will not tolerate any form of modern slavery in our operations or supply chain and we are committed to building a supply chain that is aligned with our approach. Auckland Airport's modern slavery policy and supplier code of conduct confirms our commitment to operate in a responsible and sustainable manner and our commitment to work with suppliers that share this value. Suppliers engaged by Auckland Airport are required to comply with our Supplier Code of Conduct and provide a Modern Slavery warranty.

In December 2023, Auckland Airport published its fourth modern slavery statement in accordance with the Modern Slavery Act 2018 (Cth) Australia.



3

AES Officer Anna Kolodeznaya (Emergency Response & Security) and AES Officer Fintan Richardson (Emergency Response & Security).



Corporate Governance

1

Covered walkway over the outdoor plaza, with the Transport Hub to the right.

Auckland Airport's Board is responsible for the company's corporate governance.

Corporate Governance

The Board is committed to undertaking its corporate governance role in accordance with internationally accepted best practice appropriate to the company's business, as well as taking account of the company's listing on both the NZX and the ASX (Foreign Exempt Listing Category).

As part of this commitment, the Board regularly implements and reviews the company's corporate governance policies and practices to ensure these are consistent with the NZX Corporate Governance Code 2023 (NZX Code) and the Financial Markets Authority handbook 'Corporate Governance in New Zealand - Principles and Guidelines' (FMA Handbook). The company also has regard to the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations' (4th Edition) (ASX Principles) in designing its governance framework and practices, given its Foreign Exempt Listing on the ASX.

The company's constitution, charters and policies are available on the Corporate Governance section of the company's website at corporate.aucklandairport.co.nz.

The Board confirms that in the year to 30 June 2024, the company complied in all material respects with the principles and recommendations set out in the NZX Code.

Code of ethical behaviour

Ethics and code of conduct policy

Auckland Airport requires a high standard of honesty and integrity from its directors, officers and employees. This commitment is reflected in the company's ethics and code of conduct policy, which clearly articulates the minimum standards of ethical behaviour that all directors, officers, employees, contractors and consultants of the company are expected to adhere to.

The ethics and code of conduct policy sets out the company's commitment to acting ethically by engaging in sound practices, respecting others and accepting responsibility for the company's behaviours. The policy covers a range of areas including the:

- Responsibility to act honestly and with personal integrity in all actions.
- Responsibilities to shareholders, including protection of confidential information, restrictions on insider trading, rules for making of public statements on behalf of the company, accounting practices and cooperation with auditors.
- Responsibilities to customers and suppliers of the company, and other people using the airport, including rules regarding unacceptable payments and inducements, treatment of third parties, non-discriminatory treatment, and tendering obligations.
- Responsibilities to the community, including compliance with statutory and regulatory obligations, use of assets and resources and managing conflicts of interest.

Employees are given a copy of the ethics and code of conduct policy as part of their induction and receive training on the ethics and code of conduct policy at least once every three years. Auckland Airport regularly reviews and update its key corporate governance policies and charters, and employees receive training on key corporate governance policies.

In FY24, Auckland Airport refreshed its Whistleblower policy and launched a Whistleblower service with an independent reporting service managed by PricewaterhouseCoopers. The policy allows current, former and temporary employees, directors and all people working for, on behalf of, or at Auckland Airport (such as agency workers, volunteers, contractors, consultants, secondees and suppliers) to confidentially report any concerns or actual or suspected breaches of the ethics and code of conduct policy. Concerns can be reported either directly to Auckland Airport's Company Disclosures Officer or through the independent service.

Securities trading policy

Auckland Airport also has a policy on share trading by directors, officers and employees, which sets out a fundamental prohibition on trading of the company's securities by any person with material information that is not generally available to the market. The policy also sets out the obligation of confidentiality in dealing with any material information.

The policy applies to ordinary shares and debt securities issued by the company, any other listed securities of the company or its subsidiaries and any listed derivatives in respect of such securities. Under the policy, there is also a prohibition on directors and senior employees trading in the company's shares during any blackout period, and a requirement to get permission to trade outside a blackout period.

The Auckland Airport Board

The Auckland Airport Board is a diverse and experienced Board that provides overall strategic direction and strong governance to the company. The biography of each Board member is available on the company's corporate website: corporate.aucklandairport.co.nz/about/board-of-directors.

Role of the Board

The Board's charter recognises the respective roles of the Board and management. The charter reflects the sound base the Board has developed for providing strategic guidance for the company and effective oversight of management. The Board's primary governance roles are to:

- Work with company management to ensure that the company's strategic goals are clearly established and communicated, that strategies are in place to achieve them, and to monitor performance in strategy implementation.
- Approve and monitor the company's financial statements and other reporting, including reporting to shareholders, ensure the company's obligations of continuous disclosure are met, and to approve the annual budget and major investments.
- Oversee the company's commitment to the community, environment and health, safety and wellbeing and to ensure there are procedures and systems in place to safeguard the health, safety and wellbeing of people working at, or visiting, the Auckland Airport precinct.
- Ensure that the company adheres to high ethical and corporate behaviour standards, and achieves a high level of diversity.
- Ensure the company has appropriate risk management and regulatory compliance policies in place to manage risks and monitor the appropriateness and implementation of those policies.
- Approve remuneration policies via the People, Capability and Iwi Committee.

The Board delegates the day-to-day operations of the company to management under the control of the Chief Executive. Day-to-day operations are required to be conducted in accordance with strategies set by the Board. The Board's charter records this delegation and promotes clear lines of communication between the Chair and the Chief Executive.

2 **From left**

Directors – Tania Simpson, Liz Savage, Mark Cairns, Christine Spring, Patrick Strange, Julia Hoare, Mark Binns, Dean Hamilton, Sarah Kearney (retired future director)

Board Composition and independence

The number of directors is determined by the Board in accordance with the company's constitution, to ensure it is large and diverse enough to provide a range of knowledge, views and experience relevant to the company's business. The constitution requires there are no more than eight and no fewer than three directors.

The Board currently comprises eight directors, all of whom are considered by the Board to be 'independent' directors. In judging whether a director is 'independent', the Board has had regard to all relevant factors, including whether the director is a Substantial Product Holder (or is an associated person to a Substantial Product Holder) and is free of any interest, position or personal relationship that may materially interfere with the exercise of independent judgement. The Board also has regard to whether the director has been employed by the company or any of its subsidiaries in an executive capacity in the last three years, or has, within the last 12 months derived a substantial portion of their annual revenue from the company, or within the past three years has been a material supplier or customer of the company, or has been engaged to provide material professional or external audit services to the company or any of its subsidiaries.

The Board also takes director tenure into account in considering independence. The NZX recommends that issuers consider the effect of tenure on independence after 12 years of service. The Board's policy is that directors shall not serve a term of longer than nine years unless the Board considers that any director serving longer than that period would be in the interest of shareholders and the Board.

The Board considers the roles of Board Chair and Chief Executive must be separate. The Board charter requires that the Board Chair is an independent, non-executive director. Subject to the prior approval of the Board Chair, any director is entitled to obtain independent professional advice relating to the affairs of the company or to the director's responsibilities as a director, at the cost of the company.

As at the date of this annual report, the directors, including the dates of their appointment and independence, are:

Director	Qualifications	Gender	Location	Date of appointment	Tenure (years)	Independence
Patrick Strange	BE (Hons), PhD, Dist CFinstD, Dist FEngNZ	M	NZ	22 October 2015	9	Yes
Mark Binns	LLB	M	NZ	1 April 2018	6	Yes
Mark Cairns	BE (Hons), BBS, MMGT, FEngNZ CFInstDM	M	NZ	1 June 2022	2	Yes
Dean Hamilton	BCA, CMInstD	M	NZ	1 November 2018	6	Yes
Julia Hoare	BCom, FCA, CFInstD	F	NZ	23 October 2017	7	Yes
Liz Savage	BEng, MSc, MAICD	F	AUS	23 October 2019	5	Yes
Tania Simpson	BA, MMM, CFInstD	F	NZ	1 November 2018	6	Yes
Christine Spring	BE, MSc Eng, MBA, CMInstD	F	NZ	23 October 2014	10	Yes

Future director programme

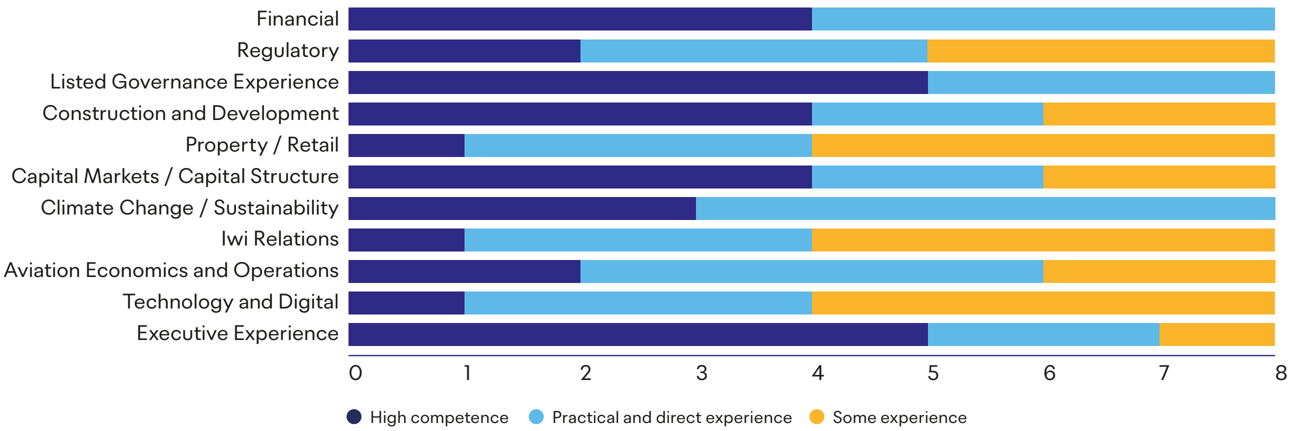
The Board is committed to supporting the next generation in governance in New Zealand as part of the Future Director Programme administered by the New Zealand Institute of Directors. The Board appointed Sarah Kearney as a Future Director in October 2022. Sarah completed her tenure as Future Director in April 2024.

The Board is recruiting for a new Future Director through the Institute of Directors.

Board skills matrix

The Board seeks to ensure it has an appropriate mix of skills, experience and diversity to ensure it is well equipped to navigate the range of issues faced by the company. The Board reviews and evaluates on a regular basis the skill mix required and identifies where gaps exist.

The skills and experience of the directors are set out in the Board's skills matrix below.



Nomination and appointment of directors

The Board has determined it will not establish a separate Nominations Committee but will have the full Board undertake this function. As such, the Board has responsibility for the selection of new directors, the induction of directors, and to develop a succession plan for Board members. Appropriate checks of any potential new director are undertaken before any appointment or putting that person forward to shareholders for election.

The Board's policy is directors shall not serve a term of longer than nine years unless the Board considers that a director serving longer than that period would be in the best interests of shareholders and the Board. Each year, any director who is required by the NZX Listing Rules or the company's constitution to retire will retire from office and, with the support of the Board, may offer themselves for re-election at the Annual Shareholders Meeting.

At the annual shareholder meeting on 17 October 2023, Julia Hoare retired by rotation, and being eligible, was re-elected to the Board.

In April 2024, Board Chair Patrick Strange announced his intention to retire from the Board with effect from the close of the company's annual shareholder meeting on 17 October 2024. The Board has elected current director Julia Hoare to succeed Patrick as Board Chair at that time.

In July 2024, the Board announced its nomination of Grant Devonport to join the Board following the annual shareholder meeting on 17 October 2024. The Board recommends that shareholders vote in favour of his appointment.

All directors enter into written agreements with the company in the form of a letter that sets out the terms and conditions of their appointment. A copy of the standard form of this letter is available on the company's website at corporate.aucklandairport.co.nz/Governance. This letter may be changed with the agreement of the Board.

Directors and officers insurance

In accordance with section 162 of the Companies Act 1993 and the constitution of the company, Auckland Airport has continued to indemnify and insure its directors and officers against liability to other parties (except to the company or a related party to the company) that may arise from their position as directors and officers. The insurance does not cover liabilities arising from criminal actions.

Continuing development of directors

The Board is encouraged and provided with opportunities to engage with employees from all levels of business without executive management present. Each board and subcommittee meetings include a safety walk, an engagement with a business unit of the company, or a tour of a particular construction project or infrastructure asset. To ensure directors and management remain up to date on how best to perform their duties, they are also encouraged, and provided with resources, to continue the development of their business skills and knowledge, including attending relevant courses, conferences and briefings.

Directors have unfettered access to the company's records and information as required for the performance of their duties. They also receive detailed information in Board papers to facilitate decision-making. New Board members take part in an induction programme to familiarise themselves with the company's business and facilities, and all directors have access to the advice and services of the Head of Legal for the purposes of the Board's affairs.

Review of the Board and director performance

The Board charter requires an annual review of the Board and committee composition, structure and succession to ensure its members are performing in line with their obligations and the company's values and strategy. This included an assessment by an external consultant in the 2024 financial year. The Board assesses its own performance, and the Board Chair continually monitors the dynamic of the directors to ensure it is working optimally at all times.

Diversity

The company recognises the value that diversity brings across all levels of our business and is committed to supporting diversity, equity and inclusion in the workplace. The company strives for its leadership, management and employees to reflect the diverse range of individuals and groups within our society. During this financial year we refreshed our Diversity, Equity and Inclusion Policy and undertook several initiatives to support our journey.

The People, Capability and Iwi Committee of the Board receives regular updates on diversity and inclusion activities and an annual diversity and inclusion report from management on diversity within the company. The company has adopted a 40/40/20 gender balance principle and continues to review and monitor the gender pay gap for all its permanent employees. At 30 June 2024, the median gap across the organisation was 21%, a reduction of almost 6% compared to the previous year.

Another of the company's diversity objectives is attracting and retaining a diverse workforce with 32 different ethnicities represented across the organisation, including 8.2% of people leaders identifying as Māori or Pasifika.

Auckland Airport has an equal representation of women and men both on its leadership team and Board with the chairs of three of its four board committees being women.

The table below shows the gender balance and age range of people who work at Auckland Airport.

	FY24				FY23		
	Male	Female	% Female	Age range	Male	Female	% Female
Board	4	4	50.0%	50 - 70	4	4	50.0%
Leadership team	5	5	50.0%	40 - 60	4	4	50.0%
Senior leaders	23	18	42.86%	35 - 65	21	18	46.15%
All other employees	397	298	42.88%	20 - 80	314	218	39.67%

The Board, with guidance from the People, Capability and Iwi Committee, annually assesses the full set of objectives contained in the diversity and inclusiveness policy and measures the company's progress towards achieving them. In FY24 the company rolled out key initiatives including:

- An enhanced parental leave policy
- The launch of the Wāhine Toa Career Mentorship for Women programme
- The introduction of the Dignity initiative
- Building cultural awareness by celebrating events such as Matariki, Lunar New Year and Diwali, and celebrating various language weeks

Auckland Airport continues to make progress in delivering its objectives, in particular in relation to:

- Visible leadership commitment to promote diversity and lead diverse teams
- Eliminating systemic bias
- Annual pay equity reviews
- Ensuring people processes are equitable, inclusive and supportive of our diverse workforce
- Partnering with the community and its members to share their cultures, languages and capabilities
- Attracting and retaining diverse talent
- Having systems in place to enable employees to report discrimination concerns
- Providing opportunities for employees to showcase their unique talents and cultures, perspectives and life experiences.

Auckland Airport is also a founding member of Champions for Change, a group of businesses seeking to raise the focus on diversity and inclusiveness in the New Zealand business community.

Board committees

The Board has four permanent committees to enhance its effectiveness in key areas, while still retaining overall responsibility. Each committee has a charter that outlines its objectives, structure and responsibilities. The Committee Charters are available on the Corporate Governance section of Auckland Airport's website. All committees established by the Board must have a minimum of three members, all members must be non-executive directors, and the majority must be independent directors. The committees are chaired by an independent chair, who must not be the Chair of the Board. The Board Chair attends all committee meetings ex-officio.

As an exception to the NZX Corporate Governance Code, the company does not comply with Recommendation 3.3 because it does not have a separate remuneration committee. This has been approved by the board. The functions that would be ordinarily allocated to a remuneration committee are carried out by the board, which delegates certain functions to the People, Capability and Iwi Committee.

Audit and Financial Risk Committee

Members: Julia Hoare (Chair), Mark Cairns, Dean Hamilton

The Audit and Financial Risk Committee is responsible for financial risk management oversight. The committee provides general assistance to the Board in performing its responsibilities, with particular reference to financial risk management, financial reporting and audit functions. It includes specific responsibility to review the company's processes for identifying and managing financial risk and financial reporting processes, systems of internal control and the internal and external audit process. The committee oversees and makes recommendations to the Board of the Climate Change Disclosure Report and the Greenhouse Gas Emissions Report.

Employees and external auditors are invited to attend meetings when it is considered appropriate by the committee. The committee has direct communication with and unrestricted access to both the external and internal auditor, and at least once a year the committee meets with the auditors without any representations from management.

Each member of the Audit and Financial Risk Committee has relevant qualifications and experience for the purposes of the committee (see the Skills Matrix and the committee members biographies at www.corporate.aucklandairport.co.nz/about/board-of-directors).

Infrastructure Development Committee

Members: Mark Binns (Chair), Mark Cairns, Julia Hoare, Christine Spring

The Infrastructure Development Committee is responsible for assisting the Board in meeting its governance responsibilities in relation to the company's ongoing infrastructure development. This committee provides general feedback to the Board on the overall development programme, procurement strategies, project planning and progress.

People, Capability and Iwi Committee

Members: Tania Simpson (Chair), Mark Binns, Liz Savage

The People, Capability and Iwi Committee ensures the company has sound remuneration policies and processes in place and provides oversight for the company's human resource practices as well as oversight of the company's iwi relationships. This committee's charter outlines the remuneration components, performance criteria and approach to reviewing iwi matters. Employees are invited to attend meetings when it is considered appropriate by the Committee.

Safety, Sustainability and Operational Risk Committee

Members: Liz Savage (Chair), Dean Hamilton, Tania Simpson, Christine Spring

The Safety, Sustainability and Operational Risk Committee is responsible for oversight of the company's safety (including workplace health, safety and wellbeing) sustainability and operational risk management programme. The company reports to the committee on a number of safety, sustainability and operational matters including critical risk management, significant incident or near misses, training and awareness for the period, passenger injury rates, employee injury rates, comparisons of contractor and employee injury rates, and the Security Performance, Emergency Planning and Audit Programme. The committee also assists the Board in monitoring the company's sustainability risks and opportunities and the performance against climate change, environment and community initiatives.

Aeronautical Pricing Committee

Members: Dean Hamilton (Chair), Julia Hoare, Liz Savage, Christine Spring

The Aeronautical Pricing Committee is an ad-hoc committee and has been established by the Board to assist the Board with the development of the company's aeronautical pricing strategy. The committee is responsible for reviewing and providing input into Auckland Airport's aeronautical pricing strategy and for making formal recommendations to the Board.

The table below outlines the number of meetings of the Board and its committees held and details the attendance by each director at the relevant Board and committee meetings for the period 1 July 2023 to 30 June 2024.

	Board[1]	Audit and Financial Risk Committee[2]	Aeronautical Pricing Committee[3]	Infrastructure Development Committee	Safety, Sustainability and Operational Risk Committee	People Capability and Iwi Committee
Number of meetings	**9**	**5**	**2**	**5**	**4**	**4**
Patrick Strange	9	4	2	5	4	4
Mark Binns	6	1	1	5	N/A	3
Dean Hamilton	7	5	2	N/A	3	N/A
Julia Hoare	9	5	2	5	N/A	N/A
Elizabeth Savage	9	1	2	N/A	4	4
Tania Simpson	9	1	0	N/A	3	4
Christine Spring	9	1	2	5	4	N/A
Mark Cairns	9	5	1	5	N/A	N/A

Takeover response manual

The Board has a takeover response manual that sets out the protocol to follow if there is an unsolicited takeover offer issued to Auckland Airport. The takeover response manual requires implementation of a separate committee of the Board as well as an Auckland Airport takeover response working group that would include key external advisors.

1 Two out of cycle Board meetings were held in FY24.

2 Full Board attendance is required annually at the Audit and Financial Risk Committee in August.

3 Full Board attendance was required at a meeting held in August 2023.

Director disclosure

Directors' holdings and disclosure of interests

Directors held interests in the following shares in the company as at 30 June 2024:

Patrick Strange	Held personally Held on behalf by other person	22,091 13,358
Mark Binns	Held personally Held jointly with other person	4,662 17,432
Mark Cairns	Held on behalf by other person	50,000
Dean Hamilton	Held personally	8,215
Julia Hoare	Held personally	11,263
Liz Savage	Held on behalf by other person	8,683
Tania Simpson	Held personally	8,216
Christine Spring	Held personally	18,741

No directors held any interests in debt securities (including listed bonds) in the company as at 30 June 2024.

Disclosure of interests by directors

The following general disclosures of interests have been made by the directors in terms of section 140(2) of the Companies Act 1993, as at 30 June 2024:

Patrick Strange

Director, Transgrid Limited
(Australian company)

Christine Spring

Chair, Isthmus Group Limited
Director, Western Sydney Airport Limited
(Australian company)
Director, NZ Windfarms Limited

Dean Hamilton

Chair, Fulton Hogan Limited
Executive Chair, Ryman Healthcare Limited[5]
Director, Tappenden Holdings Limited
Director, The Warehouse Group Limited

Julia Hoare

Chair, Port of Tauranga Limited
(and associated companies)
Director, Meridian Energy Limited
Director, Comvita Limited[4]

Liz Savage

Director, Intrepid Group Limited (Australian company)
Director, North Queensland Airports
(Australian group of companies)
Director, PeopleIn Limited (Australian company)[6]
Director, Tiger Holdco Pty Ltd (Australian company)

Mark Binns

Chair, Crown Infrastructure Partners Limited
Chair, Hynds Limited
Director, Te Puia Tapapa GP Limited
Director, Mercury Energy Limited
Trustee, Fletcher Building Retirement Plan, Fletcher Nominees Limited

Mark Cairns

Chair, Freightways Limited

Tania Simpson

Deputy Chair, Waitangi National Trust
Director, Tainui Group Holdings Limited
(and related company)
Director, Meridian Energy Limited
Director, Ukaipo Limited
Director, Tui TopCo (Waste Management NZ Limited)
Member, Waitangi Tribunal

4 Julia Hoare will step down from the Comvita Board on 31 August 2024.
5 On 22 April 2024, Dean Hamilton commenced the temporary role of Executive Chair at Ryman Healthcare Limited.
6 Liz Savage stepped down from the PeopleIn Limited Board on 31 May 2024.

Reporting and disclosure

The company is committed to promoting investor confidence by providing robust, timely, accurate, complete and equal access to information in accordance with the NZX and ASX Listing Rules. Auckland Airport has a written continuous disclosure and communications policy designed to ensure this occurs.

The Head of Legal is the company's market disclosure officer and is responsible for monitoring the company's business to ensure compliance with its disclosure obligations. Managers reporting to the Chief Executive and the Chief Financial Officer are required to provide the Head of Legal with all relevant material information, to regularly confirm they have done so and made all reasonable enquiries to ensure this has been achieved.

The leadership team is responsible for implementing and maintaining appropriate accounting and financial reporting principles, policies and internal controls to ensure compliance with accounting standards and applicable laws and regulations.

While the Board retains overall responsibility for financial reporting, the company's external auditor, Deloitte, is responsible for planning and carrying out each external audit and review in line with applicable auditing and review standards. Deloitte is accountable to shareholders through the Audit and Financial Risk Committee and the Board respectively.

Both financial and non-financial disclosures are made at least annually, including material exposure to environmental, economic and social sustainability risks, and other key risks. When these disclosures are made, the company explains how it plans to manage those risks and how operational or non-financial targets are measured.

The Head of Legal is responsible for releasing any relevant information to the market once it has been approved. The release of financial information is approved by the Audit and Financial Risk Committee, while information released on other matters is approved by the Chief Executive.

Directors formally consider at the conclusion of each Board meeting whether there is relevant material information that should be disclosed to the market.

Non-financial reporting

Auckland Airport discloses the impact of climate change on the business and the impact of the business on climate change by following the guidelines of the Taskforce on Climate-related Financial Disclosures (TCFD) and the Climate-Related Disclosure standards by the New Zealand External Reporting Board (XRB).

The company's emissions profile is disclosed in a stand-alone Greenhouse Gas Inventory Report. Information within this report is stated in accordance with the requirements of the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004). Deloitte has provided third-party assurance across the information stated in the Greenhouse Gas Inventory Report.

The company also reports to and is part of the Dow Jones Sustainability Index, FTSE4Good and is a Participant Member of GRESB (the Global ESO Benchmark for Real Assets).

Auditors

External audit

The Audit and Financial Risk Committee is responsible for ensuring the quality and independence of the external audit process, and that the company's external financial reporting is highly reliable and credible.

The company has an external auditor independence policy that establishes a framework for its relationship with the external auditor and includes guidelines on the extent of non-audit services that can be carried out by an auditor, ongoing review of independence and reporting that is required, and the tenure and reappointment of the external auditor. The external audit function is performed by Deloitte.

The external auditor is invited to attend meetings when it is considered appropriate by the committee. The company's external auditor also attends the annual meetings and is available to answer questions relating to the audit.

Internal audit

The Audit and Financial Risk Committee has established a formal internal audit function for the company, and in FY24, the company appointed PricewaterhouseCoopers as its key internal audit panel provider. The appointment followed a competitive tender process that involved assessing the company in comparison with similar businesses to ensure its internal audit programme covered all material risks. PricewaterhouseCoopers regularly reports on its activities to the Audit and Financial Risk Committee. Specialist audit may be performed by companies other than PricewaterhouseCoopers.

Shareholder and company information

Shareholder rights and relations

The company's communications framework and strategy are designed to ensure communications with shareholders and all other stakeholders are managed effectively. It is the company's policy that external communications will be accurate, verifiable, consistent and transparent, to enable shareholders to actively engage with Auckland Airport and exercise their rights as a shareholder in an informed manner.

The Chief Financial Officer and Head of Strategy, Planning and Performance are both a point of contact for both analysts and shareholders and can be reached at investors@aucklandairport.co.nz.

The company keeps shareholders and interested stakeholders informed through:

- The corporate section of the company's website
- The annual report
- The interim report
- The financial report
- The interim financial statements
- The annual meeting of shareholders
- Information provided to analysts during regular briefings
- Disclosure to the NZX and ASX in accordance with the company's continuous disclosure and communications policy
- Media releases.

The Board considers the annual report to be an essential opportunity for communicating with shareholders. The company publishes all of its results and reports electronically on the company website. Investors may also request a hard copy of the annual report by contacting the company's share registrar, MUFG Pension & Market Services.

Enquiries

Shareholders with enquiries about transactions, changes of address or dividend payments should contact MUFG Pension & Market Services on +64 9 375 5998. Other questions should be directed to the company's company secretary at the registered office.

Annual meeting of shareholders and voting

Auckland Airport's annual meetings provide an opportunity for shareholders to raise questions for their Board and to make comments about the company's operations and performance.

The company's annual meeting of shareholders will be held on 17 October 2024 at 10:00 am at Eden Park, 42 Reimer Avenue, Kingsland, Auckland 1024.

All investors have the right to vote on major decisions that might change the nature of the company, and these decisions are presented as resolutions at the company's annual meeting. Each holder of ordinary shares is entitled to vote at any annual meeting of shareholders. On a show of hands, each holder of ordinary shares is entitled to one vote.

On a poll, one vote is counted for every ordinary share. A person is not entitled to vote when disqualified by virtue of the restrictions contained in the company's constitution and the ASX and NZX Listing Rules.

Share information

Stock exchange listings

The company's shares were quoted on the NZX on 28 July 1998 and on the ASX effective 1 July 2002. On 22 April 2016 the company changed its admission category to an ASX Foreign Exempt Listing. For the purpose of ASX Listing Rule 1.15.3, the company confirms it has complied with the NZX Listing Rules during the year ended 30 June 2024.

Limitations on the acquisition of the company's securities

The company is incorporated in New Zealand. Therefore, it is not subject to chapters 6, 6A, 6B and 6C of the Australian Corporations Act 2001 dealing with the acquisition of shares (such as substantial holdings and takeovers). Limitations on acquisition of the securities are, however, imposed on the company under New Zealand law by way of the New Zealand Takeovers Code, the Overseas Investment Act 2005 and the Commerce Act 1986. The company does not otherwise have any additional restrictions.

Dividends

Shareholders may elect to have their dividends direct credited to their bank accounts. From time to time, the company also offers shareholders the opportunity to participate in a dividend reinvestment plan. As at the date of this report, the dividend reinvestment plan is operating. Further details are available at corporate.aucklandairport.co.nz/investors/shares-and-bonds.

Earnings per share

Earnings in cents per ordinary share were 0.37 cents in 2024 compared with 2.93 cents in 2023.

Credit rating

As at 30 June 2024, Standard & Poor's long-term credit rating for the company was A- Stable Outlook.

Distribution of ordinary shares and shareholders

The distribution of shareholdings as at 30 June 2024 is below:

Size of holding	Number of shareholders	%	Number of shares	%
1 – 1,000	12,952	27.06	5,514,141	0.37
1,001 – 5,000	27,082	56.59	56,622,154	3.83
5,001 – 10,000	4,118	8.60	29,334,232	1.98
10,001 – 50,000	3,316	6.93	62,791,817	4.24
50,001 – 100,000	248	0.52	16,623,802	1.12
100,001 and over	143	0.30	1,309,347,595	88.46
Total	47,859	100%	1,480,233,741	100%

Substantial product holders

Pursuant to section 280 of the Financial Markets Conduct Act 2013, the following persons had given notice as at the balance date of 30 June 2024 that they were substantial product holders in the company and held a 'relevant interest' in the number of ordinary shares as shown below:

Substantial product holder	Number of shares in which 'relevant interest' is held	Date of notice
Auckland Council	163,231,466	01.09.23

The total number of voting securities on issue as at 30 June 2024 was 1,480,233,741.

20 largest shareholders

The 20 largest shareholders of Auckland Airport as at 30 June 2024 are as follows:

Shareholders	Number of shares	% of capital
HSBC Nominees (New Zealand) Limited[7]	166,576,597	11.25
Auckland Council	163,231,446	11.03
HSBC Nominees (New Zealand) Limited [7,8]	158,067,490	10.68
JP Morgan Nominees Australia Limited	113,038,086	7.64
JP Morgan Chase Bank[7]	102,502,791	6.92
BNP Paribas Nominees NZ Limited Bpss40[7]	78,106,091	5.28
Citibank Nominees (NZ) Limited[7]	74,762,808	5.05
HSBC Custody Nominees (Australia) Limited	51,823,368	3.50
Tea Custodians Limited[7]	47,851,086	3.23
Accident Compensation Corporation[7]	42,691,331	2.88
Custodial Services Limited	40,510,554	2.74
New Zealand Superannuation Fund Nominees Limited[7]	28,480,255	1.92
Bnp Paribas Nominees NZ Limited[7]	21,543,178	1.46
Citicorp Nominees Pty Limited	17,671,957	1.19
New Zealand Depository Nominee	16,660,865	1.13
Premier Nominees Limited[7]	16,564,106	1.12
Public Trust[7]	13,084,115	0.88
Australian Foundation Investment Company Limited	10,299,845	0.70
FNZ Custodians Limited	9,981,657	0.67
PT Booster Investments Nominees Limited	9,941,529	0.67

7 These shares are held through New Zealand Central Securities Depository Limited (NZCSD), a depository system which allows electronic trading of securities to members.

8 Has a different holder identification number to the other HSBC Nominees (New Zealand) Limited entry.

Company information

The company was incorporated on 20 January 1988, under the Companies Act 1955, and commenced trading on 1 April 1988. The company was registered in Australia as a foreign company under the Corporations Law on 22 January 1999 (ARBN 085 819 156) and was re-registered under the Companies Act 1993 on 6 June 1997. On 25 June 1998, the company adopted a revised constitution, approved as appropriate for a publicly listed company. Further revisions of the constitution were adopted on 21 November 2000, 18 November 2002, 23 November 2004, and 30 June 2019 to comply with NZX and ASX Listing Rule requirements.

Regulatory environment

The company is regulated by, among other legislation, the Airport Authorities Act 1966 and the Civil Aviation Act 1990 (both acts to be replaced by the new Civil Aviation Act which comes into force 5 April 2025). The company is an "airport company" for the purposes of the Airport Authorities Act 1966. The company has consultation obligations under the Airport Authorities Act 1966.

The company is required to comply with the Commerce Act (Specified Airport Services Information Disclosure) Determination 2010, with disclosure financial statements required to be published in November each year.

Disciplinary action taken by NZX, ASX or the Financial Markets Authority (FMA)

None of the NZX, the ASX or the FMA has taken any disciplinary action against the company during the financial year ending 30 June 2024.

Donations

In accordance with section 211(1)(h) of the Companies Act 1993, Auckland Airport has during the year:

- Donated $35,000 to Leukaemia & Blood Cancer New Zealand
- Granted $444,376 to the Auckland Airport Community Trust. The Trust distributed these funds to residents and community groups living and working in the Trust's area of benefit
- Contributed $568,943 to the Ara Charitable Education Trust[9]
- Donated $100,000 to the Man Alive Charitable Trust[10]
- Donated $100,000 to Penina Trust[10]

The company's subsidiaries did not make any donations during the year.

Entries recorded in the interests register

Except for disclosures made elsewhere in this annual report, there have been no entries in the interests register of the company or its subsidiaries made during the year.

Subsidiary company directors

All subsidiary companies in the group are 100% owned by the company. Directors of the company's subsidiaries do not receive any remuneration or other benefits in respect of their appointments. The group structure and appointments as at 30 June 2024 are below:

Auckland Airport Limited	Stewart Reynolds, Mark Thomson
Auckland Airport Holdings Limited	Melanie Dooney
Auckland Airport Holdings (No. 2) Limited	Stewart Reynolds, Melanie Dooney
Auckland Airport Holdings (No. 3) Limited	Melanie Dooney
Ara Charitable Trustee Limited	Melanie Dooney

9 Total donations include a mix of cash and donation in kind to Ara Charitable Education Trust; this includes costs associated with rent and general maintenance costs.

10 The donations were made under an agreement with WorkSafe for a resolution of a Health and Safety incident that occurred in 2021.

Remuneration

Letter from the PCIC Chair

As the Chair of the People, Capability and Iwi Committee, I am pleased to present you with Auckland Airport's Remuneration Report for financial year 2024.

Auckland Airport's remuneration philosophy is aligned with our company values, strategy and objectives, and aims to foster a culture of excellence, fairness and growth. Our vision is to attract and retain talented people by offering competitive remuneration.

Staff are fairly and equitably remunerated relative to similar companies and positions within the New Zealand market. We provide a range of benefits to our employees including health and life insurance to eligible employees, enhanced parental leave provisions and the opportunity to purchase company shares at a discounted rate on an annual basis. Employees who are eligible to participate in KiwiSaver receive a company contribution of 3%.

All employees participate in regular performance and development reviews, with end-of-year review outcomes informing decisions regarding remuneration adjustments in accordance with company policy for employees on Individual Employment Agreements. Talent and succession scans across senior leadership roles are completed with a view to ensure we have the depth required to deliver our plans.

We use industry remuneration surveys conducted by external consultants to determine remuneration levels. In general, remuneration is reviewed annually, and our process supports our intention to pay our people fairly. We are committed to gender pay equity and annually review our remuneration practices to ensure fairness across roles regardless of gender. As part of a best practice approach to remuneration, the company undertook an executive remuneration market benchmarking exercise in June 2024, the outcome of which will be reflected in the 2025 financial year. There were no significant changes to our remuneration approach during the 2024 financial year.

Auckland Airport is committed to remuneration transparency and welcomes the increased remuneration disclosure guidance under the NZX Corporate Governance Code. Accordingly, the company provides shareholders with detailed information about director, chief executive and employee remuneration.

Tania Simpson,

Chair
People, Capability and Iwi Committee

Variable pay

Auckland Airport has two variable pay incentives that are offered to the executive leadership team and eligible senior leaders. Both the short-term incentive and the long-term incentive are awarded only if specific financial and non-financial metrics are met.

Short-term incentives

Short-term incentives (STIs) are at-risk payments designed to motivate and reward performance fairly in a financial year. 50 people participated in the 2024 financial year. Participation in the STI scheme and payment of any STI opportunity available for any given financial year is at the sole discretion of the Board. The short-term incentive includes a 50% individual component target and a 50% company component target.

The individual component is based on the employee achieving key performance targets relevant to their role. These targets are agreed with the employee's manager at the start of the performance year or, in the case of the chief executive, agreed with the Board. The individual component includes stretch targets, as well as baseline objectives. Each participating employee has clear measures in place to determine achievement or non-achievement in any one year.

The company component is based on the company's achievement of both financial and non-financial targets set by the Board. Each carries a 50% weighting. Each component has a clear measure in place to determine achievement or non-achievement in any one year and will vary from year to year based on the organisation's priorities.

For the financial year to 30 June 2024, the categories featured under the company-wide component were as follows:

- 50% Financial performance of the business;
- 50% on People – customer satisfaction, health, safety and wellbeing, and corporate reputation.

The short-term incentive target range and above-target performance range for employees is set out in the table below.

	Short-term incentive target	For over-performance
Employee not on leadership team	10% to 20% of base salary	Up to 24% of base salary
Leadership Team	35% of base salary	Up to 49% of base salary
Chief Executive	50% of base salary	Up to 70% of base salary

Long-term incentive

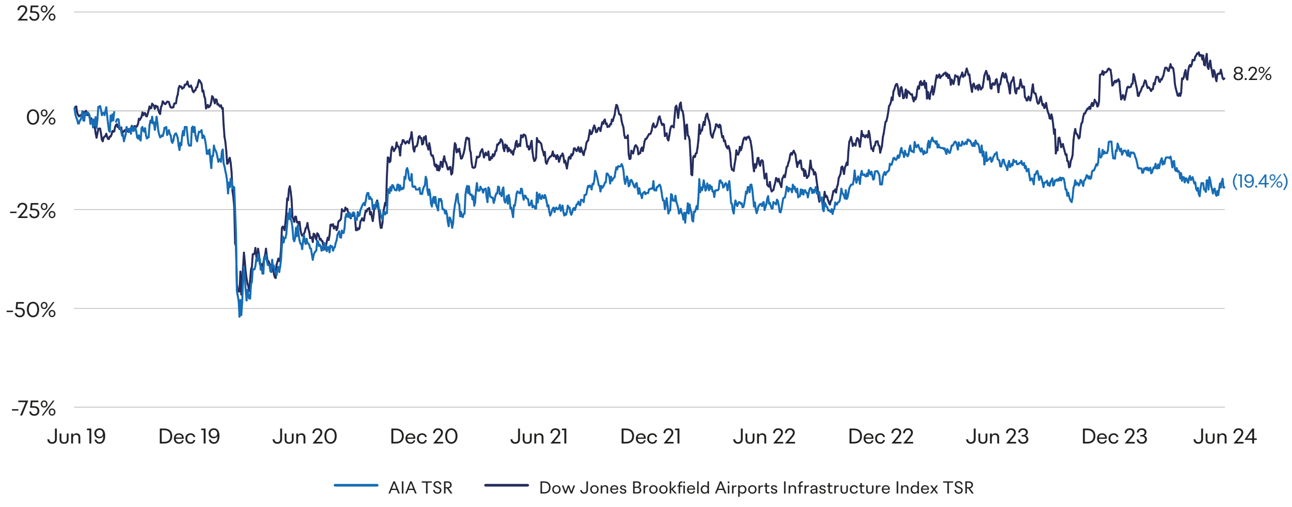
Members of Auckland Airport's leadership team and the Chief Executive (10 people in total) participate in the company's long-term incentive plan (LTI).

This scheme is a share-rights plan, and share-rights are granted to participating leadership team members with a three-year vesting period. Share-rights, once vested and exercised, entitle the participating leadership team members to receive shares in Auckland Airport.

Each grant under the LTI plan has two tranches with different performance hurdles:

- 50% of the grant is subject to the company achieving absolute Total Shareholder Returns (TSR) against the company's cost of equity, plus 1%;
- 50% of the grant is subject to the company's TSR performance in relation to a specified peer group. The LTI peer group is the Dow Jones Brookfield Airports Infrastructure Index, as at the date of issue or transfer of shares. (We are reviewing whether we should change the peer group for future awards, to one comprised of relevant New Zealand, or Australian and New Zealand listed companies).

Summary of Auckland Airport TSR performance (five year)



The Board retains discretion over the final outcome of the LTI plan to allow appropriate adjustment where unanticipated circumstances may impact performance over the three-year period.

Refer Note 23(b) of the financial statements which provides further details of the number of incentives granted, lapsed and exercised.

Chief executive remuneration

CE remuneration summary

A summary of the remuneration received in each of the prior five financial years by the CE is provided in the table below.

Financial year	Chief executive	Base salary	Benefits[11]	Fixed remuneration subtotal	STI earned	LTI vested	Subtotal	Total remuneration
FY24	Carrie Hurihanganui	$1,254,000	$70,230	$1,324,230	$614,460	Not eligible[12]	$614,460	$1,938,690
FY23	Carrie Hurihanganui	$1,200,000	$56,166	$1,256,166	$669,000	Not eligible	$669,000	$1,925,166
FY22	Carrie Hurihanganui[13]	$481,529	$19,147	$500,676	$272,219	Not eligible[14]	$272,219	$772,875
FY22	Adrian Littlewood[15]	$598,561	$43,291	$641,852	$329,938	$351,836	$681,774	$1,323,626
FY21	Adrian Littlewood	$1,279,307	$86,120	$1,365,427	$835,843	$315,594[16]	$1,151,437	$2,516,864

Short-term incentives

The annual value of the short-term incentive scheme for the Chief Executive is set at 50% of their base salary (provided all performance targets are achieved). If performance is unsatisfactory in a category, then no short-term incentive is payable for that criterion. A maximum of 1.4 x the target (i.e. 70% of base salary) is payable for outstanding performance by the Chief Executive.

The criteria used to measure the Chief Executive's individual performance is based on meeting certain targets focused on delivery against financial performance, infrastructure programme, sustainability, regulatory performance and culture. The 50% company component of the Chief Executive's FY24 STI scheme is based on meeting targets focused on delivery against financial performance and customer, safety and social.

FY24 STI scorecard

Performance range: Threshold 60% – On-target 100% – Maximum 140%

	Measure	Weighting	Outcome	Weighted outcome
50%	Purpose	50%	93%	**46.5%**
	People	50%	90%	**45%**
	Company component			**91.5%**
50%	Financial (EBITDA, regulatory, underlying NPAT, capital management)	45%	103%	**46.5%**
	Infrastructure & commercial programme delivery	30%	100%	**30%**
	Culture	15%	120%	**18%**
	Sustainability	10%	100%	**10%**
	Chief Executive KPIs			**104.5%**
	Total Chief Executive Officer short-term incentive outcome as a % of on-target performance			**98.0%**

11 Includes a Kiwisaver contribution of 3%, insurance and other statutory benefits.

12 The Chief Executive participated in FY22, FY23 and FY24 long-term incentive grants, which will be eligible to vest in the three year period following each grant.

13 Carrie Hurihanganui, commenced her role in February 2022. The disclosure for the 2022 financial year relates to the remuneration paid between 8 February 2022 and 30 June 2022.

14 The Chief Executive received a pro-rata allocation under the FY22 long-term incentive plan.

15 Adrian Littlewood resigned from his role on 12 November 2021, the disclosure for the 2022 financial year relates to the remuneration paid between 1 July 2021 and 12 November 2021.

16 The FY21 long-term incentive payment reflected the pre-tax value of the grant made in FY18.

Long-term incentives

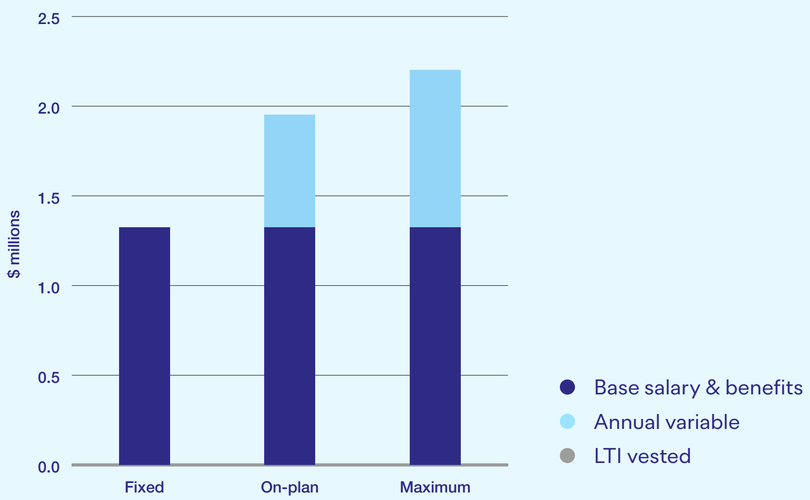
The Chief Executive participated in the Auckland Airport long-term incentive plan in the 2024 financial year. Vesting for grants eligible in this period will be evaluated in the 2027 financial year.

The Chief Executive was not a participant in the FY21 Long-Term Incentives grant, accordingly this is not reflected in the chart below.

Shares

The Chief Executive held 14,050 shares personally in the company as at 30 June 2024.

Chief Executive's remuneration performance pay



Employee remuneration

Below is the number of employees or former employees of the company, excluding directors, who received remuneration and other benefits (such as short-term incentive payments and KiwiSaver contributions) that totalled $100,000 or more during the 2024 financial year.

Amount of remuneration	Employees
$100,001 to $110,000	50
$110,001 to $120,000	38
$120,001 to $130,000	40
$130,001 to $140,000	37
$140,001 to $150,000	39
$150,001 to $160,000	31
$160,001 to $170,000	19
$170,001 to $180,000	30
$180,001 to $190,000	9
$190,001 to $200,000	13
$200,001 to $210,000	17
$210,001 to $220,000	5
$220,001 to $230,000	10
$230,001 to $240,000	6
$240,001 to $250,000	4
$250,001 to $260,000	1
$260,001 to $270,000	4
$270,001 to $280,000	3
$290,001 to $300,000	3

Amount of remuneration	Employees
$300,001 to $310,000	2
$310,001 to $320,000	2
$320,001 to $330,000	1
$330,001 to $340,000	2
$340,001 to $350,000	2
$350,001 to $360,000	3
$360,001 to $370,000	1
$390,001 to $400,000	3
$400,001 to $410,000	1
$430,001 to $440,000	1
$440,001 to $450,000	2
$460,001 to 470,000	1
$510,001 to $520,000	1
$550,000 to $560,001	1
$560,001 to $570,000	1
$590,001 to $600,000	1
$660,001 to $670,000	1
$750,001 to $760,000	1
$1,900,001 to $2,000,000	1

Director remuneration

The directors' remuneration is paid in the form of directors' fees. Additional fees are paid to the Board Chair and in respect of work carried out by individual directors on various Board committees to reflect the additional responsibilities of these positions.

Review and approval

Each year, the People, Capability and Iwi Committee reviews the level of directors' remuneration. The committee considers the skills, performance, experience and level of responsibility of directors when undertaking the review and is authorised to obtain independent advice on market conditions. After taking independent external advice, the committee makes recommendations to the Board on the appropriate allocation of fees to directors, and shareholders approve a fee pool for directors at the annual meeting.

The director fee pool is currently $1,593,350. The last increase of the director's fee pool occurred in 2019. The directors have resolved to not seek any change to the director's fee pool this year.

Directors' share purchase plan

To align their incentives with shareholders, the directors have decided they each will use a minimum 15% of their base fees to acquire shares in the company for an initial three-year term. If, at the time of being onboarded as a director of the company, or at the end of the initial three-year period, the aggregate holding of shares in the company by the director is equal to, or above, their annual base fee, the director may elect to vary their contribution or opt out of the plan. Directors have entered into a share purchase plan agreement and appointed Jarden to be the manager of the plan. Jarden acquires the shares required for the plan on behalf of directors after the company's half-year and full-year results announcements. Directors remain in their share purchase plan until one year after retirement from the Board.

In the 2024 financial year, the directors received the following remuneration for their governance of Auckland Airport.

Remuneration received by directors by Board member

Name	Director's fee (excluding expenses)[17]
Patrick Strange	$260,350
Mark Binns	$164,650
Mark Cairns	$162,850
Dean Hamilton[18]	$133,439
Julia Hoare	$190,000
Liz Savage	$166,000
Tania Simpson	$164,650
Christine Spring	$152,200

Base fees of directors by position (from June 2024)

	Chair[19]	Member
Board	$260,350	$123,250
Aeronautical Pricing Committee (ad-hoc)	-	-
Audit and Financial Risk Committee	$51,600	$25,800
Safety and Operational Risk Committee	$27,600	$13,800
Infrastructure Development Committee	$27,600	$13,800
People, Capability and Iwi Committee	$27,600	$13,800
Ad hoc committee work (per day)	–	$2,700

17 The above director remuneration includes the 15% of the base fees payable after tax that are used to acquire shares in the company under the share purchase plan. All directors contribute at the 15% level with the exceptions of Liz Savage who contributed 20% and Mark Binns and Mark Cairns who do not participate due to meeting the minimum shareholding requirements.

18 In April 2024, Director Dean Hamilton reduced his duties as a director of Auckland Airport whilst he stepped into the temporary role of Executive Chair at Ryman Healthcare Limited. Dean Hamilton is not receiving director fees for the period in which he has reduced his duties.

19 The Chair attends all subcommittee meetings of the Board as an ex-officio member. The chair does not receive committee meeting fees.

Financial Report

2024 Financial performance

This section provides an overview of the financial results and key trends for the year ended 30 June 2024 compared with those for the previous financial year. Readers should refer to the following financial statements, notes, and accounting policies for an understanding of the basis on which the financial results are determined.

	2024 $M	2023 $M	Change
Income	895.5	625.9	43%
Operating expenses	281.5	228.8	23%
EBITDAFI[1]	614.0	397.1	55%
EBITDAFI margin[1]	68.6%	63.4%	-
Depreciation	168.4	145.3	16%
Interest expense and other finance costs	72.4	62.7	15%
Taxation	337.8	1.0	33,680%
Reported profit after tax	5.5	43.2	(87)%
Underlying profit after tax	276.6	148.1	87%
Earnings per share (cents)	0.37	2.93	(86)%
Underlying earnings per share (cents)	18.75	10.06	85%
Ordinary dividends for the full year			
- cents per share	13.25	4.00	231%
- value distributed	195.8	58.9	232%

1 EBITDAFI is earnings before interest, taxation, depreciation, fair value adjustments and investments in associates

Income

Income for the year to 30 June 2024 rose 43% to $895.5 million with the recovery in international travel resulting in higher revenue across all passenger-driven lines of business including aeronautical, retail, parking and hotels. Alongside this, the airport's continued investment in commercial property combined with the increase in activity in the terminals following the rise in aeronautical demand has driven growth in rental activity.

Aeronautical

Aeronautical revenues increased 79% to $392.1 million in the year reflecting a significant increase in travel during the year, particularly international, as a number of airlines commenced new services to Auckland or increased the frequency of existing services. In addition, aeronautical charges increased in the year reflecting the first year of higher charges in Price Setting Event 4 ("PSE4").

Total aircraft movements reached 158,000 in the year with international aircraft movements up 25% reflecting the increase in connectivity whilst domestic aircraft movements rose only 3% in the year as a result of the capacity constrained environment. The increase in international activity and the first year of higher aeronautical charges in PSE4 drove the lift in airfield income, up 74% to $150.5 million in the year.

Passenger movements rose 17% to 18.5 million in the year to June 2024 with international passenger movements up 29% and domestic movements up 5%. The significant rise in international travellers and the uplift in aeronautical charges resulted in passenger service charge income increasing 82% to $241.6 million in the year.

The increased number of airlines and frequency of services has reinvigorated our tourism industry which brings benefits to businesses right across New Zealand. The additional services to the United States helped deliver an increase in American visitor arrivals of 44% and arrivals from China increased by 174% to 215,000 following the return of Chinese passenger services late in the prior financial year.

New Zealanders continue to make up the majority of international travellers passing through Auckland Airport, reaching 50% of all international arrivals. The second largest customer segment was Australian residents who comprised 15% of all international arrivals in the year followed by Americans (7%), Chinese (5%) and United Kingdom (3%).

The most common purpose of international arrivals to New Zealand continued to be holidays (40%) and visiting friends and relatives (30%).

Domestic seat capacity increased by 5% in the year to 30 June 2024 with domestic passenger movements also lifting by 5% on load factors consistent with the prior year.

Domestic jet passenger movements account for 70% of all domestic passenger movements with this segment growing by 5% on 6% additional seat capacity. Load factors on domestic jet routes averaged 86% for the year. At 30 June 2024, the Auckland to Wellington route remains subdued with the lowest recovery in activity at 79% relative to the 2019 financial year. This compares to all other domestic jet routes recovering to 93% of the 2019 financial year.

Domestic regional passengers increased by 3% on 3% more seat capacity, achieving load factors of 84% for the year. The recovery of regional demand has reached 89% with activity to the centres of Nelson, New Plymouth, Palmerston North and Napier recovering the least, averaging 80% relative to 2019 whilst the remainder of the regional routes have recovered to 105%.

Following holding aeronautical charges flat for the first year of PSE4, aeronautical charges rose in the year to June 2024 to reflect the combined effects of the significant aeronautical capital investment to be delivered during the period, a higher target return than the previous pricing period, and recovering the $100 million-plus shortfall in aeronautical revenues in year one due to the price freeze.

Retail

Auckland Airport earns concession income from retailers within the Domestic and International Terminals. In addition, retail income is generated through off-airport duty and tax-free sales collected by passengers from our International Terminal's collection point ("TCP"), rental car commission and Strata Lounge.

Retail income rose 41% in the year to $184.5 million as the increase in international travellers combined with improvements in the retail offering in the international terminal resulted in increased shopping engagement in the year. Improvements were seen in retail performance across a number of categories including Duty-Free, Food and Beverage, Strata Lounge and TCP. In addition, the retail proposition continued to innovate in the year with new luxury and premium retail stores opening, expanded ranges and new brands in Duty Free as well as the arrival of a number of new Food and Beverage operators.

Reflecting the improved retail offering, retail income per passenger rose 21% on the prior year to $10.16.

Car parking

Car parking income rose 15% in the year to $66.4 million, as the increased demand for travel was replicated in the demand for parking products on the airport precinct. Parking exits lifted 9% on the prior year particular from international and Valet products with the continued growth in international passengers.

In June 2024, Auckland Airport opened a new Park & Ride facility on Puhinui Road that provides 3,011 parking spaces for the travelling public and precinct staff. Work continues on the Transport Hub which, when complete, will provide an additional 1,880 parking spaces including a ticketless license plate recognition experience. The P60 minute parking on the ground floor opened on 30 July 2024 and upper levels will open later in the calendar year.

Rental income

Auckland Airport earns rental income from space leased in facilities such as terminals, cargo buildings and from stand-alone investment properties. Total rental income for the financial year to 30 June 2024 was $180.6 million, an increase of $10.0 million, or 6% on the prior year.

Investment Property rental income (including ibis Budget Hotel) delivered another year of strong growth, up 6% in the period to $151.0 million reflecting a mix of newly completed developments in the year ($3.9 million), the full year effect of developments completed in the prior year ($1.2 million), rental growth from the existing portfolio ($3.0 million).

Six new commercial property developments were completed in the year included those for Reece, AZI Global, tenants at 10 Te Kapua and 1 Sir Keith Park, plus expansions for Hobbs and Hellmann Logistics. Rental income is expected to continue to grow through the 2025 financial year with a pipeline of three developments (Mānawa Bay, 11 Te Kapua Dr, and 13 Te Kapua Dr) which are expected to add a further $27 million in annual rental income once complete.

2024 Financial performance CONTINUED

Rent roll, being the contractual rental income (excluding hotel income) from all existing properties and those under development increased to $162.4 million in the year, up 10% on the prior year. At 30 June 2024, the Investment Property portfolio was valued at $3.1 billion.

Aeronautical and retail rental income increased $1.9 million in the year to $29.6 million reflecting a full year of normal operations from airlines and rental car companies in leased areas of the terminals.

Flood related and other income
In the year ended 30 June 2024, Auckland Airport's insurers agreed to further payments of $19.0 million relating to damage and business interruption in connection with the January 2023 flooding event. This has been recognised as income.

Other income includes utilities, such as the sale of electricity, gas and water reticulation, plus recoverable charges from tenants. Total income from these sources was $52.9 million, an increase of $10.7 million, or 25%, on the previous financial year reflecting higher activity across the precinct.

Expenses

Operating expenses
Operating expenses rose 23% in the year to $281.5 million as the continued growth in aeronautical activity and investment in the airport precinct necessitated higher staff numbers and an increase in asset management, maintenance and airport operations.

	2024 $M	2023 $M	Change
Operating expenses			
Staff	77.7	63.3	23%
Asset management, maintenance and airport operations	118.9	89.8	32%
Rates and insurance	35.6	31.8	12%
Marketing and promotions	9.7	6.7	45%
Professional services and levies	11.7	8.2	43%
Fixed asset write-offs, impairment and termination costs	1.0	4.8	(79)%
Reversal of fixed asset impairment and termination costs	-	(1.0)	100%
Flood-related expense and impairment reversal	12.4	8.4	48%
Other expenses	13.7	19.2	(29)%
Expected credit losses/(release)	0.8	(2.4)	133%
Total operating expenses	**281.5**	**228.8**	**23%**
Depreciation	168.4	145.3	16%
Interest	72.4	62.7	15%
Taxation	337.8	1.0	33,680%
Total expenses	**860.1**	**437.8**	**96%**

Staff costs increased by $14.4 million, or 23%, in the year as employees at Auckland Airport rose 13% to 655 at 30 June 2024 compared to 579 at 30 June 2023. This increase in headcount reflects the scaling up the business to accommodate the ongoing recovery in aviation activity and the additional resourcing to manage airport operations during the ongoing investment programme. In addition, of the increase in employees in the year, 37 of these related to new employees brought on to assist in the airport's infrastructure investment programme, the majority of costs of which are capitalised as part of the capital projects.

Asset management, maintenance and airport operation expenses increased by $29.1 million, or 32% in the 2023 financial year. This increase similarly reflects a scaling up of activity-based costs such as outsourced operations including baggage handling, bus services, parking and lounge operations to service the growth in passenger numbers.

Rates and insurance expenses increased by $3.8 million, or 12%, in 2024 reflecting higher council and insurance costs.

Marketing and promotional activity increased in the year reflecting higher route development costs to support the growth of the international network and an increase in marketing for the commercial lines of business.

Flood-related expenses of $12.4 million were incurred in the financial year in relation to the January 2023 flooding event.

Depreciation
Depreciation expense in the 2024 financial year was $168.4 million, an increase of $23.1 million or 16%, on the previous financial year driven by new assets commissioned in the year, the full year effect of assets commissioned in prior years and the increase in the book value of assets as a result of revaluations in 2023. In addition, accelerated depreciation from estimated useful life changes occurring from future planned decommissioned assets contributed to an increase of $15.5 million in depreciation in the year.

Interest expense and other finance costs
Gross interest expense rose in the year to $127.1 million, an increase of $45.0 million, or 55%, on the prior year reflecting the combined effects of higher average debt levels as Auckland Airport continued its investment programme, and the average cost of debt increasing to 5.79% in the year compared to 5.03% in the year to 30 June 2023.

The increased capital investment also drove an increase in capitalised interest which rose by $35.3 million, or 182% to $54.7 million. As a result, net interest expense for the year to 30 June 2024 was $72.4 million, up $9.7 million on the prior year.

Taxation
Taxation expense was $337.8 million in the 2024 financial year, significantly up on the prior year reflecting the improvement in profitability in the year and the impact of the recent change in government policy relating to depreciation of non-residential building structures.

Share of profit from associates

Auckland Airport has three equity investments, two in hotels located on the airport precinct which it jointly owns with Tainui Group Holdings and a third investment in Queenstown Airport.

Auckland Airport's total share of loss from associates in the 2024 financial year was $4.5 million, down from a profit of $11.1 million on the prior year. This loss comprised the airport's share of the Novotel Hotel (Tainui Auckland Airport Hotel Limited Partnership) profit of $2.5 million, the airport's share of the loss from the newly opened Pullman Hotel (Tainui Auckland Airport Hotel 2 Limited Partnership) of $2.3 million, Auckland Airport's share of Queenstown Airport's profit of $4.1 million and a net $8.8 million revaluation loss relating to the investments in the Novotel Hotel and the Pullman Hotel.

On an underlying basis, Auckland Airport's total share of the profit from associates was $5.3 million, comprising a $3.5 million profit from Tainui Auckland Airport Hotel Limited, a $2.3 million loss from Tainui Auckland Airport Hotel 2 Limited Partnership and a $4.1 million profit from Queenstown Airport. This was a $2.2 million decrease on the $7.5 million underlying profit in the 2023 financial year.

Profitability

Auckland Airport's reported net profit after taxation for the 2024 financial year was down 87% to $5.5 million driven by a significant one-off adjustment to deferred tax as a result of the change in government policy regarding depreciation on building structures.

Underlying profit performance
The directors and management of Auckland Airport understand the importance of reported profits meeting accounting standards. Because we comply with accounting standards, investors know that comparisons can be made with confidence between different companies and that there is integrity in our reporting approach. However, we believe that an underlying profit measurement can also assist investors to understand what is happening in a business such as Auckland Airport, where revaluation changes can distort financial results, or where one-off transactions, both positive and negative, can make it difficult to compare profits between years.

For several years, Auckland Airport has referred to underlying profit alongside reported results. We do so when we report our results, but also when we give market earnings guidance (where we exclude fair value changes and other one-off items) or when we consider dividends. However, in referring to underlying profits, we acknowledge our obligation to show investors how we have derived this result.

2024 Financial performance CONTINUED

The table below shows the reconciliation between reported profit after tax and underlying profit after tax for the years ended 30 June 2024 and 2023.

	2024			2023		
	Reported profit $M	Adjustments $M	Underlying profit $M	Reported profit $M	Adjustments $M	Underlying profit $M
EBITDAFI per income statement[1]	614.0	-	614.0	397.1	-	397.1
Investment property fair value increase	(15.3)	15.3	-	(139.7)	139.7	-
Property, plant and equipment revaluation	(11.0)	11.0	-	(15.6)	15.6	-
Fixed asset write-offs, impairment and termination costs	-	1.0	1.0	-	3.8	3.8
Reversal of fixed asset impairment and termination costs	-	-	-	-	(1.0)	(1.0)
Derivative fair value movement	0.9	(0.9)	-	(0.7)	0.7	-
Share of profit / (loss) of associate and joint ventures	(4.5)	9.8	5.3	11.1	(3.6)	7.5
Depreciation	(168.4)	-	(168.4)	(145.3)	-	(145.3)
Interest expense and other finance costs	(72.4)	-	(72.4)	(62.7)	-	(62.7)
Taxation (expense) / benefit	(337.8)	234.9	(102.9)	(1.0)	(50.3)	(51.3)
Profit / (loss) after tax	**5.5**	**271.1**	**276.6**	**43.2**	**104.9**	**148.1**

1 2024 EBITDAFI included fixed asset write-offs, impairments and termination costs of $1.0 million. 2023 included $3.8m

We have made the following adjustments to show underlying profit after tax for the years ended 30 June 2024 and 2023:

- reversed out the impact of revaluations of investment property in 2024 and 2023. An investor should monitor changes in investment property over time as a measure of growing value. However, a change in one particular year is too short to measure long-term performance. Changes between years can be volatile and, consequently, will impact comparisons. Finally, the revaluation is unrealised and, therefore, is not considered when determining dividends in accordance with the dividend policy;
- reversed out the revaluations of the buildings and services in 2024 and we have also reversed out the revaluations of the land, runways, taxi ways, aprons and infrastructure classes of assets within property, plant and equipment in 2023;
- reversed out the impact of capital expenditure write-offs, impairments and termination cost expenses and reversals in 2024 and 2023. These fixed asset write-offs, impairments and termination costs are not considered to be an element of the group's normal business activities and on this basis have been excluded from underlying profit;
- reversed out the impact of derivative fair value movements. These are unrealised and relate to basis swaps that do not qualify for hedge accounting on foreign exchange hedges, as well as any ineffective valuation movements in other financial derivatives. The group holds its derivatives to maturity, so any fair value movements are expected to reverse out over their remaining lives. Further information is included in note 18(b) of the financial statements;
- adjusted the share of profit of associates and joint ventures in both 2024 and 2023 to reverse out the impacts on those profits from revaluations of investment property and financial derivatives; and
- reversed out the taxation impacts of the above movements in both the 2024 and 2023 financial years.

2024 Cash flow

A summary of cash flows is set out below. The full statement of cashflows can be found on page 120 of this annual report.

Cash flow summary	2024 $m	2023 $m	Change
Net cash inflow from operating activities	496.3	325.1	53%
Net cash outflow from investing activities	(1,124.0)	(595.6)	-89%
Net cash inflow from financing activities	741.2	352.0	111%
Net increase (decrease) in cash held	**113.5**	**81.5**	**39%**

Operating activities

Net cash inflow from operating activities was $496.3 million in the 2024 financial year, an increase of $171.2 million, or 53%, on the previous financial year reflecting increased activity across all key lines of business.

Investing activities

Net cash outflow applied to investing activities was $1,124.0 million in the 2024 financial year, an increase of $528.4 million on the prior year reflecting the increase in capital expenditure on infrastructure and commercial property projects during the year. For the financial year to 30 June 2024, gross capital expenditure totalled $1,158.7 million, up 79% on the prior year reflecting a significant increase in aeronautical, property and parking investment.

Underpinning the significant increase in capital expenditure in the year was activity on the Terminal Integration Programme, a multi-billion programme of works which will deliver a new domestic jet terminal integrated with the existing international terminal. In 2024, significant investment continued across a number of elements of the programme including the new Transport Hub, a new eastern bag hall, the western truck dock and the development of seven new remote aircraft stands. Auckland Airport also continued to invest in asset resilience and renewal initiatives in the year including projects such as runway and apron pavement renewals as well as upgrades to our airfield lighting which will reduce energy usage.

In addition to our aeronautical investment, property development has more than doubled in 2024 driven by activity on a pipeline of preleased developments and the new Mānawa Bay shopping centre which will open in the first quarter of the 2025 financial year.

Financing activities

Net cash inflow from financing activities was $741.2 million in the 2024 financial year reflecting the additional borrowings undertaken in 2024, partially offset by a repayment of maturing facilities, to fund the infrastructure investment programme.

In August 2023, Auckland Airport declared its first dividend since March 2020 of 4.0 cents per share and in February 2024 an interim dividend of 6.75 cents per share was declared. Dividends declared in the year to 30 June 2024 totalled $195.8 million. With resumption of dividend payments, shareholders were provided with the opportunity to reinvest their dividends in new shares in the company resulting in $58.7 million of dividends reinvested as new shares in the year.

2024 Financial position

A summary statement of financial position is set out below. The full statement of financial position can be found on page 118 of this annual report.

As at 30 June	2024 $m	2023 $m	Change
Non-current assets	12,113.0	10,668.5	14%
Current assets	303.2	160.8	89%
Total assets	**12,416.2**	**10,829.3**	**15%**
Non-current liabilities	3,240.2	1,855.6	75%
Current liabilities	565.9	596.2	(5)%
Equity	8,610.1	8,377.5	3%
Total equity and liabilities	**12,416.2**	**10,829.3**	**15%**

Assets

As at 30 June 2024, the book value of Auckland Airport's total assets was $12,416.2 million, an increase of $1,586.9 million, or 15%, on the prior financial year. The increase in total assets reflects the combined effects of the $1,158.7 million net capital expenditure in the year, the $15.3 million investment property revaluation loss and the $445.2 million net revaluation gain relating to land within the property, plant and equipment asset class.

Borrowings

As at 30 June 2024, Auckland Airport's total borrowings were $2,684.7 million, an increase of $867.6 million or 48% on the previous year. The increase in borrowings reflects new borrowings during the year and the increase in the fair value of existing foreign denominated issues owing to changes in the cross-currency rate.

As at 30 June 2024, Auckland Airport's borrowings comprised: Australian medium term notes totalling $937 million; New Zealand fixed rate bonds totalling $1,174 million; New Zealand floating rate bonds totalling $250 million; drawn bank facilities totalling $205 million; and commercial paper totalling $118 million.

Short-term borrowings with a maturity of one year or less totalled $281 million as at 30 June 2024 and comprised $118 million of commercial paper, $150 million of New Zealand fixed rate bonds and $13 million of drawn bank facilities. As at 30 June 2024, Auckland Airport had total bank facilities of $1,205 million, of which $205 million was drawn and $1,000 million was available in a standby capacity. These drawn and undrawn facilities are held with eight banking counterparties, a full breakdown of which is available in note 18(d) of the financial statements.

Credit rating

As at 30 June 2024, Standard & Poor's long-term credit rating of Auckland Airport was 'A- Stable' and the short-term credit rating was 'A2'.

Equity

Shareholders' equity as at 30 June 2024 increased by $232.6 million or 3% to $8,610.1 million. The movement in equity reflects the significant investment in infrastructure in the year and the upwards revaluations of property and plant and equipment booked to non-current assets in the 2024 financial year.

Gearing, measured as net debt to net debt plus the market value of shareholders' equity, increased to 17.9% as at 30 June 2024, from 12.0% as at 30 June 2023.

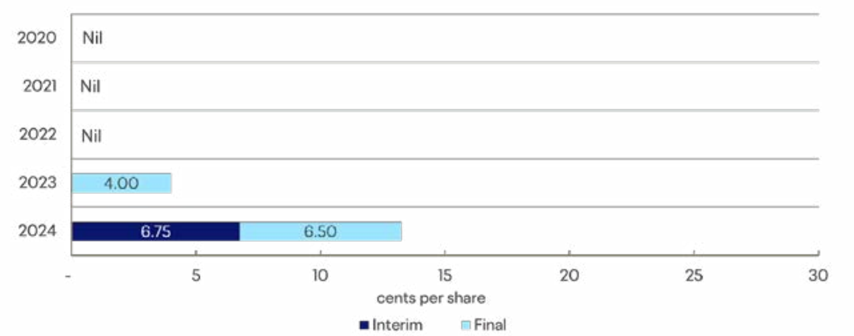
2024 Returns for shareholders

Dividend policy

Auckland Airport suspended dividend payments in March 2020 as part of its COVID response. Following the relaxation of travel restrictions and a return to profitability, in June of 2023 Auckland Airport announced a revised dividend policy to pay between 70% to 90% of underlying net profit after tax.

Auckland Airport has declared a final dividend for the year to 30 June 2024 of 6.50 cents per share. The table below summarises the dividends paid to shareholders over the period since 1 July 2019.

Distribution policy



Share price performance and total shareholder returns

Auckland Airport's share price at 30 June 2024 was $7.63, an 11% decrease on the $8.55 share price at 30 June 2023. Average annual shareholder return over the five-year period to 30 June 2024 was negative 4.3%.

Five-year compound average total shareholder return

	Share price opening	Share price closing	Dividends	Total return	Average annual shareholder return
	$	$	$	$	
1 July 2019 to 30 June 2024	9.73	7.63	0.1725	-1.93	-4.3%

Financial Statements

FOR THE YEAR ENDED 30 JUNE 2024

Consolidated income statement

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 $M	2023 $M
Income			
Airfield income		150.5	86.6
Passenger services charge		241.6	132.9
Retail income		184.5	130.9
Rental income		180.6	170.6
Rates recoveries		13.1	12.7
Car park income		66.4	57.7
Interest income		6.4	3.2
Flood-related income	3(e)	19.0	5.0
Other income		33.4	26.3
Total income		895.5	625.9
Expenses			
Staff	5	77.7	63.3
Asset management, maintenance and airport operations		118.9	89.8
Rates and insurance		35.6	31.8
Marketing and promotions		9.7	6.7
Professional services and levies		11.7	8.2
Fixed asset write-offs, impairment and termination costs	5	1.0	4.8
Reversal of fixed asset impairment and termination costs	5	-	(1.0)
Flood-related expense and impairment reversal	3(e)	12.4	8.4
Other expenses		13.7	19.2
Expected credit losses/(release)		0.8	(2.4)
Total expenses		281.5	228.8
Earnings before interest expense, taxation, depreciation, fair value adjustments and investments in associate and joint ventures (EBITDAFI)[1]		614.0	397.1
Investment property fair value change	12	(15.3)	(139.7)
Property, plant and equipment fair value change	11(a)	(11.0)	(15.6)
Derivative fair value change	18(b)	0.9	(0.7)
Share of profit/(loss) of associate and joint ventures	8	(4.5)	11.1
Earnings before interest, taxation and depreciation (EBITDA)[1]		584.1	252.2
Depreciation	11(a)	168.4	145.3
Earnings before interest and taxation (EBIT)[1]		415.7	106.9
Interest expense and other finance costs	5	72.4	62.7
Profit before taxation		343.3	44.2
Taxation expense	7(a)	337.8	1.0
Profit after taxation attributable to the owners of the parent		5.5	43.2
		Cents	Cents
Earnings per share			
Basic earnings per share	10	0.37	2.93
Diluted earnings per share	10	0.37	2.93

1 EBITDAFI, EBITDA and EBIT are non-GAAP measures. Refer to note 3(d) for more information.

The notes and accounting policies on pages 121 to 170 form part of, and are to be read in conjunction with, these financial statements.

Consolidated statement of comprehensive income

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 $M	2023 $M
Profit for the year		5.5	43.2
Other comprehensive income			
Items that will not be reclassified to the income statement			
Flood related fixed asset impairments	3(e)	21.0	(21.0)
Net property, plant and equipment revaluation movement	11(a), 16(b)	456.2	218.6
Tax on the property, plant and equipment revaluation reserve	16(b)	(137.2)	(40.4)
Movement in share of reserves of associate and joint ventures	8,16(f)	-	11.2
Items that will not be reclassified to the income statement		340.0	168.4
Items that may be reclassified subsequently to the income statement:			
Cash flow hedges			
Fair value losses/(gains) recognised in the cash flow hedge reserve	16(d)	(9.1)	19.1
Realised losses/(gains) transferred to the income statement	16(d)	(6.7)	0.2
Tax effect of movements in the cash flow hedge reserve	16(d)	4.4	(5.4)
Total cash flow hedge movement		(11.4)	13.9
Movement in cost of hedging reserve	16(e)	(3.1)	-
Tax effect of movement in cost of hedging reserve	16(e)	0.8	-
Items that may be reclassified subsequently to the income statement		(13.7)	13.9
Total other comprehensive income		326.3	182.3
Total comprehensive income for the year, net of tax attributable to the owners of the parent		331.8	225.5

The notes and accounting policies on pages 121 to 170 form part of, and are to be read in conjunction with, these financial statements.

Consolidated statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	Issued and paid-up capital $M	Cancelled share reserve $M	Property, plant and equipment revaluation reserve $M	Share-based payments reserve $M	Cash flow hedge reserve $M	Cost of hedging reserve $M	Share of reserves of associate and joint ventures $M	Retained earnings $M	Total $M
For the year ended 30 June 2024										
At 1 July 2023		1,680.8	(609.2)	5,187.3	2.0	31.6	(1.7)	62.1	2,024.6	8,377.5
Profit for the year		-	-	-	-	-	-	-	5.5	5.5
Other comprehensive income		-	-	340.0	-	(11.4)	(2.3)	-	-	326.3
Total comprehensive income		-	-	340.0	-	(11.4)	(2.3)	-	5.5	331.8
Reclassification to retained earnings	16(b), 16(c)	-	-	(20.4)	(0.3)	-	-	-	20.7	-
Shares issued	15	59.1	-	-	-	-	-	-	-	59.1
Long-term incentive plan	16(c)	-	-	-	0.2	-	-	-	-	0.2
Dividend paid	9	-	-	-	-	-	-	-	(158.5)	(158.5)
At 30 June 2024		1,739.9	(609.2)	5,506.9	1.9	20.2	(4.0)	62.1	1,892.3	8,610.1
For the year ended 30 June 2023										
At 1 July 2022		1,680.2	(609.2)	5,040.2	2.1	17.7	(1.7)	50.9	1,970.7	8,150.9
Profit for the year		-	-	-	-	-	-	-	43.2	43.2
Other comprehensive income		-	-	157.2	-	13.9	-	11.2	-	182.3
Total comprehensive income		-	-	157.2	-	13.9	-	11.2	43.2	225.5
Reclassification to retained earnings	16(b), 16(c)	-	-	(10.1)	(0.6)	-	-	-	10.7	-
Shares issued	15	0.6	-	-	-	-	-	-	-	0.6
Long-term incentive plan	16(c)	-	-	-	0.5	-	-	-	-	0.5
At 30 June 2023		1,680.8	(609.2)	5,187.3	2.0	31.6	(1.7)	62.1	2,024.6	8,377.5

The notes and accounting policies on pages 121 to 170 form part of, and are to be read in conjunction with, these financial statements.

Consolidated statement of financial position

AS AT 30 JUNE 2024

	Notes	2024 $M	2023 $M
Non-current assets			
Property, plant and equipment	11(a)	8,755.0	7,548.3
Investment properties	12	3,123.9	2,882.1
Investment in associate and joint ventures	8	180.6	193.1
Derivative financial instruments	18	53.5	45.0
		12,113.0	10,668.5
Current assets			
Cash and cash equivalents	13	219.7	106.2
Trade and other receivables	14	82.3	51.6
Taxation receivable		-	1.4
Derivative financial instruments	18	1.2	1.6
		303.2	160.8
Total assets		12,416.2	10,829.3

The notes and accounting policies on pages 121 to 170 form part of, and are to be read in conjunction with, these financial statements.

	Notes	2024 $M	2023 $M
Shareholders' equity			
Issued and paid-up capital	15	1,739.9	1,680.8
Reserves	16	4,977.9	4,672.1
Retained earnings		1,892.3	2,024.6
		8,610.1	8,377.5
Non-current liabilities			
Term borrowings	18(a)	2,403.3	1,388.3
Derivative financial instruments	18	24.6	25.3
Deferred tax liability	7(c)	810.0	438.5
Other term liabilities		2.3	3.5
		3,240.2	1,855.6
Current liabilities			
Accounts payable and accruals	17	205.0	159.9
Taxation payable		65.4	-
Derivative financial instruments	18	0.3	-
Short-term borrowings	18(a)	281.4	428.8
Provisions	21	13.8	7.5
		565.9	596.2
Total equity and liabilities		12,416.2	10,829.3

These financial statements were approved and adopted by the Board on 21 August 2024.

Signed on behalf of the Board by

Patrick Strange
Director, Chair of the Board

Julia Hoare
Director, Chair of the Audit and Financial Risk Committee

The notes and accounting policies on pages 121 to 170 form part of, and are to be read in conjunction with, these financial statements.

Consolidated cash flow statement

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 $M	2023 $M
Cash flow from operating activities			
Cash was provided from:			
Receipts from customers		845.8	590.1
Insurance proceeds[1]		11.9	3.2
Interest received		6.0	3.2
		863.7	596.5
Cash was applied to:			
Payments to suppliers and employees		(267.8)	(213.5)
Income tax paid		(31.5)	-
Interest paid		(68.1)	(57.9)
		(367.4)	(271.4)
Net cash flow from operating activities	6	496.3	325.1
Cash flow from investing activities			
Cash was provided from:			
Dividends received from associate and joint ventures	8	8.0	1.8
		8.0	1.8
Cash was applied to:			
Property, plant and equipment additions		(847.2)	(465.1)
Interest paid – capitalised	11(a), 12	(54.7)	(19.4)
Investment property additions		(230.1)	(106.8)
Investment in joint ventures	8	-	(6.1)
		(1,132.0)	(597.4)
Net cash flow applied to investing activities		(1,124.0)	(595.6)
Cash flow from financing activities			
Cash was provided from:			
Increase in borrowings	18(a)	1,686.3	753.0
		1,686.3	753.0
Cash was applied to:			
Decrease in borrowings	18(a)	(845.3)	(401.0)
Dividends paid	9, 15	(99.8)	-
		(945.1)	(401.0)
Net cash flow applied to financing activities		741.2	352.0
Net (decrease)/increase in cash held		113.5	81.5
Opening cash brought forward		106.2	24.7
Ending cash carried forward	13	219.7	106.2

1 Insurance proceeds have been presented separately from receipts from customers in the current year and the comparative has been represented to align with the current year presentation.

The notes and accounting policies on pages 121 to 170 form part of, and are to be read in conjunction with, these financial statements.

Notes and accounting policies

FOR THE YEAR ENDED 30 JUNE 2024

1. Corporate information

Auckland International Airport Limited (the company or Auckland Airport) is a company established under the Auckland Airport Act 1987 and was incorporated on 20 January 1988 under the *Companies Act 1955*. The original assets of Auckland Airport were vested in the company on 1 April 1988 and 13 November 1988 by an Order in Council of the New Zealand Government. The company commenced trading on 1 April 1988. The company was re-registered under the *Companies Act 1993* on 6 June 1997. The company is an FMC reporting entity under Part 7 of the *Financial Markets Conduct Act 2013*.

The financial statements presented are for Auckland Airport and its wholly owned subsidiaries, associate and joint ventures (the group). There are five active subsidiaries in the group. Auckland Airport Holdings (No. 2) Limited holds the group's investment in Queenstown Airport in New Zealand. Auckland Airport Limited holds the group's investment in the Tainui Auckland Airport Hotel Limited Partnership, which operates the Novotel hotel at Auckland Airport and the Tainui Auckland Airport Hotel 2 Limited Partnership, which operates the Pullman hotel at Auckland Airport.

A third subsidiary, Auckland Airport Holdings (No. 3) Limited, wholly owns Ara Charitable Trustee Limited, which operates the Ara Charitable Trust (the Auckland Airport Jobs and Skills Hub). The other two subsidiaries are the Auckland International Airport Limited Share Purchase Plan and the Auckland Airport Limited Executive Long-Term Incentive Plan, which are consolidated because the company has control of the plans (refer note 23).

All the subsidiaries are incorporated in New Zealand.

Auckland Airport provides airport facilities, supporting infrastructure and aeronautical services in Auckland, New Zealand. The group earns revenue from aeronautical activities, on-airport retail concessions and car parking facilities, stand-alone investment properties and other charges and rents associated with operating an airport.

These financial statements were authorised for issue in accordance with a resolution of the directors on 21 August 2024.

2. Summary of material accounting policies

(a) Basis of preparation

Statutory base

These financial statements have been prepared in accordance with the requirements of Part 7 of the *Financial Markets Conduct Act 2013* and the NZX *Main Board and Debt Market Listing Rules*.

Measurement base

The financial statements have been prepared on a historical cost basis, except for investment properties, land, buildings and services, runway, taxiways and aprons, infrastructural assets and derivative financial instruments, which have been measured at fair value.

When the group applies fair value hedges to borrowings, the carrying value of the borrowings are adjusted for fair value changes attributable to the risk being hedged.

Presentation currency

These financial statements are presented in New Zealand dollars, and all values are rounded to the nearest million dollars ($M) and one decimal point unless otherwise indicated.

(b) Statement of compliance

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards Accounting Standards (NZ IFRS Accounting Standards) and other applicable financial reporting standards as appropriate for profit-oriented entities.

These financial statements also comply with International Financial Reporting Standards Accounting Standards (IFRS). Refer to note 3(d) for disclosure of non-GAAP financial information presented in these financial statements. These financial statements are prepared on a going concern basis.

(c) New accounting standards and interpretations

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

Climate-related disclosure standard

The New Zealand External Reporting Board (XRB) has published a suite of standards, Aotearoa New Zealand Climate Standards (NZ CS), in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the global best-practice benchmark for climate-related reporting. The Climate Standards are effective for annual periods beginning on or after 1 January 2023. The standard provides certain adoption exemptions in the entities' first reporting period. The group has applied the standard from 1 July 2023 with no adoption exemptions.

Application of this standard by the group has not materially affected any of the amounts recognised in these financial statements.

Notes and accounting policies CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

2. Summary of material accounting policies CONTINUED

Accounting standards not yet effective

New or revised standards and interpretations that have been approved but are not yet effective have not been adopted by the group for the year ended 30 June 2024.

NZ IFRS 18 Presentation and Disclosure in Financial Statements, issued in May 2024, is effective for annual reporting periods beginning on or after 1 January 2027, and entities can early adopt this accounting standard. NZ IFRS 18 sets out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. The group is yet to assess NZ IFRS 18's full impact. The group intends to apply the standard when it becomes mandatory from 1 January 2027.

There are no other new or amended standards that are issued but not yet effective, that are expected to have a material impact on the group.

(d) Basis of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of the subsidiaries over which the group has control. On consolidation, all inter-company balances and transactions, income and expenses, and profit and losses resulting from transactions within the group have been eliminated in full.

(e) Fair value hierarchy

The group selects valuation techniques that aim to maximise the use of relevant observable inputs and minimise the use of unobservable inputs, provided that sufficient data is available. All assets and liabilities for which fair value is measured are assigned to levels within the fair value hierarchy. The different levels comprise:

- Level 1 – the fair value is calculated using quoted prices for the asset or liability in active markets;
- Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

To determine the level used to estimate fair value, the group assesses the lowest level input that is significant to that fair value.

(f) Investments in associate and joint ventures

The equity method of accounting is used for the investment over which the group has significant influence but not a controlling interest, as well as the investments classified as joint ventures, where the group maintains joint control.

Under the equity method, the investment is carried at cost plus post-acquisition changes in the group's share of net assets of the associate less impairment losses. Goodwill relating to the associate is included in the carrying amount of the investment.

The group's share of the associate and joint ventures' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves and the property, plant and equipment revaluation reserve is recognised in other comprehensive income and accumulated as a separate component of equity in the share of reserves of associate and joint ventures. The post-acquisition movements are included after adjustments to align the accounting policies with those of the group.

(g) Property, plant and equipment

Properties held for airport operations purposes are classified as property, plant and equipment.

Property, plant and equipment are initially recognised at cost.

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

Land, buildings and services, runway, taxiways and aprons and infrastructural assets are carried at fair value, as determined by an independent registered valuer, less accumulated depreciation and any impairment losses recognised after the date of any revaluation. Land, buildings and services, runway, taxiways and aprons and infrastructural assets 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 date.

Revaluations

Revaluation increases are recognised in other comprehensive income and accumulated as a separate component of equity 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 income statement, in which case the increase is recognised in the income statement.

Revaluation decreases are recognised in the income statement, except to the extent that they offset a previous revaluation increase for the same asset, in which case the decrease is recognised in other comprehensive income and accumulated as a separate component of equity in the property, plant and equipment revaluation reserve.

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.

Revaluation surpluses are transferred from the property, plant and equipment revaluation reserve to retained earnings on derecognition of the asset or if the asset is transferred to investment properties.

Depreciation

Depreciation is calculated on a straight-line basis to allocate the cost or revalued amount of an asset, less any residual value, over its estimated useful life.

The estimated useful lives of property, plant and equipment are as follows:

Land (including reclaimed land)	Indefinite
Buildings and services	5 – 50 years
Infrastructural assets	5 – 80 years
Runway, taxiways and aprons	12 – 40 years
Vehicles, plant and equipment	3 – 10 years

Leased assets

Space within the terminals and certain properties used for aeronautical purposes, where the group acts as a lessor, are leased to tenants under operating leases with rentals payable monthly. Lease payments for some contracts include CPI increases, sales-based concession fees and adjustments to rentals depending on the passenger numbers.

To manage credit risk exposure where considered necessary, the group may obtain bank guarantees for the term of the lease.

Although the group is exposed to changes in the residual value at the end of the current leases, the group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

(h) Investment properties

Investment properties are properties held by the group to earn rental income, for capital appreciation or both (including property being constructed or developed for future use as investment property). Land held for a currently undetermined future use is classified as investment property.

Investment properties are measured initially at cost and then, subsequent to that initial measurement, are stated at fair value. To determine fair value, Auckland Airport commissions investment property valuations at least annually by independent valuers. Gains or losses arising from changes in the fair values of investment properties are recognised in the income statement.

If the fair value of investment property under construction cannot be reliably determined but it is expected that the fair value of the property can be reliably determined when construction is complete, then investment property under construction will be measured at cost until either its fair value can be reliably determined or construction is complete.

Transfers are made to investment property when there is a change in use. This may be evidenced by the ending of owner occupation, commencement of an operating lease to another party or commencement of construction or development for future use as investment property.

A property transfer from investment property to property, plant and equipment or inventory has a deemed cost for subsequent accounting at its fair value at the date of change in use.

If an item of property, plant and equipment becomes an investment property, the group accounts for such property as an investment property only subsequent to the date of change in use.

Investment properties where the group acts as a lessor are leased to tenants under operating leases with rentals payable monthly. Lease payments for some contracts include CPI increases, sales-based concession fees and other adjustments to rentals, with any credit risk being managed in the same way as described for property, plant and equipment leased assets (refer to note 2(g)).

Lease incentives are initially recognised at the value of the incentive, and amortised over the term of the lease. Other lease receivables may arise when fixed future retail or rental revenue increases are recognised on a straight-line basis over the term of the lease (refer to note 2(m)). The group assesses lease incentives and receivables for impairment at each reporting date and recognises impairment losses as prescribed by NZ IFRS 9.

(i) Impairment of non-financial assets

Property, plant and equipment and investments in associate and joint ventures are assessed for indicators of impairment at each reporting date. For further information, refer to note 8 and note 11(c).

(j) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Capitalisation is suspended if active development of the qualifying asset is suspended for an extended period. Other borrowing costs are expensed as incurred.

(k) Financial instruments

The group's financial assets comprise cash and cash equivalents, accounts receivable and dividends receivable (classified as financial assets at amortised cost), and derivatives (classified as financial assets at fair value through profit and loss or designated as a hedge).

The group's financial liabilities comprise accounts payable and accruals, borrowings, provisions, other liabilities (classified as financial liabilities at amortised cost) and derivatives (classified as financial liabilities at fair value through profit and loss or designated as a hedge).

Cash

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.

Notes and accounting policies CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

2. Summary of material accounting policies CONTINUED

Accounts receivable

Accounts receivable are recognised and carried at the original invoice amount less an allowance for impairment. Auckland Airport applies the "simplified approach" for including a general provision for expected credit losses as prescribed by NZ IFRS 9. This approach permits the use of lifetime expected loss provisions for all trade receivables. In addition, the collectability of individual debtors is reviewed on an ongoing basis and a specific provision for expected credit losses is made when there is evidence that Auckland Airport will not be able to collect the receivable. Debtors are written off when recovery is no longer anticipated.

Accounts payable and accruals

Accounts payable and accruals are not interest-bearing and are initially stated at their fair value and subsequently carried at amortised cost.

Borrowings

All borrowings are initially recognised at the value of the consideration received. The carrying value is subsequently measured at amortised cost using the effective interest method, except borrowings subject to fair value hedges, which are adjusted for effective changes in the fair value of the hedging instrument.

The increase and decrease in borrowings are reported net in the cash flow statement for bank facilities and commercial paper where the turnover is frequent and the maturities are short.

Derivative financial instruments

The group uses derivative financial instruments to hedge its risks associated with interest rates and foreign currency. Derivative financial instruments are recognised at fair value.

The group designates as fair value hedges derivative financial instruments on fixed-coupon debt, where the fair value of the debt changes as a result of changes in market interest rates. The carrying amounts of the hedged items are adjusted for gains and losses attributable to the risk being hedged. The hedging instruments are also remeasured to fair value. Gains and losses from both are taken to the income statement.

Cash flow hedges are currently applied to future interest cash flows on variable rate loans. 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.

Changes in the fair value of the cost to convert foreign currency to New Zealand dollars (NZD) of cross-currency interest rate swaps are separately accounted for as a cost of hedging and recognised within a new reserve within equity (cost of hedging reserve).

(l) Issued and paid-up capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

When the group holds its own shares, those treasury shares are recognised as a reduction in shareholders' equity.

(m) Revenue recognition

Airfield income

Airfield income consisting of landing charges and aircraft parking charges is paid by the airlines and recognised as revenue when the airport facilities are used.

Passenger services charges

Passenger services charges relating to arriving, departing and transiting passengers are paid by the airlines and recognised as revenue when the airport facilities are used by the passengers.

Retail and rental income

Retail concession fees are recognised as revenue on an accrual basis based on the turnover of the concessionaires and in accordance with the related agreements. Rent abatements are recognised as an offset to revenue as negative variable lease payments when the group has an obligation to adjust fixed rent in response to significant reductions in passenger numbers or similar material adverse change. Fixed retail and rental income increases are recognised as revenue on a straight-line basis over the term of the leases, which may result in lease receivable balances. The group assesses lease receivable balances for impairment at each reporting period (refer note 2(h)).

Car park income

Revenue from public car parks is recognised when the car park utilisation has been completed. Revenue from staff car parks is recognised as revenue when the airport facilities are used.

Insurance proceeds

Insurance proceeds are recognised as income when the recovery of incurred damages is virtually certain.

Other income

Other income includes revenue from utilities provided to our tenants, such as electricity, water and gas. Revenue from utilities is recognised and billed based on customer consumption.

Interest income

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

Dividend income

Dividends are recognised when the group's right to receive payment is established.

(n) Employee benefits

Employee benefits, including salaries and wages, superannuation and leave entitlements are expensed as the related service is provided.

The group also provides benefits to executives and employees of the group in the form of share-based payment transactions, whereby executives and employees render services in exchange for shares or rights over shares (equity-settled transactions), and/or cash settlements based on the price of the group's shares against performance targets (cash-settled transactions). The cost of the transactions is spread over the period in which the employees provide services and become entitled to the awards.

Equity-settled transactions

The cost of the equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The cost of equity-settled transactions is recognised in the income statement, together with a corresponding increase in the share-based payment reserve in equity.

Cash-settled transactions

The fair value of cash-settled transactions is determined at each reporting date, and the change in fair value is recognised in the income statement with a corresponding change in the employee entitlements liability.

(o) Income tax and other taxes

Income 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.

Under NZ IAS 12, the measurement of deferred tax depends on whether an entity expects to recover an asset through use or by selling it, and includes a rebuttable presumption that an investment property is recovered entirely through sale. The group has rebutted that presumption since it retains ownership in all investment property and recovers the value through use, being operating leases to tenants.

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.

Goods and services tax (GST)

Revenue, expenses, assets and liabilities are stated exclusive of GST, except for receivables and payables, which are stated with the amount of GST included.

Cash flows are included in the cash flow statement on a net basis, and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, is classified as part of operating activities.

Commitments and contingencies are disclosed net of the amount of GST.

3. Significant accounting judgements, estimates and assumptions

In producing the financial statements, the group makes judgements, estimates and assumptions based on known facts at a point in time. These accounting judgements, estimates and assumptions will rarely exactly match the actual outcome. The judgements that have the most significant effect on the amounts recognised and the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are as follows:

(a) Fair value of investment property

Changes to market conditions or to assumptions made in the estimation of fair value may result in changes to the fair value of investment property. The carrying value of investment property and the valuation methodology are disclosed in note 12.

(b) Carrying value of property, plant and equipment

Judgement is required to determine whether the fair value of land, buildings and services, runway, taxiways and aprons and infrastructural assets has changed materially from the last revaluation. The determination of fair value at the time of the revaluation requires estimates and assumptions based on market conditions at that time. Changes to estimates, assumptions or market conditions subsequent to a revaluation will result in changes to the fair value of property, plant and equipment.

Remaining useful lives and residual values are estimated based on management's judgement, previous experience and guidance from registered valuers. Changes in those estimates affect the carrying value and the depreciation expense in the income statement.

The carrying value of property, plant and equipment and the valuation methodologies and assumptions are disclosed in note 11(a) and note 11(c) respectively.

(c) Movements in the carrying value of property, plant and equipment

When revaluations are carried out by independent valuers, the valuer determines a value for individual assets. This may involve allocations to individual assets from projects and allocations to individual assets within a class of assets. The allocations to individual assets may be different to the allocations performed at the time a project was completed or different to the allocations to the individual asset made at the previous asset revaluation. These differences at an asset level may be material and can impact the income statement.

Notes and accounting policies CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

3. Significant accounting judgements, estimates and assumptions CONTINUED

(d) Non-GAAP financial information

In reporting financial information, the group presents the following non-GAAP performance measures, which are not defined or specified under the requirements of NZ IFRS:

- EBITDAFI (Earnings before interest expense, taxation, depreciation, fair value adjustments and investments in associate and joint ventures);
- EBITDA (Earnings before interest expense, taxation and depreciation); and
- EBIT (Earnings before interest expense and taxation).

The group believes that these non-GAAP measures, which are not considered to be a substitute for or superior to NZ IFRS measures, provide stakeholders with additional helpful information on the performance of the business. The non-GAAP measures are consistent with how the group's financial performance is planned and reported to the Board and Audit and Financial Risk Committee. However, the non-GAAP measures may not be comparable to similarly titled amounts reported by other companies.

(e) Flood-related insurance matters

On 27 January 2023, Auckland experienced widespread flash flooding caused by record-breaking rainfall. Auckland Airport experienced flooding across the precinct and particularly the international terminal building. Both the domestic and international terminals were closed for short periods starting that evening, with domestic flights resuming at midday on 28 January 2023 and international flights from the morning of 29 January 2023.

Material damage

Auckland Airport suffered flood damage to assets across its precinct. The most significant areas of damage were to check-in, baggage and vertical transportation at the international terminal building. Auckland Airport has material damage, business interruption and construction works insurance policies in place.

The group has engaged independent experts to estimate the likely extent of damage. The experts do not yet have sufficient information to complete a full assessment.

As a result, these financial statements include a number of significant judgements and estimates related to the flood event. It is possible that the actual financial impacts will differ from those included in these financial statements and these differences may be material. Details of the judgements and estimates made are provided in the following parts of this note.

Asset impairment and write-off

The group has commenced the repair and replacement of damaged assets. Repairs completed during the year ended 30 June 2024 have been recognised as an expense during the period. Assets that have been replaced during the period have been treated as a disposal with the cost of replacement recognised as capital expenditure.

At 30 June 2024, the group removed its impairment of flood-damaged assets to reflect the building valuation completed during the period.

The independent valuation considered all previously impaired assets and this is now reflected in the fair value. This resulted in a net $21.3 million reversal of impairments of which $21.0 million was recognised in the property, plant and equipment revaluation reserve through other comprehensive income, and $0.3 million recognised through the income statement. At 30 June 2024, the buildings and services class of property, plant and equipment is no longer impaired (30 June 2023: $21.2 million).

Other insurance

In addition to recovery of the expected reconstruction costs, Auckland Airport is able to seek recovery of additional items, including the following:

- Business interruption costs and loss of revenue while the Auckland Airport precinct was closed or affected by the flood;
- Costs of professional advisors assisting the company as a result of the flood; and
- Additional ongoing operating costs as a result of the damage.

The additional expenses are recognised when incurred and any recovery of these items is recognised when recovery is virtually certain.

Insurance recovery income

The group recognises the expected insurance proceeds when they can be reliably estimated and the recovery is virtually certain. The insurers have acknowledged the flood event damage. However, as described above, assessments of the full extent and costs to remediate are incomplete.

During the year ended 30 June 2024, the insurers agreed to a second payment of $10.0 million and a third payment of $9.0 million, which the group has recognised as income. This is in addition to the first payment of $5.0 million recognised during the year ended 30 June 2023.

The flood related amounts recognised during the year ended 30 June 2024 in the consolidated income statement and the consolidated statement of comprehensive income are shown in the table below:

	Notes	2024 $M	2023 $M
Income		19.0	5.0
Material damage		19.0	5.0
Expenses		(12.4)	(8.4)
Staff		(0.1)	(0.2)
Asset management, maintenance and airport operations		(12.3)	(7.3)
Marketing and promotions		-	(0.1)
Professional services and levies		(0.3)	(0.2)
Other expenses		-	(0.3)
Fixed asset write-offs and impairment[1]		0.3	(0.3)
Other comprehensive income		21.0	(21.0)
Flood-related fixed asset impairments[2]		21.0	(21.0)

1 The group reversed fixed asset impairments of $0.3 million that were previously recognised in flood related expenses.
2 The group also reversed $21.0 million of flood related fixed asset impairments that were previously recognised through other comprehensive income in the property, plant and equipment revaluation reserve .

(f) Climate change

Judgement is required to determine the extent to which climate change may impact the amounts recognised in these financial statements.

The group has taken climate change into account during the preparation of these financial statements and has considered the following:

- Planned replacement of existing assets as the group transitions to reduce its carbon emissions;
- Risk of damage to existing assets and operational impacts associated with changing weather patterns and sea level rise, including the expected time frames that existing assets would be affected;
- Potential changes in customer demand and regulation that may affect the future economic benefits assumed in the carrying value of assets;

The estimates of useful lives may be impacted by climate-related risks in future and changes in expectations. The group assessed its assets useful life that may be impacted by the determined climate change risks and commitments. These have not resulted in a material change.

The useful life of assets are aligned with the Group's planned decommissioning of assets to assist with meeting its target of reducing global absolute Scope 1 and 2 emissions by 90% by 2030.

The near term risks associated with weather events are being mitigated. The group has invested in additional stormwater capacity to increase the resilience of critical assets against flooding. The group's insurance policies continue to provide cover for weather events.

Future investment planning considers the longer-term impacts of climate change and while the longer-term scenarios remain uncertain, the various scenarios at this stage do not materially impact these financial statements.

The valuers have considered the impact of climate change but have made no explicit adjustments in respect of climate change matters. However, the Group and valuers anticipate that climate change could have a greater influence on valuations in the future as markets place a greater emphasis on this topic.

Further information on risks and opportunities and the Group's carbon reduction plans are presented in the Climate-Related Disclosure 2024.

Notes and accounting policies CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

4. Segment information

(a) Identification of reportable segments

The group has identified its operating segments based on the internal reports reviewed and used by the chief executive, as the chief operating decision-maker, in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the nature of services provided. Discrete financial information about each of these operating segments is reported to the chief executive at least monthly. The chief executive assesses performance of the operating segments based on segment EBITDAFI. Interest income and expenditure, taxation and depreciation, fair value adjustments and share of profits of associate and joint ventures are not allocated to operating segments, as the group manages the cash position and assets at a group level.

(b) Types of services provided

Aeronautical

The aeronautical business provides services that facilitate the movement of aircraft, passengers and cargo and provides utility services that support the airport. The aeronautical business also earns rental revenue from space leased in facilities, such as terminals.

Retail

The retail business provides services to the retailers within the terminals and provides car parking facilities for passengers, visitors and airport staff.

Property

The property business earns rental revenue from space leased on airport land outside the terminals, including cargo buildings, hangars and stand-alone investment properties.

(c) Major customers

The group has a number of customers to which it provides services. The most significant customer in the 2024 financial year accounted for 30% of external revenue (2023: 27%). The second most significant customer accounted for 12% of external revenue in the 2024 financial year but was not a major customer in the comparative period. The revenue from those customers is included in all three operating segments.

(d) Geographical areas

Revenue from the reportable segments is derived in New Zealand, it being the location where the sale occurred. Property, plant and equipment and investment property of the reportable segments are located in New Zealand. The investments in associates are not part of the reportable segments of the group.

	Aeronautical $M	Retail $M	Property $M	Total $M
Year ended 30 June 2024				
Income from external customers				
Airfield income	150.5	-	-	150.5
Passenger services charge	241.6	-	-	241.6
Retail income	-	184.5	-	184.5
Rental income	28.4	1.2	151.0	180.6
Rates recoveries	0.7	3.5	8.9	13.1
Car park income	-	66.4	-	66.4
Flood-related income	19.0	-	-	19.0
Other income	10.1	10.9	8.0	29.0
Total segment income	450.3	266.5	167.9	884.7
Expenses				
Staff	40.4	4.7	5.4	50.5
Asset management, maintenance and airport operations	63.9	25.9	8.1	97.9
Rates and insurance	8.5	8.6	15.7	32.8
Marketing and promotions	4.0	3.6	1.4	9.0
Professional services and levies	2.0	1.4	2.8	6.2
Fixed asset write-offs, impairment and termination costs	0.7	-	-	0.7
Reversal of fixed asset impairment and termination costs	-	-	-	-
Flood-related expenses	12.4	-	-	12.4
Other expenses	2.9	1.5	3.5	7.9
Total segment expenses	134.8	45.7	36.9	217.4
Segment earnings before interest expense, taxation, depreciation, fair value adjustments and investments in associate and joint ventures (EBITDAFI)[1]	315.5	220.8	131.0	667.3

1 EBITDAFI is a non-GAAP measure. Refer to note 3(d) for more information.

Notes and accounting policies CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

4. Segment information CONTINUED

	Aeronautical $M	Retail $M	Property $M	Total $M
Year ended 30 June 2023				
Income from external customers				
Airfield income	86.6	-	-	86.6
Passenger services charge	132.9	-	-	132.9
Retail income	-	130.9	-	130.9
Rental income	26.7	1.0	142.9	170.6
Rates recoveries	0.8	3.5	8.4	12.7
Car park income	-	57.7	-	57.7
Flood-related income	5.0	-	-	-
Other income	8.1	8.2	5.1	21.4
Total segment income	260.1	201.3	156.4	617.8
Expenses				
Staff	34.8	4.3	4.4	43.5
Asset management, maintenance and airport operations	47.3	20.3	5.7	73.3
Rates and insurance	7.2	7.9	14.2	29.3
Marketing and promotions	2.4	3.1	0.8	6.3
Professional services and levies	1.1	0.5	1.4	3.0
Fixed asset write-offs, impairment and termination costs	3.8	1.0	-	4.8
Reversal of fixed asset impairment and termination costs	-	(1.0)	-	(1.0)
Flood-related expenses	8.4	-	-	-
Other expenses	4.2	1.9	2.7	8.8
Total segment expenses	109.2	38.0	29.2	176.4
Segment earnings before interest expense, taxation, depreciation, fair value adjustments and investments in associate and joint ventures (EBITDAFI)[1]	150.9	163.3	127.2	441.4

1 EBITDAFI is a non-GAAP measure. Refer to note 3(d) for more information.

(e) Reconciliation of segment income to income statement

	2024 $M	2023 $M
Segment income	884.7	617.8
Interest income	6.4	3.2
Other revenue	4.4	4.9
Total income	895.5	625.9

(f) Reconciliation of segment EBITDAFI to income statement

The income included in unallocated external operating income consists mainly of interest from third-party financial institutions and income from telecommunication and technology services provided to tenants. The expenses included in unallocated external operating expenses consist mainly of internal corporate and legal staff expenses and consulting fees.

	2024 $M	2023 $M
Segment EBITDAFI[1]	667.3	441.4
Unallocated external operating income	10.8	8.1
Unallocated external operating expenses	(64.1)	(52.4)
Total EBITDAFI as per income statement[1]	614.0	397.1
Investment property fair value (decrease)/increase	(15.3)	(139.7)
Property, plant and equipment revaluation	(11.0)	(15.6)
Derivative fair value increase/(decrease)	0.9	(0.7)
Share of profit/(loss) of associate and joint ventures	(4.5)	11.1
Depreciation	(168.4)	(145.3)
Interest expense and other finance costs	(72.4)	(62.7)
Profit before taxation	343.3	44.2

1 EBITDAFI is a non-GAAP measure. Refer to note 3(d) for more information.

Notes and accounting policies CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

5. Profit for the year

	Notes	2024 $M	2023 $M
Retail and rental income includes:			
Variable lease payments		32.7	86.5
Rent abatements		-	(58.1)
Staff expenses comprise:			
Salaries and wages		64.0	51.6
Employee benefits		6.2	5.7
Share-based payment plans		0.4	(0.1)
Defined contribution superannuation		2.3	2.0
Other staff costs		4.8	4.1
		77.7	63.3
Fixed asset write-offs, impairment and termination costs comprise:			
Write-offs – property, plant and equipment	11(a)	-	2.1
Impairment – property, plant and equipment	11(a)	1.0	2.7
		1.0	4.8
Flood-related fixed asset write-offs, impairment and termination costs comprise:			
Impairment – flood-related property, plant and equipment	11(a)	(0.3)	0.3
		(0.3)	0.3
Reversal of fixed asset impairment and termination costs comprise:			
Reversal of impairment – property, plant and equipment	3(e), 11(a)	-	(1.0)
		-	(1.0)
Other expenses include:			
Directors' fees		1.4	1.6
Bad debts written off		(0.3)	2.4
Loss on foreign currency movements		0.4	0.1
Interest expense and other finance costs comprise:			
Interest on bonds and related hedging instruments		60.3	41.9
Interest on bank facilities and related hedging instruments		20.7	18.0
Interest on AMTN notes and related hedging instruments		36.6	14.9
Interest on commercial paper and related hedging instruments		9.5	7.3
		127.1	82.1
Less capitalised borrowing costs	11(a), 12	(54.7)	(19.4)
		72.4	62.7
Interest rate for capitalised borrowing costs		5.79%	5.03%

The interest expense amounts disclosed in the table above include the effect of interest rate hedges. The gross interest costs of bonds, bank facilities, Australian Medium Term Notes ('AMTN') and commercial paper, excluding the impact of interest rate hedges, was $126.6 million for the year ended 30 June 2024 (2023: $79.6 million).

The interest expense recognised in the income statement excludes capitalised borrowing costs of $54.7 million (30 June 2023: $19.4 million). Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, are capitalised as part of the cost of that asset. Capitalisation is suspended if active development of the qualifying asset is suspended for an extended period.

The group makes contributions to a defined contribution superannuation scheme. The group has no legal or constructive obligation to make further contributions if the fund does not hold sufficient assets to pay employee benefits.

Auditor's remuneration

	2024 $'000	2023 $'000
Audit of financial statements		
Audit and review of financial statements[1]	480.0	510.0
Other services		
Regulatory audit work[2]	111.0	87.5
Other services[3]	126.0	186.0
Total fees paid to auditor	717.0	783.5

1 The audit fee includes fees for both the annual audit of the financial statements and the review of the interim financial statements.
2 Regulatory audit work consists of the audit of airport-related regulatory disclosures.
3 Other services include $38,000 relating to greenhouse gas inventory assurance and $69,000 for an assurance readiness assessment of the climate related disclosures. The group has also paid $14,000 to Deloitte for administrative and other advisory services to the Corporate Taxpayers Group, of which the group, alongside a number of other organisations, is a member. The remaining other services relates to trustee reporting of $5,000.

Notes and accounting policies CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

6. Reconciliation of profit after taxation with cash flow from operating activities

	2024 $M	2023 $M
Profit after taxation	5.5	43.2
Non-cash items		
Depreciation	168.4	145.3
Deferred taxation expense	239.5	(19.2)
Share-based payments	-	0.1
Fixed asset write-offs and impairment	1.0	4.8
Reversal of fixed asset impairment	-	(1.0)
Reversal of fixed asset impairment - flood-related	(0.3)	0.3
Equity-accounted (earnings)/loss from associate and joint ventures	4.5	(11.1)
Property, plant and equipment fair value revaluation	11.0	15.6
Investment property fair value decrease/(increase)	15.3	139.7
Derivatives fair value (increase)/decrease	(0.9)	0.7
Items not classified as operating activities		
Gain on asset disposals	1.3	3.4
Decrease/(increase) in provisions and property, plant and equipment retentions and payables	(26.7)	(39.4)
(Increase)/decrease in investment property retentions and payables	(0.9)	(16.4)
Increase in investment property lease incentives and receivables	(8.0)	(12.5)
Items recognised directly in equity	0.3	0.5
Movement in working capital		
(Increase)/decrease in trade and other receivables	(30.7)	(23.1)
(Increase)/decrease in taxation receivable	66.8	20.2
(Decrease)/increase in accounts payable and provisions	51.4	73.8
Increase in other term liabilities	(1.2)	0.2
Net cash flow from operating activities	496.3	325.1

7. Taxation

(a) Income tax expense

	2024 $M	2023 $M
The major components of income tax are:		
Current income tax		
Current income tax charge	98.3	20.5
Income tax over provided in prior year	-	-
Deferred income tax		
Prior period adjustment	-	(0.3)
Movement in deferred tax	239.5	(19.2)
Total taxation expense	337.8	1.0

(b) Reconciliation between prima facie taxation and tax expense

	2024 $M	2023 $M
Profit before taxation	343.3	44.2
Prima facie taxation at 28%	96.2	12.4
Adjustments:		
Share of associates' tax paid earnings	(1.2)	(1.6)
Revaluation with no tax impact	(46.7)	(7.6)
Income tax over provided in prior year	-	-
Re-estimated future tax benefits for buildings	(1.8)	(1.6)
Deferred tax impact on building structure depreciation legislation change	292.8	-
Non-deductible asset write-offs, impairment and termination costs	-	0.5
Revaluation reserve transfer	(5.7)	-
Other	4.2	(1.1)
Total taxation expense	337.8	1.0

Notes and accounting policies CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

7. Taxation CONTINUED

(c) Deferred tax assets and liabilities

	Balance 1 July 2023	Movement in income	Movement in other comprehensive income	Movement in equity	Offset against taxable income	Balance 30 June 2024
	$M	$M	$M	$M	$M	$M
Deferred tax liabilities						
Property, plant and equipment	328.7	149.4	137.2	-	-	615.3
Investment properties	92.6	70.3	-	-	-	162.9
Provisions, accruals and long-term incentive plan	3.0	2.9	0.2	-	-	6.1
Foreign currency hedge	-	-	-	-	-	-
Cash flow hedge	11.7	-	(5.4)	-	-	6.3
Other	2.5	16.9	-	-	-	19.4
Deferred tax liability	438.5	239.5	132.0	-	-	810.0

	Balance 1 July 2022	Movement in income	Movement in other comprehensive income	Movement in equity	Offset against taxable income	Balance 30 June 2023
	$M	$M	$M	$M	$M	$M
Deferred tax liabilities						
Property, plant and equipment	303.5	(15.2)	40.4	-	-	328.7
Investment properties	131.8	(39.2)	-	-	-	92.6
Provisions and accruals	2.8	0.2	-	-	-	3.0
Foreign currency hedge	-	-	-	-	-	-
Cash flow hedge	6.3	-	5.4	-	-	11.7
Other	1.1	1.4	-	-	-	2.5
Deferred tax liabilities	445.5	(52.8)	45.8	-	-	438.5
Deferred tax assets						
Tax losses	33.6	(33.6)	-	-	-	-
Deferred tax assets	33.6	(33.6)	-	-	-	-
Net deferred tax liability	411.9	(19.2)	45.8	-	-	438.5

In March 2024, the New Zealand Government enacted new tax legislation and, as a result, from the 2024-25 income tax year onwards Auckland Airport can no longer claim any tax deductions for depreciation on all of its non-residential building structures with estimated useful lives of 50 years or more. This amendment applies from 1 April 2024. This has resulted in a one-off, non-cash accounting adjustment increasing the deferred tax liability and deferred tax expense.

The increase in deferred tax liability is $292.8 million and has no impact on the company's cash flows in the year ended 30 June 2024. In effect, the accounting charge represents a one-off loss relating to the reduction of the tax base and the impact of this change is recognised in the current year tax expense.

(d) Imputation credits

	2024	2023
	$M	$M
Imputation credits available for use in subsequent reporting periods at 30 June	36.9	0.8

8. Associate and joint ventures

(a) Tainui Auckland Airport Hotel Limited Partnership & Tainui Auckland Airport Hotel 2 Limited Partnership (joint ventures)

Auckland Airport and Tainui Group Holdings Limited have formed the following joint ventures:

- Tainui Auckland Airport Hotel Limited Partnership, which owns and operates a 4-star plus, 263-room Novotel hotel, which has operated since May 2011.
- Tainui Auckland Airport Hotel 2 Limited Partnership, which owns and operates a 5-star plus, 311-room Pullman hotel. The new Pullman Hotel was opened on 13 December 2023.

The group and Tainui Group Holdings each hold a 50% stake in the partnerships. The hotels are both adjacent to the international terminal at Auckland Airport and are operated on the partnerships' behalf by Accor Hospitality. The partnerships have a balance date of 31 March. The financial information for equity accounting purposes has been extracted from audited accounts for the period to 31 March 2024 and management accounts for the balance of the year to 30 June 2024.

Two of Auckland Airport's senior management staff are directors on the boards of both the Tainui Auckland Airport Hotel Limited Partnership and the Tainui Auckland Airport Hotel 2 Limited Partnership. No directors' fees are paid in relation to these appointments but the skills and experience of these directors are being utilised to protect and grow Auckland Airport's investment.

The hotels are categorised as Level 3 in the fair value hierarchy (as described in note 2(e)) and the valuation methodology used was a direct capitalisation of expected cash flows supported by a discounted cash flow approach.

At 31 March 2024, independent valuations were performed by Jones LangLaSalle Limited (JLL) for the Novotel hotel and Pullman hotel.

- The fair value of the Novotel hotel was determined to be $130.0 million, resulting in a $9.5 million valuation loss for the joint venture. The group's share of the loss was $4.75 million (31 March 2023: $5.5 million gain for the joint venture, of which the group's share was $2.7 million).

- The fair value of the Pullman hotel was determined to be $173.0 million, resulting in a $9.0 million valuation loss for the joint venture. The group's share of the loss was $4.5 million (31 March 2023: $2.0 million gain for the joint venture, of which the group's share was $1.0 million).

Other transactions with the partnerships are as follows:

	Tainui Auckland Airport Hotel Limited Partnership		Tainui Auckland Airport Hotel 2 Limited Partnership	
	2024	2023	2024	2023
	$M	$M	$M	$M
Rental income received	1.0	0.7	0.4	0.7
Future minimum rentals receivable under non-cancellable operating lease	12.4	12.4	34.6	19.8

Notes and accounting policies CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

8. Associate and joint ventures CONTINUED

(b) Queenstown Airport Corporation Limited (associate)

The group has a 24.99% stake in Queenstown Airport Corporation Limited (Queenstown Airport). One of Auckland Airport's senior management staff is on the board of Queenstown Airport.

The group considers that there are no impairment indicators of its investment in its share of Queenstown Airport.

Summary financial information

The information below reflects the full amounts in the financial statements of the associate and joint ventures (not the group's share of those amounts) before adjustments for depreciation expense and investment property revaluation gains to align the accounting policies with those of the group.

	Tainui Auckland Airport Hotel Limited Partnership		Tainui Auckland Airport Hotel 2 Limited Partnership		Queenstown Airport Corporation Limited	
	2024	2023	2024	2023	2024	2023
	$M	$M	$M	$M	$M	$M
Revenue	30.6	24.8	10.5	-	64.7	59.6
EBITDA	9.5	6.6	(0.4)	-	46.1	43.9
Profit after taxation	4.5	1.8	(9.2)	-	16.4	22.7
Other comprehensive income/(loss)	-	-	-	-	(0.1)	45.1
Total comprehensive income for the year	4.5	1.8	(9.2)	-	16.3	67.8
Distributions						
Repayment of partner contribution/ dividends received	8.6	-	-	-	14.8	7.2
Auckland Airport share of repayment of partner contribution/dividends received	4.3	-	-	-	3.7	1.8

	Tainui Auckland Airport Hotel Limited Partnership		Tainui Auckland Airport Hotel 2 Limited Partnership		Queenstown Airport Corporation Limited	
	2024	2023	2024	2023	2024	2023
	$M	$M	$M	$M	$M	$M
Current assets	7.5	12.7	1.9	2.2	6.3	6.5
Non-current assets	57.7	58.0	213.5	182.2	520.0	516.6
Total assets	65.2	70.7	215.4	184.4	526.3	523.1
Current liabilities	4.7	5.0	6.8	(0.9)	16.2	39.8
Non-current liabilities	59.5	59.0	103.3	70.9	63.6	38.2
Shareholders' equity	1.0	6.6	105.3	114.4	446.5	445.0
Total equity and liabilities	65.2	70.6	215.4	184.4	526.3	523.0
Auckland Airport ownership	50.00%	50.00%	50.00%	50.00%	24.99%	24.99%
Auckland Airport share of shareholders' equity	0.5	3.3	52.7	57.2	111.6	111.2
Investment property depreciation and revaluation adjustment	32.4	35.6	(21.8)	(19.5)	-	-
Goodwill	6.1	6.1	-	-	-	-
Gain on purchase	-	-	-	-	(0.9)	(0.9)
Carrying value of investment	39.0	45.0	30.9	37.7	110.7	110.3

Movement in the group's carrying amount of investment in associate and joint ventures

	Note	2024 $M	2023 $M
Investment in associate and joint ventures at the beginning of the year		193.1	166.5
Further investment in joint ventures		-	6.1
Share of profit/(loss) of associate and joint ventures		4.8	7.4
Revaluation of investment property		(9.3)	3.7
Share of reserves of associate and joint ventures	16(f)	-	11.2
Share of dividends received or repayment of partner contribution		(8.0)	(1.8)
Investment in associate and joint ventures at the end of the year		180.6	193.1

9. Distribution to shareholders

	Dividend payment/ reinvestment date	2024 $M	2023 $M
2022 final dividend	N/A	-	-
2023 interim dividend	N/A	-	-
2023 final dividend of 4.00 cps	06 October 2023	58.9	-
2024 interim dividend of 6.75 cps	05 April 2024	99.6	-
Total dividends distributed		158.5	-
less dividends reinvested			
2023 final dividend	06 October 2023	(20.5)	-
2024 interim dividend	05 April 2024	(38.2)	-
		(58.7)	-
Total dividends paid		99.8	-

The company has a dividend reinvestment plan. The 2023 final dividend was distributed during the year ended 30 June 2024, with $20.5 million being reinvested and $38.4 million being paid in cash (30 June 2023: no dividend paid).

The 2024 interim dividend was distributed during the period ended 30 June 2024, with $38.2 million being reinvested and $61.4 million being paid in cash (30 June 2023: no dividend paid).

10. Earnings per share

The earnings used in calculating basic and diluted earnings per share is net profit attributable to equity holders of $5.5 million (2023: $43.2 million).

The weighted average number of shares used to calculate basic and diluted earnings per share is as follows:

	2024 Shares	2023 Shares
For basic earnings per share	1,475,278,665	1,472,279,341
Effect of dilution of share options	177,531	176,212
For diluted earnings per share	1,475,456,196	1,472,455,553

The 2024 reported basic earnings per share is 0.37 cents (2023: 2.93 cents).

The 2024 reported diluted earnings per share is 0.37 cents (2023: 2.93 cents).

Notes and accounting policies CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

11. Property, plant and equipment

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

	Land $M	Buildings and services $M	Infrastructure $M	Runway, taxiways and aprons $M	Vehicles, plant and equipment $M	Total $M
Year ended 30 June 2024						
Balances at 1 July 2023						
At fair value	4,387.8	1,401.5	735.4	416.9	-	6,941.6
At cost	-	-	-	-	246.0	246.0
Work in progress at cost	-	500.8	73.5	71.1	18.2	663.6
Accumulated depreciation	-	(72.5)	(27.8)	(2.0)	(200.6)	(302.9)
Balances at 1 July 2023	4,387.8	1,829.8	781.1	486.0	63.6	7,548.3
Additions and transfers within property, plant and equipment	-	417.7	183.0	285.5	33.1	919.3
Transfers from/(to) investment property	(8.4)	-	-	-	-	(8.4)
Disposals	-	-	(1.3)	-	-	(1.3)
Fair value change recognised in the revaluation reserve	-	456.2	-	-	-	456.2
Fair value change recognised in the income statement	-	(11.0)	-	-	-	(11.0)
Impairment	-	-	(1.0)	-	-	(1.0)
Reversal of impairment through revaluation reserve – flood-related	-	21.0	-	-	-	21.0
Reversal of impairment through the income statement – flood-related	-	0.2	-	-	0.1	0.3
Depreciation	-	(79.8)	(42.2)	(27.6)	(18.8)	(168.4)
Movement to 30 June 2024	(8.4)	804.3	138.5	257.9	14.4	1,206.7
Balances at 30 June 2024						
At fair value	4,379.4	2,051.7	875.4	412.4	-	7,718.9
At cost	-	-	-	-	245.9	245.9
Work in progress at cost	-	582.4	112.4	361.2	33.6	1,089.6
Accumulated depreciation	-	-	(68.2)	(29.7)	(201.5)	(299.4)
Balances at 30 June 2024	4,379.4	2,634.1	919.6	743.9	78.0	8,755.0

Additions for the year ended 30 June 2024 include capitalised interest of $45.0 million (2023: $16.7 million).

Impairments and write-offs in respect of the flood damaged assets for the year ended 30 June 2024 are detailed in note 3(e).

During the year, the estimated useful lives have been reduced for some airfield assets that will be demolished to make way for the new domestic terminal. The change in useful lives resulted in an increase in depreciation of $4.6 million during the year ended 30 June 2024.

The group includes leased properties within property, plant and equipment when the properties are held for the purpose of airport operations. The following categories of property, plant and equipment are leased to tenants:

- Aeronautical land, including land associated with aircraft, freight and terminal use carried at $339.7 million (30 June 2023: $344.7 million);
- Land associated with retail facilities within terminal buildings carried at $1,664.5 million (30 June 2023: $1,664.5 million); and
- Terminal building premises (within buildings and services), being 15% of total floor area and carried at $311.7 million (30 June 2023: 15% of total floor area or $224.0 million).

	Land $M	Buildings and services $M	Infrastructure $M	Runway, taxiways and aprons $M	Vehicles, plant and equipment $M	Total $M
Year ended 30 June 2023						
Balances at 1 July 2022						
At fair value	4,319.1	1,361.1	615.6	366.2	-	6,662.0
At cost	-	-	-	-	221.7	221.7
Work in progress at cost	-	192.6	45.3	64.5	56.2	358.6
Accumulated depreciation	-	(0.4)	(44.3)	(32.2)	(179.3)	(256.2)
Balances at 1 July 2022	4,319.1	1,553.3	616.6	398.5	98.6	6,986.1
Additions and transfers within property, plant and equipment	-	378.7	107.1	46.2	(12.9)	519.1
Transfers from/(to) investment property	15.4	(1.1)	-	-	(0.3)	14.0
Disposals	-	(3.5)	-	-	-	(3.5)
Revaluation recognised in property, plant and equipment revaluation reserve	53.0	-	101.8	63.8	-	218.6
Revaluation recognised in the income statement	0.3	-	(9.7)	(6.2)	-	(15.6)
Impairment	-	(2.7)	-	-	-	(2.7)
Impairment through revaluation reserve – flood-related	-	(21.0)	-	-	-	(21.0)
Impairment through the income statement – flood-related	-	(0.2)	-	-	(0.1)	(0.3)
Reversal of impairment	-	-	-	1.0	-	1.0
Write-offs	-	(1.0)	(0.1)	(1.0)	-	(2.1)
Depreciation	-	(72.7)	(34.6)	(16.3)	(21.7)	(145.3)
Movement to 30 June 2023	68.7	276.5	164.5	87.5	(35.0)	562.2
Balances at 30 June 2023						
At fair value	4,387.8	1,401.5	735.4	416.9	-	6,941.6
At cost	-	-	-	-	246.0	246.0
Work in progress at cost	-	500.8	73.5	71.1	18.2	663.6
Accumulated depreciation	-	(72.5)	(27.8)	(2.0)	(200.6)	(302.9)
Balances at 30 June 2023	4,387.8	1,829.8	781.1	486.0	63.6	7,548.3

Notes and accounting policies CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

11. Property, plant and equipment CONTINUED

(b) Carrying amounts measured at historical cost less accumulated depreciation

	Land $M	Buildings and services $M	Infrastructure $M	Runway, taxiways and aprons $M	Vehicles, plant and equipment $M	Total $M
Year ended 30 June 2024						
At historical cost	154.1	1,731.4	815.3	514.0	268.9	3,483.7
Work in progress at cost	-	582.4	112.4	361.2	33.6	1,089.6
Accumulated depreciation	-	(715.5)	(234.2)	(256.1)	(221.9)	(1,427.7)
Net carrying amount	154.1	1,598.3	693.5	619.1	80.6	3,145.6
Year ended 30 June 2023						
At historical cost	154.1	1,394.5	688.7	431.4	246.0	2,914.7
Work in progress at cost	-	500.8	73.5	71.1	18.2	663.6
Accumulated depreciation	-	(682.0)	(206.0)	(241.0)	(200.6)	(1,329.6)
Net carrying amount	154.1	1,213.3	556.2	261.5	63.6	2,248.7

(c) Revaluation of land, buildings and services, infrastructure, runway, taxiways and aprons

At the end of each reporting period, the group makes an assessment of whether the carrying amounts differ materially from fair value and whether a revaluation is required. The assessment considers movements in the capital goods price index since the previous valuation, mid-year desktop reviews by the previous valuers and changes in valuations of investment property as an indicator of property, plant and equipment valuation movement.

Valuations are completed in accordance with the company's asset valuation handbook, which is prepared 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 group's management and the Board.

Building and services assets were independently valued by Beca Projects NZ Limited (Beca) at 30 June 2024.

Land, Infrastructure and runway, taxiways and aprons were not revalued at 30 June 2024. The assessment is that there is not a material difference between the carrying value and the fair value of those asset classes at 30 June 2023.

Land assets were independently valued by Savills Limited (Savills), Jones LangLaSalle Limited (JLL), CB Richard Ellis Limited (CBRE) and Aon Risk Solutions (AON) as at 30 June 2023.

Infrastructure and Runway, taxiways and aprons assets were independently revalued by Beca as at 30 June 2023.

The assessment on land, to determine whether a revaluation was likely to be required at 30 June 2024, was supported by management's review of fair value changes for comparable land within the investment property portfolio. The assessment on infrastructure and runway assets was supported by management's review of movements in relevant subcategories of the capital goods price index. The valuation approach is the optimised depreciated replacement cost. Movements in the relevant capital goods price index subcategories provide a strong indication of movements in the cost of replacing these assets as at 30 June 2024.

Impairment and write-offs – flood damage

The group assessed that certain assets in the following asset classes were impaired due to damage from the January 2023 flood event:

- Buildings and services; and
- Vehicles, plant and equipment.

The most significant areas of damage were to check-in, baggage and vertical transportation at the international terminal building. The group engaged independent experts to estimate the costs to repair or replace damaged assets. Refer to note 3e for further details on the impairment and impairment reversals.

The group has assessed that there were no indicators of impairment to land, infrastructure or runways, taxiways and aprons assets that are carried at fair value.

Impairment and write-offs – capital work in progress

In response to reduced aeronautical activity during the COVID-19 pandemic, Auckland Airport suspended some capital expenditure projects and impaired its capital work in progress portfolio. The group has reassessed the capital work in progress portfolio and, for the year ended 30 June 2024, has reported no additional impairments (30 June 2023: $1.7 million). The impairment assessment methodology was consistent with the prior year and the group considered the following factors, including the extent to which projects:

- Are designed, consented, currently active and intended to be completed;
- Are still contemplated by the airport masterplan or are a strategic priority; and

- For aeronautical-related projects, whether or not they are still expected to be included in the regulated asset base.

Projects that did not satisfy the relevant above factors were written off. The group did not recognise any write-offs during the year (2023: $2.1 million). Where projects satisfied the relevant above factors, the group further categorised them according to the likelihood of being completed to the original scope and design. If a project is not completed to the original design, a portion of the work already performed may be abandoned in the future. Such projects were grouped according to the assessed likelihood of material future scope changes and impaired by between 25% and 75%.

Following the revaluations and capital work in progress, the group has also considered whether there is any further indication of impairment at the cash-generating unit level. The group has assessed that it has a single core cash-generating unit, which comprises all assets other than investment property.

The group has considered its enterprise market valuation and the long-term nature of its assets and concluded that there is no further impairment at the cash-generating unit level.

Fair value measurement

The valuers use different approaches for valuing different asset groups. Where the fair value of an asset is able to be determined by reference to market-based evidence, such as sales of comparable assets, 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, discounted cash flows or optimised depreciated replacement cost is used to determine fair value. Assets acquired or constructed after the date of the latest revaluation are carried at cost, which approximates fair value.

The group's land, buildings and services, infrastructure, runway, taxiways and aprons are all categorised as Level 3 in the fair value hierarchy as described in note 2(e). During the year, there were no transfers between the levels of the fair value hierarchy.

Notes and accounting policies CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

11. Property, plant and equipment CONTINUED

The table below summarises the valuation approach and the principal assumptions used in establishing the fair values:

		2024		2023	
Asset valuation approach	**Inputs used to measure fair value**	**Range of significant inputs**	**Weighted average**	**Range of significant inputs**	**Weighted average**
Land					
Airfield land, including land for runway, taxiways, aprons and approaches	Rate per sqm prior to holding costs (excluding approaches)	$105 – 182	$138	$105 – 182	$138
Market value alternative use valuation plus development and holding costs to achieve land suitable for airport use and direct sales comparison	Holding costs per sqm (excluding approaches)	$53 – 98	$72	$53 – 98	$72
	Holding period (excluding approaches)	5.0 years	N/A	5.0 years	N/A
	Airfield land discount rate	12.00%	N/A	12.00%	N/A
	Rate per sqm (approaches)	$20 – 127	$38	$20 – 127	$38
Reclaimed land seawalls	Unit costs of seawall construction per m	$5,279 – 11,361	$8,533	$5,279 – 11,361	$8,533
Optimised depreciated replacement cost	Unit costs of reclamation per sqm	$208 – 208	$208	$208 – 208	$208
Aeronautical land, including land associated with aircraft, freight and terminal uses	Rate per sqm (excluding commercially leased assets)	$160 – 1,083	$306	$160 – 1,083	$306
Discounted cash flow cross-referenced to a market capitalisation of net revenues as indicated by market activity from comparable transactions and direct sales comparison	Market rent (per sqm) – average	$52 – 1691	$209	$52 – 1691	$209
	Market capitalisation rate – average	5.00 – 6.50%	5.76%	5.00 – 6.50%	5.76%
	Terminal capitalisation rate	4.75 – 6.75%	6.10%	4.75 – 6.75%	6.10%
	Discount rate	5.00 – 8.50%	7.60%	5.00 – 8.50%	7.60%
	Rental growth rate (per annum)	2.68 – 3.05%	2.98%	2.68 – 3.05%	2.98%
Land associated with car park facilities	Discount rate	9.25 – 13.50%	11.23%	9.25 – 13.50%	11.23%
Discounted cash flow cross-referenced to a market capitalisation of net revenues as indicated by market activity from comparable transactions	Terminal capitalisation rate	6.75 – 8.75%	7.49%	6.75 – 8.75%	7.49%
	Revenue growth rate (per annum)	0.83 – 12.96%	7.02%	0.83 – 12.96%	7.02%
Land associated with retail facilities within terminal buildings	Discount rate	9.50 – 10.38%	10.35%	9.50 – 10.38%	10.35%
Discounted cash flow cross-referenced to a market capitalisation of net revenues as indicated by market activity from comparable transactions	Terminal capitalisation rate	8.25 – 8.25%	8.25%	8.25 – 8.25%	8.25%
	Revenue growth rate (per annum)	-9.08 – 2.96%	2.62%	-9.08 – 2.96%	2.62%
	Market capitalisation rate	7.00 – 12.50%	7.15%	7.00 – 12.50%	7.15%
Other land					
Direct sales comparison	Rate per sqm	$100 – 226	$131	$100 – 226	$131

Asset valuation approach	Inputs used to measure fair value	2024 Range of significant inputs	2024 Weighted average	2023 Range of significant inputs	2023 Weighted average
Buildings and services					
Terminal buildings					
Optimised depreciated replacement cost	Unit costs of construction per sqm	$2,942 – 26,334	$13,893	$1,686 – 19,536	$11,186
Other buildings					
Optimised depreciated replacement cost	Unit costs of construction per sqm	$1,904 – 16,220	$4,279	$997 – 9,064	$1,993
Infrastructure					
Water and drainage					
Optimised depreciated replacement cost	Unit costs of pipe construction per m	$180 – 13,600	$580	$180 – 13,600	$580
Electricity					
Optimised depreciated replacement cost	Unit costs of electrical cabling construction per m	$174 – 556	$411	$174 – 556	$411
Roads					
Optimised depreciated replacement cost	Unit costs of road and footpaths construction per sqm	$52 – 273	$105	$52 – 273	$105
Other infrastructure assets					
Optimised depreciated replacement cost	Unit costs of navigation aids and lights	$4,345 – 11,296	$7,645	$4,345 – 11,296	$7,645
	Unit costs of fuel pipe construction per m	$4,049 – 43,387	$4,735	$4,049 – 43,387	$4,735
Runway, taxiways and aprons					
Optimised depreciated replacement cost	Unit costs of concrete pavement construction per sqm	$436 – 1,288	$643	$436 – 1,288	$643
	Unit costs of asphalt pavement construction per sqm	$181 – 1,244	$343	$181 – 1,244	$343

The valuation inputs for buildings and services are from the 2024 valuation, while the prior year's comparatives are from the 2022 valuation of these assets. The valuation inputs for land, infrastructure and runways, taxiways and aprons are unchanged from the 2023 valuation. These asset classes were not revalued in 2024 as the carrying value was not assessed to be materially different from fair value.

Notes and accounting policies CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

11. Property, plant and equipment CONTINUED

The table below includes descriptions of different valuation approaches:

VALUATION APPROACH	DESCRIPTION
Income capitalisation approach	A valuation methodology that determines fair value by capitalising a property's sustainable net income at an appropriate market-derived capitalisation rate, with subsequent capital adjustments for near-term events, typically including letting-up allowances for vacancies and pending expiries, expected short-term capital expenditure and the present value of any difference between contract and market rentals.
Discounted cash flow analysis	A valuation methodology that requires the application of financial modelling techniques. Discounted cash flow analysis requires explicit assumptions to be made regarding the prospective income and expenses of a property, such assumptions pertaining to the quantity, quality, variability, timing and duration of inflows and outflows over an assumed holding period. The assessed cash flows are discounted to present value at an appropriate market-derived discount rate to determine fair value.
Direct sales comparison approach	A valuation methodology whereby the subject property is compared to recently sold properties of a similar nature with fair value determined through the application of positive and negative adjustments for their differing attributes.
Residual value approach	A valuation technique used primarily for property that is undergoing, or is expected to undergo, redevelopment. Fair value is determined through the estimation of a gross realisation on completion of the redevelopment, with deductions made for all costs associated with converting the property to its end use, including finance costs and a typical profit margin for risks assumed by the developer.
Market value alternative use (MVAU)	A valuation methodology whereby fair value is determined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion, with the explicit assumption that the existing use of the asset is ignored.
Optimised depreciated replacement cost (ODRC)	A valuation methodology whereby fair value is determined by calculating the cost of constructing a modern equivalent asset at current market-based input cost rates, adjusted for the remaining useful lives of the assets (depreciation) and any sub-optimal usage of the assets in their current application (optimisation). These inputs are deemed unobservable.

The table below summarises each registered valuer's valuation of property, plant and equipment:

	30 June 2024		30 June 2023	
Asset classification	**Valuer**	**$M**	**Valuer**	**$M**
Airfield land, including land for runway, taxiways, aprons and approaches[1]	Savills	1,014.0	Savills	1,065.2
Reclaimed land seawalls[1]	AON / Savills	348.1	AON / Savills	348.1
Aeronautical land, including land associated with aircraft, freight and terminal uses[1]	JLL / Savills	566.2	JLL / Savills	531.2
Land associated with car park facilities[1]	CBRE / Savills	507.0	CBRE	510.2
Land associated with retail facilities within terminal buildings[1]	CBRE / Savills	1,664.5	CBRE	1,664.5
Other land[1]	CBRE / Savills	279.6	JLL / Savills	268.6
Terminal buildings[2]	Beca	2,033.2	Beca	1,447.8
Other buildings[2]	Beca	600.9	Beca	382.0
Water and drainage[3]	Beca	227.9	Beca	225.3
Electricity[3]	Beca	140.2	Beca	84.9
Roads[3]	Beca	308.2	Beca	286.0
Other infrastructure assets[3]	Beca	243.3	Beca	184.9
Runway, taxiways and aprons[4]	Beca	743.9	Beca	486.0
Assets carried at fair value		8,677.0		7,484.7
Vehicles, plant and equipment (carried at cost less accumulated depreciation)	N/A	78.0	N/A	63.6
Balance at 30 June		8,755.0		7,548.3

1 At 30 June 2024, the assessment is that there is no material change in the fair value of land assets compared with carrying values. This class was last revalued at 30 June 2023.
2 Building and services assets were revalued at 30 June 2024. This class was last revalued at 30 June 2022.
3 At 30 June 2024, the assessment is that there is no material change in the fair value of infrastructure assets compared with carrying values. This class was last revalued at 30 June 2023.
4 At 30 June 2024, the assessment is that there is no material change in the fair value of runways, taxiways and apron assets compared with carrying values. This class was last revalued at 30 June 2023.

Notes and accounting policies CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

11. Property, plant and equipment CONTINUED

The following table shows the impact on the fair value due to a change in a significant unobservable input:

		Fair value measurement sensitivity to significant:	
		Increase in input	**Decrease in input**
Unobservable inputs within the income capitalisation approach			
Market rent	The valuer's assessment of the net market income attributable to the property	Increase	Decrease
Market capitalisation rate	The rate of return, determined through analysis of comparable market-related sales transactions, that is applied to the market rent to assess a property's value	Decrease	Increase
Unobservable inputs within the discounted cash flow analysis			
Discount rate	The rate, determined through analysis of comparable market-related sales transactions, that is applied to a property's future net cash flows to convert those cash flows into a present value	Decrease	Increase
Terminal capitalisation rate	The rate that is applied to a property's sustainable net income at the end of an assumed holding period to derive an estimated future market value	Decrease	Increase
Rental growth rate	The annual growth rate applied to the market rent over an assumed holding period	Increase	Decrease
Unobservable inputs within the residual value approach			
Gross development value	The estimated market value once the redevelopment is completed	Increase	Decrease
Cost of development	An estimate of the costs associated with converting the property to its end use, including finance costs and a typical profit margin for risks assumed by the developer	Decrease	Increase
Discount rate	The rate, determined through analysis of comparable market-related sales transactions, that is applied to a property's future net cash flows to convert those cash flows into a present value	Decrease	Increase
Market capitalisation rate	The rate of return, determined through analysis of comparable market-related sales transactions, that is applied to the market rent to assess a property's value	Decrease	Increase
Unobservable inputs within the direct sales comparison approach			
Rate per sqm	The rate per square metre of recently sold properties of a similar nature	Increase	Decrease
Unobservable inputs within market value alternative use (MVAU) plus holding costs			
Rate per sqm prior to holding costs	The assumed rate per square metre, based on recently sold properties, for which the group would acquire land, assuming it had not been designated for its existing use	Increase	Decrease
Holding costs per sqm	The costs of holding land while being developed to achieve land suitable for airport use	Increase	Decrease
Holding period	The expected holding period to achieve land suitable for airport use	Increase	Decrease
Unobservable inputs within optimised depreciated replacement cost (ODRC)			
Unit costs of construction	The costs of constructing various asset types based on a variety of sources, including recent local competitively tendered construction works, published cost information, the valuer's database of costing information and experience of typical industry rates and indexed historical cost information	Increase	Decrease

12. Investment properties

The table below summarises the movements in fair value of investment properties:

	Retail and service $M	Industrial $M	Vacant land $M	Other $M	Total $M
Year ended 30 June 2024					
Balance at the beginning of the year	406.4	1,866.1	435.8	173.8	2,882.1
Additions	131.6	100.8	5.2	3.1	240.7
Transfers from/(to) property, plant and equipment (note 11)	(0.7)	14.0	(4.9)	-	8.4
Transfers within investment property	26.0	93.1	(119.1)	-	-
Investment property fair value change	8.2	(20.3)	7.9	(11.1)	(15.3)
Lease incentives capitalised	1.8	4.0	-	-	5.8
Lease incentives amortised	-	(3.8)	-	(0.2)	(4.0)
Spreading of fixed rental increases	-	5.9	-	0.3	6.2
Net carrying amount	573.3	2,059.8	324.9	165.9	3,123.9
Year ended 30 June 2023					
Balance at the beginning of the year	328.8	1,879.8	466.9	221.9	2,897.4
Additions	45.2	78.1	2.2	0.4	125.9
Transfers from/(to) property, plant and equipment (note 11)	(10.3)	1.4	(5.1)	-	(14.0)
Transfers within investment property	47.5	20.0	(39.5)	(28.0)	-
Investment property fair value change	(5.2)	(122.7)	11.3	(23.1)	(139.7)
Lease incentives capitalised	-	0.5	-	1.2	1.7
Lease incentives amortised	-	(0.6)	-	(0.1)	(0.7)
Spreading of fixed rental increases	0.4	9.6	-	1.5	11.5
Net carrying amount	406.4	1,866.1	435.8	173.8	2,882.1

Additions for the year ended 30 June 2024 include capitalised interest of $9.7 million (2023: $2.7 million).

The group's investment properties are all categorised as Level 3 in the fair value hierarchy, as described in note 2(e). During the year, there were no transfers of investment property between levels of the fair value hierarchy.

The basis of valuation is market value, based on each property's highest and best use. The valuation methodologies used were a direct sales comparison or a direct capitalisation of rental income, using market comparisons of capitalisation rates, supported by a discounted cash flow approach. Investment property being constructed will be measured at cost until it is sufficiently advanced to be valued. Further details of the valuation methodologies and sensitivities are included in note 11(c). The valuation methodologies are consistent with prior years.

All valuations have been reviewed by the group's property management team, which have determined the valuations to be appropriate as at 30 June 2024.

Notes and accounting policies CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

12. Investment properties CONTINUED

The principal assumptions used in establishing the valuations were as follows:

		2024		2023	
Asset classification and valuation approach	**Inputs used to measure fair value**	**Range of significant inputs**	**Weighted average**	**Range of significant inputs**	**Weighted average**
Retail and service					
Discounted cash flow cross-referenced to a market capitalisation of net revenues as indicated by market activity from comparable transactions	Market rent (per sqm)	$33 - $1,361	$681	$55 – $773	$277
	Market capitalisation rate	4.51% - 7.97%	6.70%	3.34 – 7.80%	5.84%
	Terminal capitalisation rate	4.75% - 8.00%	6.96%	4.75 – 8.00%	6.19%
	Discount rate	6.75% - 8.75%	8.45%	6.75 – 8.50%	7.60%
	Rental growth rate (per annum)	2.02% - 3.19%	2.97%	2.03 – 3.05%	2.82%
Industrial					
Discounted cash flow cross-referenced to a market capitalisation of net revenues as indicated by market activity from comparable transactions	Market rent (per sqm)	$153 - $356	$201	$159 – $344	$189
	Market capitalisation rate	5.15% - 7.17%	5.76%	4.18 – 6.59%	5.25%
	Terminal capitalisation rate	5.25% - 7.25%	6.05%	4.38 – 7.00%	5.56%
	Discount rate	7.50% - 9.00%	7.98%	6.50 – 8.75%	7.40%
	Rental growth rate (per annum)	2.68 – 2.98%	2.90%	2.50 – 3.05%	3.01%
Vacant land					
Direct sales comparison and residual value	Rate per sqm	$186 - $1,150	$186	$7 – 1,153	$194
Other					
Discounted cash flow cross-referenced to a market capitalisation of net revenues as indicated by market activity from comparable transactions	Market rent (per sqm)	$60 - $424	$286	$59 – $424	$305
	Market capitalisation rate	5.03% - 7.46%	6.21%	4.32 – 7.04%	5.70%
	Terminal capitalisation rate	5.25% - 8.12%	6.64%	4.63 – 7.37%	6.11%
	Discount rate	6.75% - 9.00%	7.95%	6.50 – 8.50%	7.53%
	Rental growth rate (per annum)	2.50% - 2.98%	2.78%	0.45 – 3.05%	2.56%

The fair value of investment properties valued by each independent registered valuer is outlined below:

	2024 $M	2023 $M
Colliers International	841.1	846.9
Savills Limited	1,122.9	817.9
Jones Lang LaSalle Limited	857.0	1,047.4
Investment property carried at cost	302.9	169.9
Total fair value of investment properties	3,123.9	2,882.1

The investment properties assigned to valuers are rotated across the portfolio every three years, with the most recent rotation occurring in June 2022. All valuers are registered valuers and industry specialists in valuing the above types of investment properties.

The table below summarises income and expenses related to investment properties:

	2024 $M	2023 $M
Rental income for investment properties	116.6	114.0
Recoverable cost income	11.8	10.6
Direct operating expenses for investment properties that derived rental income	(14.7)	(12.6)
Direct operating expenses for investment properties that did not derive rental income	(3.9)	(3.8)

The following categories of investment property are leased to tenants:

- Retail and service carried at $573.3 million (30 June 2023: $406.4 million);
- Industrial carried at $2,059.8 million (30 June 2023: $1,866.1 million); and
- Other investment property carried at $165.9 million (30 June 2023: $173.8 million).

The above values include the land associated with these properties.

13. Cash and cash equivalents

	2024 $M	2023 $M
Short-term deposits	210.4	99.6
Cash and bank balances	9.3	6.6
Total cash and cash equivalents	219.7	106.2

Cash and bank balances earn interest at daily bank deposit rates. During the year, surplus funds were deposited on the overnight money market or term deposit at a rate of 5.35% to 6.00% (2023: at a rate of 1.85% to 6.00%).

At 30 June 2024, Auckland Airport held total cash and cash equivalents of $219.7 million (2023: $106.2 million). The short-term deposits at 30 June 2024 ranged from $20.0 million to $80.0 million and were spread across four financial institutions to minimise credit risk, with those being ASB Bank, Bank of China, Bank of New Zealand and Westpac New Zealand (2023: $15.0 million to $35.0 million across four financial institutions). These financial institutions had a credit rating of 'A' or above from Standard & Poor's. The level of deposits at each financial institution recognises a balance between returns and credit risk.

Further details of Auckland Airport's credit risk objectives and policies is available in note 18(d).

Notes and accounting policies CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

14. Trade and other receivables

	2024 $M	2023 $M
Trade receivables	18.7	16.6
Less: Expected credit losses	(1.2)	(0.4)
Net trade receivables	17.5	16.2
Prepayments	12.9	8.7
GST receivable	7.8	4.4
Revenue accruals and other receivables	44.1	22.3
Total trade and other receivables	82.3	51.6

Allowance for impairment

Trade receivables have general payment terms of the 1st or the 20th of the month following invoice. The group has assessed its expected credit losses including a general provision based on lifetime expected losses combined with specific provisions for individual debtors where there is evidence that the group will not be able to collect the receivable (refer note 2(k)).

15. Issued and paid-up capital

	2024 $M	2023 $M	2024 Shares	2023 Shares
Opening number issued and paid-up capital at 1 July	1,680.8	1,680.2	1,472,279,341	1,472,195,131
Shares fully paid and allocated to employees by employee share scheme	0.4	0.6	92,355	84,210
Shares vested for employees participating in long-term incentive plans	-	-	-	-
Shares issued under the dividend reinvestment plan	58.7	-	7,412,794	-
Closing issued and paid-up capital at 30 June	1,739.9	1,680.8	1,479,784,490	1,472,279,341

All issued shares are fully paid and have no par value. The company does not limit the amount of authorised capital.

Each ordinary share confers on the holder one vote at any shareholder meeting of the company and carries the right to dividends.

Dividend reinvestment plan

The company has a dividend reinvestment plan. Under the plan, shareholders can elect to receive the value of their dividends in additional shares. The company considers whether the plan and any discount will apply to a dividend at each dividend announcement. The company offered a discount of 2.5% during the year ended 30 June 2024. Shares issued in lieu of dividends are excluded from dividends paid in the statement of cash flows. Refer to note 9 for dividends paid during the year ended 30 June 2024.

Share-based payment plans

As members of the group, the shares held by the Employee Share Purchase Plan and the Executive Long-Term Incentive Plan are eliminated from the group's issued and paid-up capital. When those shares are transferred out of the plans and vested to employees, they are recognised as an increase in issued and paid-up capital. Refer to note 23 – Share-based payment plans.

16. Reserves

(a) Cancelled share reserve

	2024 $M	2023 $M
Balance at 30 June	(609.2)	(609.2)

The cancelled share reserve records the premium above paid-up share capital incurred on the return of capital to shareholders and on-market buy-backs of ordinary shares.

(b) Property, plant and equipment revaluation reserve

	Note	2024 $M	2023 $M
Balance at 1 July		5,187.3	5,040.2
Reclassification to retained earnings		(20.4)	(10.1)
Revaluation		456.2	218.6
Flood-related fixed asset impairments	3(e)	21.0	(21.0)
Movement in deferred tax		(137.2)	(40.4)
Balance at 30 June		5,506.9	5,187.3

The property, plant and equipment revaluation reserve records the revaluation of land, buildings and services, infrastructure, runway, taxiways and aprons. The $456.2 million increase in revaluation reserve, during the year ended 30 June 2024, related only to building and services, which is subject to deferred tax. Land was not revalued during the year ended 30 June 2024 (2023: $53.0 million increase in land with no tax impact).

(c) Share-based payments reserve

	2024 $M	2023 $M
Balance at 1 July	2.0	2.1
Long-term incentive plan expense (net of deferred tax)	0.2	0.5
Reclassification to retained earnings on LTI not vested	(0.3)	(0.6)
Balance at 30 June	1.9	2.0

The share-based payments reserve records the value of historical equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

(d) Cash flow hedge reserve

	2024 $M	2023 $M
Balance at 1 July	31.6	17.7
Fair value change in hedging instrument	(9.1)	19.1
Transfers to the income statement relating to:		
Hedged transactions in the income statement	(6.7)	0.2
Movement in deferred tax	4.4	(5.4)
Balance at 30 June	20.2	31.6

The cash flow hedge reserve records the effective portion of the fair value of interest rate swaps that are designated as cash flow hedges. Amounts transferred to the income statement are included in interest expense and other finance costs.

Notes and accounting policies CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

16. Reserves CONTINUED

(e) Cost of hedging reserve

	2024 $M	2023 $M
Balance at 1 July	(1.7)	(1.7)
Change in currency basis spreads (when excluded from designated hedges)	(3.1)	-
Movement in deferred tax	0.8	-
Balance at 30 June	(4.0)	(1.7)

The cost of hedging reserve captures changes in the fair value of the cost to convert foreign currency to NZD of the group's cross-currency interest rate swaps.

(f) Share of reserves of associate and joint ventures

	2024 $M	2023 $M
Balance at 1 July	62.1	50.9
Share of reserves of associate and joint ventures	-	11.2
Balance at 30 June	62.1	62.1

The share of reserves of associate and joint ventures records the group's share of movements in the cash flow hedge reserve and the property, plant and equipment revaluation reserve of the associate and joint ventures. The cash flow hedge reserve of the associate and joint ventures records the effective portion of the fair value of interest rate swaps that are designated as cash flow hedges. Amounts transferred to the income statement of the associate and joint ventures are included in the share of profit of the associate and joint ventures.

17. Accounts payable and accruals

	2024 $M	2023 $M
Employee entitlements	11.9	10.3
Property, plant and equipment retentions and payables	90.9	64.2
Investment property retentions and payables	24.2	23.3
Trade payables	19.2	12.5
Interest payables	22.0	15.2
Other payables and accruals	36.8	34.4
Total accounts payable and accruals	205.0	159.9

The amount owing to the related parties at 30 June 2024 is $2.5 million (2023: $2.5 million), refer note 22.

18. Financial assets and liabilities

	Notes	2024 $M	2023 $M
Current financial assets			
Financial assets at amortised cost			
Cash and cash equivalents	13	219.7	106.2
Trade and other receivables		61.6	38.5
		281.3	144.7
Derivative financial instruments			
Interest rate swaps - cash flow hedges		1.0	1.5
Forward exchange contracts		0.2	0.1
Total current financial assets		**282.5**	**146.3**
Non-current financial assets			
Derivative financial instruments			
Cross-currency interest rate swaps		11.0	-
Interest rate swaps – fair value hedges		36.0	-
Interest rate swaps – cash flow hedges		6.5	45.0
		53.5	45.0
Total non-current financial assets		**53.5**	**45.0**
Total financial assets		**336.0**	**191.3**
Current financial liabilities			
Financial liabilities at amortised cost			
Accounts payable and accruals	17	205.0	159.9
Short-term borrowings	18(a)	281.4	428.8
Provisions	21	13.8	7.5
		500.2	596.2
Derivative financial instruments			
Forward exchange contracts		0.3	-
Total current financial liabilities		**500.5**	**596.2**
Non-current liabilities			
Financial liabilities at amortised cost			
Term borrowings	18(a)	2,403.3	1,388.3
Other term liabilities		2.3	3.5
		2,405.6	1,391.8
Derivative financial instruments			
Interest rate swaps – cash flow hedges		6.5	-
Interest rate swaps – fair value hedges		8.2	11.6
Forward exchange contracts		0.1	-
Cross-currency interest rate swaps		9.8	13.7
Total non-current financial liabilities		**2,430.2**	**1,417.1**
Total financial liabilities		**2,930.7**	**2,013.3**

The cross-currency interest rate swaps consist of both a fair value hedge component and a cash flow hedge component.

Notes and accounting policies CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

18. Financial assets and liabilities CONTINUED

Amounts subject to potential offset

The group's derivative financial instruments are subject to enforceable master netting arrangements. Each agreement allows the parties to elect net settlement of the relevant financial assets and liabilities in the event of default of the other party. The group's financial statements do not offset assets and liabilities with the same counterparties. Instead, it reports each derivative as either an asset or liability. However, if offsets were enforced by either party, the potential net amounts (assets less liabilities) would be derivative financial assets of $29.8 million (2023: derivative financial assets of $21.3 million).

(a) Borrowings

At the balance date, the following borrowings were in place for the group:

	Maturity	Coupon[1]	2024 $M	2023 $M
Current				
Commercial paper	< 3 months	Floating	118.4	166.8
Bank facility	1-10-2023	Floating	-	37.0
Bank facility	16-08-2024	Floating	13.0	-
Bonds	2-11-2023	3.97%	-	225.0
Bonds	10-10-2024	3.51%	150.0	-
Total short-term borrowings			281.4	428.8
Non-current				
Bank facility	16-08-2024	Floating	-	100.0
Bank facility	3-11-2025	Floating	12.0	103.0
Bank facility	31-08-2026	Floating	70.0	-
Bank facility	31-08-2028	Floating	70.0	-
Bank facility	14-09-2028	Floating	40.0	-
Bonds	10-10-2024	3.51%	-	150.0
Bonds	13-10-2025	Floating	150.0	150.0
Bonds	17-04-2026	Floating	100.0	100.0
Bonds	9-05-2028	5.67%	226.6	225.1
Bonds	17-11-2026	3.29%	142.4	139.1
Bonds	17-11-2028	5.29%	150.0	150.0
Bonds	2-11-2029	6.22%	255.4	-
Bonds	15-11-2030	5.45%	250.0	-
AMTN notes[2]	23-09-2027	4.50%	275.0	271.1
AMTN notes[2]	4-12-2031	5.45%	271.1	-
AMTN notes[2]	16-11-2033	6.48%	390.8	-
Total term borrowings			2,403.3	1,388.3
Total				
Commercial paper			118.4	166.8
Bank facilities			205.0	240.0
Bonds			1,424.4	1,139.2
AMTN notes			936.9	271.1
Total borrowings			2,684.7	1,817.1

1 The coupon interest rate is the interest rate received by the group's lenders and does not reflect the group's total cost of borrowing. The group's total cost of borrowing may be higher or lower than the coupon, reflecting the impacts of hedging and amortised transaction costs.
2 The AMTN notes are denominated in Australian dollars.

Movement in borrowings

	2024 $M	2023 $M
Total borrowings at the beginning of the year	1,817.1	1,476.6
Decrease in borrowings during the year	(845.3)	(401.0)
Increase in borrowings during the year	1,686.3	752.2
Amortisation of premium received for issue at non-market rates	(0.5)	(0.5)
Revaluation of foreign denominated debt for changes in FX rate	9.9	(4.6)
Revaluation of debt in fair value hedge relationship	17.2	(5.6)
Total borrowings at the end of the year	2,684.7	1,817.1

Bank facilities

Borrowings under the drawn bank facilities and standby bank facilities are supported by a negative pledge deed.

In the year ended 30 June 2024, the group undertook the following bank finance activity:

- In August 2023 the company entered into the following new bank facilities:
  - The $40 million three-year facility with ANZ Bank;
  - The $95 million three-year facility with Commonwealth Bank of Australia;
  - The $70 million three-year facility with Mizuho Bank;
  - The $40 million three-year facility with Westpac New Zealand Limited;
  - The $110 million four-year facility with The Bank of Tokyo-Mitsubishi UFJ, Ltd.; and
  - The $90 million five-year facility with Industrial and Commercial Bank of China Limited, Auckland Branch.
- In September 2023 the company entered into a $85 million five-year facility with Bank of China (New Zealand) Limited.
- The following facilities either matured or were cancelled:
  - The $100 million facility with ANZ Bank New Zealand Limited matured in July 2023.
  - The $28 million facility with Bank of China (New Zealand) Limited matured in July 2023.
  - The $80 million facility with Westpac New Zealand Limited matured in July 2023.
  - The $70 million facility with Mizuho Bank that was set to mature in October 2023 was cancelled.
  - The $110 million facility with The Bank of Tokyo-Mitsubishi UFJ, Ltd that was set to mature in October 2023 was cancelled.
  - The $110 million facility with Westpac New Zealand Limited that was set to mature in October 2023 was cancelled.
  - The $30 million facility with China Construction Bank that was set to mature in April 2024 was cancelled.

As at 30 June 2024, the company had undrawn bank facilities of $1,000.0 million (30 June 2023: $963.0 million).

During the current and prior periods, there were no defaults or breaches on any of the borrowing facilities.

The net effect of the above bank refinancing activity was an increase in total available facilities of $2.0 million.

Bonds and notes

Borrowings under the bond programme are supported by a master trust deed. They are unsecured and unsubordinated.

In the year ended 30 June 2024, the group undertook the following bond financing:

- The issuance of $250 million six-year, 6.22% fixed rate bonds in November 2023, which was used to refinance the maturing $225 million fixed rate bonds and provide additional liquidity;
- The issuance of AU$350.0 million 10-year, 6.482% AMTN notes in November 2023, which was used to provide additional liquidity;
- The issuance of $250.0 million six-and-a-half-year, 5.45% fixed rate notes in May 2024 which was used to provide additional liquidity; and
- The issuance of AU$250.0 million seven-and-a-half-year, 5.452% fixed rate Australian medium term notes in June 2024 which was used to provide additional liquidity.

During the current and prior periods, there were no defaults or breaches on any of the borrowing facilities.

Notes and accounting policies CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

18. Financial assets and liabilities CONTINUED

(b) Hedging activity and derivatives

Cash flow hedges

At 30 June 2024, the group held interest rate swaps where it pays a fixed rate of interest and receives a variable rate on the notional amount (in NZD). The notional amount of the interest rate swaps in a cash flow hedge at 30 June 2024 is NZ$1,340.0 million (2023: NZ$1,065.0 million). These interest rate swaps are designated as cash flow hedges of the future variable interest rate cash flows on existing and future bank facilities, commercial paper and floating rate bonds. The interest payment frequency on these borrowings is quarterly.

For cash flow hedges, the effective part of the changes in fair value of the hedging derivative are deferred in other comprehensive income and are transferred to the income statement when the hedged item affects the income statement. Any gain or loss relating to the ineffective portion of the hedging instrument in cash flow hedge relationships are recognised in the income statement.

During the year, the group assessed the remaining cash flow hedges to be highly effective and therefore it continues to qualify for hedge accounting.

Cross-currency swaps

The cross-currency interest rate swaps transform a series of known fixed interest rate cash flows in a foreign currency to floating rate NZD cash flows, mitigating exposure to fair value changes in the AMTN notes.

For hedge accounting purposes, these swaps are aggregated and designated as two cash flow hedges and a fair value hedge. The fair value component transforms Australian fixed interest rates to Australian floating interest rates, respectively.

The change in the fair value of the hedged risk is attributed to the carrying value of the AMTN debt. This debt revaluation is recognised in the income statement to offset the mark-to-market revaluation of the hedging derivative.

The cross-currency basis element of the cross-currency interest rate swaps are excluded from the hedge designation and are separately recognised in other comprehensive income in a cost of hedging reserve. Additional detail on the treatment of the basis component can be found in note 16(e) – Cost of hedging reserve.

The cash flow components are hedge accounted as described above under Cash flow hedges.

At inception, each hedge relationship is formalised in hedge documentation. Hedge accounting is discontinued when the hedge instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting. Auckland Airport determines the existence of an economic relationship between the hedging instrument and the hedged item based on the currency, amount and timing of respective cash flows, reference interest rates, tenors, repricing dates, maturities and notional amounts. Auckland Airport assesses whether the derivative designated in each hedging relationship is expected to be, and has been, effective in offsetting the changes in cash flows of the hedged item using the hypothetical derivative method.

Derivatives in hedge relationships are designated based on a hedge ratio of 1:1. In these hedge relationships the main source of ineffectiveness is the effect of the counterparty and Auckland Airport's own credit risk on the fair value of the derivatives, which is not reflected in the change in the fair value of the hedged item attributable to changes in foreign exchange and interest rates.

Gains or losses on the fixed interest bonds, derivatives and AMTN notes in a hedging relationship with fair value hedges recognised in the income statement in interest expense during the period were:

	2024 $M	2023 $M
Gains/(losses) on the AMTN notes	(17.0)	8.1
Gains/(losses) on the bonds	(10.2)	2.1
Gains/(losses) on the derivatives	25.6	(10.7)

Gains or losses on the ineffective hedging component of the swaps recognised in the income statement relating to counterparty risk during the period were:

	2024 $M	2023 $M
Credit valuation adjustments on hedges qualifying for hedge accounting	1.2	(0.7)
Change in fair value of forward exchange contracts not hedge accounted	(0.3)	-
Derivative fair value change	0.9	(0.7)

The details of the hedging instruments as at 30 June 2024 and 30 June 2023 are as follows:

As at 30 June 2024	Currency	Average rate	Maturity (years)	Notional amount of hedging instrument $M	Statement of financial position line item	Carrying amount of the hedging instrument Assets $M	Carrying amount of the hedging instrument Liabilities $M	Change in value used for calculating hedge effectiveness $M
Cash flow hedges								
Interest rate swaps	NZD	3.74%	0 - 5	NZ$1,340.0	Derivative financial instruments	37.0	6.5	28.9
Forward exchange contracts	EUR / NZD	55.28%	0 - 1	EUR6.9	Derivative financial instruments	-	0.3	(0.2)
	GBP / NZD	47.00%	1 - 3	GBP0.4	Derivative financial instruments	-	0.1	(0.1)
	USD / NZD	60.88%	0 - 5	US$10.9	Derivative financial instruments	0.2	0.2	0.2
Fair value hedges								
Interest rate swaps	NZD	Floating	2 - 5	NZ$525.0	Derivative financial instruments	6.5	8.2	(0.5)
Fair value and cash flow hedges								
Cross-currency swaps	NZD:AUD	Floating	3 - 9	AU$860.0	Derivative financial instruments	11.0	9.8	6.3
Net hedging instruments						54.7	24.9	34.7

As at 30 June 2023	Currency	Average rate	Maturity (years)	Notional amount of hedging instrument M	Statement of financial position line item	Carrying amount of the hedging instrument Assets $M	Carrying amount of the hedging instrument Liabilities $M	Change in value used for calculating hedge effectiveness $M
Cash flow hedges								
Interest rate swaps	NZD	3.41%	1 – 6	NZ$1,065.0	Derivative financial instruments	46.5	-	45.2
Fair value hedges								
Interest rate swaps	NZD	Floating	3 – 5	NZ$375.0	Derivative financial instruments	-	11.6	(10.9)
Fair value and cash flow hedges								
Cross-currency swaps	NZD:AUD	Floating	4	AU$260.0	Derivative financial instruments	-	13.7	(13.1)
Net hedging instruments						46.5	25.3	21.2

Notes and accounting policies CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

18. Financial assets and liabilities CONTINUED

All hedging instruments can be found in the derivative financial instrument's assets and liabilities in the statement of financial position. Items taken to the income statement have been recognised in the derivative fair value (decrease)/increase.

The details of hedged items as at 30 June 2024 and 30 June 2023 are as follows:

As at 30 June 2024	Statement of financial position line item	Carrying amount of the hedged item Assets $M	Carrying amount of the hedged item Liabilities $M	Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item Assets $M	Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item Liabilities $M	Change in value used for calculating hedge effectiveness $M
Cash flow hedges						
Aggregated variable interest rate exposure	Short-term/ Term borrowings	-	1,090.0	-	-	(20.3)
Highly probable forecast variable rate debt	-	-	-	-	-	(9.5)
Highly probable foreign denominated exposure	-	-	-	-	-	0.1
Fair value hedges						
Aggregated variable interest rate exposure	Term borrowings	-	524.4	-	(0.6)	0.4
Fair value and cash flow hedges						
AMTN notes (AU$260 million)	Term borrowings	-	936.9	-	1.3	(9.4)
Net hedged items		-	2,551.3	-	0.7	(38.7)

As at 30 June 2023	Statement of financial position line item	Carrying amount of the hedged item Assets $M	Carrying amount of the hedged item Liabilities $M	Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item Assets $M	Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item Liabilities $M	Change in value used for calculating hedge effectiveness $M
Cash flow hedges						
Aggregated variable interest rate exposure	Short-term/ Term borrowings	-	640.0	-	-	(30.7)
Highly probable forecast variable rate debt	-	-	-	-	-	(15.7)
Fair value hedges						
Aggregated variable interest rate exposure	Term borrowings	-	364.2	-	(10.8)	11.0
Fair value and cash flow hedges						
AMTN notes (AU$260 million)	Term borrowings	-	271.1	-	(15.7)	11.9
Net hedged items		-	1,275.3	-	(26.5)	(23.5)

(c) Fair value

There have been no transfers between levels of the fair value hierarchy as described in note 2(e) in the year ended 30 June 2024 (2023: nil).

The carrying value closely approximates the fair value of cash, accounts receivable, dividend receivable, other non-current assets, accounts payable and accruals, provisions and other term liabilities. The carrying amount of the group's current and non-current borrowings issued at floating rates closely approximates their fair value.

The group's bonds are classified as Level 1 as described in note 2(e). The fair value of the bonds is based on the quoted market prices for these instruments at balance date. The group's AMTN notes are classified as Level 2. The fair value of the AMTN notes has been determined at balance date on a discounted cash flow basis using the AUD Bloomberg curve and applying discount factors to the future AUD interest payment and principal payment cash flows.

	2024		2023	
	Carrying amount $M	Fair value $M	Carrying amount $M	Fair value $M
Bonds	1,424.4	1,450.7	1,139.2	1,145.2
AMTN notes	936.9	965.6	271.1	277.7

The group's derivative financial instruments are interest rate swaps and cross-currency interest rate swaps. They arise directly from raising finance for the group's operations. All the derivative financial instruments are hedging instruments for financial reporting purposes.

The group's derivative financial instruments are classified as Level 2. The future cash flows are estimated using the key inputs presented in the table alongside. The cash flows are discounted at a rate that reflects the credit risk of various counterparties.

Instrument	*Valuation key inputs*
Interest rate swaps	Forward interest rates (from observable yield curves) and contract interest rates
Basis swaps	Observable forward basis swap pricing and contract basis rates
Cross-currency interest rate swaps	Forward interest and foreign exchange rates (from observable yield curves and forward exchange rates) and contract rates

(d) Financial risk management objectives and policies

(i) Credit risk

The group's maximum exposure to credit risk at 30 June 2024 is equal to the carrying value of cash, accounts receivable, dividends receivable and derivative financial instruments.

Credit risk is managed by restricting the amount of cash and marketable securities that can be placed with any one institution, which will be either the New Zealand Government or a New Zealand registered bank with an appropriate international credit rating.

The group minimises its credit risk by spreading such exposures across a range of institutions, with Standard & Poor's credit ratings of 'A' or above (2023: 'A' or above).

The group's credit risk is also attributable to accounts receivable, which principally comprise amounts due from airlines, tenants and retail licensees. At 30 June 2024, the group identified $1.2 million of accounts receivable relating to customers who are at risk of not being able to meet their payment obligations (2023: $0.4 million), refer to note 14.

The group has a policy that manages exposure to credit risk by way of requiring a performance bond for material lease contracts or other customers whose credit rating or history indicates that this would be prudent. The value of performance bonds for the group is $2.3 million (2023: $3.5 million).

(ii) Liquidity risk

The group's objective is to maintain a balance between continuity of funding and flexibility through the use of borrowings on the money market, bank loans, commercial paper, AMTN notes and bonds.

To manage the liquidity risk, the group's policy is to maintain sufficient available funding by way of committed, but undrawn, debt facilities. As at 30 June 2024, this undrawn facility headroom was $1,000.0 million (2023: $963.0 million). The group's policy also requires the spreading of debt maturities.

Notes and accounting policies CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

18. Financial assets and liabilities CONTINUED

Bank facilities

All bank facilities are multi-currency facilities.

			2024			2023		
Type : Multi-currency facility Bank	Maturity	Facility currency	Available NZ $M	Drawn NZ $M	Undrawn NZ $M	Available NZ $M	Drawn NZ $M	Undrawn NZ $M
ANZ Bank New Zealand	31-07-2023	NZD	-	-	-	100.0	-	100.0
ANZ Bank New Zealand	31-08-2026	NZD	40.0	-	40.0	-	-	-
Bank of China (New Zealand) Ltd	31-07-2023	NZD	-	-	-	28.0	-	-
Bank of China (New Zealand) Ltd	14-09-2028	NZD	85.0	40.0	45.0	-	-	-
Bank of New Zealand	26-05-2025	NZD	150.0	-	150.0	150.0	-	150.0
China Construction Bank Corporation Ltd	3-04-2024	NZD	-	-	-	30.0	-	30.0
China Construction Bank Corporation Ltd	15-11-2026	NZD	125.0	-	125.0	125.0	-	125.0
Commonwealth Bank of Australia	3-11-2025	NZD	125.0	12.0	113.0	125.0	103.0	50.0
Commonwealth Bank of Australia	31-08-2026	NZD	95.0	-	95.0	-	-	-
Commonwealth Bank of Australia	3-11-2026	NZD	125.0	-	125.0	125.0	-	125.0
Industrial and Commercial Bank of China Limited	31-08-2028	NZD	90.0	70.0	20.0	-	-	-
Mizuho Bank, Ltd. Sydney Branch OBU	1-10-2023	NZD	-	-	-	70.0	37.0	33.0
Mizuho Bank, Ltd. Sydney Branch OBU	16-08-2024	NZD	100.0	13.0	87.0	100.0	100.0	-
Mizuho Bank, Ltd. Sydney Branch OBU	31-08-2026	NZD	70.0	70.0	-	-	-	-
MUFG Bank, Ltd.	31-10-2023	NZD	-	-	-	110.0	-	110.0
MUFG Bank, Ltd.	2-11-2025	NZD	50.0	-	50.0	50.0	-	50.0
MUFG Bank, Ltd.	31-08-2027	NZD	110.0	-	110.0	-	-	-
Westpac New Zealand Limited	31-07-2023	NZD	-	-	-	80.0	-	80.0
Westpac New Zealand Limited	31-10-2023	NZD	-	-	-	110.0	-	110.0
Westpac New Zealand Limited	31-08-2026	NZD	40.0	-	40.0	-	-	-
		Total NZD equivalent	**1,205.0**	**205.0**	**1,000.0**	**1,203.0**	**240.0**	**963.0**

The following liquidity risk disclosures reflect all undiscounted principal repayments and interest payments resulting from recognised financial liabilities and financial assets as at 30 June 2024. The timing of cash flows for liabilities is based on the contractual terms of the underlying contract.

Liquid non-derivative assets comprising cash and receivables are considered in the group's overall liquidity risk. The group ensures that sufficient liquid assets or committed funding facilities are available to meet all the required short-term cash payments and expects borrowings to roll over.

Undiscounted cash flows on financial assets and liabilities

	Carrying amount $M	Contractual cash flows $M	< 1 year $M	1 to 3 years $M	3 to 5 years $M	> 5 years $M
Year ended 30 June 2024						
Financial assets						
Cash and cash equivalents	219.7	219.7	219.7	-	-	-
Accounts receivable	61.6	61.6	61.6	-	-	-
Derivative financial assets	54.7	72.5	10.2	26.4	16.1	19.9
Total financial assets	336.0	353.8	291.5	26.4	16.1	19.9
Financial liabilities						
Accounts payable, accruals and other term liabilities	(221.1)	(221.1)	(221.1)	-	-	-
Commercial paper	(118.4)	(119.0)	(117.2)	-	-	-
Bank facilities	(205.0)	(250.0)	(13.0)	(82.0)	(110.0)	-
Bonds	(1,424.4)	(1,725.9)	(150.0)	(400.0)	(375.0)	(500.0)
AMTN notes	(936.9)	(1,344.6)	-	-	(285.7)	(664.4)
Derivative financial liabilities	(24.9)	(27.9)	(9.6)	(16.6)	(1.7)	-
Interest payable	-	-	(143.5)	(243.7)	(176.6)	(178.3)
Total financial liabilities	(2,930.7)	(3,688.5)	(654.4)	(742.3)	(949.0)	(1,342.7)
Year ended 30 June 2023						
Financial assets						
Cash and cash equivalents	106.2	106.2	106.2	-	-	-
Accounts receivable	38.5	38.5	38.5	-	-	-
Derivative financial assets	46.6	51.9	13.5	25.1	12.0	1.4
Total financial assets	191.3	196.6	158.2	25.1	12.0	1.4
Financial liabilities						
Accounts payable, accruals and other term liabilities	(170.9)	(170.9)	(170.9)	-	-	-
Commercial paper	(166.8)	(168.0)	(165.6)	-	-	-
Bank facilities	(240.0)	(272.8)	(37.0)	(203.0)	-	-
Bonds	(1,139.2)	(1,328.0)	(225.0)	(400.0)	(375.0)	(150.0)
AMTN notes	(271.1)	(341.3)	-	-	(283.0)	-
Derivative financial liabilities	(25.3)	(33.0)	(13.2)	(16.9)	(2.8)	-
Interest payable	-	-	(84.9)	(118.9)	(63.8)	(4.0)
Total financial liabilities	(2,013.3)	(2,314.0)	(696.6)	(738.8)	(724.6)	(154.0)

Notes and accounting policies CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

18. Financial assets and liabilities CONTINUED

(iii) Interest rate risk

The group's exposure to market risk from changes in interest rates relates primarily to the group's borrowings. Borrowings issued at variable interest rates expose the group to changes in interest rates. Borrowings issued at fixed rates expose the group to changes in the fair value of the borrowings.

The group's policy is to manage its interest rate exposure using a mix of fixed and variable rate debt and interest rate derivatives that are accounted for as cash flow hedges or fair value hedges. The group's policy is to keep its exposure to borrowings at fixed rates of interest between parameters set out in the group's treasury policy. At year end, 64.8% (2023: 63.2%) of the borrowings (including the effects of the derivative financial instruments and cash and funds on deposit) were subject to fixed interest rates, which are defined as borrowings with an interest reset date greater than one year. The hedged forecast future interest payments are expected to occur at various dates between one month and five years from 30 June 2024 (2023: one month and six years).

At balance date, the company had the following mix of financial assets and liabilities exposed to New Zealand variable interest rate risk after considering hedging instruments:

	2024 $M	2023 $M
Financial assets		
Cash and cash equivalents	219.7	106.2
	219.7	106.2
Financial liabilities		
Bonds swapped to floating	275.0	225.0
Bank facilities	50.0	56.0
Commercial paper	44.0	97.0
Floating rate notes[1]	190.0	140.0
AMTN notes	385.6	159.5
	944.6	677.5
Net exposure	724.9	571.3

1 The comparatives have been represented to align with current year presentation for comparability.

Interest rate sensitivity

The following table demonstrates the sensitivity to a change in floating interest rates of plus and minus 10 basis points, with all other variables held constant, of the company's profit before tax and equity:

	2024 $M	2023 $M
Increase in interest rates of 10 basis points		
Effect on profit before taxation	(0.7)	(0.6)
Effect on equity before taxation	3.7	4.0
Decrease in interest rates of 10 basis points		
Effect on profit before taxation	0.7	0.6
Effect on equity before taxation	(3.7)	(4.0)

Significant assumptions used in the interest rate sensitivity analysis include the following:

- Effect on profit before tax and effect on equity is based on net floating rate debt and funds on deposit as at 30 June 2024 of $724.9million (2023: $571.3 million). Interest rate movements of plus and minus 10 basis points have been applied to this floating rate debt to demonstrate the sensitivity to interest rate risk; and
- Effect on equity is the movement in the valuation of derivatives that are designated as cash flow hedges due to an increase or decrease in interest rates. All derivatives that are effective as at 30 June 2024 are assumed to remain effective until maturity. Therefore, any movements in these derivative valuations are taken to the cash flow hedge reserve within equity and they will reverse entirely by maturity date.

(iv) Foreign currency risk

During the years ended 30 June 2024 and 30 June 2023, the group was exposed to foreign currency risk with respect to the Australian dollar arising from AMTN notes. This exposure has been fully hedged by way of cross-currency interest rate swaps hedging both principal and interest.

The cross-currency interest rate swaps correspond in amount and maturity to the relevant borrowings with no residual foreign currency risk exposure.

The cross-currency interest rate swaps consist of a fair value hedge component and a cash flow hedge component. The effective movements on the fair value hedge component are taken to the income statement along with all movements of the hedged risk on the AMTN notes. The effective movements of the cash flow hedge components are all taken to the cash flow hedge reserve.

The net exposure at balance date is representative of what the group was and is expecting to be exposed to in the next 12 months from balance date.

The following sensitivity analysis is based on the foreign currency risk exposure to the Australian dollar in existence at 30 June 2024. Had the New Zealand dollar moved either up or down by 10%, with all other variables held constant, profit before taxation and equity before taxation would have been affected as follows:

	2024 $M	2023 $M
Increase in value of NZ dollar of 10%		
Impact on profit before taxation	-	-
Impact on equity before taxation	(1.4)	(0.2)
Decrease in value of NZ dollar of 10%		
Impact on profit before taxation	-	-
Impact on equity before taxation	1.7	0.3

Significant assumptions used in the foreign currency exposure sensitivity analysis include the following:

- Reasonably possible movements in foreign exchange rates were determined based on a review of the last two years' historical movements. A movement of plus or minus 10% has been applied to the exchange rates to demonstrate the sensitivity to foreign currency risk of the company's debt and associated derivative financial instruments; and
- The sensitivity was calculated by taking the spot rate as at balance date of 0.91275 for AUD (2023: 0.91885) and moving this spot rate by the reasonably possible movements of plus or minus 10% and then reconverting the foreign currency into NZD with the new spot rate. This methodology reflects the translation methodology undertaken by the group.

(v) Capital risk management

The group's objective is to maintain a capital structure mix of shareholders' equity and debt that achieves a balance between ensuring the group can continue as a going concern and providing a capital structure that maximises returns for shareholders and reduces the cost of capital to the group.

The appropriate capital structure of the group is determined from consideration of our target credit rating, comparison to peers, sources of finance, borrowing costs, general shareholder expectations, the ability to distribute surplus funds efficiently, future business strategies and the ability to withstand business shocks.

The group can maintain or adjust the capital structure by adjusting the level of dividends, changing the level of capital expenditure, issuing new shares, returning capital to shareholders or selling assets to reduce debt. The group monitors the capital structure on the basis of the gearing ratio and by considering the credit rating of the company. In the year to 30 June 2024, Auckland Airport continued with key capital management initiatives to maintain the financial position of the group.

The gearing ratio is calculated as net borrowings divided by net borrowings plus the market value of shareholders' equity. The gearing ratio as at 30 June 2024 is 17.9% (2023: 12.0%). The current long-term credit rating of Auckland Airport by Standard & Poor's at 30 June 2024 is 'A- Stable Outlook' (2023: 'A- Stable Outlook').

19. Commitments

(a) Property, plant and equipment

The group had contractual obligations to purchase or develop property, plant and equipment for $439.9 million at 30 June 2024 (2023: $560.3 million). These include aeronautical works and enabling works associated with the integration of the domestic and international terminals.

(b) Investment property

The group had contractual obligations to either purchase, develop, repair or maintain investment property for $120.9 million at 30 June 2024 (2023: $215.4 million). These include the development of the new premier outlet centre, Mānawa Bay, IKEA and DHL, alongside industrial developments.

Notes and accounting policies CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

19. Commitments CONTINUED

(c) Operating lease receivable – group as lessor

The group has commercial properties owned by the company that produce rental income and retail concession agreements that produce retail income.

These non-cancellable leases have remaining terms of between one month and 27 years (2023: one month and 28 years). Most leases with an initial period over three years include a clause to enable upward revision of the rental charge on contractual rent review dates according to prevailing market conditions.

A very small minority can be revised downwards under normal trading conditions.

Future minimum rental and retail income receivable under non-cancellable operating leases as at 30 June are as follows:

	2024 $M	2023 $M
Within one year	239.1	244.3
Between one and two years	138.9	211.8
Between two and three years	129.4	105.4
Between three and four years	106.2	97.4
Between four and five years	87.3	79.6
After more than five years	636.9	663.6
Total minimum lease payments receivable	1,337.8	1,402.1

20. Contingent liabilities

Noise mitigation

Auckland Airport Designation 1100, contained in the Auckland Unitary Plan, sets out the requirements for noise mitigation for properties affected by aircraft noise. The conditions include obligations on the company to mitigate the impact of aircraft noise through the installation of noise mitigation packages to existing dwellings and schools. The noise mitigation packages provide treatment of dwellings to achieve an internal noise environment of no more than 40dB. The company is required to subsidise 100% of treatment costs for properties in the high aircraft noise area and 75% in the medium aircraft noise area.

The aircraft noise contours included in Designation 1100 reflect the long-term predicted aircraft noise levels generated by aircraft operations from the existing runway and proposed northern runway. Annually, the company projects the level of noise that will be generated from aircraft operations for the following 12 months. These annual projections confirm which dwellings and schools are eligible for noise mitigation each year and offers are sent out to those affected properties. It is at the discretion of the individual landowner whether they accept a noise mitigation package.

Projections are undertaken annually to determine eligibility, and the rate of acceptance of offers of treatment by landowners is variable. However, it is estimated that further costs on noise mitigation should not exceed $7.2 million (2023: $7.6 million), refer note 21.

Contractor claims

The group had a historical contingent liability arising from a contractor claim that was initially disclosed in 2020. During the period the group reached a settlement agreement of $2.0 million with the contractor and as a result, the contingent liability from the contractor claim was extinguished (30 June 2023: $4.6 million).

Firefighting foam contaminated water and soil clean-up

Per and PolyFluoroalkyl Substances (PFAS) containing firefighting foam has been widely used in the airport sector, globally and throughout New Zealand. There is evidence of varying levels of PFAS contamination derived from historical firefighting foams used at Auckland Airport. As disclosed in note 21, the group continues to recognise a provision for contamination where it has a present obligation to remediate the contamination.

During the year ended 30 June 2024, the group has detected further low level PFAS contamination affecting an estimated 0.18 million cubic metres of fill material within a larger 1.50 million cubic metre stockpile, located on vacant land. There is currently no environmental requirement or other obligation to remove the contaminated material, which is adequately contained. The group has estimated a contingent liability of $13.4 million to remove and treat contaminated fill material within the stockpile.

21. Provisions

Firefighting foam contaminated water and soil clean-up
In addition to the contingent liability disclosed at note 20, the group has identified PFAS contaminated surface water and sediment in areas where it has a current obligation to contain and treat the contamination. During the year ended 30 June 2024, the group has increased its provision for anticipated remediation costs to $13.4 million (2023: $7.1 million).

Noise mitigation
Annual projections of aircraft noise levels determine requirements for Auckland Airport to fund noise mitigation packages for dwellings and schools affected by aircraft noise.

The company makes an annual offer to affected landowners and, on acceptance of an offer, the group records a provision for the estimated cost of installing that year's mitigation packages. The annual cost varies depending on the extent of properties affected and the number of offers accepted.

	Foam disposal $M	Noise mitigation $M	Total $M
Year ended 30 June 2024			
Opening balance	7.1	0.4	7.5
Provisions made during the year	7.2	0.4	7.6
Expenditure for the year	(0.9)	(0.4)	(1.3)
Total provisions at year end	13.4	0.4	13.8
Year ended 30 June 2023			
Opening balance	6.0	0.5	6.5
Provisions made during the year	1.2	0.1	1.3
Expenditure for the year	(0.1)	(0.2)	(0.3)
Total provisions at year end	7.1	0.4	7.5

22. Related party disclosures

(a) Transactions with related parties

All trading with related parties, including and not limited to rentals and other sundry charges, has been made on an arm's-length commercial basis, without special privileges, except for the provision of accounting and advisory services to Auckland International Airport Marae Limited at no charge.

No guarantees have been given or received.

Interest of directors in certain transactions
A number of the company's directors are also directors of other companies who transacted with the group on normal commercial terms during the reporting period. Any transactions undertaken with these entities have been entered into on an arm's-length commercial basis, without special privileges.

The group reports material related party relationships for entities where any transaction values exceed Management's delegated authority and therefore require consideration by the Board. The Board actively manages potential conflicts of interest and directors remove themselves from any discussions or decisions regarding entities that they have an interest in.

The group has a material related party relationship with Fulton Hogan for construction contracts to develop property, plant and equipment, as reported in the tables below.

These transactions include the following:

	2024 $M	2023 $M
Fulton Hogan	76.6	31.9

Notes and accounting policies CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

22. Related party disclosures CONTINUED

Amounts owing to related parties are as follows:

	2024 $M	2023 $M
Fulton Hogan	2.5	2.5

Associate and joint ventures

Related party transactions with the following associate entities and joint ventures are disclosed at note 8:

- Tainui Auckland Airport Hotel Limited Partnership;
- Tainui Auckland Airport Hotel 2 Limited Partnership; and
- Queenstown Airport Corporation Limited.

One of the company's directors is also a director of Tainui Group Holdings, the joint venture partner in the above hotel partnerships.

(b) Key management personnel compensation

The table below includes the remuneration of directors and the senior management team:

	Note	2024 $M	2023 $M
Directors' fees		1.4	1.6
Senior management's salary and other short-term benefits		7.0	6.4
Senior management's share-based payments	23(b)	-	-
Senior management's termination benefits		-	0.3
Total remuneration		8.4	8.3

23. Share-based payment plans

(a) Employee share purchase plan

The purchase plan is open to all full-time and part-time employees (not directors) at an offer date. The company advances to the purchase plan all the monies necessary to purchase the shares under the purchase plan. The advances are repayable by way of deduction from the employee's regular remuneration. These advances are interest free.

The shares allocated under the purchase plan are held in trust for the employees by the trustees of the purchase plan during the restrictive period, which is the longer of three years or the period of repayment by the employee of the loan made by the trust to the employee in relation to the acquisition of shares.

Movement in ordinary shares allocated to employees under the purchase plan is as follows:

	2024 Shares	2023 Shares
Shares held on behalf of employees		
Opening balance	273,255	255,730
Shares issued during the year	134,300	135,100
Shares reallocated to employees	-	-
Shares fully paid and allocated to employees	(92,355)	(84,210)
Shares forfeited during the year	(23,810)	(33,365)
Total shares held on behalf of employees	291,390	273,255
Unallocated shares held by the purchase plan	101,540	78,845
Total shares held by the purchase plan	392,930	352,100

On 29 November 2023, no shares were allocated from a surplus of shares held by the Trustees of the Auckland International Airport Limited Share Purchase Plan and 134,300 new shares were issued at a price of $6.19, being a 20% discount on the weighted average market selling price at which ordinary shares were sold on the NZX Main Board on 29 November 2023.

On 9 November 2022, no shares were allocated from a surplus of shares held by the Trustees of the Auckland International Airport Limited Share Purchase Plan and 135,100 new shares were issued at a price of $6.0, being a 20% discount on the weighted average market selling price at which ordinary shares were sold on the NZX Main Board on 9 November 2022.

(b) Long-term incentive plan (LTI plan)

Under the LTI plan, share rights are granted to participating executives with a three-year vesting period.

Share rights, once vested and exercised, entitle the participating executives to receive shares in Auckland Airport.

The receipt of the shares, or vesting, is at nil cost to executives and subject to remaining employed by Auckland Airport during the vesting period and achievement of total shareholder return (TSR) performance hurdles.

For 50% of the shares granted under the plans, all shares will vest if the TSR equals or exceeds the company's cost of equity plus 1% compounding annually (independently calculated by Jarden and PricewaterhouseCoopers). For the other 50% of shares granted, the proportion of shares that vest depends on Auckland Airport's TSR relative to a peer group. The peer group comprises the members of the Dow Jones Brookfield Airports Infrastructure Index (excluding Auckland Airport) at each grant date.

To the extent that performance hurdles are not met or executives leave Auckland Airport prior to vesting, the shares or share rights are forfeited.

Share rights LTI plan		**Number of share rights**					
Grant date	**Vesting date**	**Balance at the beginning of the year**	**Granted during the year**	**Vested during the year**	**Forfeited during the year**	**Lapsed during the year**	**Balance at the end of the year**
4 December 2020	1 October 2023	86,561	-	-	-	86,561	-
30 September 2021	30 September 2024	89,572	-	-	39,474	-	50,098
08 April 2022	30 September 2024	61,374	-	-	-	-	61,374
01 October 2022	30 September 2025	149,548	-	-	39,064	-	110,484
07 November 2022	30 September 2025	10,962	-	-	-	-	10,962
01 May 2023	30 September 2025	2,888	-	-	-	-	2,888
1 October 2023	30 September 2026	-	190,282	-	21,598	-	168,684
13 November 2023	30 September 2026	-	9,596	-	-	-	9,596
27 February 2024	30 September 2026	-	7,032	-	-	-	7,032
Total share rights		400,905	206,910	-	100,136	86,561	421,118

Notes and accounting policies CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

23. Share-based payment plans CONTINUED

Fair value of share rights granted

The LTI plans are valued as nil-price in-substance options at the date at which they are granted using a probability weighted pay-off valuation model independently prepared by Jarden. The following table lists the key inputs to the valuation. Volatility estimates were derived using historical data over the past two years. The cost is recognised in the income statement over the vesting period, together with a corresponding increase in the share-based payment reserve in equity.

Grant date	Vesting date	Grant price	Risk-free interest rate range	Expected volatility of share price	Estimated fair value per share right	Share price at exercise
04 December 2020	01 October 2023	$7.03	0.04 – 0.18%	36.8%	$3.41	$7.91
30 September 2021	30 September 2024	$7.26	1.00 – 1.55%	26.2%	$3.56	N/A
08 April 2022	30 September 2024	$7.33	1.00 – 1.55%	26.2%	$3.60	N/A
01 October 2022	30 September 2025	$7.64	1.18 – 4.18%	22.0%	$3.46	N/A
07 November 2022	30 September 2025	$7.54	1.18 – 4.18%	22.0%	$3.41	N/A
01 May 2023	30 September 2025	$8.74	1.18 – 4.18%	22.0%	$4.08	N/A
1 October 2023	30 September 2026	$7.81	5.28 - 5.74%	18.7%	$3.60	N/A
13 November 2023	30 September 2026	$7.86	5.28 - 5.74%	18.7%	$3.62	N/A
27 February 2024	30 September 2026	$8.12	5.28 - 5.74%	18.7%	$3.74	N/A

It has been assumed that participants will remain employed with the company until the vesting date.

The share-based payment expense relating to the LTI plan for the year ended 30 June 2024 is $0.2 million (2023: $0.5 million) with a corresponding increase in the share-based payments reserve (refer note 16(c)).

24. Events subsequent to balance date

On 15 August 2024, the directors of Queenstown Airport declared a final dividend of $14.2 million for the year ended 30 June 2024. The group's share of the dividend is $3.6 million.

On 21 August 2024, the directors of Auckland Airport declared a final dividend of $96.2 million for the year ended 30 June 2024.

Deloitte.

Audit Report

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF AUCKLAND INTERNATIONAL AIRPORT LIMITED

Opinion

We have audited the consolidated financial statements of Auckland International Airport Limited and its subsidiaries (the 'Group'), which comprise the consolidated statement of financial position as at 30 June 2024, and the consolidated income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements, on pages 115 - 170, present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2024, and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to IFRS Accounting Standards ('NZ IFRS') as issued by the External Reporting Board and IFRS Accounting Standards ('IFRS') as issued by the International Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

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

We are independent of the Group in accordance with 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 and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other assignments for the Group in the area of greenhouse gas inventory assurance reporting, trustee reporting and assurance reporting for airport-related regulatory disclosures. We also performed non-assurance services in relation to the integrity of the aeronautical pricing model, non-assurance services in the form of a climate related disclosure assurance readiness assessment, as well as non-assurance services provided to the Corporate Taxpayers Group of which the Company is a member. These services have not impaired our independence as auditor of the Company and Group. In addition to this, partners and employees of our firm deal with the Company and its subsidiaries on normal terms within the ordinary course of trading activities of the business of the Company and its subsidiaries. The firm has no other relationship with, or interest in, the Company or any of its subsidiaries.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters

Key audit matter	How our audit addressed the key audit matter
Fair Value of Revalued Property, Plant and Equipment	
Land, buildings and services, runway, taxiways, aprons and infrastructure property, plant and equipment ('Revalued PPE') are recorded on the consolidated statement of financial position at their fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses (if any). The Group revalues these assets at regular intervals that are sufficient to ensure that the carrying values are not materially different to their fair values. The carrying value of these assets as at 30 June 2024 is $8,755.0 million. Buildings and services assets were revalued at 30 June 2024. A revaluation gain of $456.2 million is recognised in other comprehensive income (revaluation reserve), and a revaluation loss of $11.0 million is recognised in the income statement. Land, Infrastructure and Runway, taxiways and aprons assets were last revalued at 30 June 2023. The Group did not carry out revaluations in 2024 on these assets as it assessed there has been no material change in fair values. The Group's assessment considered movements in the relevant capital goods price indices and other relevant market indicators. Note 11 to the financial statements provides summary information about each class of Revalued PPE, including descriptions of the valuation methodologies used in the latest valuations. We consider the fair value of Revalued PPE to be a key audit matter due to the materiality of the carrying amounts to the financial statements and the judgement involved in determining their fair values.	In relation to the buildings and services assets revalued in the current year, our audit procedures focused on the valuation process, methodologies and key inputs. We evaluated the Group's processes in respect of the independent valuations including the selected valuation methodologies, the internal data provided to the valuers where relevant, and the reconciliation of the valuations to the asset register. We evaluated the competence, objectivity and independence of the external valuers. This included assessing their professional qualifications and experience and obtaining representation from them regarding their independence and the scope of their work. We also met with the independent valuers to discuss and challenge key aspects of their valuations. Our procedures included: • Reading the valuation reports for all properties, considering whether the methodology applied was appropriate for the asset being valued; • Assessing the methodology for consistency with prior valuations and considering whether any changes to the methodology were required; • Testing the key inputs to the valuations across a sample of properties by agreeing information to underlying records and comparing assumptions against market data where available; • Using our internal valuation specialists in assessing the appropriateness of the valuation methodology; and • Reviewing the valuations for any limitations of scope that would impact the reliability of the valuations. For all other PPE carried at fair value, our audit procedures focused on the appropriateness of the Group's assessment that the carrying value is not materially different to fair value. Our procedures included: • Assessing whether the capital goods price indices used by the Group are appropriate; • Comparing the capital goods price indices and other relevant inputs to observable market data and testing the accuracy of the Group's calculation of changes; and • Considering the appropriateness of the Group's assessment that carrying values are not materially different to fair value.

Key audit matter	How our audit addressed the key audit matter
Valuation of Investment Properties	
Investment properties of $3,123.9 million are recorded at fair value in the consolidated statement of financial position at 30 June 2024. A revaluation loss of $15.3 million is recognised in the consolidated income statement. Revaluations are carried out at least annually by independent registered valuers. Estimating the fair values requires judgement and the models used include both observable and non-observable inputs. Vacant land ($324.9 million) is valued using a direct sales comparison and residual value approach. Retail and service, industrial, and other investment properties ($2,799.0 million) are valued using discounted cash flow models. The significant inputs to the discounted cash flow models are market rental rates, rental growth rates and discount rates. Note 12 to the financial statements provides summary information about the investment properties held by the Group and quantitative information about the key inputs to the valuation models. Note 11 (c) describes the methodologies used and provides qualitative information about the sensitivity of the models to changes in the key inputs. We consider the valuation of investment properties to be a key audit matter due to the materiality of revaluation gains (losses) and carrying amounts to the financial statements and the judgement involved in determining their fair values.	Our audit procedures focused on the appropriateness of the valuation methodologies and key inputs applied in the models. We evaluated the competence, objectivity and independence of the external valuers. This included assessing their professional qualifications and experience and obtaining representation from them regarding their independence and the scope of their work. We also met with the independent valuers to discuss and challenge key aspects of their valuations, as well as the impact the current macroeconomic conditions are having on the general market. We read the valuation reports for all properties and considered whether the methodology applied was appropriate for the property being valued. We assessed the methodology for consistency with the prior period and considered whether any changes to the methodology were appropriate. We performed testing on a sample of the valuation reports. Our procedures included: • Testing the key inputs to the valuations by agreeing information to underlying records and comparing assumptions against market data where available; • Using our internal valuation specialists in assessing the appropriateness of the valuation methodology; and • Reviewing the valuations for any limitations of scope that would impact the reliability of the valuations.
Legislation changes to tax depreciation on buildings	
On 28 March 2024, the New Zealand Government removed the ability for entities to claim tax depreciation deductions for commercial and industrial buildings with an estimated useful life of 50 years or more. The ability to claim depreciation deductions was first removed in 2010 but was reintroduced in 2020 as part of a COVID-19 economic policy response. This has resulted in a non-cash accounting adjustment increasing the deferred tax liability and deferred tax expense. Note 7 to the financial statements provides information on the Group's deferred tax liabilities and the impact of the change in tax legislation, which has resulted in an increase of $292.8m in the Group's deferred tax liability at 30 June 2024. We consider the impact of the legislation changes to tax depreciation on buildings to be a key audit matter due to the significance to the financial statements and the complexity involved in applying the new tax legislation.	Our audit procedures focussed on how the new tax legislation has been applied by the Group in respect of its deferred tax calculations. Our procedures included: • Reviewing management's assessment and calculation of the impact of the new legislation; • Involving our internal tax specialists to review the relevant calculations and methodology applied by management for compliance with the updated legislation; • Agreeing key inputs in the calculation to the underlying tax fixed asset register; and • On a sample basis for individual assets, recalculated the mechanical accuracy of the deferred tax adjustments.

Other information

The directors are responsible on behalf of the Group for the other information. The other information comprises the information in the Annual Report that accompanies the consolidated financial statements and the audit report.

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

Our responsibility is to read the other information and consider whether it is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities for the consolidated financial statements

The directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements 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 conducted in accordance with ISAs and ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on the External Reporting Board's website at:

https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1

This description forms part of our auditor's report.

Restriction on use

This report is made solely to the Company's shareholders, as a body. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte Limited

Andrew Dick, Partner
for Deloitte Limited
Auckland, New Zealand
21 August 2024

Five-year Summary

Five-year Summary

FOR THE YEAR ENDED 30 JUNE 2024

Group income statement	2024 $M	2023 $M	2022 $M	2021[1] $M	2020 $M
Income					
Airfield income	150.5	86.6	60.9	64.0	100.6
Passenger services charge	241.6	132.9	33.8	24.2	133.0
Retail income	184.5	130.9	22.7	17.8	141.5
Rental income	180.6	170.6	129.7	115.2	109.2
Rates recoveries	13.1	12.7	8.6	7.8	7.7
Car park income	66.4	57.7	26.2	28.7	50.3
Interest income	6.4	3.2	0.3	4.9	1.7
Flood-related income	19.0	5.0	-	-	-
Other income	33.4	26.3	18.1	18.5	23.0
Total income	895.5	625.9	300.3	281.1	567.0
Expenses					
Staff	77.7	63.3	50.0	45.6	62.9
Asset management, maintenance and airport operations	118.9	89.8	66.7	53.4	77.5
Rates and insurance	35.6	31.8	21.0	20.8	18.0
Marketing and promotions	9.7	6.7	1.4	1.0	8.3
Professional services and levies	11.7	8.2	4.3	4.0	6.2
Fixed asset write-offs, impairment and termination costs	1.0	4.8	6.9	2.5	117.5
Reversal of fixed asset impairment and termination costs	-	(1.0)	-	(19.4)	-
Flood-related expense and impairment reversal	12.4	8.4	-	-	-
Other expenses	13.7	19.2	6.1	6.3	19.2
Expected credit losses/(release)	0.8	(2.4)	(0.6)	(4.2)	(2.4)
Total expenses	281.5	228.8	155.8	110.0	306.6
Earnings before interest expense, taxation, depreciation, fair value adjustments and investments in associate and joint ventures (EBITDAFI)[2]	614.0	397.1	144.5	171.1	260.4
Investment property fair value change	(15.3)	(139.7)	204.4	527.3	168.6
Property, plant and equipment fair value change	(11.0)	(15.6)	(1.4)	(7.5)	(45.9)
Derivative fair value change	0.9	(0.7)	1.7	(0.5)	(1.9)
Share of profit/(loss) of associate and joint ventures	(4.5)	11.1	(12.8)	21.1	8.4
Impairment of investment in joint venture	-	-	-	-	(7.7)
Earnings before interest, taxation and depreciation (EBITDA)[2]	584.1	252.2	336.4	711.5	381.9
Depreciation	168.4	145.3	113.1	120.9	112.7
Earnings before interest and taxation (EBIT)[2]	415.7	106.9	223.3	590.6	269.2
Interest expense and other finance costs	72.4	62.7	53.7	94.0	71.8
Profit before taxation	343.3	44.2	169.6	496.6	197.4
Taxation expense	337.8	1.0	(22.0)	30.0	3.5
Profit after taxation attributable to the owners of the parent	5.5	43.2	191.6	466.6	193.9

1 The financial year 2021 has been restated following the IFRIC decision on cloud computing. Refer to note 2 of the financial statements.
2 EBITDAFI, EBITDA and EBIT are non-GAAP measures. Refer to note 3(d) for more information.

Group statement of comprehensive Income	2024 $M	2023 $M	2022 $M	2021[1] $M	2020 $M
Profit for the period	5.5	43.2	191.6	466.6	193.9
Other comprehensive income					
Items that will not be reclassified to the income statement					
Flood related fixed asset impairments	21.0	(21.0)	-	-	-
Property, plant and equipment net revaluation movements	456.2	218.6	75.8	769.9	(599.8)
Tax on the property, plant and equipment revaluation reserve	(137.2)	(40.4)	(128.5)	-	(32.5)
Movement in share of reserves of associate and joint ventures	-	11.2	13.9	8.2	-
Items that will not be reclassified to the income statement	340.0	168.4	(38.8)	778.1	(632.3)
Items that may be reclassified subsequently to the income statement					
Cash flow hedges					
Fair value gains/(losses) recognised in the cash flow hedge reserve	(9.1)	19.1	85.5	57.7	(44.5)
Realised (gains)/losses transferred to the income statement	(6.7)	0.2	9.1	12.1	(2.2)
Tax effect of movements in the cash flow hedge reserve	4.4	(5.4)	(26.5)	(19.5)	13.1
Total cash flow hedge movement	(11.4)	13.9	68.1	50.3	(33.6)
Movement in cost of hedging reserve	(3.1)	-	(0.8)	3.9	2.7
Tax effect of movements in the cash flow hedge reserve	0.8	-	0.2	(1.1)	(0.8)
Items that may be reclassified subsequently to the income statement	(13.7)	13.9	67.5	53.1	(31.7)
Total other comprehensive income/(loss)	326.3	182.3	28.7	831.2	(664.0)
Total comprehensive income for the period, net of tax attributable to the owners of the parent	331.8	225.5	220.3	1,297.8	(470.1)

1 The financial year 2021 has been restated following the IFRIC decision on cloud computing. Refer to note 2 of the financial statements.

Group statement of changes in equity	2024 $M	2023 $M	2022 $M	2021[1] $M	2020 $M
At 1 July	8,377.5	8,150.9	7,929.5	6,630.7	6,032.9
Profit for the period	5.5	43.2	191.6	466.6	193.9
Other comprehensive income/(loss)	326.3	182.3	28.7	831.2	(664.0)
Total comprehensive income	331.8	225.5	220.3	1,297.8	(470.1)
Shares issued	59.1	0.6	1.0	0.6	1,210.4
Long-term incentive plan	0.2	0.5	0.1	0.4	0.2
Dividend paid	(158.5)	-	-	-	(136.3)
At 30 June	8,610.1	8,377.5	8,150.9	7,929.5	6,637.1

1 The financial year 2021 has been restated following the IFRIC decision on cloud computing. Refer to note 2 of the financial statements.

Group balance sheet	2024 $M	2023 $M	2022 $M	2021[1] $M	2020 $M
Non-current assets					
Property, plant and equipment					
Land	4,379.4	4,387.8	4,319.1	4,705.7	3,931.1
Buildings and services	2,634.1	1,829.8	1,553.3	1,079.9	1,140.7
Infrastructure	919.6	781.1	616.6	551.7	487.5
Runways, taxiways and aprons	743.9	486.0	398.5	389.1	378.3
Vehicles, plant and equipment	78.0	63.6	98.6	100.1	123.2
	8,755.0	7,548.3	6,986.1	6,826.5	6,060.8
Investment properties	3,123.9	2,882.1	2,897.4	2,641.4	2,882.1
Investment in associate and joint ventures	180.6	193.1	166.5	154.4	114.7
Derivative financial instruments	53.5	45.0	28.1	29.2	230.5
	12,113.0	10,668.5	10,078.1	9,651.5	9,288.1
Current assets					
Cash	219.7	106.2	24.7	79.5	765.3
Trade and other receivables	82.3	51.6	28.5	25.4	51.6
Taxation receivable	-	1.4	21.6	20.9	21.6
Derivative financial instruments	1.2	1.6	-	-	15.4
	303.2	160.8	74.8	125.8	853.9
Total assets	12,416.2	10,829.3	10,152.9	9,777.3	9,297.2
Shareholders' equity					
Issued and paid-up capital	1,739.9	1,680.8	1,680.2	1,679.2	1,678.6
Cancelled share reserve	(609.2)	(609.2)	(609.2)	(609.2)	(609.2)
Property, plant and equipment revaluation reserve	5,506.9	5,187.3	5,040.2	5,099.9	4,333.7
Share-based payments reserve	1.9	2.0	2.1	2.0	1.6
Cash flow hedge reserve	20.2	31.6	17.7	(50.4)	(100.7)
Cost of hedging reserve	(4.0)	(1.7)	(1.7)	(1.1)	(3.9)
Share of reserves of associate and joint ventures	62.1	62.1	50.9	37.0	28.8
Retained earnings	1,892.3	2,024.6	1,970.7	1,772.1	1,308.2
	8,610.1	8,377.5	8,150.9	7,929.5	6,637.1
Non-current liabilities					
Term borrowings	2,403.3	1,388.3	961.0	1,172.8	1,824.4
Derivative financial instruments	24.6	25.3	15.7	67.9	134.6
Deferred tax liability	810.0	438.5	411.9	278.3	231.7
Other term liabilities	2.3	3.5	3.3	2.8	2.1
	3,240.2	1,855.6	1,391.9	1,521.8	2,192.8
Current liabilities					
Accounts payable	205.0	159.9	87.1	103.4	106.3
Taxation payable	65.4	-	-	-	-
Derivative financial instruments	0.3	-	0.9	1.9	3.0
Short-term borrowings	281.4	428.8	515.6	220.0	320.8
Provisions	13.8	7.5	6.5	0.7	37.2
	565.9	596.2	610.1	326.0	467.3
Total equity and liabilities	12,416.2	10,829.3	10,152.9	9,777.3	9,297.2

1 The financial year 2021 has been restated following the IFRIC decision on cloud computing. Refer to note 2 of the financial statements.

Group statement of cash flows	2024 $M	2023 $M	2022 $M	2021 $M	2020 $M
Cash flow from operating activities					
Cash was provided from:					
Receipts from customers	845.8	590.1	287.0	271.2	586.0
Insurance proceeds	11.9	3.2	-	-	-
Interest received	6.0	3.2	0.3	4.9	1.6
	863.7	596.5	287.3	276.1	587.6
Cash was applied to:					
Payments to suppliers and employees	(267.8)	(213.5)	(134.6)	(116.5)	(242.5)
Income tax paid	(31.5)	-	-	(0.6)	(94.2)
Interest paid	(68.1)	(57.9)	(51.5)	(98.0)	(75.1)
	(367.4)	(271.4)	(186.1)	(215.1)	(411.8)
Net cash flow from operating activities	496.3	325.1	101.2	61.0	175.8
Cash flow from investing activities					
Cash was provided from:					
Proceeds from sale of property, plant and equipment	-	-	0.4	0.4	0.1
Dividends from associate and joint ventures	8.0	1.8	3.0	5.0	14.9
	8.0	1.8	3.4	5.4	15.0
Cash was applied to:					
Purchase of property, plant and equipment	(847.2)	(465.1)	(224.8)	(141.9)	(240.5)
Interest paid - capitalised	(54.7)	(19.4)	(8.0)	(6.5)	(11.8)
Expenditure on investment properties	(230.1)	(106.8)	(39.8)	(58.1)	(136.1)
Investments in associates and joint ventures	-	(6.1)	(14.0)	(15.4)	(23.2)
	(1,132.0)	(597.4)	(286.6)	(221.9)	(411.6)
Net cash applied to investing activities	(1,124.0)	(595.6)	(283.2)	(216.5)	(396.6)
Cash flow from financing activities					
Cash was provided from:					
Increase in share capital	-	-	-	-	1,178.1
Increase in borrowings	1,686.3	753.0	200.6	105.0	125.0
Settlement of cross-currency interest rate swaps	-	-	(1.4)	79.6	-
	1,686.3	753.0	199.2	184.6	1,303.1
Cash was applied to:					
Decrease in borrowings	(845.3)	(401.0)	(72.0)	(714.9)	(250.0)
Dividends paid	(99.8)	-	-	-	(104.3)
	(945.1)	(401.0)	(72.0)	(714.9)	(354.3)
Net cash flow applied to financing activities	741.2	352.0	127.2	(530.3)	948.8
Net increase/(decrease) in cash held	113.5	81.5	(54.8)	(685.8)	728.0
Opening cash brought forward	106.2	24.7	79.5	765.3	37.3
Ending cash carried forward	219.7	106.2	24.7	79.5	765.3

Capital expenditure	2024 $M	2023 $M	2022 $M	2021 $M	2020 $M
Aeronautical	565.7	325.1	125.6	48.1	205.0
Retail	4.6	0.3	0.4	0.1	14.0
Property development	240.3	133.3	54.8	72.6	146.6
Infrastructure and other	71.2	53.4	67.7	75.1	52.7
Car parking	276.9	135.0	11.5	1.2	14.7
Total	1,158.7	647.1	260.0	197.1	433.0

Passenger, aircraft and MCTOW (maximum certificated take-off weight)	2024	2023	2022	2021	2020
Passenger movements					
International	10,059,268	7,773,555	1,340,875	602,125	8,473,946
Domestic	8,469,457	8,087,709	4,261,271	5,841,514	7,047,108
Aircraft movements					
International	53,024	42,423	18,315	15,106	44,962
Domestic	105,161	101,998	67,748	83,583	94,175
MCTOW (tonnes)					
International	5,209,020	4,043,717	2,115,127	1,771,014	4,669,929
Domestic	2,134,383	2,028,201	1,343,150	1,637,867	1,830,711

Corporate Directory

Directors

Patrick Strange, Chair
Mark Binns
Mark Cairns
Dean Hamilton
Julia Hoare
Liz Savage
Tania Simpson
Christine Spring

Senior management

Carrie Hurihanganui, Chief Executive
Stewart Reynolds, Chief Financial Officer
Melanie Dooney, Chief Corporate Services Officer
Darren Evans, Chief Safety And Risk Officer
Susana Fueyo, Chief Infrastructure Officer
Chloe Surridge, Chief Operations Officer
Scott Tasker, Chief Customer Officer
Mark Thomson, Chief Commercial Officer
Mary-Liz Tuck, Chief Strategic Planning Officer
Richard Wilkinson, Chief Digital Officer

Registered office New Zealand

4 Leonard Isitt Drive
Auckland Airport Business District
Manukau 2022
New Zealand

Phone: +64 9 275 0789
Freephone: 0800 Airport (0800 247 7678)
Facsimile: +64 9 275 4927
Email: tellus@aucklandairport.co.nz
Website: www.aucklandairport.co.nz

Registered office Australia

c/o KPMG
147 Collins Street
Melbourne
Victoria 3000
Australia

Phone: +61 3 9288 5555
Facsimile: +61 3 9288 6666
Website: www.kpmg.com.au

Share registrars

New Zealand

MUFG Pension & Market Service
Level 30, PwC Tower
15 Customs Street West
Auckland 1010
PO Box 91976
Auckland 1142

Phone: +64 9 375 5998

Australia

MUFG Pension & Market Services
Level 12, 680 George Street
Sydney, NSW 2000
Locked Bag A14

Sydney South, NSW 1235
Phone: +61 2 8280 7111

Mailing address

Auckland International Airport Limited
PO Box 73020
Auckland Airport
Manukau 2150
New Zealand

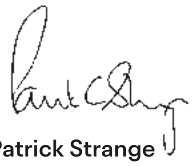
Company Secretary

Louise Martin

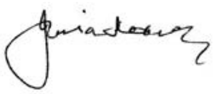
Auditors

External auditor – Deloitte
Internal auditor – PricewaterhouseCoopers
Share registry auditor – Grant Thornton

This annual report is dated 21 August 2024 and is signed on behalf of the Board by:



Patrick Strange
Chair of the Board



Julia Hoare
Director

Auckland Airport

aucklandairport.co.nz