



**WELLINGTON INTERNATIONAL AIRPORT LIMITED**

# **Consolidated Annual Report**

**For the year ended 31 March 2023**

## DIRECTORS' REPORT

The Directors have pleasure in presenting to shareholders the consolidated annual report for Wellington International Airport Limited (WIAL and/or the Company) for the year ended 31 March 2023.

### Directors

This year has seen new leadership take up key roles at the airport, with Matt Clarke appointed as WIAL's new CEO in May 2022 and Rachel Drew elected as its Chair in December 2022.

At the Board level, Matthew Ross was appointed to replace the outgoing Chair Peter Coman and new Wellington Mayor Tory Whanau has replaced Andy Foster as a Wellington City Council representative.

The Directors of WIAL during the year were:

#### Current:

- Rachel Drew, Chair (Appointed as a Director 15 April 2022, appointed Chair 12 December 2022)
- Wayne Eagleson
- Phillippa Harford
- Matthew Ross (Appointed 12 December 2022)
- Phillip Walker
- Tory Whanau (Appointed 19 November 2022)

#### Retired:

- Timothy Brown (Retired as a Director 15 April 2022)
- Peter Coman, Chair (Retired Chair and Director 12 December 2022)
- Andrew Foster (Retired 19 November 2022)

During the year, Simon Murrow attended the Board meetings as an observer as part of a Cadetship under the Company's Aspiring Directors Programme.

### Group's Affairs and Nature of Business

WIAL and its wholly owned subsidiaries (the Group) provide integrated airport and commercial facilities and services to various airlines and other airport users in Wellington, New Zealand. The Group also operates a commercial retail park adjacent to the airport site.

WIAL has three wholly owned subsidiary companies. Whare Manaakitanga Limited is the holding company for Wellington Airport's hotel, which is independently operated and managed by Noahs Hotels (NZ) Limited under the Rydges brand. Wellington Airport Noise Treatment Limited (WANT Limited) provides noise mitigation activities to manage the impact of noise generated from the airport on the surrounding community. Meitaki Limited is a captive insurance company incorporated in the Cook Islands. As a result WIAL comprises a Group for financial reporting purposes and is required to prepare a consolidated report.

While COVID-19 has had a major impact on the aviation industry, the Directors consider WIAL's long term business fundamentals remain strong with these financial statements reflecting the aviation industry and WIAL's ongoing recovery

This is reflected in our total passengers for the year ended 31 March 2023 which reached over 5.2 million (4.7 million domestic and 564,000 international), an increase of 49% on the prior year. Notwithstanding this strong recovery, passenger numbers have yet to return fully to pre-Covid levels, with domestic passengers recovering to 90% of pre-Covid levels, and international to 61% for the year ended 31 March 2023.

With regards to WIAL's annual report, COVID-19 has specifically impacted certain areas of financial reporting. Where material, these impacts have been disclosed in the relevant notes in the financial statements based on information available at the time of preparation.

The Group continues to make good progress in its environmental, social and governance initiatives. These are outlined further in WIAL's Annual Review and Kaitiakitanga work programme for 2023.

## **DIRECTORS' REPORT (continued)**

### *Operating responsibly*

The Group has continued to manage its operating and capital expenditure commensurate with its cashflows and operating environment.

In February 2023, the Group issued \$75 million of retail bonds, which are currently held in cash and short-term investments and are due to fund existing retail bonds which mature on 12 May 2023. In addition, the Group converted \$100 million of bank finance into sustainably linked lending, creating direct financial incentives by aligning interest rates with agreed sustainability targets.

The \$75.8 million shareholder support agreement, in the form of a commitment from both its shareholders for redeemable preference shares, was not utilised and the Group's option to drawdown on this agreement expired 30 June 2022.

The Directors regard the state of the Group's affairs to be satisfactory.

The nature of the Group's business has not changed during the year.

### **Earnings**

Total revenue for the year was \$139.8 million and the net profit after taxation amounted to \$25.2 million. No subvention payment or dividend was paid during the year.

### **Retained Earnings**

Retained earnings was \$117.7 million, an increase for the year of \$25.2 million.

### **Asset Revaluation Reserve**

The Asset Revaluation Reserve at 31 March 2023 was \$744.7 million.

### **Liabilities**

The liabilities of WIAL are not guaranteed by its shareholders.

### **Auditors**

KPMG remained the Group's auditors during the year.

On behalf of the Board



**Rachel Drew**  
Chair of the Board  
10 May 2023



**Phillippa Harford**  
Chair of the Audit and Risk Committee  
10 May 2023

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 \$000	2022 \$000
Aircraft movement and terminal charges		77,307	54,315
Retail and trading activities		46,835	27,417
Property rent and lease income		15,686	13,845
<b>Total revenue</b>	A2	<b>139,828</b>	<b>95,577</b>
Operating expenses	A3	(34,958)	(27,579)
Employee remuneration and benefits	A4	(15,267)	(11,767)
Subvention payment	D2	-	-
<b>Total operating and other expenditure</b>		<b>(50,225)</b>	<b>(39,346)</b>
Investment properties revaluation net (decrease)/increase	B2	(3,062)	6,862
Depreciation	B1	(28,800)	(30,492)
Loss on disposal of property, plant and equipment		(101)	(525)
<b>Operating earnings before net financing expense</b>		<b>57,640</b>	<b>32,076</b>
Interest income		2,141	331
Interest expense	C2	(28,348)	(25,767)
Other finance income/(expense)	C3	103	(1,123)
<b>Net financing expense</b>		<b>(26,104)</b>	<b>(26,559)</b>
<b>Net profit from operations before taxation</b>		<b>31,536</b>	<b>5,517</b>
Taxation expense	A5	(6,293)	(2,474)
<b>Net profit after taxation</b>		<b>25,243</b>	<b>3,043</b>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Property, plant and equipment revaluation	B1	106,060	83,571
Income tax on property, plant and equipment revaluation	A5	(8,961)	(20,231)
Total items that will not be reclassified to profit or loss		97,099	63,340
<b>Items that may subsequently be reclassified to profit or loss:</b>			
Fair value gains recognised in the cash flow hedge reserve	C3	6,489	16,261
Tax effect of movements in the cash flow hedge reserve	A5	(1,817)	(4,553)
Total items that may subsequently be reclassified to profit or loss		4,672	11,708
<b>Total Other Comprehensive Income</b>		<b>101,771</b>	<b>75,048</b>
<b>Total comprehensive income</b>		<b>127,014</b>	<b>78,091</b>

The accompanying accounting policies and notes form part of and are to be read in conjunction with these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

	Note	Attributable to Equity Holders				Total Equity \$000
		Capital	Asset Revaluation Reserve	Cash Flow Hedge Reserve	Retained Earnings	
		\$000	\$000	\$000	\$000	
<b>Balance as at 1 April 2022</b>		9,050	647,645	1,474	92,424	750,593
<b>Comprehensive income</b>						
Net profit/(loss) after taxation		-	-	-	25,243	25,243
Other Comprehensive Income		-	97,099	4,672	-	101,771
<b>Total comprehensive income</b>		-	97,099	4,672	25,243	127,014
<b>Contributions by and distributions to owners</b>						
Dividends to equity holders		-	-	-	-	-
<b>Total contributions by and distributions to owners</b>		-	-	-	-	-
<b>Balance as at 31 March 2023</b>	C1	9,050	744,744	6,146	117,667	877,607

	Note	Attributable to Equity Holders				Total Equity \$000
		Capital	Asset Revaluation Reserve	Cash Flow Hedge Reserve	Retained Earnings	
		\$000	\$000	\$000	\$000	
<b>Balance as at 1 April 2021</b>		9,050	584,305	(10,234)	89,381	672,502
<b>Comprehensive income</b>						
Net profit/(loss) after taxation		-	-	-	3,043	3,043
Other Comprehensive Income		-	63,340	11,708	-	75,048
<b>Total comprehensive income</b>		-	63,340	11,708	3,043	78,091
<b>Contributions by and distributions to owners</b>						
Dividends to equity holders		-	-	-	-	-
<b>Total contributions by and distributions to owners</b>		-	-	-	-	-
<b>Balance as at 31 March 2022</b>	C1	9,050	647,645	1,474	92,424	750,593

The accompanying accounting policies and notes form part of and are to be read in conjunction with these consolidated financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	Notes	2023 \$000	2022 \$000
Cash and cash equivalents	C3	112,734	27,277
Short-term investments	C3	14,105	15,000
Receivables	C3	13,858	6,798
Prepayments and sundry receivables		7,458	6,900
<b>Current assets</b>		<b>148,155</b>	<b>55,975</b>
Property, plant and equipment	B1	1,502,798	1,359,097
Investment properties	B2	132,182	108,147
Sundry receivables		8,663	5,869
Derivative financial instruments	C3	8,925	1,624
<b>Non current assets</b>		<b>1,652,568</b>	<b>1,474,737</b>
<b>Total assets</b>		<b>1,800,723</b>	<b>1,530,712</b>
Trade and other payables		2,998	2,569
Current tax payable	A5	7,989	431
Accruals and other liabilities		15,324	11,357
Accrued employee benefits	A4	3,793	3,266
Loans and borrowings	C2	75,000	-
<b>Current liabilities</b>		<b>105,104</b>	<b>17,623</b>
Deferred taxation	A5	137,652	128,142
Lease liabilities	D3	33,914	10,260
Derivative financial instruments	C3	-	2,389
Other liabilities	B1	21,000	-
Loans and borrowings	C2	625,446	621,705
<b>Non current liabilities</b>		<b>818,012</b>	<b>762,496</b>
Attributable to shareholders		877,607	750,593
<b>Total equity</b>		<b>877,607</b>	<b>750,593</b>
<b>Total equity and liabilities</b>		<b>1,800,723</b>	<b>1,530,712</b>

The accompanying accounting policies and notes form part of and are to be read in conjunction with these consolidated financial statements.

On behalf of the Board



**Rachel Drew**  
Chair of the Board  
10 May 2023



**Phillippa Harford**  
Chair of the Audit and Risk Committee  
10 May 2023

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 \$000	2022 \$000
<b>Cash flows from operating activities</b>			
<i>Cash was provided from:</i>			
Receipts from customers		138,637	98,729
Interest received		2,141	331
<i>Cash was disbursed to:</i>			
Payments to suppliers and employees		(59,693)	(43,240)
Interest paid		(26,470)	(25,329)
Subvention payment	D2	-	-
<b>Net cash flows from operating activities</b>		<b>54,615</b>	<b>30,491</b>
<b>Cash flows from investing activities</b>			
<i>Cash was disbursed to:</i>			
Purchase of property, plant and equipment		(42,218)	(13,120)
Purchase of investment property		(89)	(4,678)
<b>Net cash flows from investing activities</b>		<b>(42,307)</b>	<b>(17,798)</b>
<b>Cash flows from financing activities</b>			
<i>Cash was provided from:</i>			
Issue of retail bonds		75,000	125,000
Maturity of short-term investments		54,000	50,000
<i>Cash was disbursed to:</i>			
Investment in short-term investments		(53,000)	(15,000)
Repayment of bank debt		-	(100,000)
Repayment of bonds		-	(75,000)
Debt issue costs		(440)	(1,011)
Dividend payment	D2	-	-
Repayment of lease liabilities		(2,411)	(240)
<b>Net cash flows from financing activities</b>		<b>73,149</b>	<b>(16,251)</b>
Net increase/(decrease) in cash and cash equivalents		85,457	(3,558)
Cash and cash equivalents balance at the beginning of the year		27,277	30,835
<b>Cash and cash equivalents at the end of the year</b>	C3	<b>112,734</b>	<b>27,277</b>
<b>Reconciliation of net profit after taxation to net cash flows from operating activities:</b>			
<b>Net profit after taxation</b>		<b>25,243</b>	<b>3,043</b>
Other finance (income)/expense		(103)	1,123
Depreciation		28,800	30,492
Investment properties revaluation net decrease/(increase)		3,062	(6,862)
Other movements not involving cash flows		8,532	3,414
Movements in working capital		(10,919)	(719)
<b>Net cash flows from operating activities</b>		<b>54,615</b>	<b>30,491</b>

The accompanying accounting policies and notes form part of and are to be read in conjunction with these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## REPORTING ENTITY

The consolidated financial statements presented are those of the Wellington International Airport Limited Group (the Group), comprising Wellington International Airport Limited (WIAL and/or the Company) and its subsidiaries: Whare Manaakitanga Limited (Wellington Airport Rydges hotel company), Wellington Airport Noise Treatment Limited (WANT Limited - which provides noise mitigation activities to manage the impact of noise generated from the airport on the surrounding community), and Meitaki Limited (captive insurance company incorporated in the Cook Islands). The address of WIAL's registered office is Corporate Office, Level 2 Main Terminal Building, 128 Stewart Duff Drive, Wellington, New Zealand.

The Group operates predominantly in Wellington, New Zealand, providing integrated airport and commercial facilities and services to various airlines and other airport users. The Group also operates a commercial retail park adjacent to the airport site.

## STATUTORY BASE

The parent company, WIAL, is a profit-oriented company incorporated and domiciled in New Zealand as a limited liability company registered under the Companies Act 1993. The company has bonds listed on the NZX Debt Market (NZDX) and on that basis meets the definition of a Reporting Entity under the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013.

## BASIS OF PREPARATION

The consolidated financial statements are general purpose financial statements and 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 (NZ IFRS) and other applicable financial reporting standards as appropriate for profit-oriented entities. The consolidated financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. These financial statements are prepared on a going concern basis.

The consolidated financial statements are presented for the year ended 31 March 2023 and were approved by the Board of Directors on 10 May 2023.

## Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, with the exception of certain items as identified in specific accounting policies, and are presented in New Zealand Dollars which is the Group's functional currency. Where indicated, values are rounded to the nearest thousand dollars (\$000).

## USE OF ACCOUNTING ESTIMATES AND JUDGEMENT

These consolidated financial statements comply with NZ IFRS, which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Future outcomes could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed within the specific notes shown below:

Area of estimate or judgement	Note
Valuation of property, plant and equipment	Note B1 Property, plant and equipment
Valuation of investment properties	Note B2 Investment properties

## COVID-19 pandemic

These financial statements reflect the ongoing recovery of domestic and international air travel following the impacts of COVID-19. The Group is forecasting a recovery back to pre-COVID-19 passenger levels over the next few years. Forecasts are based on the information available to the Group at the time of preparing these financial statements and are based on reference to various data sources including airlines, IATA and travel and tourism bodies. Where appropriate, further disclosure of the material impacts of COVID-19 are included in the relevant notes in these financial statements.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements have been consistently applied to all periods presented.

Any new accounting standards, amendments to standards and interpretations issued, but not yet effective, have not been applied in preparation of these consolidated financial statements and are not expected to have a material impact on these financial statements when adopted.

### Climate-related disclosure standards

In 2021, based on recommendations by the Task Force on Climate-Related Financial Disclosures (TCFD), the New Zealand Government passed legislation that requires the Group to prepare climate-related disclosures. The External Reporting Board (XRB) published the final Aotearoa New Zealand Climate Standards in December 2022, which are effective for periods beginning on or after 1 January 2023. For the Group, the standards will be mandatory for the year ending 31 March 2024.

## FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Group's financial risk management framework. The Audit and Risk Committee also has a function of reviewing management practices in relation to identification and management of significant business risk areas and regulatory compliance. The Group has developed a comprehensive enterprise wide risk management framework. Management and the Board participate in the identification, assessment and monitoring of new and existing risks. Particular attention is given to strategic risks that could affect the Group. Management report to the Audit and Risk Committee and the Board on the Group's risks and the controls and treatments for those risks. Financial risk management principles are disclosed within the specific notes shown below:

Area of risk management	Note
Capital risk	Note C1 Share capital
Market risk	Note C3 Financial Instruments
Liquidity risk	Note C3 Financial Instruments
Credit risk	Note C3 Financial Instruments

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The notes include information that is required to understand the consolidated financial statements and is material and relevant to the operations, financial position and performance of the Group. Information is considered material and relevant if, for example:

- the amount in question is significant because of its size or nature;
- it is important for understanding the results of the Group;
- it helps to explain the impact of significant changes in the Group's business; and/or
- it relates to an aspect of the Group's operations that is important to its future performance.

## NOTE CATEGORIES

### A FINANCIAL PERFORMANCE

A1. Segment reporting and non-NZ GAAP measure.....	10
A2. Revenue.....	10
A3. Operating expenses.....	11
A4. Employee remuneration and benefits.....	11
A5. Taxation.....	12

### B FIXED ASSETS

B1. Property, plant and equipment.....	13
B2. Investment properties.....	17

### C FUNDING

C1. Share capital.....	18
C2. Loans and borrowings.....	18
C3. Financial instruments.....	19

### D OTHER NOTES

D1. Subsidiaries.....	23
D2. Related parties.....	23
D3. Financial commitments.....	24
D4. Contingency and subsequent events.....	24

### AUDIT REPORT

Independent Auditor's Report.....	32
-----------------------------------	----

### NOTE ANNOTATIONS

<b>P</b>	Accounting policy
<b>E</b>	Key judgements and estimates
<b>R</b>	Financial risks

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2023

## A. FINANCIAL PERFORMANCE

### P A1. Segment reporting and non-NZ GAAP measure

Operating segments are identified based on the nature of the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker of the Group has been identified as the Chief Executive Officer. Based on the internal reporting to the Chief Executive Officer, the Group is considered to have one operating segment.

The revenue earned from customers contributing greater than 10% of the Group's revenue for the year ended 31 March 2023 was \$74.5 million (2022: \$39.8 million).

The Group refers to a non-NZ GAAP financial measure of earnings before interest, tax, depreciation, amortisation, change in fair value of financial instruments, impairments, gain/(loss) on sale of assets and subvention payment (EBITDAF) within these consolidated financial statements. The Board and management consider it a useful non-NZ GAAP financial measure as it shows the contribution to earnings prior to non-cash items, cost of financing and subvention and is used by management, in conjunction with other measures, to monitor financial performance. The limited use of this non-NZ GAAP measure is intended to supplement NZ GAAP measures and is not a substitute for NZ GAAP measures. As these measures are not defined by NZ GAAP, NZ IFRS, or any other body of accounting standards, the Group's calculations may differ from similarly titled measures presented by other companies.

	2023	2022
	\$000	\$000
<b>Net profit after taxation</b>	<b>25,243</b>	<b>3,043</b>
Subvention payment	-	-
Net financing expense	26,104	26,559
Taxation expense/(income)	6,293	2,474
Depreciation	28,800	30,492
Adoption of IFRIC cloud computing arrangements - NZ IAS 38	-	537
Investment property revaluation net decrease/(increase)	3,062	(6,862)
Loss on disposal of property, plant and equipment	101	525
<b>EBITDAF</b>	<b>89,603</b>	<b>56,768</b>

### P A2. Revenue

Revenue is earned from aircraft movement and terminal charges, retail, hotel and trading activities and property leases.

#### Revenue recognition

Revenue is recognised as the amount of consideration expected to be received in exchange for transferring promised goods or services to a customer.

#### Aircraft movement and terminal charges

Airfield movement, passenger charges and aircraft parking charges are recognised as revenue when the passenger travels or the airport facilities are used. These include recognition of airline pricing incentives to the extent the Group's performance obligations have been met in the period.

The revenue for the year ended 31 March 2023 includes \$2.7 million (2022: \$6.7 million) in relation to deferred airline charges. These are expected to be recovered in WIAL's next airline pricing period which is due to commence 1 April 2024.

#### Hotel and other trading activities

Hotel and other trading activities includes revenue earned from the airport's hotel and access to the airport's car parking facilities. Revenue from the hotel is recognised at the point in time the service is delivered. Revenue from car parking is recognised at the point in time where the utilisation of car parking facilities have been completed.

#### Retail concession fees

Retail concession fees are recognised as revenue on an accrual basis based upon passenger throughput or the turnover of the concessionaires.

#### Property rent and lease income

Rental revenue, net of lease incentives, is recognised on a straight line basis over the term of the lease.

#### Interest income

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

	2023	2022
	\$000	\$000
<b>Total contract and other revenue</b>		
Aircraft movement and terminal charges	77,307	54,315
Hotel and other trading activities	38,769	24,497
<b>Total contract revenue</b>	<b>116,076</b>	<b>78,812</b>
Retail concession fees	8,066	2,920
Property rent and lease income	15,686	13,845
<b>Total revenue</b>	<b>139,828</b>	<b>95,577</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2023

### A3. Operating expenses

The Group incurs operating expenses in delivering its services as an integrated airport to various airlines and other airport users. The main components comprising operating expenses are outlined below.

	2023	2022
	\$000	\$000
Fees paid to external auditors:		
Audit of statutory financial statements	210	165
Taxation and other services	85	30
Regulatory and assurance services (Note 1)	36	42
Directors' fees	624	600
Regulatory compliance and airline pricing consultation	409	374
Marketing and development	2,041	949
Cleaning and energy	3,168	2,773
Rates and insurance	11,013	9,659
Repairs and maintenance	2,419	2,044
Software support	1,812	1,613
Noise mitigation program	1,635	1,356
Expected credit loss provision	380	253
Administration and other expenses	11,126	7,721
<b>Total operating expenses</b>	<b>34,958</b>	<b>27,579</b>

Note 1 - Includes audit of WIAL's regulatory annual disclosures.

P

### A4. Employee remuneration and benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and the amount can be measured reliably. Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. In addition, the company operates an executive long term, non-equity based incentive scheme. The Group received \$0.1 million (2022: \$0.9 million) in COVID-19 related subsidies from the Government during the year. This has been recognised in the 'Employee remuneration and benefits' line in the Consolidated Statement of Comprehensive Income.

	2023	2022
	\$000	\$000
<b>Accrued employee benefits</b>		
Salaries and wages	2,711	2,393
Annual and long service leave	1,082	873
<b>Total accrued employee benefits at the end of the year</b>	<b>3,793</b>	<b>3,266</b>

### Key management personnel disclosures

Key management personnel include the Directors of WIAL, the Chief Executive Officer and those personnel reporting directly to the Chief Executive Officer. The Directors' fees for the year ended 31 March 2023 of \$623,580 (2022: \$600,340) disclosed in Note A3 are included within short-term employee benefits as they form part of the remuneration to key management personnel.

	2023	2022
	\$000	\$000
<b>Key management personnel benefits</b>		
Short-term employee benefits	2,447	3,471
Long-term employee benefits	1,800	585
<b>Key management personnel benefits expense for the year</b>	<b>4,247</b>	<b>4,056</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2023

### P A5. Taxation

Current and deferred tax is recognised in profit or loss in the Statement of Comprehensive Income, except when it relates to items credited or debited directly to equity or in Other Comprehensive Income, in which case the deferred tax or current tax is also recognised directly in equity or in other comprehensive income. Current tax is the expected tax (payable)/receivable on the taxable income/(loss) for the year, using tax rates enacted or substantially enacted at the balance date, and any adjustment to tax payable in respect of previous years.

	2023	2022
	\$000	\$000
<b>Net profit before taxation</b>	<b>31,536</b>	<b>5,517</b>
Taxation at 28%	(8,830)	(1,545)
Effect of tax rates in foreign jurisdictions <sup>1</sup>	-	197
Taxation effect of non deductible items	(857)	3,629
Loss offset	431	209
Over/(under) provision in prior years	2,963	(4,964)
<b>Taxation expense</b>	<b>(6,293)</b>	<b>(2,474)</b>
Current taxation	(7,561)	(778)
Deferred taxation	1,268	(1,696)
<b>Taxation expense</b>	<b>(6,293)</b>	<b>(2,474)</b>

<sup>1</sup> Meitaki Limited became a New Zealand tax resident, effective 1 April 2022.

P Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts for taxation purposes. Income taxes relating to items recognised in Other Comprehensive Income or directly in equity are recognised in Other Comprehensive Income or directly in equity and not in the profit or loss. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at balance date.

	Property, plant and equipment	Investment properties	Derivative financial instruments	Accrued employee benefits	Deferred tax asset on tax losses	Other	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 1 April 2022	(129,669)	(2,492)	(498)	430	3,529	558	(128,142)
Recognised in profit and loss	1,885	1,406	(90)	698	(2,944)	313	1,268
Recognised in Other Comprehensive Income	(8,961)	-	(1,817)	-	-	-	(10,778)
<b>Balance at 31 March 2023</b>	<b>(136,745)</b>	<b>(1,086)</b>	<b>(2,405)</b>	<b>1,128</b>	<b>585</b>	<b>871</b>	<b>(137,652)</b>
Balance at 1 April 2021	(107,371)	(4,105)	4,136	243	4,796	441	(101,860)
Recognised in profit and loss	(2,067)	1,613	(81)	187	(1,267)	(81)	(1,696)
Recognised in Other Comprehensive Income	(20,231)	-	(4,553)	-	-	198	(24,586)
<b>Balance at 31 March 2022</b>	<b>(129,669)</b>	<b>(2,492)</b>	<b>(498)</b>	<b>430</b>	<b>3,529</b>	<b>558</b>	<b>(128,142)</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2023

## B. FIXED ASSETS

### B1. Property, plant and equipment

P

Property, plant and equipment is initially measured at cost and subsequently recorded at cost less accumulated depreciation and impairment losses, or at fair value less accumulated depreciation and impairment losses.

Fair value is determined by independent external valuation experts or by management, using recognised valuation techniques. An external expert is engaged to provide a valuation if management does not have sufficient expertise to perform the valuation. Independent external valuations are undertaken on a systematic basis at least every five years. In the intervening years, a material change assessment of each asset class is performed to assess whether carrying amounts differ materially from fair value. This assessment is undertaken by management with assistance from external experts and includes reference to key indices including the capital goods price index and construction index, internal discounted cash flow models, land values and investment property (as relevant to each class of asset) as an indicator of material change in fair value of property, plant and equipment. Where a material change in fair value is identified, a fair value adjustment is recognised in the Asset Revaluation Reserve and included in Other Comprehensive Income or in profit or loss to bring carrying value materially in line with fair value.

#### Depreciation

E

Depreciation is calculated systematically on a straight-line basis to allocate the cost or revalued amount of an asset, less any residual value, over its estimated useful life. Land and certain civil foundation works are not depreciated.

The Group makes estimates of the remaining useful lives of assets. The major depreciation periods are as follows:

Building ancillary services	2 – 30 years
Buildings	40 – 60 years
Civil works	2 – 120 years
Vehicles, plant and equipment	3 – 40 years

Individual asset remaining useful lives and residual values are assessed at least annually.

#### Capitalised interest

For the year ended 31 March 2023, capitalised borrowing costs relating to capital work in progress, as referred to in Note C2, amounted to \$1.8 million (2022: \$1.2 million), with an average interest rate of 4.1% (2022: 3.8% per annum).

P

#### Valuation of property, plant and equipment

A description of the valuation approaches and key assumptions for each asset class are detailed in the tables on page 14 and page 15.

E

Land and buildings were revalued at 31 March 2023 by CBRE Limited (31 March 2018 by Savills (NZ) Limited). There were no other independent external revaluations performed as at 31 March 2023. The table on page 16 provides information on the latest independent external valuations undertaken for each asset class. At 31 March 2023, a material change assessment was performed for the Civil asset class given no independent external valuation was undertaken, of which a summary is provided below.

#### Civil Assets

Based on the Group's assessment, which includes reference to the Waka Kotahi Construction index and the Producers Price index and assisted by WSP Opus International Consultants Limited, a fair value increase of \$16.9 million has been made to the carrying value of these assets in the Asset Revaluation Reserve and Other Comprehensive Income (2022: \$20.5 million).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2023

The major inputs and assumptions that form the basis of determining fair value and the relevant relationship of the inputs requiring judgement are outlined in the table below.

### Description of different valuation approaches

Discounted cash flow (DCF)	A valuation methodology which requires the application of financial modelling techniques. Discounted cash flow analysis requires assumptions to be made regarding the prospective income and expenses of a property. Such assumptions pertain to the quantity, quality, variability, timing, and duration of inflows and outflows over an assumed period. The assessed cash flows are discounted to present value at an appropriate, market-derived discount rate to determine fair value.
Income capitalisation approach (Cap rate)	A valuation methodology which determines fair value by capitalising an asset's sustainable net income at an appropriate, market derived capitalisation rate based on an analysis of sales of comparable assets.
Optimised depreciated replacement costs (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 life of the assets (depreciation) and any sub-optimal usage of the assets in their current application (optimisation).
Market value existing use approach (MVEU)	A valuation methodology whereby fair value, based on the highest and best alternative use (MVAU), 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 plus consenting and holding costs to provide land suitable for airport use. The consenting and holding costs are derived by the valuer using assumptions regarding the direct costs of obtaining consent, the developer's weighted average cost of capital and the holding period for conversion to airport use.

### Fair value hierarchy levels

The Group discloses fair value measurements by level of the following fair value measurement hierarchy:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); or
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

There were no transfers between levels of the fair value hierarchy during the year ended 31 March 2023 (2022: none).

### Unobservable inputs

The valuation methodology adopted by the Group makes use of inputs which do not have any market data available and are developed using the best information available that market participants would use when evaluating pricing.

The Group is required to make estimates of passengers and growth rates, which remain uncertain and are dependent on a number of factors. This includes any potential future impacts on travel as a result of further COVID-19 outbreaks or changing public demand and behaviour with respect to travel and airline scheduling. Material changes in any of these factors might have a material impact on the Group's estimates of income and cashflows used in valuations and material change assessments as at 31 March 2023.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2023

### B1. Property, plant and equipment (continued)

The following table summarises the valuation approach and key assumptions used by the independent valuers to arrive at fair value at the date of the last independent external valuation. Where material change assessments have been performed in the year ended 31 March 2023, further detail has been provided under the respective asset classes below.

Description	Valuation approach	Fair value hierarchy level	Significant unobservable inputs		Sensitivity valuation impact	Relationship of unobservable inputs to fair value
			At last independent external valuation			
<b>Land</b>						
Aeronautical land - used for airport activities and specialised aeronautical assets. Non-aeronautical land - used for non-aeronautical purposes e.g. industrial, service, retail, residential and land associated with the vehicle business.	MVEU	3	Average MVAU rate per hectare	\$2.74 million per hectare	A 5% change equates to +/- \$28.0m	The higher the rate per hectare, the higher the fair value.
			Developer's WACC rate	12.20%	A 5% change equates to +/- \$15.0m	The higher the WACC rate, the higher the fair value.
			Holding period	6 years	A 6 month change equates to +/- \$22.0m	The longer the holding period, the higher the fair value.
External valuation undertaken as at 31 March 2023 by independent valuers, CBRE Limited, valued land at \$571.2 million.						

### Civil

Civil works include sea protection and site services, excluding such site services to the extent that they would otherwise create duplication of value.	ODRC	3	Average cost rates per sqm for concrete, asphalt, base course and foundations	Concrete \$887 Asphalt \$989 Base course \$127 Foundations \$20	A 5% change equates to +/- \$9.5m	The higher the average cost rates, the higher the fair value.
			Estimated remaining useful life	Average remaining useful life 30 years	A 5% change equates to +/- \$9.5m	The longer the estimated remaining useful life, the higher the fair value.
Last external valuation undertaken as at 31 March 2020 by independent valuers, WSP Opus International Consultants Limited. As noted on page 13, for the year ended 31 March 2023, a material change assessment has been undertaken, and further work carried out which resulted in a fair value increase of \$16.9 million. In relation to the value at 31 March 2023, a 5% change in the indices referenced equates to +/- \$0.8 million in fair value.						

### Buildings

Specialised buildings used for identified airport activities. Non specialised buildings used for purposes other than for identified airport activities, including space allocated within the main terminal building for retail activities, offices and storage.	ODRC	3	Average modern equivalent asset rate per sqm	Specialised \$9,273	A 5% change equates to +/- \$15.7m	The higher the modern equivalent asset rate, the higher the fair value.
				Non specialised \$2,089	A 5% change equates to +/- \$0.2m	The higher the modern equivalent asset rate, the higher the fair value.
Vehicle business assets associated with car parking and taxi, shuttle and bus services (excluding land and civil).	DCF and Cap rate	3	Revenue growth	2.20%	A 5% change equates to +/- \$0.5m	The higher the assumed revenue growth, the higher the fair value.
			Cost growth	2.12%	A 5% change equates to +/- \$0.5m	The higher the assumed cost growth, the lower the fair value.
			Discount rate	9.75%	A 5% change equates to +/- \$4.8m	The higher the discount rate, the lower the fair value.
			Income capitalisation rate	7.75%	A 5% change equates to +/- \$7.5m	An increase in the capitalisation rate will decrease the fair value.
Hotel business assets	DCF and Cap rate	3	Income capitalisation rate	7.25%	A 5% change equates to +/- \$1.6m	An increase in the capitalisation rate will decrease the fair value.
			Discount rate	9.25%	A 5% change equates to +/- \$0.8m	The higher the discount rate, the lower the fair value.
External valuation undertaken as at 31 March 2023 by independent valuers, CBRE Limited, valued buildings at \$600.8 million.						

### Vehicles, plant and equipment

Vehicles, plant and equipment comprises a mixture of specialised and non-specialised assets.	Cost less accumulated depreciation and impairment losses					
--	--	--	--	--	--	--

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2023

### B1. Property, plant and equipment (continued)

A reconciliation of movements for each class of the Group's assets during the reporting period is outlined below.

	Land at fair value \$000	Civil at fair value \$000	Buildings at fair value \$000	Vehicles, Plant and Equipment at cost \$000	Capital work in progress at cost \$000	Total \$000
<b>Cost or valuation</b>						
Balance at 1 April 2022	465,261	242,372	645,333	78,925	57,191	1,489,082
Additions <sup>1</sup>	-	-	-	-	69,691	69,691
Transfer from capital work in progress <sup>1</sup>	31,884	11,048	8,639	2,389	(53,960)	-
Transfer from property, plant and equipment to investment property					(3,250)	(3,250)
Movement in asset revaluation through Other Comprehensive Income	74,055	16,900	(53,198)	-	-	37,757
<b>Balance at 31 March 2023</b>	<b>571,200</b>	<b>270,320</b>	<b>600,774</b>	<b>81,314</b>	<b>69,672</b>	<b>1,593,280</b>
<b>Accumulated depreciation and impairment losses</b>						
Balance at 1 April 2022	-	17,236	53,599	59,150	-	129,985
Depreciation for the year	-	8,232	14,704	5,864	-	28,800
Movement in asset revaluation through Other Comprehensive Income	-	-	(68,303)	-	-	(68,303)
<b>Balance at 31 March 2023</b>	<b>-</b>	<b>25,468</b>	<b>-</b>	<b>65,014</b>	<b>-</b>	<b>90,482</b>
<b>Net book value at 31 March 2023</b>	<b>571,200</b>	<b>244,852</b>	<b>600,774</b>	<b>16,300</b>	<b>69,672</b>	<b>1,502,798</b>

<b>Cost or valuation</b>						
Balance at 1 April 2021	454,729	212,531	578,309	73,760	73,129	1,392,458
Additions	-	-	-	-	17,759	17,759
Transfer from capital work in progress	45	9,305	19,151	5,196	(33,697)	-
Transfer from property, plant and equipment to investment property	(830)	(11)	(3,834)	(4)	-	(4,679)
Disposals	-	-	-	(27)	-	(27)
Movement in asset revaluation through Other Comprehensive Income	11,317	20,547	51,707	-	-	83,571
<b>Balance at 31 March 2022</b>	<b>465,261</b>	<b>242,372</b>	<b>645,333</b>	<b>78,925</b>	<b>57,191</b>	<b>1,489,082</b>
<b>Accumulated depreciation and impairment losses</b>						
Balance at 1 April 2021	-	8,304	38,568	52,648	-	99,520
Depreciation for the year	-	8,932	15,031	6,529	-	30,492
Disposals	-	-	-	(27)	-	(27)
Movement in asset revaluation through Other Comprehensive Income	-	-	-	-	-	-
<b>Balance at 31 March 2022</b>	<b>-</b>	<b>17,236</b>	<b>53,599</b>	<b>59,150</b>	<b>-</b>	<b>129,985</b>
<b>Net book value at 31 March 2022</b>	<b>465,261</b>	<b>225,136</b>	<b>591,734</b>	<b>19,775</b>	<b>57,191</b>	<b>1,359,097</b>

At 31 March 2023, had assets been carried at historic cost less accumulated depreciation and accumulated impairment losses, their carrying amount would have been \$139.2 million for land (2022: \$107.0 million), \$178.5 million for civil assets (2022: \$172.5 million) and \$328.3 million for buildings (2022: \$328.5 million).

<sup>1</sup> Additions to land includes land purchased from Miramar Golf Club, with deferred settlement recognised as a non-current other liability in the Consolidated Statement of Financial Position.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2023

### B2. Investment properties

**P** Investment properties are initially measured at cost and subsequently measured at fair value with any change recognised in profit or loss. Investment properties are revalued annually at fair value as determined by an independent valuer.

	Right-of-use		2023	2022
	Owned Property	assets		
	\$000	\$000	\$000	\$000
Balance at the beginning of the year	97,233	10,914	108,147	97,024
Additions of investment properties	-	3,596	3,596	4,679
Transfer from capital work in progress to investment properties	3,250	-	3,250	-
Disposals	-	(990)	(990)	(418)
Lease modification	-	21,241	21,241	-
Investment properties revaluation net (decrease)/increase	(3,062)	-	(3,062)	6,862
<b>Balance at the end of the year</b>	<b>97,421</b>	<b>34,761</b>	<b>132,182</b>	<b>108,147</b>
<b>Amounts recognised in profit or loss (excluding revaluations):</b>			<b>2023</b>	<b>2022</b>
Rental income from investment properties			8,243	6,853
Direct operating expenses arising from investment properties			(1,865)	(1,580)
<b>Net amount recognised in profit or loss (excluding revaluations)</b>			<b>6,378</b>	<b>5,273</b>

The Right-of-use assets relate to the Group's ground leases that meet the definition of investment property.

#### Valuation of investment properties

**E** The fair value of investment properties is estimated each year by an independent valuer, Jones Lang LaSalle, which reflects market conditions at balance date. Changes to market conditions or to assumptions made in the estimation of fair value will result in changes to the fair value of the investment properties.

As part of the valuation process, the Group has provided information to the valuer, including current tenants, rent agreements and lease terms based on information available at the time of preparing these financial statements. This valuation is based on a discounted cash flow and capitalisation rate approach.

The following table summarises the valuation approach and key assumptions used by the valuer to arrive at fair value:

Description	Valuation approach	Fair value hierarchy level	Significant unobservable inputs	Relationship of unobservable inputs to fair value
<b>Investment Properties</b>				
Properties held for investment income earning purposes.	DCF and Cap rate	3	Weighted average discount rate	7.56% (2022: 7.02%) An increase in the discount rate will decrease the fair value.
			Weighted average income capitalisation rate	7.05% (2022: 6.48%) An increase in the capitalisation rate will decrease the fair value.
			Weighted average lease term	3.20 years (2022: 3.90 years) An increase in the average lease term will ordinarily increase the fair value.

Last external valuation undertaken as at 31 March 2023 by independent valuers, Jones Lang LaSalle.

As at 31 March 2023, part of the Group's land and a commercial building are the subject of a sale process captured under the Public Works Act 1981. At 31 March 2023 the fair value of the subject property was \$4.2m. The Group expects the process to be completed within the next 12 months. Wellington City Council (a shareholder in WIAL) is the purchaser and the transaction has been undertaken at arms-length.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2023

## C. FUNDING

### C1. Share capital

Share capital is represented by:

Total issued and authorised capital at the beginning and end of the year 40,155,942 ordinary shares

	2023 \$000	2022 \$000
<b>Balance at the end of the year</b>	<b>9,050</b>	<b>9,050</b>

All ordinary shares have equal voting rights and share equally in dividends and equity. All shares have no par value.

In the year ended 31 March 2021, WIAL entered into a \$75.8 million shareholder support agreement (66% Infratil and 34% Wellington City Council) in the form of a commitment from both its shareholders for redeemable preference shares. The support agreement was not utilised and the Group's option to draw down on this agreement expired on 30 June 2022.

#### Capital risk

The Group's capital includes share capital, reserves, retained earnings and loans and borrowings. The key factors in determining the Group's optimal capital structure are quality and dependability of earnings and cash flows, appropriate credit rating, capital needs and available sources, relative cost of capital and ability to withstand business shocks. The Group is subject to certain compliance ratios relevant to its bank facility agreements, USPP Note Purchase Agreement, Negative Pledge Deed Poll and Trust Deeds applicable to the bond borrowings.

### C2. Loans and borrowings

Loans and borrowings are recorded at amortised cost. Fees and other costs incurred in raising debt finance are capitalised and amortised over the term of the relevant debt instrument or debt facility.

Borrowing costs are recognised as an expense in the period in which they are incurred using the effective interest rate method except to the extent that they are capitalised. Borrowing costs that are directly attributable to construction projects of a qualifying asset are capitalised as part of the cost of the assets, as set out in Note B1.

	Issue Date	Maturity	2023	2022	2023	2022
			Interest Rate	Interest Rate	\$000	\$000
Drawn bank facilities	Refer table on page 21		Floating	Floating	-	-
Retail bonds WIA030	12-May-16	12-May-23	4.25%	4.25%	75,000	75,000
Retail bonds WIA040	5-Aug-16	5-Aug-24	4.00%	4.00%	60,000	60,000
Retail bonds WIA050	16-Dec-16	16-Jun-25	5.00%	5.00%	70,000	70,000
Retail bonds WIA060*	1-Apr-19	1-Apr-30	4.00%	4.00%	96,969	97,894
Retail bonds WIA070	14-Aug-20	14-Aug-26	2.50%	2.50%	100,000	100,000
Retail bonds WIA080**	24-Sep-21	24-Sep-31	3.32%	3.32%	120,515	121,722
Retail bonds WIA090	24-Feb-23	24-Aug-28	5.78%	-	75,000	-
USPP Notes - Series A (US\$36 million)	27-Jul-17	27-Jul-27	3.47%	3.47%	53,659	51,113
USPP Notes - Series B (US\$36 million)	27-Jul-17	27-Jul-29	3.59%	3.59%	53,659	51,113
<b>Total borrowings at face value</b>					<b>704,802</b>	<b>626,842</b>
Unamortised transaction costs					(4,356)	(5,137)
<b>Carrying value of borrowings</b>					<b>700,446</b>	<b>621,705</b>
Current					75,000	-
Non-current					625,446	621,705

\*The interest rate of the WIA060 bonds is fixed at 4.00% for the first five years and then reset on 1 April 2025 for a further five years. The interest rate for the period from 1 April 2025 until maturity date will be the sum of the base rate (5 year mid-market rate for NZD interest rate swap from reset date to maturity date) plus a margin of 1.95%.

\*\*The interest rate of the WIA080 bonds is fixed at 3.32% for the first five years and then reset on 24 September 2026 for a further five years. The interest rate for the period from 24 September 2026 until maturity date will be the sum of the base rate (5 year mid-market rate for NZD interest rate swap from reset date to maturity date) plus a margin of 1.50%.

#### Retail Bonds

Borrowings under the retail bond programme are supported by a Master Trust Deed and supplemented by the Supplemental Trust Deeds (the "Trust Deeds") entered into between WIAL and Trustees Executors Limited (the "Supervisor"). The Retail Bonds are unsecured and unsubordinated. At 31 March 2023, the retail bonds had a fair value of \$581.0 million (31 March 2022: \$522.9 million), based on the NZDX valuation at balance date. This fair value measurement is categorised as level 1 within the fair value hierarchy. During the period the Group issued retail bonds of \$75 million (WIA090 issued on 24 February 2023) at a coupon rate of 5.78%. Funds from this bond issue are currently held in cash and short-term investments and are due to fund maturity of WIA030 bond, which mature on 12 May 2023.

#### USPP Notes

WIAL's USPP comprised two equal tranches, a US\$36 million 10 year Note with a coupon of 3.47% and a US\$36 million 12 year Note with a coupon of 3.59%. In conjunction with the USPP issuance, WIAL entered into Cross Currency Interest Rate Swaps (CCIRS) to hedge the exposure to foreign currency risk over the term of the notes. These are described in more detail below in note C3.

At 31 March 2023, the USPP Notes had a fair value of \$115.3 million (31 March 2022: \$110.9 million). This debt is carried in the Consolidated Statement of Financial Position at amortised cost, translated to New Zealand dollars using foreign exchange rates at balance date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2023

## C2. Loans and borrowings (continued)

### Bank Facilities

As at 31 March 2023 the Group has bank facilities amounting to \$100 million (31 March 2022: \$100 million), which remain undrawn at 31 March 2023 (31 March 2022: Nil). The Company's debt includes unsecured and unsubordinated bank facilities with a negative pledge arrangement, which with limited exceptions does not permit the Company to grant security over its assets.

Interest rates payable on bank loan facilities are floating rate determined by reference to prevailing money market rates at the time of draw-down plus a margin. No interest rates were applicable during the period as the facilities were not utilised (31 March 2022: 0.64% to 2.38%).

### Financial Covenants and Other Restrictions

Bank facilities and the US\$72 million USPP Notes have certain financial covenants which were all met during the period and as at 31 March 2023.

## C3. Financial instruments

### Derivatives and hedging activities

**P** Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

#### Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other finance income.

#### Fair value hedges that qualify for hedge accounting

The hedging instruments are remeasured to fair value as at balance date. The carrying amounts of the hedged items are adjusted for gains and losses attributable to the risk being hedged. Gains and losses arising from both are taken to the profit or loss.

As at 31 March 2023, all of the derivative financial instruments held by the group were in designated hedging relationships.

The Group has the following derivative financial instruments in hedging relationships:

	2023	2022
	\$000	\$000
<b>Non-current assets</b>		
Cross currency interest rate swaps - cash flow and fair value hedges	6,945	1,624
Interest rate swaps - cash flow hedges	9,427	3,102
<b>Non-current liabilities</b>		
Interest rate swaps - fair value hedges	(7,447)	(5,491)
<b>Net assets/(liabilities)</b>	<b>8,925</b>	<b>(765)</b>

**E** As at 31 March 2023, the Group has interest rate swaps with maturities up to September 2031. The fair value of these derivative financial instruments is calculated based on a discounted cash flow analysis using market prices, observable yield curves and market-quoted foreign exchange rates. The fair value measurement of derivatives is categorised as level 2 within the fair value hierarchy and there were no transfers between levels of the hierarchy during the year ended 31 March 2023 (2022: Nil).

The following amounts comprise Other Finance Income in the Statement of Comprehensive Income:

	2023	2022
	\$000	\$000
Foreign exchange (loss)/gain on USPP Notes	(11,236)	721
Increase/(decrease) in cross currency interest rate swaps	11,236	(721)
Hedge ineffectiveness of interest rate swaps (including cross currency interest rate swaps)	242	(70)
Other finance expense	(247)	(1,053)
Fair value movement of managed funds	108	-
<b>Total other finance income/(expense)</b>	<b>103</b>	<b>(1,123)</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2023

## P C3. Financial instruments (continued)

### Hedge effectiveness and ineffectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Group enters into interest rate swaps that have similar critical terms as the hedged item, using this as a basis of assessing the economic relationship between the hedged item and the hedging instrument for the purpose of assessing hedge effectiveness.

Hedge ineffectiveness may arise due to credit value/debit value adjustments on the interest rate swaps, and differences in critical terms between the interest rate swaps and loans.

### Financial Risk Management

As a result of its business activities, the Group has exposure to the following risks:

- Market risk
- Liquidity risk
- Credit risk

The following paragraphs present information about the Group's exposure to each of the above risks and the Group's management of such exposure.

### Market risk

Market risk is the risk that changes in market prices, such as interest rates or foreign exchange rates will affect the Group's cash flows and earnings.

## R Interest rate risk (cash flow and fair value)

The Group's exposure to market risk from changes in interest rates relates primarily to the loans and borrowings. Loans and borrowings issued at variable interest rates expose the Group to changes in interest rates. The Group's policy is to manage its interest rate exposure by issuing borrowings at fixed interest rates or entering into derivative financial instruments to convert the majority of floating rate exposures to fixed rate. At 31 March 2023, 85.7% (2022: 83.9%) of the borrowings (including the effect of the derivative financial instruments) were subject to fixed interest rates, which are defined as borrowings with an interest reset date greater than one year.

	2023	2022
	\$000	\$000
<b>At balance date the interest rate contracts outstanding were:</b>		
Interest rate swaps notional value	300,000	300,000
Fair value of interest rate swaps asset/(liability)	1,980	(2,389)
Change in fair value of outstanding hedging instruments	4,369	8,277
Change in value of hedged item used to determine hedge effectiveness	(4,520)	(8,505)
Cross currency interest rate swaps notional value	99,751	99,751
Fair value of cross currency interest rate swaps asset/(liability)	6,945	1,624
Change in fair value of outstanding hedging instruments	5,321	(5,497)
Change in value of hedged item used to determine hedge effectiveness	(5,276)	5,927

### Sensitivity analysis for variable rate instruments

A change of 100 basis points in NZ interest rates for the year to the reporting date would have increased/(decreased) profit or loss or equity by the amounts shown below. This analysis assumes that all other variables remain constant.

	2023	2023	2022	2022
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	\$000	\$000	\$000	\$000
<b>Impact on profit or loss before taxation</b>				
Floating rate debt	-	-	(459)	459
Interest rate swaps & cross currency interest rate swaps	(998)	998	(921)	921
<b>Net profit or loss sensitivity</b>	<b>(998)</b>	<b>998</b>	<b>(1,380)</b>	<b>1,380</b>
<b>Impact on equity before taxation</b>				
Cross currency interest rate swaps	(5,210)	5,506	(5,824)	6,215
Interest rate swaps	4,456	(4,961)	6,750	(7,499)
<b>Equity sensitivity</b>	<b>(754)</b>	<b>545</b>	<b>926</b>	<b>(1,284)</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2023

## C3. Financial instruments (continued)

### Foreign currency risk (cash flow and fair value)

The Group has exposure to foreign currency risk resulting from the issue of USPP Notes. This exposure has been fully hedged by way of cross-currency interest rate swaps, hedging US dollar exposure on both principal and interest. The cross currency interest rate swaps correspond in amount and maturity to the USPP notes with no residual foreign currency risk exposure.

### Sensitivity analysis for foreign currency instruments

The following sensitivity analysis is based on the foreign currency risk exposures in existence at the reporting date. At 31 March 2023, had the NZ dollar moved, with all other variables held constant, equity would have been affected as follows. A movement of plus or minus 10% has been determined as plausible based on analysis of historical US dollar to NZ dollar fluctuations over the previous two years to 31 March 2023.

	2023 10% increase \$000	2023 10% decrease \$000	2022 10% increase \$000	2022 10% decrease \$000
<b>Impact on equity before taxation</b>				
Cross currency interest rate swaps	(10,616)	12,975	(10,231)	12,505
<b>Equity sensitivity</b>	<b>(10,616)</b>	<b>12,975</b>	<b>(10,231)</b>	<b>12,505</b>

### Liquidity risk

Liquidity risk refers to the potential inability of the Group to meet its financial obligations when they fall due, under normal or abnormal/stressed operating conditions. Liquidity risk is monitored by regularly forecasting cash flows and matching the maturity profiles of financial assets and liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due and support its capital programme, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages this risk by maintaining sufficient cash, the availability of funding through an adequate amount of undrawn bank facilities, the spreading of debt maturities and its credit standing in capital markets. As at 31 March 2023, WIAL has a BBB/Stable/A-2 rating from S&P Global Ratings (31 March 2022: BBB/Stable/A-2).

The arrangements in place are outlined by maturity and amount in the table below.

Bank facilities	2023	2023	2022	2022
	Facility \$000	Drawn \$000	Facility \$000	Drawn \$000
Between 0-1 year	-	-	-	-
Between 1-2 years	70,000	-	-	-
Between 2-5 years	30,000	-	100,000	-
Over 5 years	-	-	-	-
<b>Total</b>	<b>100,000</b>	<b>-</b>	<b>100,000</b>	<b>-</b>

The table below categorises the Group's financial liabilities into relevant maturity groupings based on the remaining period to the earliest possible contractual maturity date. The amounts in the table below are disclosed as contractual undiscounted cash flows and include interest through to maturity.

	Balance sheet \$000	Contractual cash						More than 5 years \$000
		flows \$000	6 months or less \$000	6-12 months \$000	1-2 years \$000	2-5 years \$000		
<b>At 31 March 2023</b>								
Trade and other payables	30,931	30,931	30,931	-	-	-	-	
Retail bonds	598,220	731,437	87,036	10,443	79,685	218,793	335,480	
USPP Notes	102,226	122,156	2,030	2,030	4,061	61,060	52,975	
Interest rate swaps	7,447	11,873	2,290	2,284	3,958	3,259	82	
Lease liabilities	33,914	97,454	1,166	1,166	2,332	6,997	85,793	
Other liabilities	21,000	21,000	-	21,000	-	-	-	
<b>Total contractual cash flows</b>		<b>1,014,851</b>	<b>123,453</b>	<b>36,923</b>	<b>90,036</b>	<b>290,109</b>	<b>474,330</b>	
<b>At 31 March 2022</b>								
Trade and other payables	17,488	17,488	17,488	-	-	-	-	
Retail bonds	519,478	641,707	9,869	9,869	93,144	268,000	260,825	
USPP Notes	102,226	127,679	1,832	1,832	3,664	10,992	109,359	
Interest rate swaps	2,389	13,650	943	1,142	2,670	5,998	2,897	
Lease liabilities	10,260	17,341	380	380	760	2,280	13,541	
<b>Total contractual cash flows</b>		<b>817,865</b>	<b>30,512</b>	<b>13,223</b>	<b>100,238</b>	<b>287,270</b>	<b>386,622</b>	

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2023

## C3. Financial instruments (continued)

### R Credit risk

The Group is exposed to credit risk in the normal course of business arising from trade receivables with its customers, financial derivatives and transactions (including cash balances) with financial institutions. Maximum exposures to credit risk at 31 March 2023 relate to bank balances and short-term investments of \$126.8 million (2022: \$42.3 million) and trade receivables of \$13.9 million (2022: \$6.8 million). No security is held for these amounts.

Cash and short-term investments are held with counterparties approved under the Group's Treasury Policy. At 31 March 2023 cash and short-term investments were held with ANZ Bank New Zealand, Bank of New Zealand, Capital Security Bank, MUFG Bank, Auckland Branch, and managed fund investments. Derivative and cash transactions are limited to high credit-quality financial institutions. The Group's exposure and the credit ratings of counterparties are monitored, and the aggregate value of transactions are spread amongst approved counterparties in accordance with the Treasury Policy.

### Short-term investments

	2023	2022
	\$000	\$000
Term deposits	10,000	15,000
Managed fund investments - designated at fair value through profit or loss <sup>1</sup>	4,105	-

<sup>1</sup> This fair value measurement is classified as level 1 within the fair value hierarchy.

The Group has exposure to various counterparties in the ordinary course of business. Concentration of credit risk with respect to trade receivables is concentrated in a small number of accounts because the Group has a limited range of customers. At 31 March 2023, 74% of trade receivables were due from the top ten largest debtors (2022: 73%) and 14.4% of trade receivables were overdue (2022: 6.1%). The Group actively manages and monitors its accounts receivable on an ongoing basis. The Group is not exposed to any other concentrations of credit risk.

### P Impairment of financial assets

The Group applies the "simplified approach" for including a general provision for expected credit losses (ECL) as prescribed by NZ IFRS 9 as its financial assets do not include a significant financing component. For the Group, the ECL model applies to its trade receivables and contract assets. The simplified approach uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

E An assessment was undertaken on trade debtors and sundry receivables to assess customers' ability to meet repayments including a high-level assessment on the ability to trade in the future. As a result, the Group has recognised a provision for Expected Credit Losses of \$1.7 million (2022: \$1.3 million).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2023

## D. OTHER NOTES

### D1. Subsidiaries

	Balance Date	2023 Holding	2022 Holding	Principal activity	Country of incorporation
WANT Limited	31 March	100%	100%	Noise mitigation	New Zealand
Whare Manaakitanga Limited	31 March	100%	100%	Hotel	New Zealand
Meitaki Limited	31 March	100%	100%	Captive Insurance	Cook Islands

The Land Use Management and Insulation for Airport Noise Study was undertaken by WIAL in conjunction with its airlines, Board of Airline Representatives New Zealand Inc, Wellington City Council and the local Air Noise Management Committee in order to fulfil WIAL's obligations arising from Environment Court proceedings in 1997. The work identified from this study includes the acquisition and removal of noise affected houses and the provision of noise mitigation and insulation activities for others.

WIAL commenced charging the airlines operating at Wellington Airport for these activities from 1 April 2012 and the charge for the current year is approximately 32 cents per passenger. These charges and noise mitigation activities are managed in WANT Limited, a wholly owned subsidiary of WIAL that commenced trading on 1 April 2012. WANT Limited has forecast that it will have predominantly concluded the noise management activities by the end of the financial year ending 31 March 2028 and it is expected that the charges will recover the noise mitigation costs over the period from 1 April 2012 to 31 March 2029.

Whare Manaakitanga Limited was incorporated on 20 April 2018 as the holding company for WIAL's airport hotel which opened for customers on 12 February 2019.

Meitaki Limited was incorporated in the Cook Islands on 6 September 2019 as a captive insurance company to assist in managing WIAL's insurances.

### D2. Related parties

The Group is 66% owned by NZ Airports Limited, which is wholly owned by Infratil Limited. Wellington City Council owns the remaining 34% of the Group.

	Revenue/(expense) for the year ended 31 March		Balance receivable/(payable) as at 31 March	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
<b>Transactions made during the period</b>				
<b>Infratil and its subsidiaries and associates</b>				
Infratil Group - subvention payments	-	-	-	-
Infratil Limited - Insurance and other costs	(131)	(336)	-	-
Vodafone NZ - commercial rents	80	50	8	13
Pacific Radiology Limited - commercial rents	56	45	6	5
<b>H.R.L. Morrison &amp; Co Limited</b>				
Directors' fees	(210)	(363)	(109)	-
Consulting and other fees	(11)	(5)	-	-
<b>Wellington City Council</b>				
Dividend payment	-	-	-	-
Directors' fees	(83)	(80)	-	-
Rates	(5,020)	(4,412)	(4)	4
Grants, consents and compliance costs	16	(223)	-	(27)
Capital works and other costs on-charged	-	-	1,685	63

### Other related party transactions

Under NZ IAS 24, the related parties of the Group include all key management personnel and directors. Transactions with key management personnel and directors fees are disclosed under note A4.

As disclosed in note B2, WIAL and Wellington City Council are parties to a transaction that is expected to result in the sale of part of the Group's land and a commercial building under the Public Works Act 1981. As at 31 March 2023 the fair value of the property was \$4.2 million.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2023

### D3. Financial commitments

Capital commitments	2023	2022
	\$000	\$000
<b>Contracted but not provided for</b>	<b>3,788</b>	<b>21,893</b>

#### Lease commitments

##### *Lease commitments to the Group*

The Group owns investment properties, other properties, plant and equipment and right-of-use assets which are leased to earn property income. The future minimum lease payments (undiscounted cash flows) under non-cancellable leases are receivable as follows:

	2023	2022
	\$000	\$000
Between 0 to 1 year	14,557	11,956
Between 1 to 2 years	9,426	8,898
Between 2 to 5 years	18,495	12,400
More than 5 years	41,460	6,779
<b>Total lease commitments to the Group</b>	<b>83,938</b>	<b>40,033</b>

##### *Lease commitments of the Group*

Total cash outflow for leases for the year ended 31 March 2023 was \$2.4 million (2022: \$0.8 million). As at 31 March 2023, the Group has recognised \$33.9 million of lease liabilities for its leased properties (2022: \$10.3 million).

### D4. Contingency and subsequent events

The Group is currently in negotiations with a contractor on one of WIAL's capital projects in relation to closing out works and costs. The outcome, timing and expected settlement amounts are unknown at 31 March 2023 and at the time of signing these financial statements (2022: Nil).

There are no other subsequent events that require adjustment or disclosure.



# CORPORATE GOVERNANCE

## Role of the Board

The Board of Directors of WIAL is appointed by the shareholders to supervise the management of WIAL. The Board establishes WIAL's objectives, overall policy framework within which the business is conducted and confirms strategies for achieving these objectives, monitors management performance and ensures that procedures are in place to provide effective internal financial control.

The Board actively engages with the Health and Safety Risk Committee with the attendance of certain directors at meetings. The Committee is accountable to the Board with its purpose being to promote and execute a safety culture. The Committee provides a formal mechanism for consultation on safety issues whilst ensuring continuous measurement, review and improvement of safety policies and procedures with the goal of zero harm and meeting compliance requirements on an ongoing basis.

## Board Membership

The Board currently comprises six non-executive Directors.

Infratil, as the majority shareholder of WIAL, appointed four of the current Directors. The two remaining Board members have been appointed by the Wellington City Council, including W Eagleson, an independent director.

During the period under review, the Board met seven times.

## Audit and Risk Committee

The Board has established an Audit and Risk Committee comprising of three Directors, P Harford (Chair), W Eagleson and P Walker with attendances by appropriate WIAL representatives.

The main objectives of the Audit and Risk Committee are to:

- Assist the Board to discharge its responsibility to exercise due care, diligence and skill in relation to the Group's governance processes including assessing the adequacy of the Group's:
  - o financial reporting;
  - o regulatory disclosure reporting;
  - o accounting policies;
  - o financial management;
  - o internal control system;
  - o procurement process controls;
  - o risk management system;
  - o oversight of Group operational risk;
  - o systems for protecting Group assets;
  - o related party transactions; and
  - o compliance with applicable laws, regulations, standards and best practice guidelines as they relate to financial and non-financial disclosures.
- Enhance the efficiency of the Board by allowing delegated issues to be discussed in sufficient depth and, where necessary, with appropriate independent advice.
- Review management's letters of representation.
- Ensure the adequacy of the internal control system for financial reporting integrity.
- Facilitate the continuing independence of the external and internal auditors and enhancing the effectiveness of external and internal
- Provide a formal forum for enhancing communication between the Board, senior financial management and external and internal
- Provide oversight of WIAL's risks to ensure they are identified, managed, treated and reported appropriately.

The Audit and Risk Committee also has oversight of the following treasury management matters:

- review and recommend to the Board any changes to the treasury management policy;
- oversee the development of the strategy to implement the treasury management policy;
- recommend to the Board instrument types that may be used; and
- recommend to the Board bank counterparties and counterparty limits.

## CORPORATE GOVERNANCE (continued)

### Remuneration Committee

The Board has established a Remuneration Committee comprising of three Directors, W Eagleson (Chair), R Drew (appointed 12 December 2022) and P Harford with attendances by appropriate WIAL representatives. The purpose of the Committee is to consider changes to human resources policy and to regularly review, and recommend changes to, executive remuneration to ensure that it is at an appropriate level and effectively managed.

### Directors' Attendance

Name	Board	Audit and Risk Committee	Remuneration Committee
	No. of meetings	No. of meetings	No. of meetings
Rachel Drew <sup>1 3 5</sup>	5/6	-	-
Timothy Brown <sup>1</sup>	1/1	-	-
Peter Coman <sup>3 4 5</sup>	6/6	-	-
Wayne Eagleson	7/7	4/4	1/1
Andrew Foster <sup>2</sup>	4/5	-	-
Phillippa Harford	6/7	4/4	1/1
Matthew Ross <sup>4</sup>	1/1	-	-
Phillip Walker	7/7	4/4	-
Tory Whanau <sup>2</sup>	1/2	-	-

<sup>1</sup> Timothy Brown retired as Director and Rachel Drew was appointed as Director on 15 April 2022.

<sup>2</sup> Andrew Foster retired as Director and Tory Whanau was appointed as Director on 19 November 2022.

<sup>3</sup> Peter Coman retired as Board Chair and Rachel Drew was appointed as Board Chair on 12 December 2022.

<sup>4</sup> Peter Coman retired as Director and Matthew Ross was appointed as Director on 12 December 2022.

<sup>5</sup> Peter Coman retired as Remuneration Committee member and Rachel Drew was appointed on 12 December 2022.

### Internal Financial Control

The Board has overall responsibility for the Group's system of internal financial control. The Directors have established procedures and policies that are designed to provide effective internal financial control.

Annual budgets and long term strategic plans are agreed by the Board.

Financial statements are prepared regularly and reviewed by the Board throughout the year to monitor performance against budget targets and objectives.

### Risk Management and Compliance

The Audit and Risk Committee also has a function of reviewing management practices in relation to the identification and management of significant business risk areas and regulatory compliance. Formal systems have been introduced for regular reporting to the Board on business risk and compliance matters.

Management is required to, and has confirmed to the Audit and Risk Committee and Board in writing that:

- Financial records have been properly maintained and the Group's financial statements present a true and fair view, in all material respects, of the Group's financial condition, and operating results are in accordance with relevant accounting standards;
- The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and comply with International Financial Reporting Standards (IFRS) and other applicable financial reporting standards for profit-orientated entities; and
- Appropriate and effective internal controls and risk management practices are in place to safeguard and protect the Group's assets and to identify, assess, monitor and manage risk, and identify material changes to the Group's risk profile.

### Directors' Shareholding

Under the constitution Directors are not required to hold shares in the Company.

### Directors' and Officers' Insurance

The Group has arranged Directors' and Officers' liability insurance covering Directors acting on behalf of the Group. Cover is for damages, judgements, fines, penalties, legal costs awarded and defence costs arising from wrongful acts committed while acting for the Group. The types of acts that are not covered are dishonest, fraudulent, malicious acts, or omissions, wilful breach of statute or regulations, or duty to the Group, improper use of information to the detriment of the Group or breach of professional duty.

### Independent Professional Advice

With the approval of the Chair, Directors are entitled to seek independent professional advice on any aspect of the Directors' duties, at the Group's expense.

## **CORPORATE GOVERNANCE (continued)**

### **Going Concern**

After reviewing the current results and detailed forecasts, taking into account available credit facilities and availability of further funding and making further enquiries as considered appropriate, the Directors are satisfied that the Group has adequate resources to enable it to continue in business for the foreseeable future. For this reason, the Directors believe it is appropriate to adopt the going concern basis in preparing the financial statements.

### **Shareholder and other Stakeholder Communications**

The Board aims to ensure that shareholders and other stakeholders are informed of all major developments affecting the Group's state of affairs. Information is communicated to shareholders and other stakeholders in the annual report, interim report and media releases.

### **Corporate Governance Best Practice Code**

The Group supports the Corporate Governance Best Practice Code promulgated by the New Zealand Exchange. In a number of respects, the Group's practice differs from this Code. In particular, the Group has not established a separate Director Nomination Committee. The Group considers that it is properly dealing with these issues at the full Board level. Copies of the Group's Code of Ethics are available upon request from the Company Secretary.

**STATUTORY INFORMATION  
FOR THE YEAR ENDED 31 MARCH 2023**

**Directors' interests**

The Directors have given the following notices of disclosure of interest which have been entered into the Company's register of interests.

<b>Director</b>	<b>Name of party in which Director has an interest</b>	<b>Nature of interest</b>
Rachel Drew	Qscan	Director
	RHC HoldCo NZ Ltd	Director
	HDF UK Ltd	Director
	UTA International Holdings 1 Pty Ltd	Director
	Sherxon Trustees No 1 Ltd	Director/Shareholder
	Sherxon Trustees No 2 Ltd	Director/Shareholder
	Rachel Ockelford Trust	Trustee
	Infratil Ltd	Executive
Wayne Eagleson	HRL Morrison & Co Limited	Executive
	Wayne Eagleson Consulting Limited	Director
Thompson Lewis Limited	Thompson Lewis Limited	Director
	RA Holdings (2014) Pty Limited	Director
Phillippa Harford	Aotea Energy Holdings Limited	Director
	Aotea Energy Limited	Director
	Aotea Energy Holdings No 2 Limited	Director
	Aotea Energy Investment Limited	Director
	Renew Nominees Limited	Director
	Infratil Energy New Zealand Limited	Director
	Inratil Energy Limited	Director
	Infratil Gas Limited	Director
	North West Auckland Airport Limited	Director
	Infratil No.1 Limited	Director
	Infratil PPP Limited	Director
	Infratil Ventures Limited	Director
	Infratil UK Limited	Director
	ICN JV Investments Limited	Director
	ICN JV Limited	Director
	ICN JV Holdings Limited	Director
	Infratil AR Limited	Director
	Infratil 1998 Limited	Director
	Infratil RE Limited	Director
	Infratil 2019 Limited	Director
	Infratil 2018 Limited	Director
	Infratil Australia Limited	Director
	Infratil Investments Limited	Director
	Infratil CHC Limited	Director
	Infratil HPC Limited	Director
	Infratil Finance Limited	Director
	Infratil HC Limited	Director
	Infratil Europe Limited	Director
	Infratil No.5 Limited	Director
	Infratil Renewables Limited	Director
	Infratil RHC NZ Limited	Director
	Infratil Towerco Limited	Director
	NZ Airports Limited	Director
Infratil Ventures 2 Limited	Director	
Infratil Trustee Company Limited	Director	
Swift Transport Limited	Director	
Infratil RV Limited	Director	
Wellington Regional Stadium Trust	Trustee	
H.R.L. Morrison & Co Limited	Executive	
Infratil Limited	Chief Financial Officer	
Matthew Ross	H.R.L. Morrison & Co Limited	Executive
	Infratil Limited	Executive
Phillip Walker	Queensland Airport Pty Ltd	Alternate Director
	Gold Coast Airport Pty Ltd	Alternate Director
	Townsville Airport Pty Ltd	Alternate Director
	Mount Isa Airport Pty Ltd	Alternate Director
	Longreach Airport Pty Ltd	Alternate Director
Tory Whanau	H.R.L. Morrison & Co Limited	Executive
	Wellington City Council	Wellington City Mayor

**STATUTORY INFORMATION (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2023**

**Remuneration of Directors**

Fees paid and payable to Directors during the year were as follows:

Director name	Fees paid and payable to directors during the year
Rachel Drew (Chair)*	\$102,878
Wayne Eagleson	\$99,331
Phillippa Harford*	\$104,850
Matthew Ross*	\$25,193
Phillip Walker*	\$93,813
Tory Whanau**	\$30,141
<i>Retired during the year:</i>	
Peter Coman (Chair)* - Retired	\$111,328
Timothy Brown* - Retired	\$3,411
Andrew Foster** - Retired	\$52,635

\* Fees paid to H.R.L. Morrison & Co Ltd as manager of Infratil Limited

\*\* Fees paid to Wellington City Council as appointing shareholder

The Directors received no other remuneration or benefits for services in that office or in any other capacity other than as disclosed in Note D2.

**Loans to Directors**

No loans have been made by the Group to a Director nor has the Group guaranteed any debts incurred by a Director.

**Use of Group information**

There were no notices from Directors requesting use of Group information received in their capacity as Directors, which would not otherwise have been available to them.

**Directors' indemnity insurance**

As authorised by its constitution, the Group has arranged policies of Directors' and Officers' liability insurance with cover appropriate for the Group's operations.

**Remuneration of employees**

Grouped below, in accordance with section 211(1)(g) of the Companies Act 1993, are the number of employees or former employees of the Company and its subsidiaries, excluding Directors of WIAL, who received remuneration and other benefits in their capacity as employees, totalling \$100,000 or more, during the year:

<b>Amount of remuneration</b>	<b>Employees</b>
\$100,000 to \$110,000	5
\$110,001 to \$120,000	3
\$120,001 to \$130,000	2
\$130,001 to \$140,000	4
\$140,001 to \$150,000	1
\$150,001 to \$160,000	3
\$160,001 to \$170,000	2
\$170,001 to \$180,000	1
\$180,001 to \$190,000	1
\$190,001 to \$200,000	3
\$200,001 to \$210,000	2
\$240,001 to \$250,000	1
\$260,001 to \$270,000	1
\$270,001 to \$280,000	1
\$310,001 to \$320,000	1
\$430,001 to \$440,000	1
\$460,001 to \$470,000	1
\$520,001 to \$530,000	1
\$780,001 to \$790,000	1

In accordance with section 211(1)(g) of the Companies Act 1993, the remuneration above does not include unpaid amounts in relation to short-term and long-term incentive schemes, which are outlined in note A4.

**Diversity of personnel**

The Group recognises the value of a diverse and skilled workforce and is committed to maintaining an inclusive and collaborative workplace culture. Diversity is a key influence in the selection and promotion of employees and executives, and for the composition of the Board.

At 31 March 2023, the WIAL Board consisted of three male Directors and three female Directors (31 March 2022: five male Directors and one female Director), and the Executive consisted of five male Executives and two female Executives (31 March 2022: five male Executives and two female Executives).

## FIVE YEAR SUMMARY & STATISTICS

### WIAL AIRPORT STATISTICS

	2023	2022	2021	2020	2019
<b>Passenger movements</b>	<b>000</b>	<b>000</b>	<b>000</b>	<b>000</b>	<b>000</b>
Domestic	4,690	3,481	2,969	5,226	5,488
International	564	48	0	920	929
<b>Total</b>	<b>5,254</b>	<b>3,529</b>	<b>2,969</b>	<b>6,146</b>	<b>6,417</b>
<b>Aircraft movements</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Domestic	66,928	60,885	50,221	75,563	77,483
International	3,926	590	5	6,644	6,449
Military, freight, private and other movements	13,298	13,532	13,708	12,192	11,170
<b>Total</b>	<b>84,152</b>	<b>75,007</b>	<b>63,934</b>	<b>94,399</b>	<b>95,102</b>
<b>Number of employees</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
FTE	112	103	100	136	120

### WIAL CONSOLIDATED FINANCIAL RESULTS

	2023	2022	2021	2020	2019
<b>Summary of profit and loss</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Revenue	139,828	95,577	68,787	146,377	137,889
Operating expenses (excluding subvention payment)	(50,225)	(38,809)	(32,829)	(43,187)	(36,504)
<b>EBITDAF before subvention payment</b>	<b>89,603</b>	<b>56,768</b>	<b>35,958</b>	<b>103,190</b>	<b>101,385</b>
<b>Net profit after taxation</b>	<b>25,243</b>	<b>3,043</b>	<b>(35,769)</b>	<b>28,887</b>	<b>23,541</b>

	2023	2022	2021	2020	2019
<b>Summary of financial position</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Non-current assets	1,652,568	1,474,737	1,398,939	1,336,927	1,216,550
Current assets	148,155	55,975	96,806	35,043	43,943
<b>Total assets</b>	<b>1,800,723</b>	<b>1,530,712</b>	<b>1,495,745</b>	<b>1,371,970</b>	<b>1,260,493</b>
Non-current liabilities	818,012	762,496	705,266	641,570	541,875
Current liabilities	105,104	17,623	117,977	89,469	114,952
<b>Total liabilities</b>	<b>923,116</b>	<b>780,119</b>	<b>823,243</b>	<b>731,039</b>	<b>656,827</b>
<b>Net assets/Shareholders' equity</b>	<b>877,607</b>	<b>750,593</b>	<b>672,502</b>	<b>640,931</b>	<b>603,666</b>



# Independent Auditor's Report

To the shareholders of Wellington International Airport Limited

## Report on the audit of the consolidated financial statements

### Opinion

We have audited the accompanying consolidated financial statements which comprise:

- the consolidated statement of financial position as at 31 March 2023;
- the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements of Wellington International Airport Limited (the 'company') and its subsidiaries (the 'group') on pages 4 to 24 present fairly, in all material respects:

- i. the Group's financial position as at 31 March 2023 and its financial performance and cash flows for the year ended on that date;

in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards issued by the New Zealand Accounting Standards Board.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). 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)* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

Our firm has also provided other services to the group in relation to regulatory assurance and taxation compliance and advisory services. Subject to certain restrictions, partners and employees of our firm may also deal with the group on normal terms within the ordinary course of trading activities of the business of the group. These matters have not impaired our independence as auditor of the group. The firm has no other relationship with, or interest in, the group.

### Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the consolidated financial statements as a whole. The materiality for the consolidated financial statements





as a whole was set at \$13,500,000 determined with reference to a benchmark of group total assets. We chose the benchmark because, in our view, this is a key measure of the group's ability to deliver long term shareholder value.

---

## 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 in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the shareholders as a body may better understand the process by which we arrived at our audit opinion. Our procedures were undertaken in the context of and solely for the purpose of our statutory audit opinion on the consolidated financial statements as a whole and we do not express discrete opinions on separate elements of the consolidated financial statements

---

### The key audit matter      How the matter was addressed in our audit

---

#### Valuation of land, buildings and civil works recorded at fair value

As disclosed in note B1 of the consolidated financial statements, the group has land, buildings and civil works recorded at fair value of \$1,416.8 million (2022: \$1,282.1 million). The group has a policy of having the assets externally revalued at least every 5 years by an independent valuer. A full external revaluation of land and buildings was carried out as at 31 March 2023. The last independent valuation of civil works asset was carried out as at 31 March 2020.

In years where an external revaluation is not undertaken, a material change assessment for each asset class is performed to assess whether the carrying values of each class materially vary from their fair value. This assessment is undertaken with assistance from external independent valuers.

Valuation of land, buildings and civil works is considered to be a key audit matter due to the significance of the assets to the group's consolidated statement of financial position, and due to the judgment involved in the assessment of the fair value of these assets by the group's Directors. The judgment relates to the valuation methodology used and the assumptions used in each of those

Our audit procedures to assess the fair value of land, buildings and civil works included, amongst others:

- Assessing the competence, independence and objectivity of each valuer used by the group to determine the value of the airport assets;
- Comparing the valuation methodologies used by the valuer for the group, to the valuation methodologies used by other airports within New Zealand for comparability;
- In conjunction with our valuation specialists, assessing the key assumptions which are judgemental in nature and which have the largest impact on the value of land, buildings and civil works. This comprised assessing:
  - the weighted average cost of capital/discount rate against observable market data;
  - the reasonableness of income capitalisation rates;
  - changes in the ODRC of civil works with reference to relevant indices;
  - the ODRC of specialised buildings with reference to underlying market evidence
  - the value of underlying land prices with reference to underlying market evidence; and
  - the future cash flows against budgets and historical financial performance.



## The key audit matter

## How the matter was addressed in our audit

methodologies. The valuation methodology estimates the cost of building the airport in its current location to the specification required to provide its current services, and the business value of the existing vehicle and hotel assets.

The assumptions that have the largest impact on the fair value assessment are:

- The potential value of the airport land if there was no airport on the site primarily driven by weighted average cost of capital;
- The replacement cost of buildings including the main terminal building with reference to relevant indices;
- The replacement cost of civil works including the runway, taxiways and roads with reference to relevant indices; and
- The estimated future cash flows and expected rate of return from the vehicle and hotel business assets.

### Valuation of investment property

As disclosed in note B2 of the consolidated financial statements, the group has investment property of \$132.2 million (2022: \$108.1 million). The group is required under accounting standards to fair value investment property.

Valuation of investment property is considered to be a key audit matter due to the significance of the assets to the group's consolidated statement of financial position, and due to the judgement involved in the assessment of the fair value of these assets by the group's Directors. These judgments include weighted average discount rate, weighted

Our procedures to assess the fair value of investment property included amongst other:

- Assessing the competence, independence and objectivity of the valuer used by the group to determine the value of the investment property;
- Comparing the valuation methodology used by the group, to the valuation methodology used for other investment property valuations within New Zealand and ensuring they are comparable;
- In conjunction with our valuation specialists assessing the changes in key assumptions in the valuations which are judgemental in nature and which have the largest impact on the value of investment property. This comprised:
  - assessing changes to the weighted average discount rate against observable market data;



## The key audit matter

## How the matter was addressed in our audit

average income capitalisation rate and weighted average lease term.

- agreeing a sample of income streams generated by the investment property to underlying contracts;
- confirming the remaining tenure of leases used in the valuation; and
- comparing lease yields to other comparable market transactions within the region.

## Other information

The Directors, on behalf of the group, are responsible for the other information included in the entity's Annual Report. Other information includes the directors' report, statutory information five-year summary and statistics and corporate governance policies. Our opinion on the consolidated financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

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



## Use of this independent auditor's report

This independent auditor's report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the independent 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 shareholders as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.



## Responsibilities of the Directors for the consolidated financial statements

The Directors, on behalf of the company, are responsible for:

- the preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards issued by the New Zealand Accounting Standards Board;
- implementing necessary internal control to enable the preparation of a consolidated set of financial statements that is free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate 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 objective is:

- to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent 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 NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 these consolidated financial statements is located at the External Reporting Board (XRB) website at:

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/>

This description forms part of our independent auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is Sonia Isaac

For and on behalf of

KPMG  
Wellington

10 May 2023