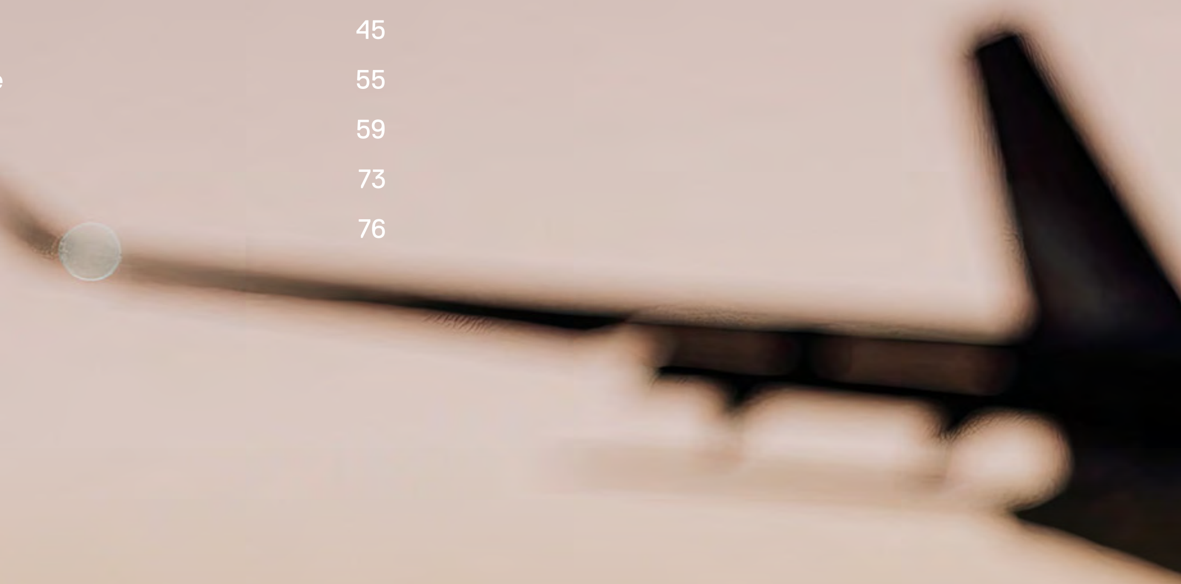
BRISBANE AIRPORT CORPORATION

BAC HOLDINGS LIMITED
ACN 108 568 038

ANNUAL REPORT 2023

Contents



To help us assess our decisions and reach our goals, BAC is in the process of aligning to the Integrated Reporting Framework, providing greater reflection and transparency in our financial governance, management commentary and sustainability reporting. Feedback on our Annual Report is welcome from all stakeholders as we continue on our journey towards the full adoption of integrated reporting principles.

Acknowledgement of Country

We acknowledge the traditional owners of the Meanjin/Brisbane region and recognise their continuing connection to lands and waters. We pay our respect to all Aboriginal and Torres Strait Islander peoples of the places Brisbane Airport connects.

Pattern derived from and inspired by 'Land, Sea, Sky' by Delvene Cockatoo-Collins

Created in the spirit of sharing, respect and reciprocity, this artwork shares a deeper connection with the Country where Brisbane Airport is located, mapping the land, sea and sky through a series of patterns to speak of history, nature, connections and movement.

More information about the artwork and the artist can be found on page 44.

Click here to watch a video on the creation of the artwork

MESSAGE FROM THE CHAIR

Brisbane Airport (BNE) is embarking on its next great transformation.

Our values and purpose won't change, but the look of our terminals and the experience for our passengers will significantly improve, with more than $5 billion invested in the coming decade.

Queensland's population is on track to grow by 16% from now until 2032, and the number of annual passengers at BNE will rise by 10 million leading up to the Brisbane 2032 Olympic and Paralympic Games.

We're investing now because we need to be ready for that growth. We're investing now to make travel faster, easier and safer. We're investing now to build an airport that future generations are proud of.

This record investment would not happen without a healthy business to fund the billions of dollars of borrowing and spending needed to connect the world and create Queensland's future.

In FY23, Brisbane Airport Corporation Group's total revenue was $825.2 million, a 64.9% increase on FY22. This allowed us to return a dividend to shareholders for the first time since 2019. EBITDA rose by 81.5% to $555.4 million.

But airports exist for people.

This past year, more than 20 million people passed through both of our terminals.

A total of 16 million passengers travelled through the Domestic Terminal in FY23, a 71% increase on FY22, and 91% of pre-COVID FY19 traffic.

The International Terminal experienced a strong recovery in FY23, with 4 million passengers, representing a 385% increase on FY22, and 64% of pre-COVID FY19 levels.

Brisbane Airport is proud of its focus on keeping its passengers, workers, service providers and community safe and secure. In FY23, we are happy to report that there were no significant injuries reported.

In FY23 we welcomed international carriers United Airlines and Vietjet for the first time to the BNE family.

These new airlines were fast-tracked by Queensland's Attracting Aviation Investment Fund (AAIF), a joint airports and Queensland Government initiative to restore tourists and jobs to the State's visitor economy.

In the case of United Airlines, what began with 3 flights per week from San Francisco last October, will grow to 10 flights per week from San Francisco and Los Angeles in the coming year.

Brisbane Airport also signed a landmark partnership with Jetstar to deliver 3 new international destinations and 2 route expansions. Jetstar will become the second biggest international carrier at BNE.

But it has not just been our aviation business that has enjoyed growth. Our strategic focus on driving forward our investment property business has this year delivered strongly, with 9 new developments completed and one under construction. Construction has started on the largest warehouse development at BNE, a 26,120sqm facility for Aramex, an area the equivalent of more than three-and-a-half rugby league fields.

BAC's retail division secured 10 new retail concepts to be delivered to the Domestic Terminal, and we are shortlisting a new 10-year Duty Free contract, which will be central to our upgrade of the International Terminal.

Most significantly, FY23 was the year we hit fast-forward on our commitment to a better planet.

Sustainability enables long-term growth, which is key to delivering value to our communities, customers, employees, and shareholders.

BAC is committed to net zero emissions (Scope 1 and 2) by 2025 — 25 years ahead of schedule, enabled by Brisbane Airport signing on as the first customer with Stanwell for the supply of renewable energy from wind and solar projects. This is on top of BAC's further investments in solar across our precinct.

We are proud Brisbane Airport has become the first Australian airport to receive Level 4 Airport Carbon Accreditation by Airports Council International, recognising the leadership role we are playing in assisting our partners to transition to a lower emission future.

But we do not do it alone — we are powered by partnership.

Let me therefore personally thank our Shareholders, the BAC Board, CEO, Executive Team, all our staff, partners, tenants, customers and magnificent volunteers for working together to dare to reimagine what the future of BNE will look like.

David Peever
Board Chair

MESSAGE FROM THE CEO

We said we were going to build this business back better, and that is exactly what we are doing.

Brisbane Airport is embarking on the most exciting period in our history, a decade long capital plan we refer to as "Future BNE". It is not one project, but hundreds of them transforming every aspect of our airport.

It includes upgrades, expansions and development projects that will increase capacity, meet international security standards, support essential services, enhance passenger experience, boost sustainability, and make Brisbane Airport the best airport to use, as well as unlocking commercial opportunities.

Most exciting of all, Future BNE includes the opening of the first stage of a new, third passenger terminal. It will have sustainability and accessibility embedded in the heart of its design.

Our airline partners are involved in shaping the plans for the new terminal which could include combined domestic and international capacity to further speed up connections between Queensland and the world.

After 2 years of pandemic chaos, in FY23 our business returned to a more predictable and stable operation. This has delivered benefits for all who rely upon us, including our passengers, airlines, tenants, community, staff and shareholders. This stability has given us the opportunity to plan and reimagine our business and prepare for the biggest investment in Brisbane Airport's history.

In FY23 we expanded our capacity by recruiting additional people to deliver more than $5 billion in projects over the coming decade.

BAC has a healthy culture and engaged workforce ready to deliver, as shown through the results of our Staff Engagement Survey and our Safety Culture Maturity Assessment.

In FY23, we invested $213.7 million in improving Brisbane Airport. That is targeted to rise to $562.8 million in FY24 and $578.2 million in FY25, exactly 100 years since Brisbane Airport was born.

But growth comes with risks. Our development timeline coincides with an 'infrastructure tsunami' in South East Queensland, as the region prepares to host the world. This means managing the competition for limited resources and construction price escalations. BAC has implemented a Program Procurement Strategy to enable BAC to be a more attractive proposition to contractors and suppliers.

We will shortly break ground on the Queensland Regional Aeromedical Base, providing a new home for the Royal Flying Doctor Service (RFDS), LifeFlight, Retrieval Services Queensland and QGAir, which operates the Queensland Government's fleet of aircraft. In the past year, 2,046 patients were flown to BNE by the RFDS and LifeFlight helped 548 people including 51 neonatal and 62 pediatric transfers.

Brisbane Airport performs an essential 24/7 role for Queensland with the economic and social benefits spread across the State, but we acknowledge the noise impacts that fall on local communities. I am happy to report there has been progress in this area and you can read more about this in Our Community section.

In June, the Commonwealth Government established the first-ever Australian Jet Zero Council to chart a course to low emissions travel.

It is an honour to be appointed to this body to represent Brisbane Airport and all other Australian airports for the first year of the council.

Queensland is uniquely positioned to lead Australia's Sustainable Aviation Fuels (SAF) transition with its agriculture base and reliance upon regional aviation to sustain its vast population.

I look forward to working with the Transport Minister Catherine King and the rest of the Jet Zero Council.

As I reflect upon the highlights reel from FY23, there are so many things to be proud of, but I will single out 3:

- Brisbane Airport passed its Annual Civil Aviation Safety Authority (CASA) Safety Audit with a clean sheet for the seventh year in a row, a result envied by airports across the nation. Safety is at the heart of everything we do.
- BNE was the destination for the first commercial flight in Australia where every role from refueller to pilot to air traffic controller (and everyone else in between) was fulfilled by women. This was a milestone moment in our industry.
- We unveiled *'Land, Sea and Sky'*, an Indigenous artwork which tells the story of the ancient and European history of the land on which we operate. This will soon greet passengers in our terminal.

There is much to celebrate as we chart a course down the green and gold runway for the decade ahead.

Gert-Jan de Graaff
Chief Executive Officer

ABOUT US

Brisbane Airport Corporation Pty Limited (BAC), the operator of Brisbane Airport (BNE), is a private, unlisted Queensland company that proudly takes on the challenge of connecting Australia to the world. It is part of a consolidated group, the ultimate holding company of which is BAC Holdings Limited (BACH), an unlisted public company.

BNE is Queensland's most important transportation hub. It is a city within a city, a 24/7 urban precinct in one of the fastest-growing regions in Queensland.

Thanks to a growing population Brisbane Airport passenger numbers are anticipated to rise by more than 10 million people over the next 10 years.

BNE is also one of the nation's largest single-site employment hubs and is located 10 kilometres east of the Brisbane CBD. At 2,700 hectares, it is so big that it has its own postcode.

BAC operates BNE under a 99-year lease from the Australian Government.

We value and respect the Traditional Custodians of the land on which we operate, and we wish to support and foster the rich heritage of the Turrbal people.

OUR VISION, VALUES AND PURPOSE

At BAC our vision is clear — *Connect the World. Create the Future.* We're a city within a city that connects people, creates community and fuels the Queensland economy. But we need to be more than just a sustainable and successful airport. We need to be a place where business grows, a place people come even when they're not flying. We need to be a place that creates jobs for generations to come, to create a world-leading destination that our communities continue to trust and are proud of.

How we do things is just as important as what we do, and our values underpin our operating approach and interactions with the world around us. Our values are the guideposts that will enable us to make our vision become a reality. Our culture is anchored in these values that we refer to as the 'Four Cs':

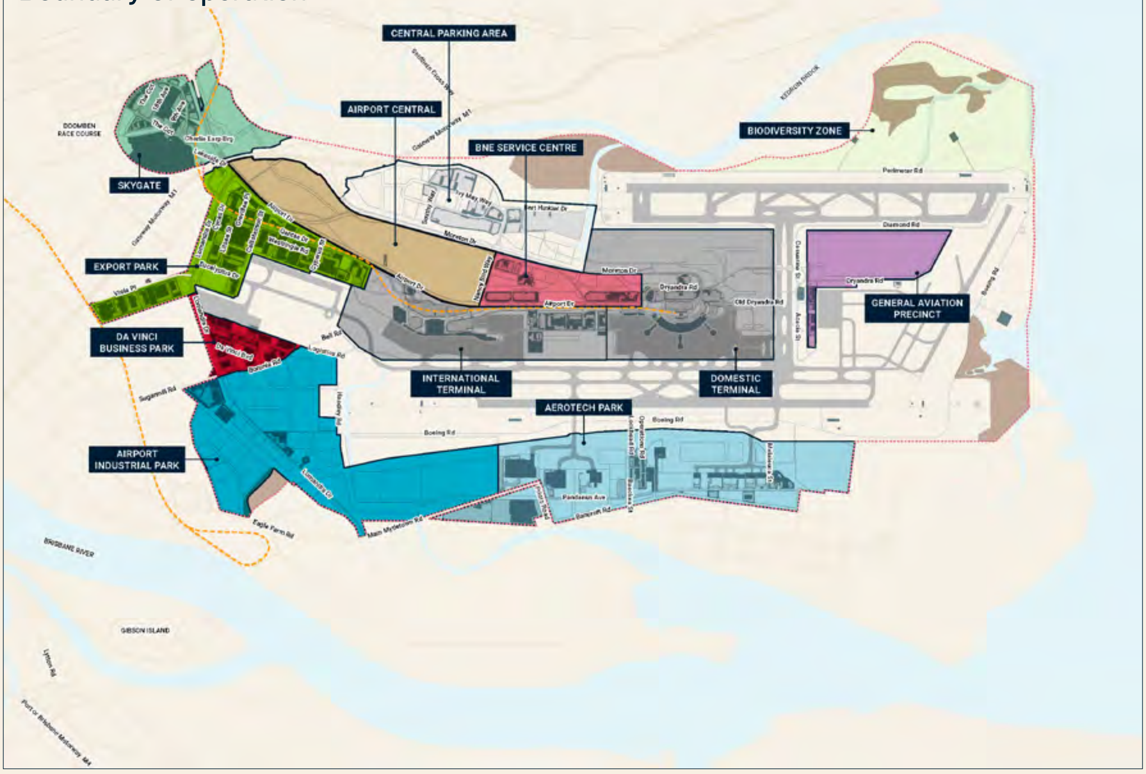
- Collaboration: working together is at the heart of everything we do
- Communication: successful teamwork requires us to listen and talk openly, honestly, and respectfully
- Courage: having the courage to speak up, make hard decisions and ask difficult questions is what allows us to continue to grow
- Care: when we care about the work we do, the environment we work in and the people we work with, it shows.

At BAC, we operate under a simple purpose, to deliver value to:

- Community: BNE exists to serve its community, and by having an open and honest relationship with our community we can all grow together
- Customers: our customers have choices, and to make it easy for them to choose BNE, we keep their best interests at the heart of our decision-making
- Employees: our most important asset is our people, whose passion for BAC is the fuel for our success
- Shareholders: by creating value for everyone we also create sustainable value for our shareholders who believe in us and want us to succeed.

This purpose demonstrates our belief that our role extends beyond simply providing effective and efficient aviation services and facilities. We help shape Queensland's future by driving the employment opportunities for thousands of people, creating economic benefit equating to more than $4 billion annually and set to double by 2040.

Boundary of operation



OUR STRATEGY

At BAC our vision is clear — *Connect the World. Create the Future.*

BAC BUSINESS MODEL

HOW WE CREATE VALUE

CAPITAL INPUTS

Finances

Cash: $154.6 million
Debt: $3,757.8 million
Equity: $1,932.2 million.

Infrastructure

Terminals, office / industrial commercial and office buildings, parking structures, recreational activities, green spaces, 2,700 hectares of which >500 hectares is developable land.

Employees

389 employees

Staff wages and benefits $60.0 million

In-house management and leadership development programs.

Environment

Climate protection with emissions reduction targets

Waste and water recycling targets

Biodiversity Zone.

Society

Transparent multi-channel stakeholder engagement

Direct and indirect value creation for the region

Community engagement through multiple forums.

PRODUCT AND SERVICE OUTPUTS

BUSINESS UNITS

Aviation

Our core business covers all services (including infrastructure delivery) for the facilitation of aircraft movements and passenger travel at BNE.

Consumers

Operating as a landlord in providing services to our retail lease holders across the terminals and at Skygate. Also includes the operation of our landside transport services.

Property

Developer and manager of our portfolio of industrial, commercial and office properties across a range of ground and building leases.

ACHIEVEMENTS 2023

Finances

$1.2 billion of new bank debt facilities raised to support investment and growth

Focus on cost efficiencies and margin-led growth

Delivered more than $825.2 million in revenue — the second largest result in our history.

Infrastructure

$213.7 million of capital investment delivering a range of aviation and commercial assets

Significant works underway delivering a major upgrade to security at the Domestic and International Terminals

Commonwealth approval for Queensland Regional Aeromedical Base with construction about to start.

Employees

New Learning and Development Program launched including a Core Cultural Learning Program

Negotiation of a four year Enterprise Agreement with a 100% yes vote

New Wellbeing Program launched

Undertook a Safety Culture Maturity Assessment.

Environment

Airports Council International Airport Carbon Accreditation Level 4 achieved, the first airport in Australia to do so

100% renewable energy supply agreement in place with supply commencing 1 January 2025

Appointment to inaugural Jet Zero Council on behalf of Australian airports.

Society

The Brisbane Airspace Board established to give residents a stronger voice through a permanent, independent forum

Working with Airservices Australia on Post Implementation Review recommendations to reduce flight path impacts

Almost $1 million in sponsorships and community benefits delivered.

OUTCOMES

Finances

Gross distribution to shareholders: $222.4 million

Net cash from operations: $463.9 million.

Infrastructure

Road, lighting and parking facilities upgrades and expansions delivered

Investment property portfolio valued at $2.1 billion.

Employees

35% female workforce

BAC Culture Benchmarked at high performance range as per the KornFerry Employee effectiveness and methodology with overall engagement of 79% and enablement of 80%, based on a 88% response rate.

Environment

Sustainability Strategy to achieve net zero emissions (Scope 1 and 2) by 2025

Committment to 10% Sustainable Aviation Fuel through BNE by 2030.

Society

89% of community rate BNE's reputation as 'satisfactory', 'good' and 'excellent'.

Our future direction is guided by 3 key strategies. The BNE 2050 Strategic Brief sets out our long-term aspirations for BNE as we grow to meet the needs of future generations. The Corporate Strategy details the objectives we need to achieve over the coming years to bring us closer to achieving our aspirations and sustainability ambitions. The Sustainability Strategy outlines our commitment to creating a sustainable future at BNE.

1. BNE 2050 Strategic Brief

At BAC, we recognise that the decisions we make today will have a direct impact on the future of our business. We have developed a BNE 2050 Strategic Brief to guide us as we draft our future master plans, business strategies and project briefs.

Our aspiration is about truly being an airport city and a place that is the best possible distillation of all that's great about Brisbane and Queensland.

We aspire to:

Be more than an airport

We will be a true airport city — a diversified, self-sufficient hub that connects people, enables all kinds of businesses to flourish and is a destination for locals and visitors alike each and every day.

Be Australia's best gateway

We will anticipate the needs of our varied passenger groups and then exceed their expectations, so BNE is the easiest and best airport to use. We will use our state's hallmark irreverence for 'tradition' and be the first to try new ideas and innovate. We will use our adventurous spirit to expand our horizons and in doing so we will be Australia's best-connected airport.

Be a source of pride for future generations

We will embody Queensland's entrepreneurial spirit and community-mindedness to build a place that locals know represents their interests and their ambitions. It's about being a good neighbour in the community, an asset to local and international businesses, and an ambassador for Queensland and Australia.

2. Our Corporate Strategy

Build an airport city that connects people, creates community, and fuels our economy.

Aviation

- Make BNE a more attractive choice for airlines.
- Help drive demand for passengers and freight.
- Make BNE the easiest and most enjoyable choice.

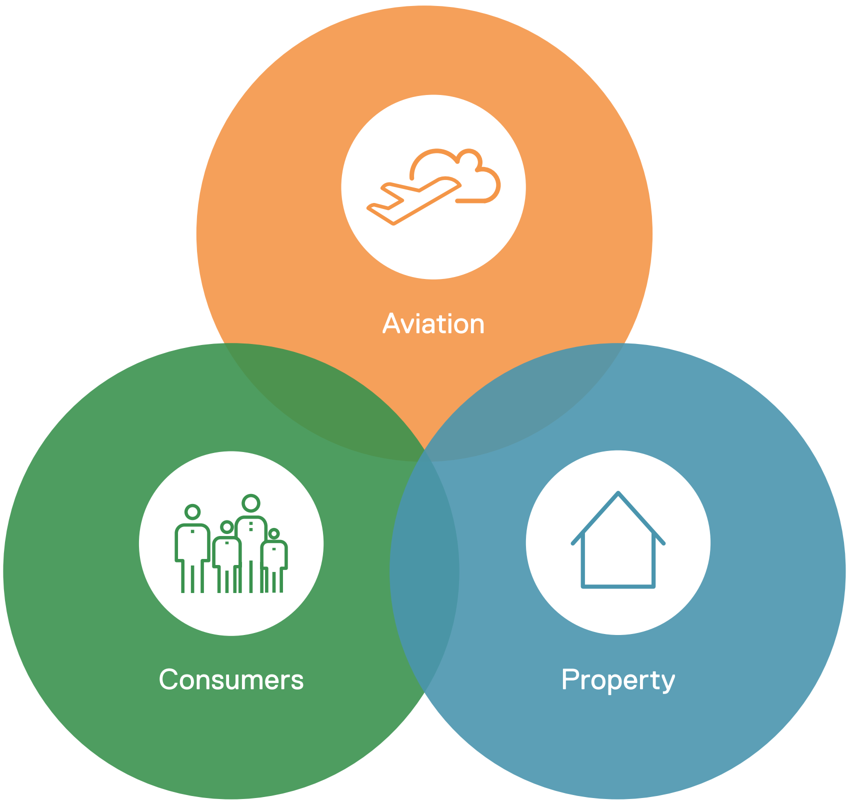
Consumers

- Identify and develop new consumer products or revenue streams.
- Use technology to improve customer experience and spend.
- Build flexibility into all our consumer touch points so we're always ready to adapt.

Property

- Accelerate property development.
- Improve connectivity to and through our precincts.
- Grow existing industries and attract new markets.

The delivery of our Corporate Strategy will be facilitated by a commitment to our five-year strategic goals for our core business units of Aviation, Property and Consumers.



3. Sustainability Strategy

If we are to achieve our vision and future aspirations, we must develop the airport and operate it in a manner that future generations trust and are proud of.

We recognise that sustainability is essential for BNE because it enables long-term, responsible growth, which is key to delivering value to our communities, customers, employees, and shareholders. It builds on a long history of sustainability achievements, providing an exciting future pathway through a holistic approach that commits BAC to delivering positive, sustainable outcomes.

Our sustainability purpose is to:

'Create a sustainable, world-leading airport city that generations trust and are proud of.'

We deliver our purpose by focusing on three pillars.

Protect our planet

Consume responsibly and minimise our footprint

- Decarbonisation
- Circular economy
- Climate change resilience

+

Grow responsibly

Support Queensland's growth and ensure BNE is a sustainable destination

- Sustainable design
- Sustainable procurement
- Employee experience

+

Support our communities

Build a positive legacy

- Partnerships and engagement
- Education
- Your BNE

ALIGNMENT TO UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The 17 UN SDGs call for a global partnership to achieve a better and more sustainable future for all. Our strategy impacts on 10 of the 17 UN SDGs.

PILLAR	RELEVANT UN SDG			
Protect Our Planet	Deliver **an efficient and reliable energy network** to achieve 2025, 2030 and 2050 emission targets and meet tenant needs. (7 AFFORDABLE AND CLEAN ENERGY)	Progressing towards a **circular economy,** reducing natural resource consumption, and delivering environmental best practice outcomes. (12 RESPONSIBLE CONSUMPTION AND PRODUCTION)	**Achieving net zero** emissions by 2025 and adapting to a changing climate. (13 CLIMATE ACTION)	**Protect and manage** our coastal ecosystems by strengthening their resilience and restoration. (14 LIFE BELOW WATER)
Grow Responsibly	Promoting health and wellbeing to ensure our people are **healthy and happy** of all aspects in life. (3 GOOD HEALTH AND WELL-BEING)	Ensuring **diversity and inclusion** is a **priority** across all aspects of our business. (5 GENDER EQUALITY)	**Significant socio-economic impact**, facilitating 24,000 jobs and generating considerable value for Queensland families. (8 DECENT WORK AND ECONOMIC GROWTH)	**Responsible planning** for future growth through sustainable investment and building sustainable supply chains and destinations. (9 INDUSTRY, INNOVATION AND INFRASTRUCTURE)
Support Our Communities	**Engaging our community** on the burdens and benefits of our operations and giving back to our airport neighbours. (11 SUSTAINABLE CITIES AND COMMUNITIES)		**Building partnerships and collaborations** with the aviation industry, our supply chain and our community to accelerate sustainable outcomes. (17 PARTNERSHIPS FOR THE GOALS)	

OUR SUSTAINABILITY TARGETS

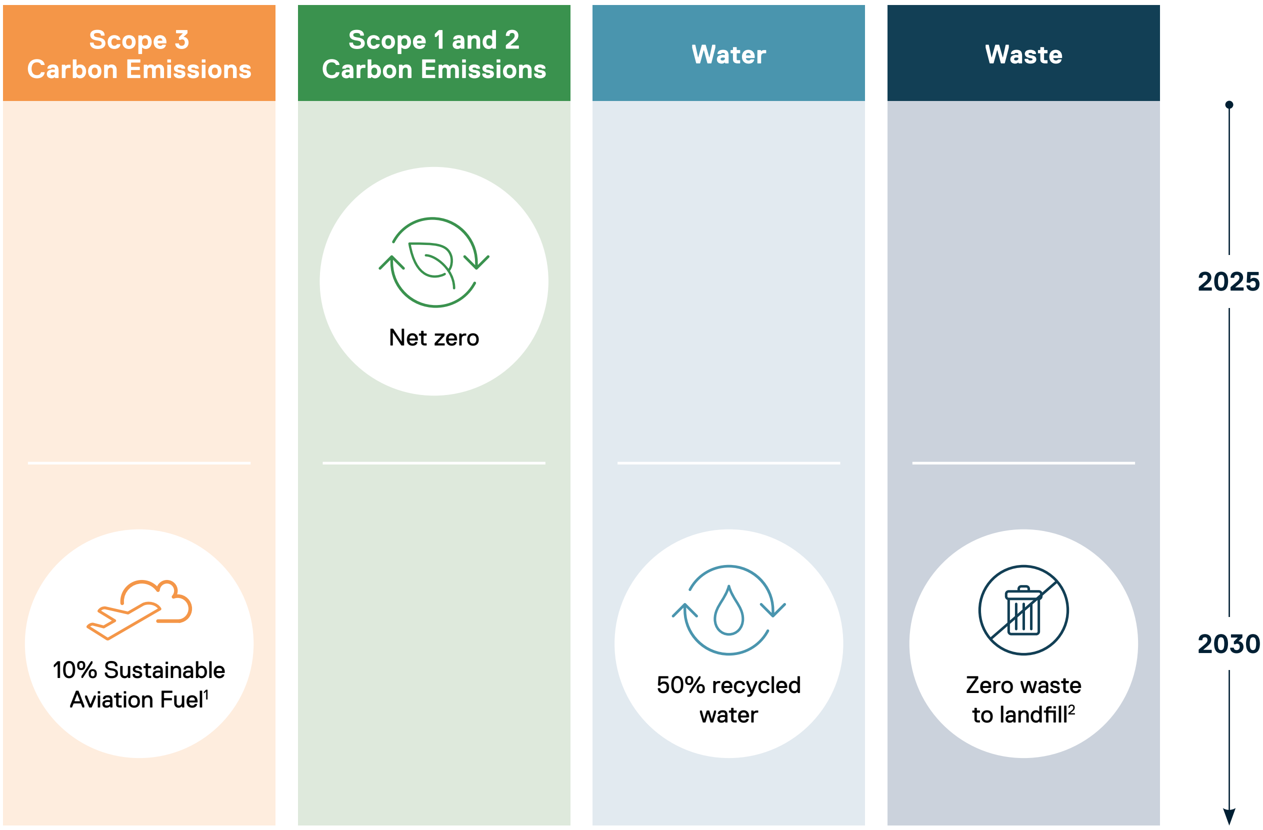
We recognise that being a leader in sustainability means constantly challenging ourselves to create the best future possible for BNE.

To achieve our future ambitions, we have committed to net zero emissions (Scope 1 and 2) by 2025. We reaffirmed our 2030 waste and water targets, which will greatly reduce our environmental and operational footprint.

But we won't stop here. We will continue to review our targets and commitments at regular intervals.

Our Sustainability Strategy provides the guidance and direction that underpins our Corporate Strategy.

Our Sustainability Targets



1 Supporting the World Economic Forum Clean Skies for Tomorrow initiative.

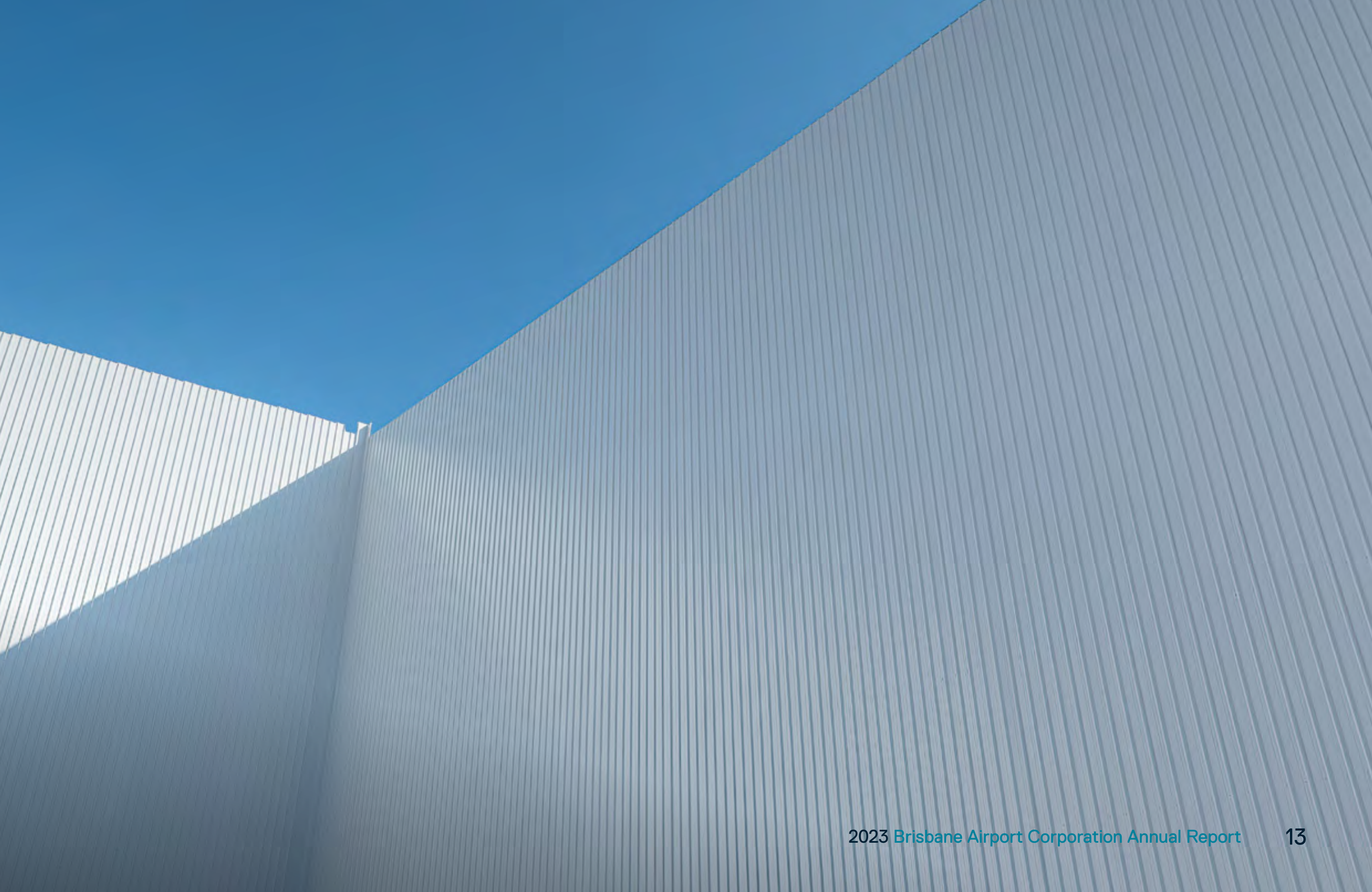
2 Excludes quarantine/sterile waste due to regulation.

MATERIALITY ASSESSMENT

During FY23, we conducted a comprehensive materiality assessment to identify the most important environmental, social and governance (ESG) topics to our business.

The assessment considered relevant industry specific ESG standards, global trends and close consultation with our community, customers, employees and shareholders. A survey was sent to 400 stakeholders and 126 responses were received.

The purpose of the survey was to ask participants to prioritise the material topics on their level of importance to our business. A further 15 interviews were conducted across our stakeholder groups to gain further insights into the material topics and the results of the survey.

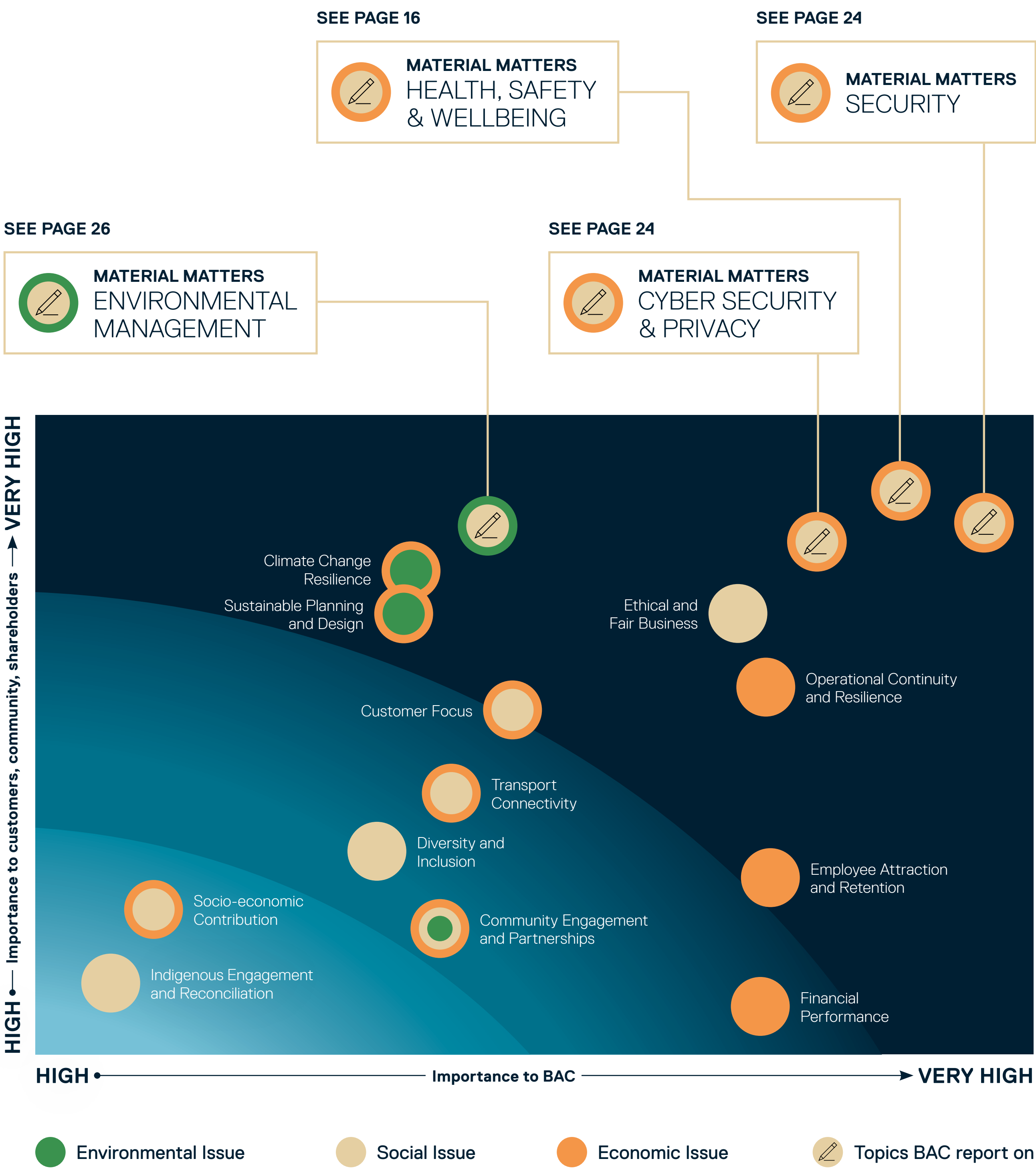


The assessment identified 16 material topics (defined below) which reflect the diversity of our operations and our responsibilities. The findings of the materiality assessment will be incorporated into future strategies at BAC.

MATERIAL TOPIC	DESCRIPTION
Operational continuity and resilience	Improving BAC's operational resilience to support business continuity under a range of differing circumstances.
Climate change resilience	Preparing for and responding to the impacts of climate change (physical and transitional).
Customer focus	Providing a positive experience for all customers (retail, property, airline, passengers etc.) and meeting the needs of airport stakeholders.
Community focus	Proactively engaging with our communities to develop meaningful partnerships. Increase education and awareness of airport operations and their impacts (e.g. noise).
Cyber security and privacy	Ensuring BAC maintains adequate cyber security and data protection.
Diversity and inclusion	Developing a diverse and inclusive environment for staff and passengers and contributing to an inclusive society with equal opportunity.
Environmental management	Protecting biodiversity and the natural environment, reducing emissions from airport operations, designing out waste, and improving responsible resource consumption (e.g. waste and water management).
Employee focus	Developing and maintaining employee experience that involves education and growth opportunities, improves engagement and culture, attracts talent and supports business outcomes.
Ethical and fair business	Implementing robust and effective governance, compliance and procurement processes. Protect human rights across all aspects of operations and support fair work conditions.
Financial performance	To improve and maintain BAC's financial robustness and shareholder value.
Health, safety and wellbeing	Ensuring the health, safety and wellbeing of our people and customers.
Indigenous engagement and reconciliation	Strong and productive relationships with Aboriginal and Torres Strait Islander peoples.
Security	To maintain a safe and secure airport environment for both aviation and non-aviation activities.
Sustainable planning and design	Responsible planning for future growth through sustainable investment, prioritising sustainable design.
Socio-economic contribution	Direct and indirect economic, social and environmental contributions to communities from BAC's operations.
Transport connectivity	Integration with transport authorities to enhance community access to Brisbane Airport's precincts.

MATERIALITY MATRIX

The materiality matrix reflects the results of the materiality assessment. BAC acknowledges that all topics are material to our operations however, as all 16 topics were rated highly (nothing was rated below a 4 on a scale of 1-5), we are reporting on the top four topics which are Health, Safety and Wellbeing, Security, Cyber Security & Privacy, and Environmental Management within our Annual Report.



OUR PEOPLE

As we embark on a decade of transformation, we understand that it is our employees who are key to delivering the projects which will shape the airport and Queensland's future. The diverse and talented group of almost 400 professionals who work for BAC create our unique culture and reputation, reflecting the dynamic nature of the aviation industry itself.

We seek to provide an engaging and interesting work environment that enables us to attract and retain new colleagues whose skills and drive will ensure our continued success. Our priority is keeping our people safe and secure and recognising that looking after their wellbeing includes giving them opportunities to thrive. And just as our airport is a meeting place for people of all backgrounds, we are committed to ensuring BAC reflects the diversity of our customers and communities.

To do this, we have a broad range of initiatives underway to engage our team and maintain this unique culture. They include team strategy days, social events, regular all-staff forums, employee feedback opportunities, staff consultative groups, and much more. We also motivate our people through reward and incentive structures — from offering performance-based bonuses to all employees, to ongoing recognition for excellence.

In June 2023, BAC successfully negotiated a four-year Enterprise Agreement for approximately 100 employees. The negotiation process, which was conducted over 4 months with business, employee and union representatives, was aligned with our values of communication, care, collaboration and courage. The vote received a 100% positive outcome in support of the proposed agreement. The new agreement received approval from the Fair Work Commission and came into effect on 5 June 2023.

HEALTH AND SAFETY

BAC is a people business. Keeping everyone at the airport safe and secure is paramount — it's the most important thing we do, and the number one priority identified in the Materiality Assessment. Our people are our strength, so we invest time and effort in them and trust them to deliver exceptional outcomes and to keep each other safe.

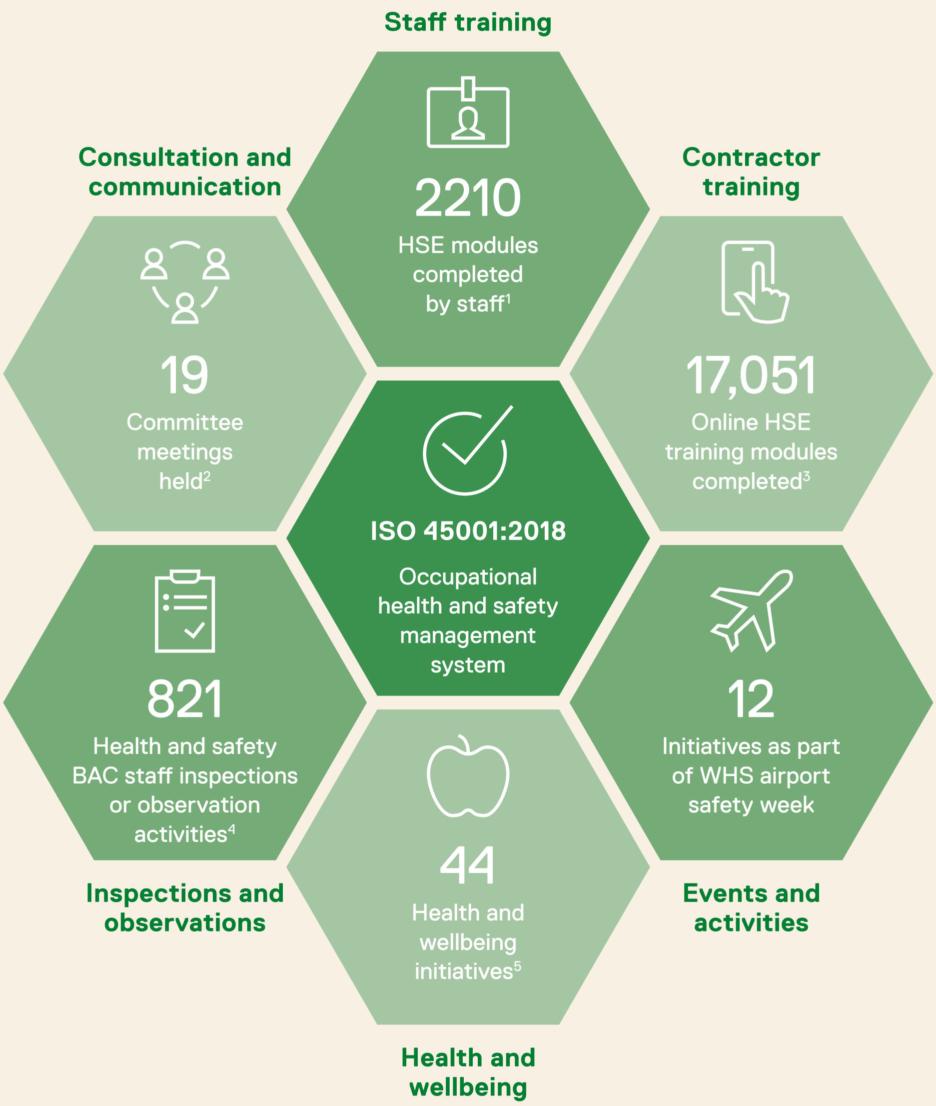
Key to delivering exceptional health and safety outcomes for BNE is our proactive safety program which:

- trains our people and our contractors
- ensures effective consultation and communication
- implements a range of events, activities and initiatives to improve the health and wellbeing of our people
- actively monitors the performance of our health and safety management system through inspections and observations.

A key activity in this proactive approach is the example set by our leaders and their engagement with our people in relation to health and safety. For the FY23 period, the BAC Leadership Team completed 609 health and safety interactions.

Warren Briggs,
Chief Financial Officer

Health and safety highlights



1 Employee Training: drug and alcohol awareness, contractor management, beakon, ergonomics, fire ants, fire extinguisher, fire safety, fire warden, mental wellness, snake bite awareness, first aid, CPR and low voltage rescue.

2 Electrical Safety Committee (5), WHS Committee (7) and Road Manager Safety Committee (7).

3 Contractor Training: airside, beakon, drug and alcohol awareness, asbestos, aerobridge, WHS general, electrical safety, fire ants, excavation, traffic management, work at heights, work in ceilings, work in public areas, hot work, roof access, use of BAC plant.

4 WHS contractor inspections (212) and FRESH reporting by ELT (120) and BLT (489).

5 Skin checks, flu vaccinations, financial wellbeing, walking club, BAC virtual trivia, BAC My Plate Culinary Competition, Women's Health Week, Men's Health Week and BUPA online consultations.

INCIDENT PERFORMANCE AND ANALYSIS

Another key component of delivering exceptional health and safety outcomes is ensuring there is rigorous analysis and review of any incidents that do occur at BNE.

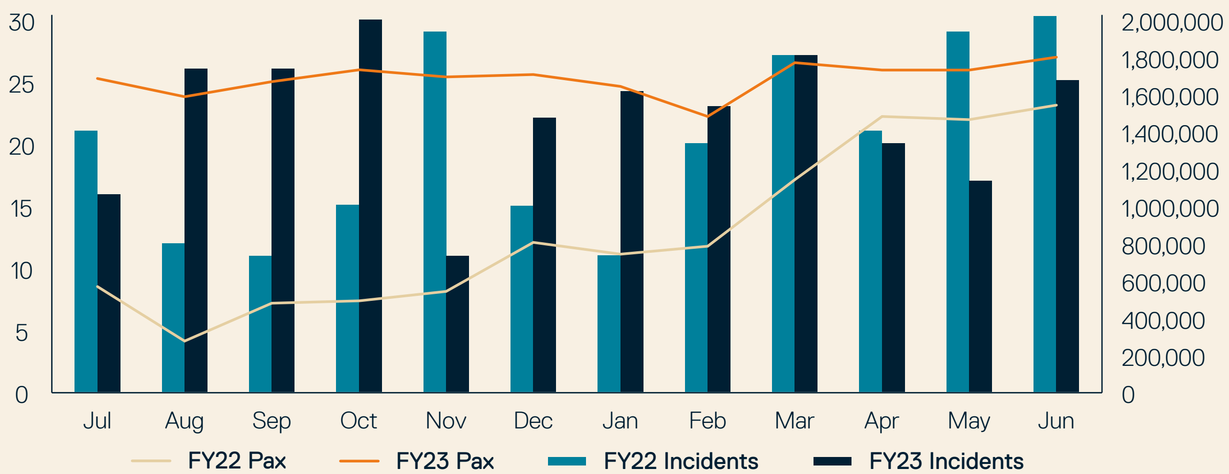
The incident chart below compares incidents from FY22 and FY23, with passenger numbers overlayed. While last year noted a correlation with the rising passenger numbers and an increase in incidents on a month-by-month basis, this year does not appear to follow a similar pattern.

It's worth noting the October and November periods for both FY22 and FY23. Upon analysis, this rise and fall appears to be weather related. November FY22 brought more than twice the average rainfall for the month, which resulted in an increase in slips. This weather, and the connecting incidents, came earlier in FY23 with October being 130% of the long-term average. It was dryer than usual in the proceeding months, and the number of incidents reduced.

Where an injury was sustained, these were classified into the following categories:

- High — permanently life altering injury
- Medium — temporary incapacity with full recovery
- Low — no impairment, temporary inconvenience (e.g. minor first aid)
- Near miss — an occurrence that could have resulted in an impact but did not.

Reported incidents by month



INCIDENT CATEGORY	BAC WORKER	CONTRACTOR	TENANT	PUBLIC	OTHER[1]	TOTAL
High	0	0	0	0	0	0
Medium	2	10	4	37	1	54
Low	10	15	5	113	0	143
Near miss	4	11	13	41	4	73
Total	16	36	22	191	5	270

1 'Other' relates to an incident where a person was not involved.

Health and safety management system

BAC's health and safety management system sets the direction of health and safety at BAC. The monitoring activities confirm the performance of BAC's health and safety management system measuring, reporting and improvement. In August of 2021 the certification of BAC's health and safety management system was transitioned from AS/NZS 4801 to the international standard for health and safety, ISO 45001 (interim certification). A four-day audit was conducted in September 2022 resulting in full re-certification of BAC's health and safety management system to ISO 45001.

A number of initiatives were rolled out in FY23 to support our proactive safety measures and are detailed as follows.

Safety culture maturity assessment

BAC engaged The Keil Centre to carry out an assessment of BAC's safety culture against their safety culture maturity model that has been the industry benchmark in safety culture maturity models for over 20 years. From late November 2022 through to early January 2023 there were 20 workshops involving 212 BAC personnel from all BAC Business Groups. The sessions involved the participants assessing BAC's current safety culture with a rating of 1 to 5 against each of the 10 safety elements.

The outcome was a very strong result with 8 out of the 10 safety pillars rated at 4 out of 5, and the remaining two pillars at 3 of out 5. Strongest results were achieved in relation to visible management commitment, participation in safety and risk-taking behaviour. The opportunities identified through the works were in relation to safety communication, learning organisation and competency management.

Psychosocial risk assessment

The Queensland Government introduced legislative changes on 1 April 2023, including a code of practice, in relation to the management of psychosocial hazards in the workplace. BAC consolidated information from workshops and psychosocial climate surveys into our psychosocial risk assessment. The risk assessment ensures that appropriate controls and control owners, have been identified to manage the risks associated to BAC activities. Key activities in the management of BAC psychosocial hazards included people leaders' training, and implementation of BAC's wellbeing program, *Bwell*.

Competency and training

BAC's training needs analysis register (TNA) was reviewed against the roles in BAC's organisational chart. The register was updated to ensure all training, licencing and verification of competency requirements were identified, and the training program was implemented throughout FY23.

Health safety and environment induction

Our health and safety induction was expanded to include environment. The induction was delivered face-to-face and captured all new starters at BAC in additional to those who had started from the beginning of 2022, with a total of 154 BAC personnel attending the induction.

Contractor management training

As a management company BAC relies on our contracting partners to meet the health and safety standards expected by BAC. To ensure this occurs, BAC's health and safety contractor management training program was redesigned in FY23 with a new interactive workshop implemented from October 2022. Current and new BAC works managers participated in the workshops with a total attendance of 126 in FY23.

Aerobridge training

BAC's revised aerobridge training program was rolled out from 1 July 2023. It included the addition of online training modules for specific aerobridge types to support the verification of competency training delivered by our baggage handling and aerobridge maintenance service provider.

Consultation and communication

The BAC WHS committee was re-established last year following the call for nominations for health and safety representatives (HSRs) for each of our 6 work groups. Multiple nominations resulting in elections being carried out to confirm the HSRs for each of the workgroups. The scope of the committee was expanded to include environment with the first of regular monthly meetings of the HSE Committee conducted in FY23.

Energising our people

BAC's Wellbeing Strategy is designed to create an environment where our people can thrive — where they feel safe and healthy, both physically and mentally, at work and at home. Creating and maintaining a healthy workplace is a shared responsibility and an expectation of everyone at BAC.

The underpinning framework to support the Wellbeing Strategy was developed in collaboration with our people. The framework is made up of four parts: to provide opportunities for our people to reenergise, to build health and wellbeing capability, to offer appropriate support, and to prevent or minimise harm through the identification of risks and controls. To deliver on our wellbeing strategy, BAC provides regular educational as well as active initiatives across physical, mental, social, and financial health and wellbeing.

It is a performance expectation of the BAC Leadership Team to perform regular safety related engagements such as safety or wellbeing related discussions, safety inspections, participation in safety activities/training sessions and share observations/ examples of safe work practices.

CULTURE

Strengthening culture

BAC conducted a detailed Staff Engagement Survey in November 2022 and more recently a Staff Pulse Survey (June 2023) to measure employee sentiment and to understand what areas BAC could improve for our people. Employee participation across the surveys remained high with an average participation rate of 88%. Both surveys indicated our people are highly engaged and enabled, with results consistently above global high performing organisation benchmarks.

Survey feedback indicates that BAC's culture continues to be strong — our people feel cared for; have confidence in the leadership team and believe that BAC is a socially responsible organisation. In the most recent survey, the highest rated responses confirmed that our people feel the organisation puts their health and safety first and that they are proud to work for BAC.

Building capability

We know that our success begins with our people. Every day we strive to inspire and enable everyone at BAC to be their best. We are committed to investing professional growth through our Learning and Development Program, that caters for all roles and career stages. The Learning and Development Program is based on four key pillars: Leadership. Professional & Technical Development, Accelerated Development and Cultural Learning. Through the Learning & Development Program, BAC aims to internally promote staff and create career pathways. Over the year, 10% of the organisation achieved a promotion into a higher role.

BAC has a three-tiered approach to learning, with individual programs addressing senior leaders, people leaders and new leaders. The focus for the tailored FY23 program was performance coaching, equipping our leaders with the best tools to develop their teams, creating an environment of support, progression, and innovation.

BAC has a diverse workforce of both people and roles, and our Professional and Technical Development pillar ensures that we have supported development for everyone at BAC. For those wanting to progress into leadership or become a technical expert, courses, coaching, formal study and experiential learning is all available.

We know that our success begins with our people.

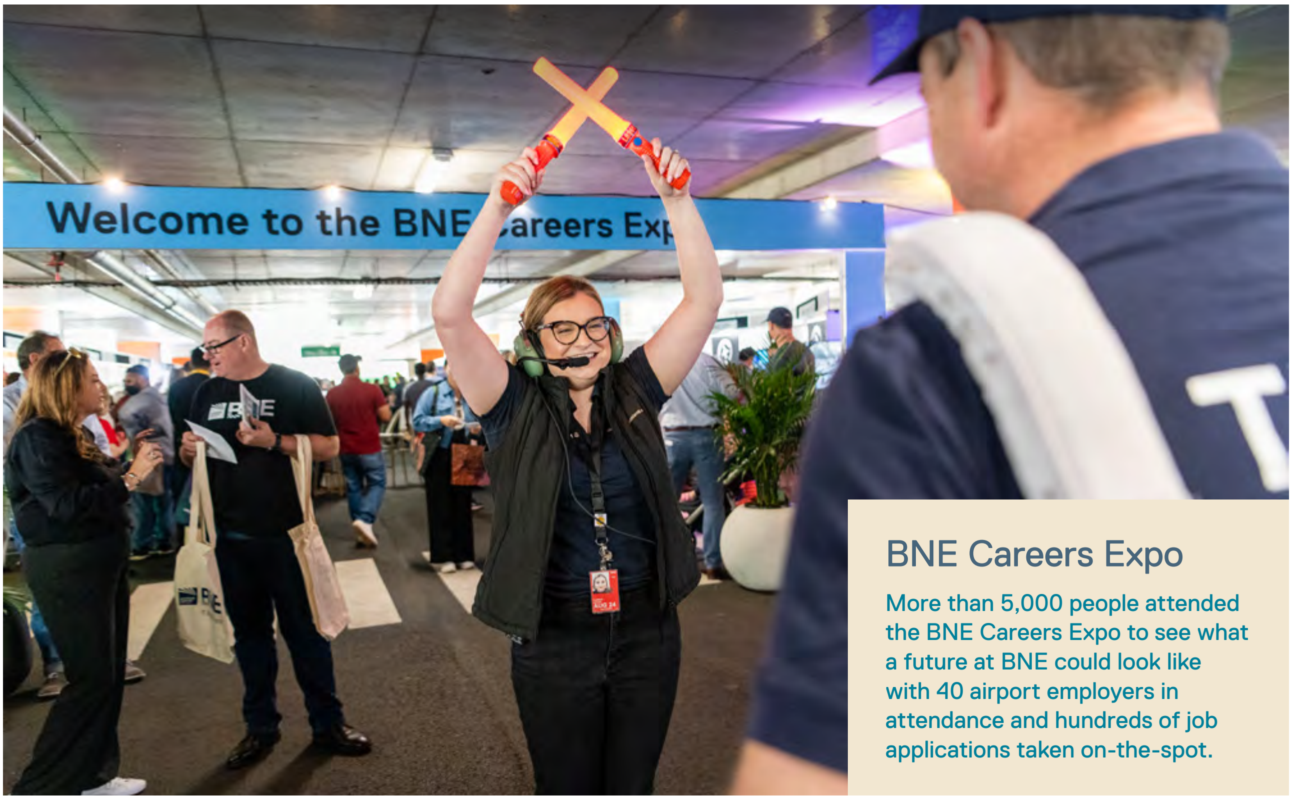
The Accelerated Development pillar allows for people who want to progress their careers as our emerging leaders of both people and technical streams. Our signature program, the Altitude Program, provides for a group of 12 emerging leaders to develop enterprise, technical and leadership skills while completing immersive experiences that apply their skills. The participants also receive performance coaching and are mentored by a senior leader throughout the four-month program. Through our Accelerated Program, an immersive experience or secondment to Schiphol Airport is available to employees to learn through an aviation world leader. Throughout the year, BAC had a number of team members attend Schiphol Airport for their technical development, with one exchange for a period of a year facilitated in the Technology team.

The Diversity and Inclusion Council contains representatives from all Groups of BAC, to celebrate and empower the diversity of all people. The Council focuses on 4 key pillars of Gender, Culture, Ability and Pride fostering an environment of belonging. The Council has achieved many milestones throughout the year, including key policy recommendations and events highlighting International Women's Day, Harmony Day and Pride Month.

METRIC	AS AT 30 JUNE 2023
Number of employees	389
Number of females	135
Number of males	254
Females in senior leadership	36.1%
Turnover	13.4%

BNE resourcing

A key focus for BAC over the past 12 months has been supporting the broader BNE community in rebuilding its workforce to support the strong aviation recovery. In FY23 this involved facilitating a BNE Workforce Attraction forum with 45 representatives from 27 businesses on airport to discuss potential short-to-medium-term and long-term solutions designed to raise awareness in the employment market of the diverse career opportunities available to employees.



BNE Careers Expo

More than 5,000 people attended the BNE Careers Expo to see what a future at BNE could look like with 40 airport employers in attendance and hundreds of job applications taken on-the-spot.

PROTECTIVE & CYBER SECURITY

Physical Security (also referred to as 'Protective Security') is associated with those risks to an organisation's people, assets, operations, and information posed by a physical threat.

Physical Security is associated with those risks to an organisation's people, assets, operations, and information posed by a physical threat.

For ease of understanding, physical security risk can also be further classified into two specific risk classes: People Security risk and Asset Security risk.

- People Security risk involves any threat that can impact the health, safety, and well-being of a person (including both physical and mental health and well-being).
- Asset Security risk is any threat that could impact a particular physical resource owned by an organisation or entities associated with an organisation (e.g. theft, damage or destruction of an asset).

When thinking about physical security risk, like cyber security risk, it is important to understand that it is unique to many other risk types in so far as threats that might materialise into an incident must always involve some form of intent by a threat actor. Physical security incidents don't happen by accident.

Additionally, when considering physical security in the aviation industry it's also vital to appreciate the regulated context in which we operate. Australian aviation is heavily regulated with regard to security when compared to other critical infrastructure sectors such as telecommunication, energy, gas and water entities. As an example, these industries are now just commencing (2023) initial high-level compliance activities under Security of Critical Infrastructure Act 2018 (SOCI Act). This is compared to the aviation industry which has been required to abide by the specific legislation such as the Aviation Transport Security Act & Regulations formulated in 2005 which is directly assured and enforced by the Australian Cyber & Critical Security Centre (CISC). Evolving obligations such as the Department of Home Affairs Strengthening Aviation Security Initiative also continue to be developed, resulting in new compliance requirements.

At BAC, physical security measures and the safeguards they provide are a key element in our vision to connect the world and create the future by ensuring we are a safe, secure and sustainable airport for everyone. Similarly, physical security must continuously manage this risk type to ensure the protection of our community, customers, employees, and the business' operations on behalf of our shareholders. BAC has contracted a global security services provider to deliver security screening and landside security services at Brisbane Airport.

Programs of work that are the current focus of our Security Policy & Compliance team include both compliance and non-compliance driven initiatives such as:

- International Terminal Building Security & Retail Upgrade Project (ITB SRUP)
- Domestic Terminal Building Security Upgrade Project (DTB SUP).

These projects are required by the Department of Home Affairs to upgrade all security screening equipment to 'Standard 3'. This new equipment will not only provide more highly advanced techniques for screening passengers, cabin and checked baggage but will also enhance the passenger experience when passing through security screening points (e.g. allow several more items such as powders, liquids, aerosols and gels to remain in a bag and increase the speed of the screening process).

In addition, BAC is also uplifting the organisation's physical security posture through:

- development of an Electronic Security Technology Future Roadmap
- ongoing internal and external security assurance activities and security exercising.

BAC works closely with state and federal agencies to collectively provide a secure aviation industry.

CYBER SECURITY

BAC recognises the importance of cyber risk management. Ensuring a resilient cyber security framework isn't just about safeguarding the business; it's about fostering seamless connections between the airport, our customers, the community, and our employees. BAC continues to invest in managing its cyber risks and securing its business critical technologies to minimise the risk of potential losses due to cyber attacks.

In the past year BAC has elevated its defences by fortifying malware protection, introducing next-generation firewalls, refining backup services, and launching a 24/7 Security Operations Centre (SOC).

As cyber threats evolve, we have not been complacent. Recognising the escalating trend in phishing attacks — with a significant number of emails being flagged as spam or malicious — BAC has ramped up its protective measures.

With an already impressive 99.9% effective email security system in place, BAC has furthered its protective measures by integrating phishing simulation assessments, comprehensive awareness training, avant-garde email security systems, and strong multi-factor authentication protocols.

While not all obligations under the Security of Critical Infrastructure Act apply to the aviation sector, BAC is planning for potential expanded obligations.

Given the interconnected operational structure of Brisbane Airport, which encompasses various third-party vendors, there has been a concerted focus on supply-chain security. Recent adoptions include risk management tools and External Attack Surface Management (EASM) to enhance oversight on supply chain risks.

Finally, to ensure and validate the robustness of these defence mechanisms, BAC also completed an Australian Signals Directorate Essential 8 Gap Analysis against its critical infrastructure services and corporate environment.

OUR ENVIRONMENT

ENVIRONMENTAL MANAGEMENT

BAC is the lessee of a substantial landholding of 2,700 hectares and the way we develop, maintain and enhance our environment is critical to our social licence to operate and grow.

We operate near sensitive environments like Moreton Bay and our own 285-hectare Biodiversity Zone, as well as areas of cultural significance for First Nations people.

BAC incorporates a robust environmental management program into its practices, which spans BAC operations as well as those of our contractors, tenants and other operators on the airport site. Environmental management is underpinned by the Airport Environment Strategy (AES) which is a part of our Master Plan. The AES sets the strategic direction for environmental management at Brisbane Airport.

Biodiversity

Brisbane Airport is uniquely situated on a reclaimed portion of the Brisbane River delta. The northern boundary of the airport forms the shoreline of Moreton Bay, a Ramsar-designated wetland of international significance. Thousands of migratory shorebirds feed on this shoreline at low tide from September to April of each year. BAC is committed to biodiversity conservation and has a designated Biodiversity Zone that occupies over 10% (285 hectares) of the airport's total area.

This is made up of a number of vegetation communities and wildlife habitats including:

- remnant and regrowth mangrove and saltmarsh communities in Jubilee/Serpentine Creek and Jackson Creek, and adjacent to the Pinkenba residential community
- intertidal sand flats which provide feeding grounds for migratory shorebirds and other wetland birds
- tall grasslands and sedgelands, home to the locally significant Lewin's Rail and Eastern Grass Owl
- casuarina plantations that provide shelter to small forest bird species unlikely to present a hazard to aircraft safety.

Monitoring is undertaken of key flora and fauna, and habitat management is carried out to maintain vegetation and environmental condition of significant areas.

HERITAGE MANAGEMENT

Brisbane Airport's area is culturally and spiritually significant to the First Nations people of the land, waterways and sky. It also has non-Indigenous historical heritage importance with sites such as the former Cribb Island community and the Kingsford Smith Memorial containing the Southern Cross Aircraft. This year, BAC undertook a major review of its Heritage Management Plan for the airport site. The updated Heritage Management Plan now includes deeper context of the Aboriginal cultural heritage background and connection to the region, as well as further information on modern history and regulatory context. A consultation program with a broader range of First Nations groups ran alongside the review. The creation of a cultural heritage map of the airport and surrounds provides a key new resource for BAC and for the First Nations community. The Heritage Management Plan and consultation will inform planning, design and development at the airport, and link into the Reconciliation Action Plan.

BAC recognises that long-term, responsible growth is key to delivering value to our communities, customers, employees and shareholders.

ENVIRONMENTAL MONITORING AND COMPLIANCE

BAC maintains an Environmental Management System consistent with the international standard AS/NZS ISO 14001:2015 and adopts a risk-based approach to management of its environmental performance across the business. Environmental monitoring is carried out, as well as environmental inspections of BAC operations, contractors, tenants and other operations on the airport across operational and land development sites.

OUR PERFORMANCE

Water

BNE has committed to achieving 50% recycled water consumption by 2030. Sustainable water management has always been a high priority on BNE's sustainability agenda. Significant growth in passenger numbers, infrastructure and property developments have led to an increase in water consumption.

SOURCES OF WATER FOR CONSUMPTION INCLUDE:

Potable water

Class A recycled water from the Queensland Urban Utilities (QUU) Gibson Island Wastewater Treatment Plant

Onsite stormwater harvesting

THIS YEAR OUR WATER CONSUMPTION WAS:

BAC potable water: **466,778 kilolitres**

Recycled water: **153,907 kilolitres**

The FY23 total water usage increased as a result of an increase in potable water due to the total number of passengers returning to the Domestic and International Terminals. Despite the total recycled water usage increasing year-on-year, the percentage of recycled water to total water decreased due to the increase in potable water. Currently BAC stormwater harvesting lake is used for irrigation (Skygate and Golf Central), and Gibson Island (Urban Utilities) supplies cooling towers at ITB and DTB.

As part of our commitment to achieving 50% recycled water by 2030, BAC is working towards achieving this target by continuing to investigate water reduction initiatives, sourcing recycled water and developing a detailed roadmap.

Waste

BAC is responsible for managing waste generated from our activities, operations and our business sites including the Domestic and International Terminals. Through our Sustainability Strategy, we have committed to achieving zero waste to landfill by 2030 (excluding biosecurity waste resulting from quarantine at the International Terminal).

IN FY23, OUR RECYCLING RATE WAS 25.5% AND SEGREGATED INTO THE FOLLOWING STREAMS:

Recycling: **794.81 tonnes**

Landfill: **2,321.81 tonnes**

Quarantine waste from International Terminal: **260.2 tonnes** (not included in total waste amount as this cannot be diverted from this specialised waste stream). All quarantine waste is incinerated and converted to energy.

Waste to landfill increased by 66% in FY23 as a result of the increase in passenger numbers. The recycling rate was up 28% as retailers generated a large amount of cardboard and BAC implemented organics recycling at the Domestic Terminal.

Oscar

The Oscar smart recycling assistant is now in operation at the Domestic Terminal and Skygate, helping our passengers and customers to boost recycling through gamification. BAC was the first airport in Australia to implement these smart, touch-free artificial intelligence waste stations, with the aim of increasing the amount of waste diverted from landfill.

EMISSIONS AND ENERGY MANAGEMENT

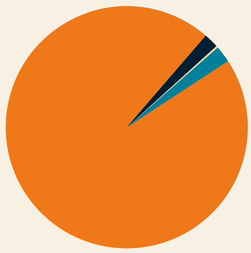
Emissions

BAC takes a proactive approach to managing and reducing emissions. In FY23, we focussed our activities on our commitment to achieve Net Zero by 2025 (Scope 1 and 2).

BAC's scope 1 and 2 emissions account for approximately 2% of our total footprint. Our Scope 1 emissions are generated from our refrigerants, and fuel consumption from our fleet vehicles, fire pumps and generators. Scope 2 emissions are generated from the consumption of purchased electricity.

BAC recognises that approximately 98% of our total emissions is attributed to Scope 3. The most significant source of our Scope 3 emissions is generated from aviation fuel. Other large contributors include ground services equipment, tenants electricity, passenger and customer travel to the airport (taxi, car, bus). BAC is continuing to work with our supply chain to collect reliable data to further advance our scope 3 emissions report.

Scope 1 and 2



SCOPE 1

1.95% Fuel (vehicles and emergency generators), 690t CO^{2}e

0.00% BAC fire pumps, 1t CO^{2}e

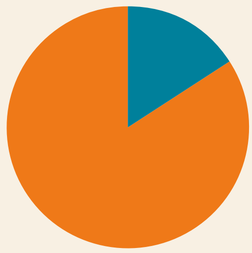
0.14% SF6, 51t CO^{2}e

2.32% Refrigerants, 823t CO^{2}e

SCOPE 2

95.58% Electricity, 33,848t CO^{2}e

Scope 3



SCOPE 3

84% Aircraft emissions*

16% Other**

Some third-party emissions data was not available at the time of reporting but the volumes are estimated to be immaterial to BAC's Scope 3 emissions profile.

* Aircraft emissions include aircraft full flight emissions, aircraft auxiliary power units and engine run-ups.

** Other includes airside vehicles, tenant electricity, tenant gas, fire training, waste, wastewater, employee and passenger commutes to airport.

BAC does not currently have reliable data for tenant operations, embodied carbon or construction activities. Once this data has been collected, BAC will seek to include this information in its Scope 3 emissions profile. BAC is committed to working within our own operations as well as with our customers, supply chain and partners around the airport precinct to identify and implement emissions reduction opportunities.

Building on our commitment to the global Clean Skies for Tomorrow initiative to deliver 10% Sustainable Aviation Fuel through the airport by 2030, our CEO, Gert-Jan de Graaff, was appointed to the newly formed Australian Federal Government's Australian Jet Zero Council to help ensure a sustainable aviation sector. BAC will represent airports across the country on the inaugural Council. The Council was established on 21 June 2023 and brings together a cross-section of senior stakeholders from across the aviation sector and its supply chains to lead efforts to deliver net zero aviation in Australia.

Environmentally Friendly Asphalt

We expanded the use of Carbonphalt in most of the asphalt resurfacing works at BNE. Carbonphalt utilises the recovered carbon black produced from vehicle tyres stockpiled for landfill. Another by-product of the carbon black process is a tyre derived fuel oil (TDFO). TDFO is used as burner fuel that 100% replaces the use of diesel in the aggregate drying process at the asphalt plant. In FY23, we successfully reused 31,490 tyres, 31,490L of TDFO and saved 100.6 tonnes of CO2e.

In FY23, BAC continued to be an active member of the Climate Leaders Coalition (CLC), which is a group of Australian CEOs supporting the Paris Agreement commitments. As part of our participation in the CLC, BAC co-chaired a Scope 3 deep dive focusing on feedstock to flight emissions of Sustainable Aviation Fuel, identifying baseline operations and opportunities for decarbonisation at key points in the supply chain. This was done in partnership with Deloitte, Ampol, VIVA Energy and Qantas.

Energy

BAC manages an embedded electrical network which provides electricity required to operate the BNE precinct across several areas, including airfield and terminal operations, building services, transportation, and IT infrastructure. We have been implementing considerable energy efficiency initiatives since 2013 resulting in significant energy savings leading to more sustainable and cost-effective services for customers.

This year, a total of 157 gigawatt hours of energy was used by the airport site, with 45.58 gigawatt hours consumed by BAC. Onsite solar energy generation accounts for 17% of supply with construction activities underway for more onsite solar. Most of the consumption at BNE is from the International and Domestic Terminals with the remainder used by airport tenants.

To ensure BAC optimises its energy use, we have developed an Energy Management Framework, which outlines how to continuously improve energy efficiency to reduce emissions and meet our sustainability objectives.

A total of 8.97 gigawatt hours of energy was produced from our onsite solar and a further 1.31 gigawatt hours was saved from our energy efficiency program. Savings were derived from optimisations to the building climate control systems and refurbishment and expansion of cooling towers. Reduction in electricity use due to lower passengers is not included in this savings figure and this electricity use is expected to return with international passenger recovery. BAC has further committed to expanding our on-site solar by an addtional 5MW by 2025.

CASE STUDY

airport carbon accredited
TRANSFORMATION

ACA Level 4

In FY23, BAC became the first Australian airport to achieve Level 4 of the Airports Council International (ACI) Airport Carbon Accreditation (ACA) program. The transformation status recognises Brisbane Airport's long-term carbon management strategy towards absolute emissions reductions and evidence of forging meaningful partnerships to reduce the emissions of airport partners. The Airport Carbon Accreditation is the only institutionally-endorsed, global carbon management certification program for airports. It independently assesses and recognises the efforts of airports to manage and reduce their carbon emissions through six levels of certification.

CASE STUDY

Power Purchase Agreement (PPA)

In FY23 BAC signed an historic six-year agreement to secure power that is linked to renewable energy from Queensland's Clarke Creek Wind Farm & Blue Grass Solar projects as part of its commitment to be net zero for Scope 1 and 2 emissions by 2025.

We are the first customer to sign onto Stanwell Corporation's renewable energy pipeline, which will supply up to 185 GWh of power each year from 2025. This agreement ensures that all of BAC's assets and operations will be powered by renewable energy, from the runway lights through to the terminals. It will also recharge Brisbane Airport's fleet of electric buses, cars, Australia's only electric aircraft refuelling truck and even electric lawn mowers. The renewable energy agreement also has a Scope 3 emissions reduction benefit. As BAC owns and operates its own energy network, BAC is an energy supplier to approximately 80% of our tenants ensuring that any tenant that uses BAC's energy network will receive renewable electricity from 2025.

CLIMATE CHANGE

OUR POSITION ON CLIMATE CHANGE

The aviation industry accounts for approximately 2.5% of global CO^2 emissions. As a hard to abate sector, the aviation industry will be slow to transition, therefore as other industries decarbonise quickly aviation could account for as much as 25% of global CO^2 emissions by 2050.

As an island nation, Australia is heavily reliant on aviation. There are no viable alternatives to flying if you want to move around Australia quickly. As an industry, airports globally have committed to Net Zero by 2050, and Brisbane Airport is committed to achieving its sustainability purpose of 'creating a sustainable world-leading airport city that generations trust and are proud of'. For Brisbane Airport, this means growing in a responsible manner and ensuring we do our part to reduce emissions and the impact of climate change.

Brisbane Airport is located on Moreton Bay and is surrounded by creeks and rivers, making us highly susceptible to a changing climate. We recognise that climate change presents potential risks both in terms of daily operations and long-term planning. We support the global actions to mitigate climate change impacts through transitioning to a low-carbon future and aligning to the goals within the Paris Agreement. Our shareholders also support action to mitigate climate change and have committed to net zero emissions targets and are extremely supportive of our efforts to reduce our footprint. We understand that we cannot decarbonise aviation alone and that partnerships are critical to ensure Brisbane Airport remains resilient to climate change impacts.

Scenario analysis

This year, we updated our climate change risk assessment (both physical and transitional) and developed a Climate Change Adaptation Plan based on the findings of the physical risk assessment. Climate change risks are referred to as:

a. **Physical** risks which relate to the impacts of climate change and can be acute (i.e. event driven such as floods, cyclones etc.) or chronic (i.e. longer-term shifts in climate patterns such as sea level rise, increased temperatures etc.); and

b. **Transitional** risks which relate to risks and opportunities associated with transitioning to a lower-carbon economy.

Our latest climate assessment is based on the findings detailed in the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report (AR5) and Sixth Assessment Report (AR6). Scenarios from the AR5 report have been used as the detailed scaled down data was not available from the AR6 report.

The IPCC have developed four climate scenarios referred to as Representative Concentration Pathways (RCP). The RCPs outline various climate futures based on the amount of greenhouse gas concentrations within the atmosphere. The physical risk assessment was undertaken using the IPCC RCP 8.5 scenario which is considered worst case with no efforts to reduce global emissions. The transitional risk assessment was undertaken using the IPCC RCP 2.6 as it represents the best-case scenario with strong efforts to decarbonise from all industries. The assessment used multiple time horizons including 2030, 2050 and 2090.

The scenario summaries are detailed below.

BUSINESS AS USUAL (RCP 8.5)	ACCELERATED TRANSITION (RCP 2.6)
• High emissions scenario, continuing current carbon emissions to 2100 and beyond. • Increased economic and social development coupled with exploitation of fossil fuels and resources. • Physical impacts of climate change increase. • No international policy, support or behavioural changes made. • Considered worst case scenario.	• Low emissions pathway, strong emissions reduction peaking in ~2020 and then rapidly declines. • Net zero by 2070 achieved. • Supportive international and national policies. • Transition to renewable energy and less energy intensive activities.

Climate-Related Risks and Opportunities

An as airport operator, understanding our exposure to physical climate change-related risks is critical to increase resilience in our operations and inform future planning. Physical risks resulting from climate change can lead to impacts such as direct damage to assets and services, and can cause operational disruptions.

A total of 35 physical risks were identified across our assets and operations. However, seven risks have been prioritised due to their high-risk rating.

CLIMATE HAZARD	IDENTIFIED RISK	EXISTING CONTROLS
Extreme Heat	Increasing temperatures and frequency of hot days resulting in degradation of hardstand assets (i.e. taxiways, aprons, pavements, roads and carparks) leading to increased maintenance expenses and shortened lifespans.	• Australian Standard pavement design specifications including design life and heat conditions. • Taxiway and apron are constructed using concrete, while airfield pavements are constructed on sand which is less susceptible to expansion and contraction.
Extreme Rainfall	Extreme rainfall events resulting in damage or failure of road or rail infrastructure leading to staff, customers and suppliers not being able to access BNE.	• Airport-wide flood model developed and incorporates climate change scenarios. • 98% of infrastructure built above the 1 in 100-year flood level.
Storms	Storm events resulting in damage to power distribution system requiring immediate action leading to operational disruptions.	• Airport-wide flood model developed and incorporates climate change scenarios. • High voltage network architecture has built in redundancy with multiple route options for supply. • Preliminary analysis undertaken to determine the capacity of the site for installation of renewables and potential locations, including unused land, within buildings and structures, underground spaces and rooftops.
	Extreme storm events resulting in dangerous conditions and flight delays, leading to increased volumes of passengers within the terminal buildings and business disruption.	• Adverse Weather Plan in place and reviewed regularly. • Early storm warning systems and dashboard in place (MetOps). • Weather information also received from BOM, Local Disaster Management Group (LDMG) and District Disaster Management Group (DDMG). • Emergency management program incorporates training to respond to weather events.

Climate-Related Risks and Opportunities (Continued)

CLIMATE HAZARD	IDENTIFIED RISK	EXISTING CONTROLS
Sea Level Rise	Sea level rise impacts resulting in damage or failure of infrastructure leading to operational disruptions and disruptions to the major capital works programme.	• Airport wide flood model developed and incorporates climate change scenarios. • Asset management plans developed to inform the upgrade and replacement of key airport infrastructure. • Minimum design levels developed based on climate scenarios.
	Sea level rise resulting in inundation of drainage outfalls leading to increased incidence of flooding, no staff access and service disruption.	• Airport wide flood model developed and incorporates climate change scenarios. • Minimum design levels developed based on climate scenarios.
	Storm surge exacerbating the impacts of sea level rise reducing drainage immunity.	• Sea wall protects existing foreshore from continued erosion of the coastal perimeter, where not protected by mangroves.

Adaptation planning

Climate change adaptation planning at BNE commenced in the 2000s, largely addressing sea level rise. Since then, we have continued to increase our adaptive capacity and updated our risk assessments as new science becomes available.

This year, we updated our Climate Change Adaptation Plan based on our revised risk assessment. The adaptation plan outlines a comprehensive set of 14 actions to respond to our seven priority physical risks. The adaptation actions are categorised under five themes, which are:

THEME 1:	THEME 2:	THEME 3:	THEME 4:	THEME 5:
Building the baseline on climate data	Incorporating climate data into strategic and operational decisions	Implementing climate actions in design and planning	Implementing climate actions in operations and maintenance	Engaging with key external partners

We will continue to embed our climate adaptation plan and the identified mitigation actions across our business and operations and report on our progress annually.

Transitional risks

Transitioning to a lower-carbon economy may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of financial and reputational risk to BAC.

A total of 21 transitional risks were identified. The risks that have an immediate onset (i.e. direct impact to BAC) or high vulnerability have been prioritised.

TRANSITION SECTOR	IDENTIFIED RISK
Policy and Legal	Increased operational expenditure if BAC offset emissions and carbon prices increase over time.
	Increased exposure to legal liability and potential to face penalties for operating in contravention to international standards and commitments (i.e. Paris Agreement, carbon targets).
	Additional capital and operational expenditures to accommodate new assets and equipment responding to policy change towards electric ground transportation (i.e. onsite battery storage, increased grid connections for electric vehicle charging).
	BAC's investment schedule does not adequately consider emerging technologies and fuel sources (e.g. hydrogen, SAF), losing established first mover advantage.
	Procurement policy is ineffective in outlining BAC's sustainability expectations.
Market Shift	BAC's assets and operations will be more exposed to physical climate change impacts, impacting access and availability to equity/financing and/or increased cost to finance debt.
	Increased insurance premiums and costs (i.e. liability claims) associated with coverage for extreme events.
Technology Shift	Supply shortages to aviation fuel, delays in alternative fuel supply and/or a lack of domestic market resulting in delays and an inability to achieve targets (e.g. SAF).

Transitional opportunities

Efforts to mitigate and adapt to climate change have potential opportunities for BAC through resource efficiency and cost savings, the adoption of low-emission energy sources, the development of new products and services, access to new markets, and building resilience along the supply chain.

The identified opportunities were prioritised utilising TCFD's risk matrix and align to international standards on risk management processes. A total of 22 transitional opportunities were identified. The risks that have an immediate onset (i.e. time that elapses between the occurrence of an event and the point at which BAC will feel its effects) and high vulnerability have been prioritised.

TRANSITION SECTOR	IDENTIFIED OPPORTUNITY
Energy Source	Generate and store renewable energy onsite through improved access and declining capital cost of renewable energy and battery technologies, resulting in improved operational resource efficiency and emissions reduction.
Resource Efficiency	Improve energy efficiency measures across assets and operations (i.e. on demand runway lighting, mature energy efficiency framework), mitigating operational cost increases from increased energy cost and/or carbon pricing.
	Install new technologies to reduce energy use, emissions and associated operational expenditures (i.e. AV security of the boundary and Foreign Object Debris, use of drones).
	Improve energy and emissions performance standards which result in reduced operational expenditure.
	Capitalise on green finance mechanisms issued via investment products, green bonds, tax incentives or subsidies, to invest in resource efficiency and low/no carbon products and services, which reduce operational expenditures.
	Reduce operational expenditure through resource efficiency of upgraded BAC fleet (i.e. electrification, variation in assets — not just utility vehicles), as well as avoiding potential emissions penalties and pricing.
	Partner with Airservices Australia to redesign Australia's airspace to find new, more efficient flight paths.
Market	Attract new forms of investment (i.e. property customers interested in innovation, renewable energy and/or hydrogen hub products).
	Reduce Scope 3 emissions through partnerships and being a leader within the market (e.g. incentivisation of greener aircraft through reduced landing fees).
	Reduce Scope 3 emissions and increase connectivity through collaboration with government and industry (e.g. advocate rapid bus transit, enabling electric vehicles).
Products and Services	Invest in services that promote use of electric ground transportation (i.e. charging stations, parking restrictions or incentives) resulting in contribution to increased asset value.
	Adopt sustainable building guidelines (i.e. Green Star) to generate BAC specific requirements to ensure ESG principles are applied (i.e. renewable energy, batteries, content of recycled asphalt, end of trip facilities).

OUR PROGRESS ALIGNING TO TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

TCFD THEME	OUR PROGRESS	FY24 ACTIONS
Governance	• Board oversees the management of climate-related risks. • Board endorses climate-related targets and reviews progress.	• Undertake Board Strategy Day on Climate Change and Sustainable Aviation Fuel opportunities for Brisbane Airport. • Continue to engage with our Finance, Audit and Risk Management Committee and Board regularly on climate change management.
Strategy	• Climate Change Resilience is a focus area within BAC's Sustainability Strategy. • Physical and transitional risks identified. • Transition opportunities identified. • Climate Change Adaptation Plan developed.	• Prioritise the actions outlined within the Climate Change Adaptation Plan and develop implementation program. • Undertake a climate change vulnerability assessment of BAC's critical assets. • Update strategic documents (Airport Master Plan, Sustainability Strategy etc.) to reflect findings of climate risk assessment and adaptation plan.
Risk Management	• The identification and assessment of climate-related risks were undertaken in accordance with BAC's Risk Management Framework. • Each Group and/or Division maintains a register of risks that could affect their ability to achieve objectives. The Climate Change Risk Register is managed by the Sustainability Team.	• Consider including climate change in BAC's Risk Appetite Statement and map the priority climate risks to the focus areas and subcategories of the Risk Appetite Statement to clarify the risk appetite for each priority climate-related risk. • Develop formal process that clearly describes how the identified climate risks and opportunities are managed.
Metrics & Targets	• Climate-related targets established. • Metrics developed to track progress. • Scope 1, 2 and 3 emissions are disclosed.	• Participate in the Jet Zero Council. • Seek partnership opportunities for the use of SAF at Brisbane Airport. • Disclose metrics for historical periods (i.e. at least two years) to allow for trend analysis. • Implement Scope 3 Emission Strategy.

OUR COMMUNITY

Airports are for people.

Brisbane Airport exists because people want and need to travel, and because goods need to move quickly around the world.

Queensland is a vast state, isolated from the rest of the world, so aviation is essential.

Our community benefits when we have the facilities and services they want and need.

And being a good neighbour means we share our success to make Brisbane a better place, we help those who need it most, and we work hard every day to minimise the impacts aircraft noise can bring to local communities.

ACTION ON NOISE

We are working hard every day to minimise the impacts aircraft noise can bring to some residents.

In the past year, the avenues for residents to be heard on this issue have expanded.

Brisbane Airport has deepened its efforts to work with all of our partners to reduce flight path noise. While there are no quick fixes, we are optimistic that further improvements are at hand.

Reducing noise disturbance is a priority for BAC and we continue to work with Airservices Australia and our partner airlines to deliver sustainable aviation with less impact on our community.

Airservices Australia is the Federal Government authority that designs flight paths and operates Air Traffic Control at Brisbane Airport.

In FY23:

- The Brisbane Airspace Advisory Board was established. Five community representatives have joined the permanent, independent forum to give residents a stronger voice on aircraft noise to develop noise improvements for the community. Members come from Brisbane, Redland City and Samford Valley.
- The Brisbane Airport Flight Path Changes Post Implementation Review was completed. BAC participated in community consultation following the release and is part of a joint Airservices Australia-BAC team to implement recommendations.
- BAC deployed temporary noise monitors in four locations to collect data and provided reports to local communities.
- BAC made representations to Airservices Australia which saw an official NOTAM (Notice to Airmen) update to ATC operations recognising that Brisbane's new runway is not to be used for flights over the city from 10pm–6am (5am during daylight savings). The only exception is in cases of emergency, the loss of infrastructure such as the closure of the Legacy Runway or extreme weather conditions.
- BAC began engaging with airlines that operate overnight to consider a higher departure tailwind where safe to do so, to enable more flights to be conducted over the waters of Moreton Bay.
- BAC is continuing the conversation with our airline partners about the urgency to introduce next generation aircraft with lower emissions and quieter engines.
- The Brisbane Airport Community Aviation Consultation Group continued to be the primary connection between BAC and residents receiving input on issues beyond noise including terminal development and active transport.
- BAC is part of the Hydrogen Flight Alliance which is supporting the trial of quieter and cleaner transport using hydrogen electric aircraft. Skytrans, part-owned by Johnathan Thurston, is in line to be the first customer.

While BAC's controls over airspace are extremely limited, we are committed to working with Airservices Australia and those living under the flight paths to minimise the impact of noise where it is safe and reasonable to do so.

Johnathan Thurston holding an electric engine at the Hydrogen Flight Alliance launch.

SAVING LIVES 24/7

In FY23, the Federal Government granted approval for the Queensland Regional Aeromedical Base at Brisbane Airport which will connect more Queenslanders to major hospitals and life-saving medical care.

Construction will shortly begin on patient transfer facilities, aircraft hangers and administrative facilities that will offer a higher level of medical care and connectivity to Queenslanders in transit.

This base will be the new home of Royal Flying Doctor Services (RFDS), LifeFlight, Retrieval Services Queensland and QGAir.

Brisbane Airport Corporation is a proud sponsor of RFDS and LifeFlight who are at the forefront of delivering emergency and critical health care across remote and regional Queensland.

BRISBANE AIRPORT AEROMEDICAL OPERATIONS FY23	
Royal Flying Doctor Service	2,046 patients flown to Brisbane
LifeFlight Helicopters	548 people helped including 51 neonatal and 62 pediatric transfers over 1,202 mission hours
LifeFlight Air Ambulance jets	189 patients airlifted

DESTINATION BRISBANE

BAC contributes long-term to Brisbane creative communities that make Brisbane a better place to live and a more attractive tourism destination. We work collaboratively through philanthropic donations and sponsorships to elevate Brisbane's place on the national stage.

Our FY23 partners included:

- Australasian Dance Collective
- Brisbane Festival
- Brisbane Philharmonic Orchestra
- Brisbane Powerhouse
- Camerata
- La Boite Theatre
- Museum of Brisbane
- Opera Queensland
- Queensland Ballet
- Queensland Gallery of Modern Art
- Queensland Music Festival
- Queensland Performing Arts Complex
- Queensland Theatre
- Queensland Symphony Orchestra
- Vision Splendid Outback Film Festival

We also support teams and events that encourage inclusionary participation in sports including Brisbane Roar Women's team, Queensland Cricket's women's teams the Queensland Fire and the Queensland Indigenous Women's Team.

In May, BAC was principal drone sponsor of *Lucie in the Sky*. The Australasian Dance Collective's innovative work was a bold fusion of contemporary dance and technology. The work which had its global premiere in Brisbane, is now attracting vast interest.

GRASSROOTS COMMUNITY SUPPORT

By far the most impactful giving program undertaken by BAC is to community-based organisations who are the local heroes on the ground making a difference in the lives of people across Brisbane.

In FY23, the Community Giving Fund was realigned into four categories to reflect our priorities: Enquiring Minds, Protecting our Planet, Connecting Community, and Health and Wellbeing.

33 successful recipients were chosen from 259 applicants. Funded projects ranged from cleaning up Moreton Bay, helping to save suburban platypus, assisting seniors to cycle safely, a yoga program for the deaf community, and Brisbane Pride Choir.

Brisbane Airport is also a proud supporter of Foodbank which has been at the forefront of assisting families during the cost-of-living crisis.

BAC also donated $17,699 from its Lost Property Auction to Braille House, allowing for the transcription and production of 25 new book titles for blind or low vision children, including the popular series Bluey.

ACTIVE TRANSPORT

In FY23 BAC commissioned the delivery of an Active Transport Strategy to provide safe and attractive Active Transport and last mile connections to, through and within the airport precinct. As part of this commission, 517 members of the public had their say through a 2 week user survey, indicative of the rising popularity of Active Transport as a commuter mode. The Strategy will be finalised in FY24.

Community Engagement

We conducted 38 bus tours of BNE for education and community groups in FY23 as well as Mobile Information Van visits to five major community festivals.

Boronia Brew

10 staff with a disability have found employment at Boronia Brew, a new coffee shop supported by BAC and run by Help Enterprises. In its first four months of operation, 1820 hours of employment was given to people with a disability.

Bluey

To help make holiday travel fun and entertaining, Bluey and Bingo from Brisbane's number one global entertainment export joined us for special terminal activities.

RECONCILIATION AND INDIGENOUS HERITAGE

We acknowledge the traditional owners of the Meanjin/Brisbane region and recognise their continuing connection to lands and waters. We pay our respect to all Aboriginal and Torres Strait Islander peoples of the places Brisbane Airport connects.

BAC is currently enacting its third Reconciliation Action Plan (RAP), detailing further commitments to the process of reconciliation and understanding the Indigenous heritage of the land on which we operate.

One target of the RAP is to support the employment of First Nations people. During FY23, the proportion of Indigenous BAC employees fell due to a 19% increase in total employees, without recruitment of First Nations people. With more than $5 billion of investment over the coming decade, BAC is currently investigating further opportunities for Indigenous companies to participate in its tender process either as a main contractor or as a subcontractor.

In FY23 BAC implemented the Core Cultural Learning Program. Core has been developed by the Australian Institute of Aboriginal and Torres Straight Island Studies and builds on years of research and involvement in cultural competence initiatives and is informed by research collaboration with the University of Sydney's National Centre for Cultural Competency.

Land, Sea, Sky

Land, Sea and Sky was created by North Stradbroke Island (Minjerribah) local and Indigenous artist and designer, Delvene Cockatoo-Collins. It captures both the ancient and European history of the land on which we operate.

Delvene spent time in the airport's biodiversity zone and at the former location of the Cribb Island community to source items for inspiration.

BAC staff celebrated its unveiling and in FY24 the piece will be installed to greet visitors to BNE.

Click here to watch a video on the creation of the artwork

GOVERNANCE

OWNERSHIP

BNE is operated by Brisbane Airport Corporation Pty Limited, which is a private, unlisted company. It is part of a consolidated group, the ultimate holding company of which is BAC Holdings Limited (BACH), an unlisted public company.

The majority of BACH's shareholders are major Australian institutional investors that manage funds on behalf of ordinary Australians whose savings are invested in superannuation and other investment funds.

19.6% is owned by Schiphol, Europe's third largest airport and one of the world's most modern and efficient airports. BAC's strong, long-standing ties with Schiphol help ensure world-class standards in maintaining, developing and operating BNE.

Remaining shares are held substantially with Australian investment funds, although ultimate ownership is offshore.

Ownership structure*

Number of direct or indirect BACH shareholdings managed.

* Logos to the right reflect the investment managers representing the direct or indirect BACH shareholdings in their respective portfolios.

igneo Infrastructure Partners	26.6%
QIC	25.0%
IFM Investors	20.0%
Schiphol	19.6%
Spirit Super	4.9%
PATRIZIA	3.9%

GOVERNANCE STRUCTURE

We believe that good corporate governance is based on a strong organisational culture, underpinned by shared principles and values.

We believe that effective governance allows us to create value for our community, customers, employees and shareholders through innovation and development, while providing accountability and parameters commensurate with the risk landscape.

Our Board provides leadership and oversees all corporate governance of the BAC Group and retains exclusive accountability for its role and responsibilities as set out in the BAC Group Board Charter.

The Board meets approximately six times per year and delegates to the CEO the power and authority to manage the full operations and activities of the BAC Group.

The Board and its sub committees have established charters outlining their responsibilities and a policy framework that sets out the BAC Group position on key organisational matters and core corporate governance processes.

For more information regarding the role of our Board and its sub committees, please refer to the Directors' Report.

The Executive Leadership Team is accountable for strategically managing the commercial and operational activities of the BAC Group to ensure continuous and sustainable growth for community, customers, employees and shareholders by developing and driving the implementation of BAC's corporate vision and strategy.

Board and management responsibilities

Board of Directors

- Accountability
- Recruitment and relationship with the CEO
- Vision statement and strategy
- Overseeing risk management
- Develop and approve key policies
- Monitoring management.

Executive Leadership Team

- Set the vision and direction
- Provide leadership and support
- Drive company culture
- Develop and implement business strategies and plans
- Ensure all team members are adequately trained and adhere to compliance requirements.

Management

- Develop and implement division strategies
- Provide leadership and support
- Drive company culture
- Ensure all team members are adequately trained and adhere to compliance requirements.

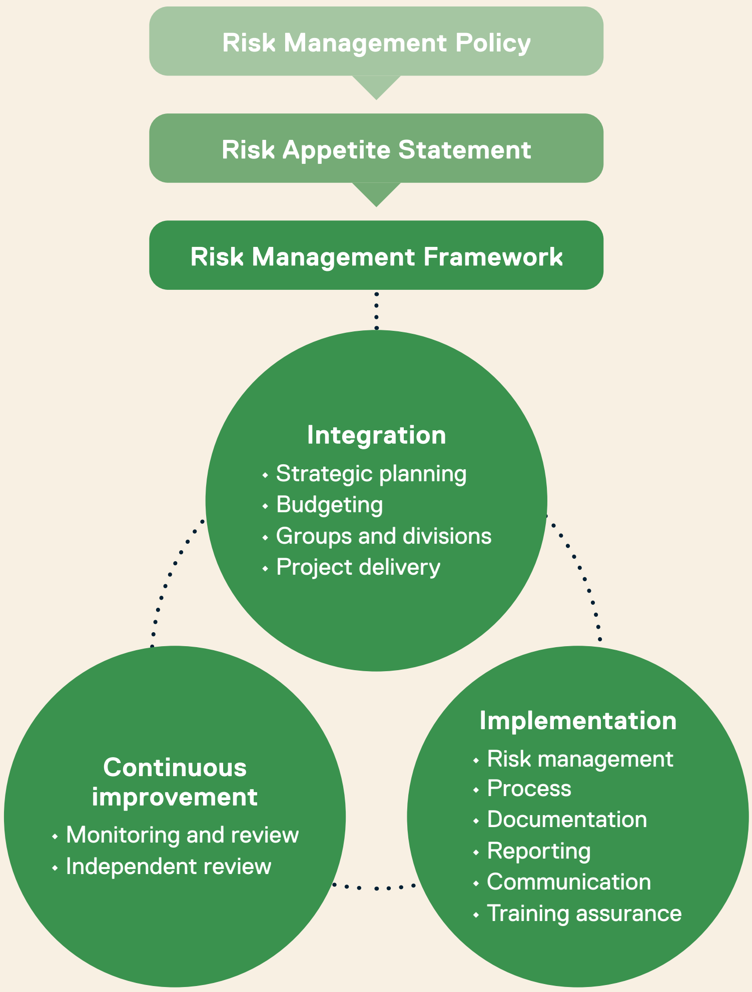
RISK AND OPPORTUNITY MANAGEMENT

BAC fosters an organisation-wide positive risk aware culture by incorporating high-quality, integrated risk analysis in its decision-making.

Underpinned by the Board approved Risk Management Policy, the effective management of risk across BAC is supported and delivered through the Risk Appetite Statement and Risk Management Framework.

RISK APPETITE

BAC balances risks and opportunities to respectively protect and create value for those who rely on us; our community, customers, employees and shareholders. To guide the business in risk-based decision making, BAC has defined a 'Risk Appetite Statement' that outlines the amount and type of risk that BAC is willing to pursue or accept to achieve its objectives. Management and the Board have set 'key risk indicators' to monitor whether the business is working within, close to, or outside the risk appetite, as well as whether the business is driving value through the pursuit of opportunities, allowing for reassessment where required.



RISK MANAGEMENT FRAMEWORK

Overseen by the Board and the Finance, Audit and Risk Management Committee, BAC's Risk Management Framework supports the identification, assessment, management and reporting of risks that may have a negative impact on the achievement of strategic and operational objectives.

The goal of the Risk Management Framework is to improve decision making by aligning and harmonising risk data at all levels of BAC, supporting business areas to apply risk management thinking and providing methodologies to all planned or projected activities.

All employees are responsible for making risk-based decisions within approved risk appetite limits.

The Board reviews BAC's material risks and Management's alignment with the risk appetite biannually and regularly assesses the effectiveness of BAC's Risk Management Framework.

Risks

The risks identified in this section have the potential to materially affect BAC's ability to meet its strategic and business objectives and impact its future financial prospects. These risks are not exhaustive and are not arranged in order of significance.

STRATEGIC RISKS

Strategic risks arise from internal and external uncertainties that can impact on the achievement of the business' strategic objectives. These risks are managed through continuous monitoring and review, ongoing planning and the allocation of resources, and evaluation from Management and the Board.

RISK	DESCRIPTION	MANAGEMENT CONTROLS
1. Climate change	Failure to appropriately respond to or prepare for the impacts of climate change (physical and transitional) resulting in impacts to infrastructure, operations and BAC's social licence to operate and grow.	BAC has undertaken a climate change risk assessment to identify the key climate risks to our assets and operations, as well as the risks and opportunities associated with transitioning to a low carbon economy. Management has developed a Climate Change Adaptation Plan to address the priority risks identified, and has aligned all climate change work to the TCFD. Climate change resilience is a key focus area in the Sustainability Strategy and is incorporated into all strategic and master planning.
2. Regulatory policy	BNE operates in a multi-layered regulatory environment in which governmental changes in policy may impact our business, including federal and state level restrictions and policies, and changing regulatory focus.	BAC has a mature consultative relationship with all three levels of Government that regulate the airport and our stakeholders. We proactively engage with our stakeholders to reduce impacts on our local communities, and we highlight the considerable benefits to the economy, jobs and people of Queensland that result from BAC's operations.
3. Volume and pace of change	To deliver our business plan and investment aspirations, it is fundamental that we maintain and enhance our current culture. The volume of new employees, contractors and deliverables provides both challenges and opportunities in ensuring our people feel engaged, supported, enabled and proud to work at BAC.	BAC continues to build a strong culture that attracts, retains and develops high-performing employees. Our Employee Value Proposition continues to be enhanced to meet the needs of our employees, while our Learning and Development Strategy identifies and grows our talent, linking to succession planning.

Strategic Risks (Continued)

RISK	DESCRIPTION	MANAGEMENT CONTROLS
4. Supply chain disruptions challenge our investment aspirations	Our investment aspirations are driving accelerated delivery timelines for major project initiatives as we reignite our investment program post-pandemic. Both local and global shortages of raw materials, equipment and trade resources will challenge our ability to deliver our strategy within the timelines required.	BAC has implemented a Program Procurement Strategy to enable BAC to be a more attractive proposition to contractors and suppliers. This includes alternative procurement models to reflect current market conditions, strategic supply agreements with multiple sourcing options and early engagement and partnering with industry contractors, suppliers and subcontractors. This is supported by BAC's proactive recruitment strategy aimed at engaging the right people at the right time to meet our investment aspirations.
5. Macro-economic environment	Uncertain geopolitics continues to contribute to a significant slowdown in global growth. Rising inflation and decreased performance of the global economy will see a continuation of the economic pressures on our operations, challenging BAC's ability to achieve its strategic and operational objectives.	BAC adopts a proactive approach to the management of macroeconomic risk. Financial forecasts are regularly revisited to reflect trends in revenue and expenditure to allow real-time adjustments to BAC's operational and investment decisions. This positions BAC to be responsive to changes in the environment that represent either risks or opportunities.
6. Project interface with airport operations	Major construction will be occurring over the next 10 years within the live environment of the International and Domestic Terminal precincts. During construction, these precincts must continue to operate 24/7 and provide a safe and secure environment for passengers, airlines, visitors, workers and contractors.	BAC undertakes extensive stakeholder engagement and planning particularly with airlines, tenants, BAC's aviation, commercial and security groups. This includes actively ensuring BAC's internal community, neighbours and the public are kept informed of changes that may impact them as a result of project deliverables. BAC engages experienced contractors to ensure adequate planning and safe construction occurs.

FINANCIAL RISKS

Financial risks are those that have the potential to impact BAC's financial position.

RISK	DESCRIPTION	MANAGEMENT CONTROLS
7. Financial Management	BAC is exposed to a diverse array of financial risks including liquidity, interest rate, currency, refinancing and counterparty risks. Failure to establish and adhere to policies and practices that control and/or mitigate those risks could lead to a range of adverse consequences including insufficient access to funding, significant increase in BAC's interest expense and/or debt liabilities, failure to receive monies owed and risk of credit rating downgrade.	BAC manages financial risks in accordance with the Board approved Financial Policies. These policies set out the delegated authority from the Board in respect of credit rating risk, financing and refinancing risk, interest rate risk, foreign exchange risk, credit and counterparty risk and distribution risk. BAC's risk appetite and capacity are reflected in the limits and other requirements set by the policy.

OPERATIONAL RISKS

Operational risks arise from inadequate or failed internal processes, people and systems or from external events.

RISK	DESCRIPTION	MANAGEMENT CONTROLS
8. Work Health & Safety (WHS)	BAC operates and maintains diverse and complex infrastructure and work environments over a large geographical area that are accessed daily by multiple parties including BAC workers, contractors, tenants, airline partners and members of the public. The complexity of these operations may expose these parties to potential risks to their health and safety.	BAC's WHS Policy is approved by the Board and documents our commitment to health and safety at BAC. The policy governs the WHS Strategy and sets the direction of BAC's health and safety management system, which is accredited to ISO 45001:2018 and is externally audited for legal compliance. BAC continues to create a proactive WHS culture that supports health and safety behaviours and decisions throughout the organisation and airport community.
9. Physical Security	An intentional or unintentional compromise of a physical, procedural or technical security measure may impact the secure operation of BAC and affect the security of people, assets or infrastructure. This may include attacks of terrorism, foreign interference and criminality which may have catastrophic impacts to our aviation operations, commercial customers and BAC operational and social licenses.	BAC's Transport Security Program is approved by the Australian Department of Home Affairs and regulated by the Cyber and Infrastructure Security Centre (CISC). BAC maintains regulatory compliance and assures the protection of people, assets and infrastructure through an intelligence driven, risk-based and outcomes-focused approach, coupled with an internal quality assurance and compliance program.

Operational Risks (Continued)

RISK	DESCRIPTION	MANAGEMENT CONTROLS
10. Cyber Security	A cyber security incident has the potential to cause a disruption to critical business processes, a breach to privacy, or compromise of commercially sensitive data, that may impact BAC, its operations and/or its customers.	BAC has a Cyber Security Program supported by BAC's Cyber Security Strategy which has Board oversight and is reported regularly. BAC's Cyber Security Program has independent assurance activities annually to test and confirm BAC's cyber controls are in place, including Financial Systems Audit, PCI Level 2 Merchant Certification, Cyber Insurance Annual Review, and Penetration Testing.
11. Resilience	Brisbane Airport operations are dependent on the ability to maintain continuous business operations and to safeguard people, assets and infrastructure in the event of an unplanned disruption. Operations may be impacted by risks such as network or systems outages, natural disasters, aircraft accidents or potential terrorist attacks.	BAC manages disruption risks in accordance with the Board approved Resilience Policy. This policy outlines BAC's approach to prepare for, respond to and recover from a business disruption ensuring the continued provision of critical business functions to its customers and stakeholders through a risk-based resilience Framework. The Framework comprises the core programs of Incident Management, Emergency Management, Crisis Management and Business Continuity Management.
12. Environmental, Social, and Governance (ESG)	An environmental incident or failure to consider and adequately mitigate the environmental, social and socio-economic impacts on the community and the environment has the potential to cause environmental impact, community action, regulatory intervention, legal action, impacts to reputation and revenue.	BAC manages ESG risks in accordance with its Board approved Environmental Policy and Sustainability Policy. The Environmental Policy sets the direction for BAC's Environmental Management System to deliver continuous improvements in BAC's environmental performance. The Sustainability Policy outlines BAC's Sustainability Framework which is consistent to the three pillars within BAC's Sustainability Strategy. BAC is committed to growing responsibly and minimising our footprint through embedded sustainability principles and practices across our operations. BAC's ESG controls include the implementation of the Sustainability Strategy, participation in the Jet Zero Council, noise abatement procedures, and community engagement.
13. Legal and Regulatory Obligations	BAC operates in a regulated environment with a number of licence to operate obligations that may impact the environment in which we conduct our business.	BAC manages its broader legal risk in accordance with the Board approved risk appetite and its non-compliance risk in accordance with the Board approved Compliance Policy (as part of the broader Enterprise Risk Management Framework). BAC pursues its objectives and preserves its licence to operate by conducting its business and operations in accordance with its legal and regulatory obligations.

OPPORTUNITIES

BAC is an international aviation hub with a significant property portfolio. As we move out of the post-COVID recovery stage, BAC is seeking opportunities that provide forward momentum to its aviation, property and consumer strategies.

BAC has a maturing strategic risk management process which includes the identification of both strategic and operational opportunities. Considering risk during the strategy planning and execution process supports BAC's ability to seize opportunities that have the potential to maximise value and to identify areas where it may wish to take more risk in the future.

By integrating enterprise risk management into strategy and business planning, BAC is better positioned to create value through identifying opportunities for growth and preserving value for a sustainable future.

OPPORTUNITY	DESCRIPTION	MANAGEMENT ACTION
Aviation Recovery and Growth	BAC will pursue activities to maximise recoverable aviation markets and growth opportunities as the aviation industry recovers post-pandemic.	• Seek to grow the network for inbound and outbound segments. • Develop infrastructure to meet the forecast demand in passenger, freight and cargo growth. • Undertake capacity planning and economic business cases to demonstrate the value of BAC to the local, state and federal economies.
Smart Airport	We will actively identify opportunities that enable us to increase efficiency, enhance organisational sustainability and capacity of our airport through the uptake of technological advancements, and process and resource optimisation and utilisation.	• Maximise capacity and efficiency of Domestic and International Terminals. • Investigate the delivery of airside ground support equipment charging stations to support airlines and ground handling operations in reducing their carbon footprints, noise emissions and operating costs.
Licence to Grow	BAC will engage with our stakeholders and community to identify issues and propose changes that enable BAC to achieve growth in our 3 businesses of aviation, property and consumer products.	• Work with government and key stakeholders to ensure policy and regulatory settings affecting BAC are transparent, fit for purpose and support community confidence in airport operations. • Collaborate with Airservices Australia to improve noise emissions through airspace management. • Successfully manage expected operational impacts during terminal upgrades to minimise disruption to our passengers and stakeholders.
Destination BNE	BAC will seek opportunities that deliver on our ambitions to provide a diverse sustainable mix of business, entertainment and experiences for locals and visitors.	• Undertake progressive delivery of major strategic property projects that enable BAC to be a diversified, self-sufficient airport hub. • Unlock the value of undeveloped and under-utilised parcels of land.

Opportunities (Continued)

OPPORTUNITY	DESCRIPTION	MANAGEMENT ACTION
Sustained Momentum	Identify market opportunities that enable BAC to maintain its velocity of property development through the optimisation of sales, operations and project delivery.	• Undertake holistic precinct planning including Airport Central, Airport Industrial Park and Skygate precincts. • Investigate potential market opportunities at Terminal 3 during program planning.
Shaping the Future of Parking and Transport	We will embrace opportunities that evolve our transport business to anticipate and meet customer needs while maximising commercial returns.	• Development of a landside transport solution that provides passenger-driven transport options. • Commence design and delivery of carpark capacity and landside access projects to support current passenger demand. • Commence implementation of Electric Vehicle Strategy to promote sustainability choices.
Aspirational Airport Retail	Actively pursue opportunities that revitalise and enhance our retail business through the curation of product offerings and experiences that are uniquely BNE.	• Enhance Terminal Retail experiences to exceed our passenger expectations. • Implement a Zero Waste plan across BAC's precincts to meet the sustainability targets.

RESPONSIBLE BUSINESS

BAC conducts its business responsibly and respectfully, supporting our ongoing social licence to operate and grow through an Ethical Behaviour Framework comprising policies and programs focusing on:

- diversity and inclusion
- preventing corruption
- whistleblower protection
- supplier principles
- modern slavery
- reconciliation.

BAC's Conflict of Interest, Fraud and Corruption and Gifts, Benefits and Entertainment Policies support employees behaving lawfully and ethically in the workplace, including when dealing with existing stakeholders and business partners, and during procurement and supply practices.

BAC's Whistleblower Policy empowers employees, business partners and customers to report behaviour potentially damaging to our organisation. This program is supported by an independent reporting service and BAC's Confidential Reporting Committee ensuring that appropriate protections are provided to eligible disclosers.

To ensure a sustainable future, BAC seeks to work with suppliers who are ethical and socially responsible. BAC's expectation of its suppliers and service providers is provided through its Supplier Principles, which asks supply partners to commit to meeting particular standards in line with acting responsibly, respecting labour laws and human rights; maximising health and safety and minimising its environmental impact.

BAC commenced implementation of its three-year Modern Slavery strategy that builds a robust and repeatable approach to managing modern slavery risk in its supply chain and operations.

While the focus for the last 3 years has been on BAC's supply chain and implementing supplier assessments, FY24 will see BAC commence the roll out of its Australian Federal Police led training program to airport staff including employees from BAC, airlines and terminal services providers (such as security and cleaning). As a prominent entry and exit point to and from Australia, BAC recognises that our airport partners play a key role in eliminating Modern Slavery practices from BAC's operations. Training will include the dangers and indicators of human trafficking and slavery.

Compliance management

BAC preserves its licence to operate and grow by maintaining appropriate compliance with all laws, regulations and standards in accordance with the Board approved Compliance Policy. Compliance risks are addressed in the Risk Appetite Statement and conformance to them is tracked via the compliance-based risk appetite metrics that are reported to the Finance Audit and Risk Management Committee and Board.

Privacy

Protection of personal information and transparency about our data handling is a vital part of BAC's relationship with our customers, tenants and other parties who interact with us. BAC's Privacy Policy describes how we handle and keep personal information safe and aligns with the *Privacy Act 1988* (Cth) and the Australian Privacy Principles.

FINANCIAL PERFORMANCE

BAC's FY23 financial performance mirrored the ongoing recovery in domestic and international travel. BNE welcomed just over 20 million passengers through its terminals in FY23 (95.8% up year on year), and this has translated to strong performances across all revenue generating divisions of the company.

BAC continued on the path towards full recovery post COVID-19 in the financial year 2022-23 as total revenue increased by 64.8% year on year to $825.2 million, the second biggest in its history. EBITDA was up 81.4% to $555.4 million with the company delivering an operating profit of $254.6 million, leaving behind the prior year loss of $12.4 million.

Revenue from aviation (including mandated security) was up $193.3 million (93.4%) and finished the year at $394.9 million, representing approximately 47.8% of total revenue. Landside transport services delivered $167.7 million in revenue in FY23, up $78.1 million (87.1%) on the prior year as travel numbers returned, and consumers returned to a range of new parking product offerings delivering enhanced choice for customers as they continued to favour control of their own journeys over public transport and ride share. Our retail division saw a 110.0% revenue increase (up $42.0 million) on prior year with the resurgence of passengers driving retail sales across both the Domestic Terminal and International Terminal, as well as ongoing strong performance of the Skygate precinct.

Revenue from investment property was up 5.5% year on year, supported by ongoing robust tenant demand, particularly in relation to industrial property. In addition, operating property was up $2.7 million on the prior year.

Growth in revenue outpaced the increase in expenditure across the year. The company remained focused on cost discipline against a backdrop of inflationary pressures across the spectrum of operating expenditure categories. Total operating costs finished the year at $269.8 million.

The capital expenditure program was accelerated throughout the course of the year. Investment property continued to be a strong focus, with BAC Group delivering multiple developments over the Da Vinci and Export Park precincts. The government mandated security upgrade project was a key priority with advanced design and procurement underway for construction commencement in FY24. Total capital expenditure for FY23 was $213.7 million.

Ongoing positive operating cash flow coupled with significant available liquidity in the form of cash and committed bank facilities strengthened the BAC Group's balance sheet. Appropriate levels of liquidity have continued to be maintained throughout the year, with over $1.2 billion of available cash and undrawn bank lines providing a solid buffer for the business. During the year, the company completed the refinancing of $1.17 billion of bank facilities with maturities ranging from November 2024 to November 2029.

Confidence in the BAC Group's financial performance and outlook, strong liquidity position and robust credit metrics underpinned the decision to recommence distributions to shareholders in FY23, with the payment of $172.4 million (gross) in Redeemable Preference Share dividends and $50 million of ordinary dividends.

ECONOMIC

Total revenue

2023
$825.2m ↑ 64.8%

2023	
2022	$500.6m
2021	$447.2m

Operating expenses

2023
$269.8m ↑ 38.7%

2023	
2022	$194.5m
2021	$228.6m

EBITDA

2023
$555.4m ↑ 81.4%

2023	
2022	$306.1m
2021	$218.7m

Net operating cash flow

2023
$463.9m ↑ 91.4%

2023	
2022	$242.4m
2021	$126.5m

Capital expenditure

2023
$213.7m ↑ 77.1%

2023	
2022	$120.7m
2021	$57.4m

Net debt

2023
$3,150.6m ↓ 2.0%

2023	
2022	$3,214.4m
2021	$3,522.3m

Gearing

2023
40.5% ↓ 11.4%

2023	
2022	45.7%
2021	47.1%

Debt service coverage ratio

2023
4.76x ↑ 19.6%

2023	
2022	3.98x
2021	1.65x

EBITDA margin (%)

2023
67.3% ↑ 10.1%

2023	
2022	61.1%
2021	48.9%

ENVIRONMENTAL

Scope 1 emissions (tCO2e)

2023

762.0 ↓ 51.3%

2023	
2022	1,564.1
2021	1,450.0

Scope 2 emissions (tCO2e)

2023

33,270.4 ↓ 1.7%

2023	
2022	33,848.2
2021	29,164.0

Onsite renewable energy (GWh)

2023

9.0 ↑ 3.4%

2023	
2022	8.7
2021	9.3

Waste to landfill (t)

2023

2,321.8 ↑ 66.0%

2023	
2022	1,399.0
2021	1,247.5

Recycling (% of total waste)

2023

25.5% ↑ 27.5%

2023	
2022	20.0%
2021	12.5%

Recycled water (% of total)

2023

24.8% ↓ 17.3%

2023	
2022	30.0%
2021	36.0%

COMMUNITY

Reputation of Brisbane Airport (% satisfactory, good & excellent)

2023

89.0 ↑ 1.1%

2023	
2022	88.0
2021	88.0

HEALTH AND SAFETY

Notifiable incidents

2023

4 ↓ 60%

2023	
2022	10
2021	2

H&S interactions by BAC Leadership Team

2023

609 ↓ 5.3%

2023	
2022	643
2021	312

EMPLOYEES

Total employees

2023

389 ↑ 19.0%

2023	
2022	327
2021	333

Women

2023

35.0% ↓ 7.9%

2023	
2022	38%
2021	35%

Men

2023

65.0% ↑ 4.8%

2023	
2022	62.0%
2021	65.0%

Full time

2023

93.0% 0.0%

2023	
2022	93.0%
2021	95.0%

Part time

2023

7.0% 0.0%

2023	
2022	7.0%
2021	5.0%

Aged <30 years

2023

6.0% ↓ 14.3%

2023	
2022	7.0%
2021	8.0%

Aged 30–50 years

2023

67.0% ↓ 1.5%

2023	
2022	68.0%
2021	66.0%

Aged >50 years

2023

27.0% ↑ 8.0%

2023	
2022	25.0%
2021	26.0%

Identified as First Nations (No.)

2023

7 0.0%

2023	
2022	7
2021	6

AVIATION

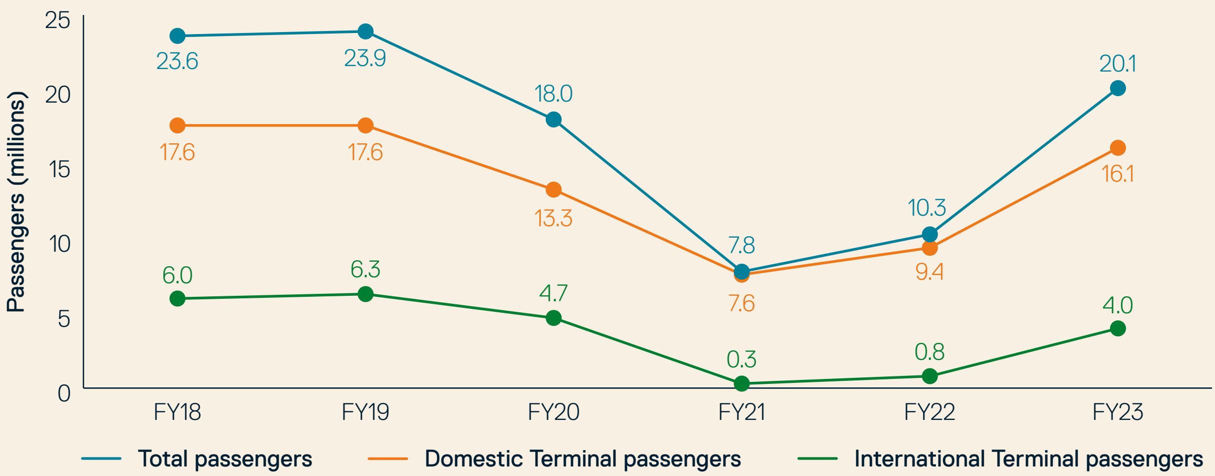
Aviation encompasses the operation of the runways, taxiways and broader airfield, passenger terminals for domestic and international operations, airside standards and safety, airline commercial and pricing agreements as well as business development, marketing and partnerships.

FY23 was a year characterised by competing headwinds and tailwinds that affected growth:

- **Supply headwinds** that restricted airlines adding capacity: airline crew shortages (pilots and cabin crew); airline fleet delivery delays; unfavourable exchange rate AUD/USD; and the jet fuel price very high at circa 100% above pre-COVID levels in July 2022 (due to the invasion of Ukraine), gradually decreasing to circa 20% above pre-COVID levels by June 2023.
- **Demand headwinds** that likely resulted in reduced demand: interest rate rises throughout FY23 (June 2023 was the 12th increase since May 2022) reduced discretionary spending for mortgage holders and renters; high inflation and cost of living pressures; and the high cost of airline tickets.
- **Supply tailwinds** that encouraged airlines to add more capacity: market share battles between the renewed Virgin Australia and Qantas Group; Regional Express desire to grow its B737 operations; and the high average airfares supported airline profitability.
- **Demand tailwinds** that likely resulted in increased demand: potential trade down from international to domestic holidays; the high saving rate during COVID allowing savings to fund holidays; rising interest rates boosting the incomes of savers and retirees, allowing more discretionary spending on travel.

In FY23 BNE had more than 20 million passengers, with 16 million people through the Domestic Terminal and four million travellers through the International Terminal. This represents a recovery of 91% domestic and 64% international passengers vs pre-COVID (FY19).

Brisbane Airport passengers per year



84%
Overall passenger restoration (FY23 vs FY19)

91%
Domestic passenger restoration (FY23 vs FY19)

64%
International passenger restoration (FY23 vs FY19)

DOMESTIC TERMINAL

Domestic travel continues to be in recovery phase. FY23 started with domestic passenger numbers at 86% of pre-COVID (FY19) numbers and increased to 98% in June 2023. Overall, FY23 had 91% of FY19 domestic passengers.

Domestic load factors in FY23 were 78.5% which was a significant improvement vs FY22 at 66% (+12pts) and only slightly under FY19 levels 79.6% (-1.1pts).

PASSENGERS
16,075,874
↑ 70.4% vs FY22

SEATS
20,468,300
↑ 43.5% vs FY22

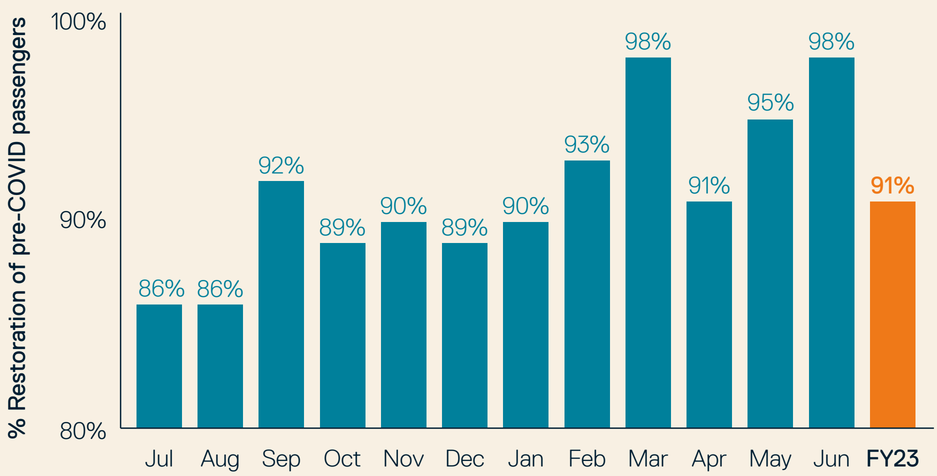
LOAD FACTOR
78.5%
↑ 12.4 pts vs FY22

The year started with strong momentum, with the previous three months (April–June 2022) seeing very strong domestic demand after domestic borders opened while airlines grappled with fleet and staff shortages.

The start of the financial year had optimism with airlines eager to ramp up growth as demonstrated by published airline schedules showing services increasing for future travel months. Instead there were widespread schedule pull-downs for the first few months as fleet and staff shortages took longer to resolve than anticipated.

From November to February the domestic demand reduced, with passenger volumes and airline load factors declining each month potentially due to relatively expensive ticket prices, cost of living pressures, and the switch to international travel as options increased. In March 2023 demand regained momentum due to price stimulation by airlines, although load factors remained below pre-COVID levels.

Domestic Terminal: Brisbane Airport FY23 passenger restoration vs pre-COVID (FY19)



QUIETEST DAY:

25,935 PAX

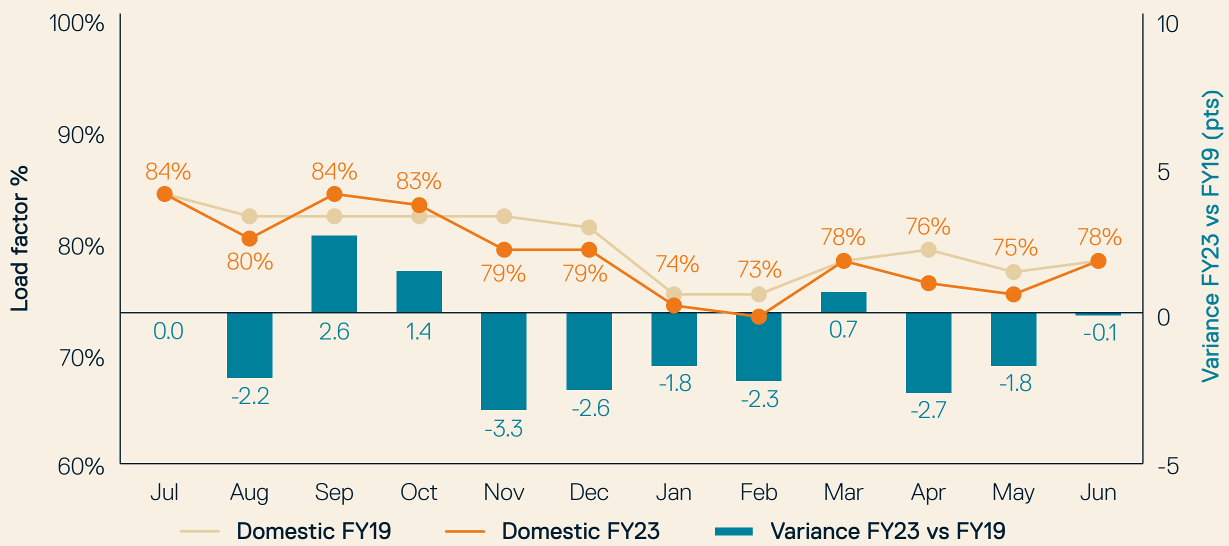
25 December 2022

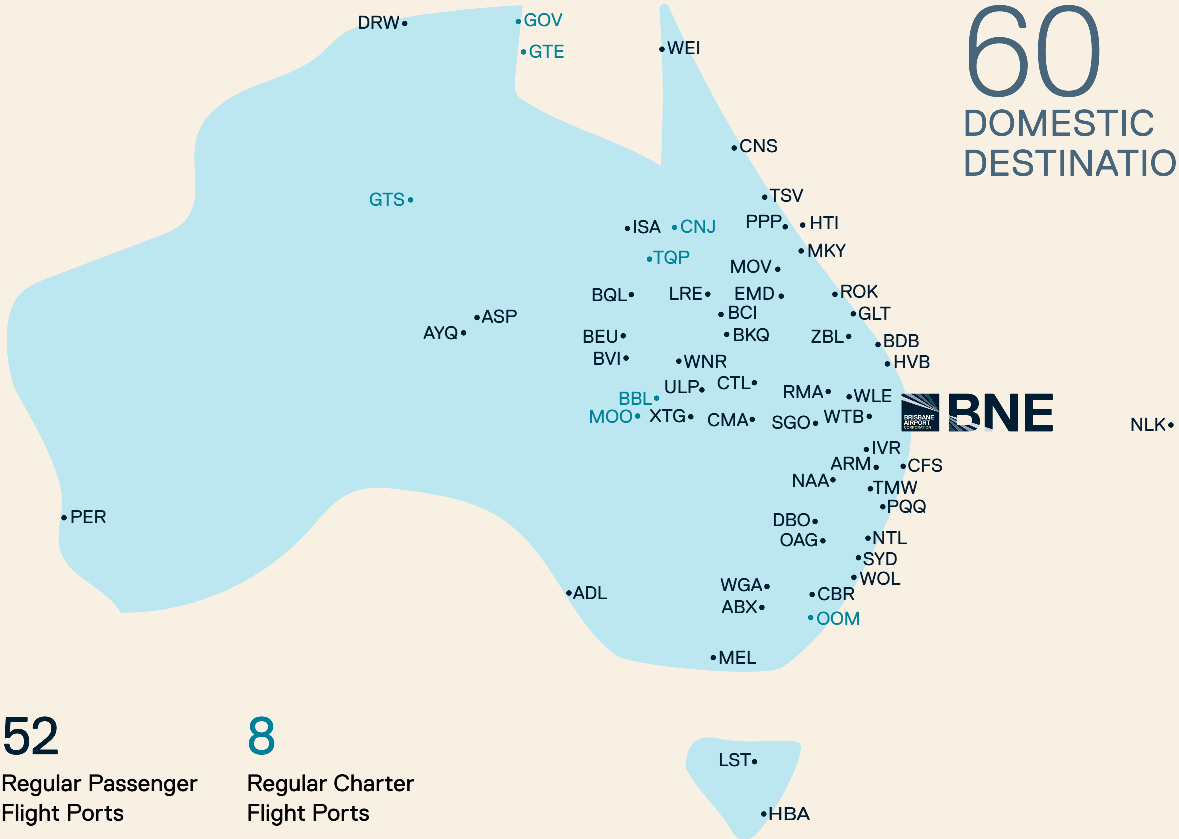
BUSIEST DAY:

56,115 PAX

06 April 2023

Domestic Terminal: Brisbane Airport FY23 passenger load factors vs pre-COVID (FY19)





60
DOMESTIC DESTINATIONS

52
Regular Passenger Flight Ports

8
Regular Charter Flight Ports

The notable markets that are performing well with passenger volumes above pre-COVID volumes:

MORANBAH
+86,864 passengers
↑ **49%** vs FY19

HOBART
+58,102 passengers
↑ **24%** vs FY19

ALBURY
46,057 passengers
(new market, did not operate in FY19)

LAUNCESTON
+44,201 passengers
↑ **37%** vs FY19

HAMILTON ISLAND
+42,379 passengers
↑ **34%** vs FY19

The top 5 markets with passenger numbers below pre-COVID volumes are:

SYDNEY
-789,125 passengers
↓ **16%** vs FY19

MELBOURNE
-492,531 passengers
↓ **14%** vs FY19

TOWNSVILLE
-147,740 passengers
↓ **15%** vs FY19

NEWCASTLE
-99,684 passengers
↓ **17%** vs FY19

CAIRNS
-86,240 passengers
↓ **7%** vs FY19

MORE THAN FOUR MILLION PASSENGERS USED THE INTERNATIONAL TERMINAL IN FY23

International travel continued to be in recovery phase. The year started at 49% of FY19 volumes for July, increasing to 77% for June 2023. Overall FY23 had 64% of FY19 international passengers. This was due to the gradual increase of capacity through the year as airlines continued to ramp up their aircraft fleets and airline operating crews.

PASSENGERS

4,019,938

↑ 385.6% vs FY22

SEATS

4,984,308

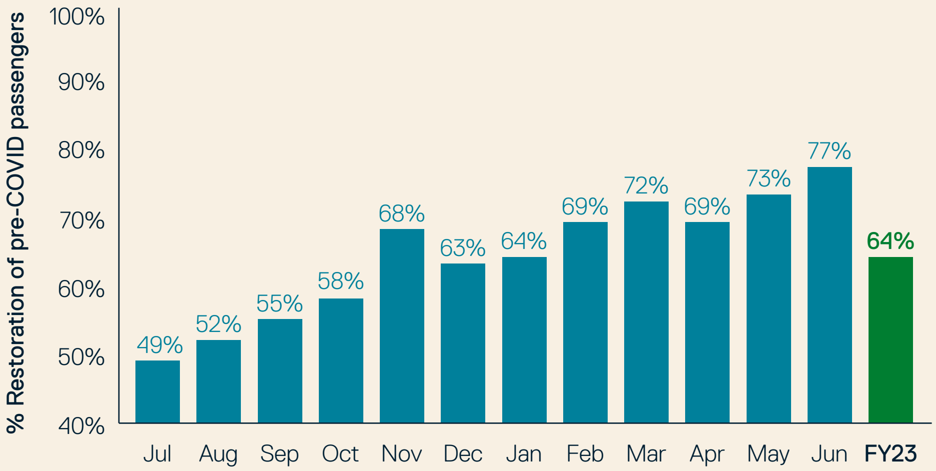
↑ 188.2% vs FY22

LOAD FACTOR

80.7%

↑ 32.8 pts vs FY22

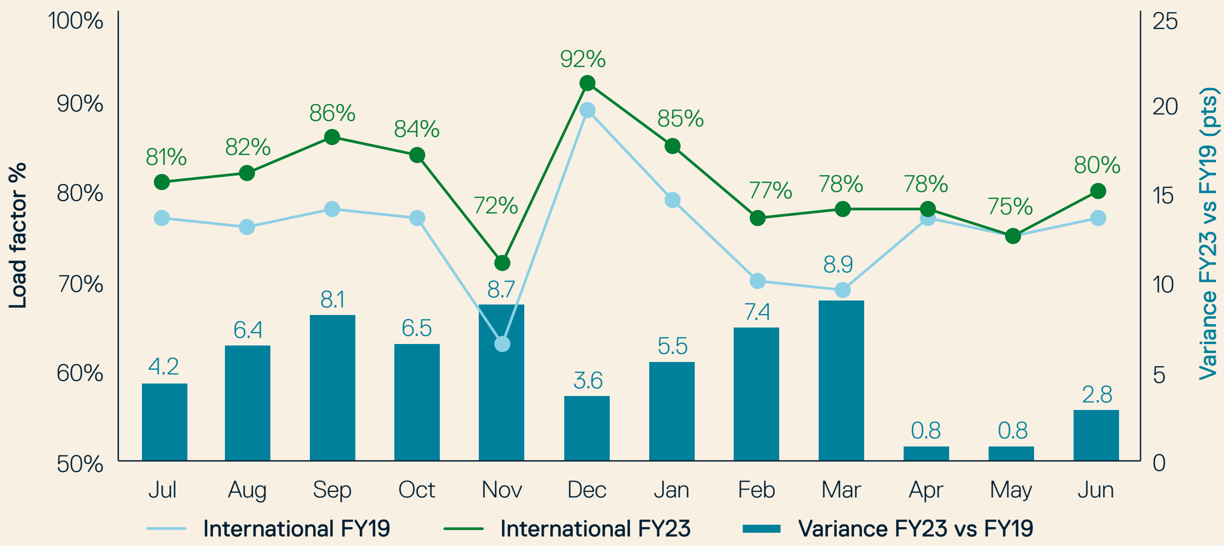
International Terminal: Brisbane Airport FY23 passenger restoration vs pre-COVID (FY19)



QUIETEST DAY:
6,823PAX
21 July 2022

BUSIEST DAY:
15,785PAX
25 June 2023

International Terminal: Brisbane Airport FY23 passenger load factors vs pre-COVID (FY19)



International airline load factors were very strong in FY23 with 80.7% compared to 48% in FY22 (+33pts) and 75.6% in FY19 (+5pts). This was due to passenger demand exceeding the limited supply of seats.

The first 9 months of FY23 saw airline loads significantly above FY19 levels, peaking in December at 92%.

The traditionally low months of November, February and March were also strong, with load factors sitting at 7 to 9pts above FY19 levels. For the final 3 months of FY23, load factors started to normalise at levels similar to (although still above) FY19 levels.

United Airlines

United Airlines launched 3 times per week services from San Francisco to Brisbane in October 2022. By December 2023, they will have grown to 10 services per week to San Francisco and Los Angeles.

VietJet

VietJet launched in June 2023. This is the first time Queensland has been connected with direct flights to Vietnam and coincides with the 50th anniversary of Australia's diplomatic relationship.

Top 15 Passport Nationality of International Terminal Passengers

FY19 RANK	FY23 RANK	NATIONALITIES	FY23 PAX	VARIATION YEAR-ON-YEAR	SHARE OF TOTAL
1	1	Australia	1,956,500	474%	50.5%
2	2	New Zealand	612,000	332%	15.8%
4	3	United Kingdom	187,300	299%	4.8%
5	4	United States of America	101,900	704%	2.6%
8	5	India	93,800	216%	2.4%
11	6	France	65,200	388%	1.7%
10	7	Canada	63,700	1244%	1.6%
3	8	China	57,300	640%	1.5%
6	9	Taiwan	50,600	1103%	1.3%
12	10	Germany	44,400	409%	1.1%
13	11	Singapore	42,400	166%	1.1%
15	12	Papua New Guinea	41,000	500%	1.1%
16	13	Philippines	38,500	257%	1.0%
9	14	South Korea	35,700	550%	0.9%
14	15	Malaysia	30,400	410%	0.8%

TOP 15 INTERNATIONAL MARKETS

Based on the Q4 FY23 data from the International Terminal passenger arrival cards (collated by the Australian Bureau of Statistics), the top 3 markets for the Brisbane International Terminal are New Zealand, Indonesia (mostly Bali) and the United Kingdom. Due to their disproportionate size (nearly 2/5 of all travellers) they have a material impact on Brisbane's overall recovery and remain below FY19 levels.

NEW ZEALAND remains the number one market for Brisbane, and consists of five airlines (Air NZ, Qantas, Virgin Australia, China Airlines and the launch of Jetstar in March 2023) and has performed strongly with significant pent-up demand. The market is currently at 80% restoration due to Virgin Australia operating to one port (Queenstown), compared to 5 New Zealand ports in FY19.

UNITED KINGDOM has risen to be the third largest market (from fifth in FY19) with most passengers travelling on Singapore Airlines, Qantas, Emirates and Qatar Airways (via Singapore, Dubai and Doha respectively). Load factors on these routes were the highest of all markets as passenger demand far exceeded the limited supply of airline seats available.

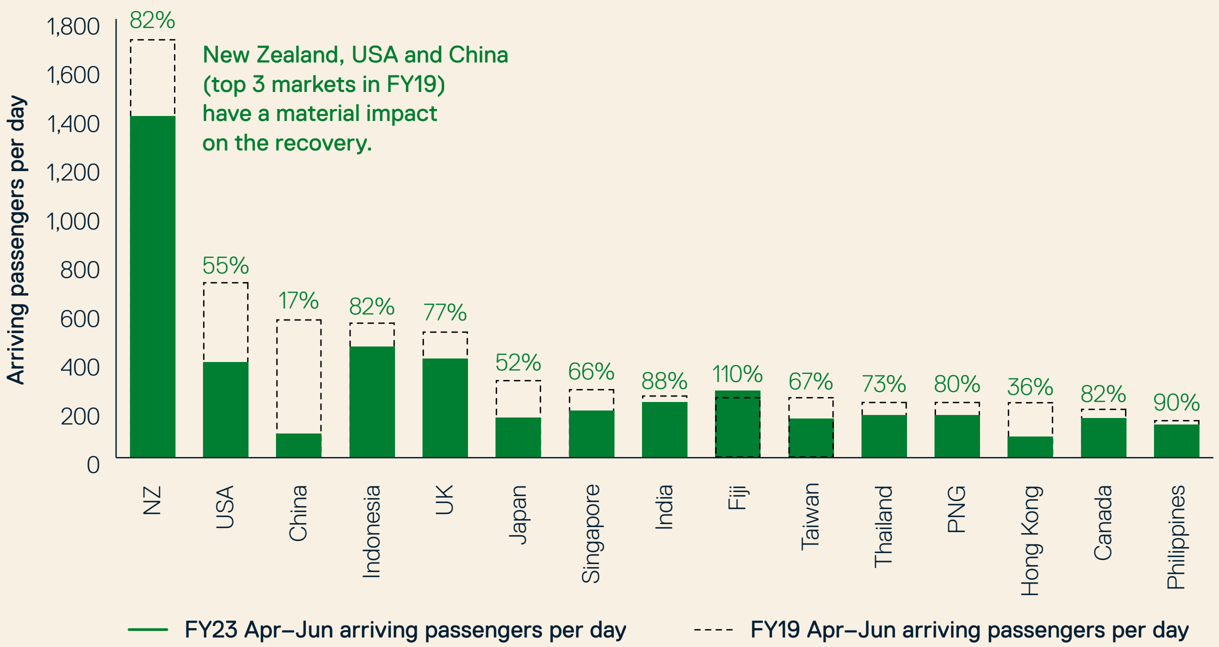
USA was the second biggest market in FY19, however the launch of United Airlines in October 2022 was not enough to offset the absence of Virgin Australia and Hawaiian Airlines, and the reduced capacity by Qantas (using A330 rather than B787), resulting in passenger restoration of only 55%.

INDIA has risen to be Brisbane's fifth largest market (was seventh in FY19) despite not having a direct service, with most passengers travelling on Singapore Airlines via Singapore.

FIJI has performed strongly and has grown above FY19 volumes (110% restoration) as an attractive and safe outbound leisure destination, with growth from Virgin Australia and Fiji Airways.

CHINA was the third biggest market in FY19 however is currently ranked fifteenth with 13% passenger restoration due to the lack of a direct service. Direct flights to China will return in November 2023.

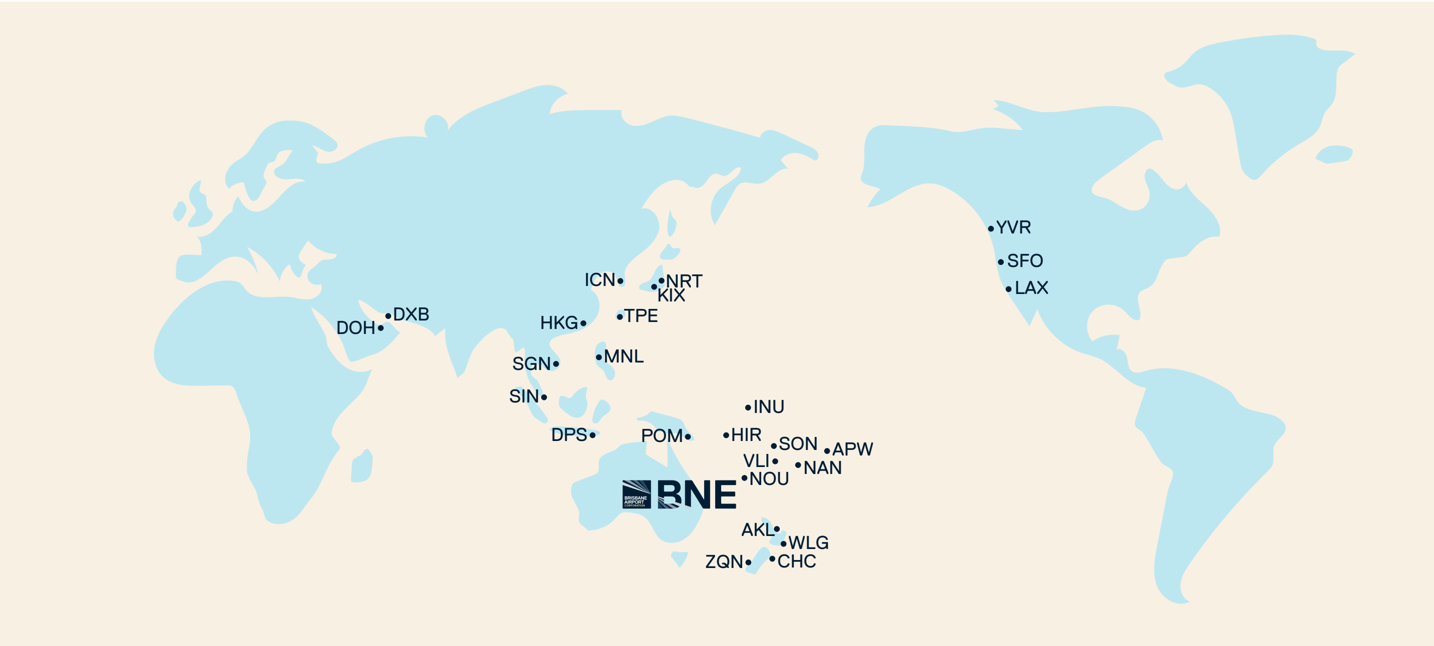
Top 15 international markets from FY19 and their recovery in FY23



Source: ABS

Top 15 international markets in FY23 (ranked by size in FY23)

FY19 RANK	FY23 RANK	MARKET	% RESTORATION		SHARE OF TOTAL PASSENGERS	
			3 MONTHS Apr-23 to Jun-23 vs Apr-19 to Jun-19	**12 MONTHS** Jul-22 to Jun-23 vs Jul-18 to Jun-19	**3 MONTHS** Apr-23 to Jun-23	**12 MONTHS** Jul-22 to Jun-23
1	**1**	New Zealand	82%	71%	23.4%	22.6%
4	**2**	Indonesia	82%	85%	7.4%	8.0%
5	**3**	United Kingdom	77%	77%	6.6%	8.5%
2	**4**	United States of America	55%	50%	6.6%	6.5%
9	**5**	Fiji	110%	101%	4.5%	4.4%
8	**6**	India	88%	85%	3.6%	4.1%
7	**7**	Singapore	66%	62%	3.0%	2.8%
12	**8**	Papua New Guinea	80%	68%	2.9%	2.7%
11	**9**	Thailand	73%	64%	2.7%	2.3%
6	**10**	Japan	52%	28%	2.6%	1.8%
10	**11**	Taiwan	67%	45%	2.6%	1.9%
14	**12**	Canada	82%	72%	2.6%	3.1%
15	**13**	Philippines	90%	92%	2.2%	2.1%
17	**14**	Italy	102%	74%	2.2%	1.7%
20	**15**	Vanuatu	101%	55%	1.7%	1.0%



BRISBANE AIRPORT IS CONNECTED TO 26 INTERNATIONAL DESTINATIONS WITH DIRECT FLIGHTS

NEW ZEALAND
- Auckland (AKL)
- Christchurch (CHC)
- Queenstown (ZQN)
- Wellington (WLG)

SOUTH PACIFIC
- Apia (APW)
- Espiritu Santo (SON)
- Honiara (HIR)
- Nadi (NAN)
- Nauru (INU)
- Noumea (NOU)
- Port Moresby (POM)
- Port Vila (VLI)

ASIA
- Denpasar (DPS)
- Ho Chi Minh City (SGN)
- Hong Kong (HKG)
- Manila (MNL)
- Osaka (KIX)
- Seoul (ICN)
- Singapore (SIN)
- Taipei (TPE)
- Tokyo (NRT)

MIDDLE EAST
- Doha (DOH)
- Dubai (DXB)

NORTH AMERICA
- Los Angeles (LAX)
- San Francisco (SFO)
- Vancouver (YVR)

CURRENT AIRLINE PARTNERS

INTERNATIONAL TERMINAL

- Air Canada (AC)
- Air New Zealand (NZ)
- Air Niugini (PX)
- Air Vanuatu (NF)
- Aircalin (SB)
- Batik Air Malaysia (OD)
- Cathay Pacific (CX)
- China Airlines (CI)
- Emirates (EK)
- EVA Air (BR)
- Fiji Airways (FJ)
- Jetstar (JQ)
- Korean Air (KE)
- Nauru Airlines (ON)
- Philippine Airlines (PR)
- Qantas (QF)
- Qatar Airways (QR)
- Singapore Airlines (SQ)
- Solomon Airlines (IE)
- United Airlines (UA)
- VietJet (VJ)
- Virgin Australia (VA)

DOMESTIC TERMINAL

- Alliance Airlines (QQ)
- Jetstar (JQ)
- QantasLink (QF)
- Virgin Australia (VA)
- Link Airways (FC)
- Qantas (QF)
- Regional Express (ZL)

AC	NZ	PX	NF	SB
OD	CX	CI	EK	BR
FJ	JQ	KE	ON	PR
QF	QR	SQ	IE	UA
VJ	VA	QQ	FC	ZL

FREIGHT

71,912 tonnes of international air freight passed through the International Terminal for the 12 months to June 2023. This consisted of 40,023 tonnes of exports and 31,889 tonnes of imports, and represents freight recovery of 56% restoration of pre-COVID freight volumes.

The freight recovery has been slower than the passenger recovery, and for FY23 it actually declined 15% due to:

- The end of government subsidised flights that opened during COVID-19 to keep dedicated freight supply lines open. These were flights that operated during COVID that were relatively empty of passengers but carried full payloads of freight between Brisbane and its key trading ports
- The limited airline schedules to key freight hubs
- High passenger load factors compared to pre-COVID. This limits the amount of freight that can be carried on each flight due to the weight of passengers, bags and fuel that needs to be carried.

There were 40,108 tonnes of exports for the 12 months to May 2023 which represents 52% of pre-COVID exports. The top 3 export destinations were New Zealand, Singapore and Hong Kong. China was the second biggest export destination in FY19 however it has slipped to ninth place in FY23 due to no direct flights from Brisbane (therefore exports are likely processed at Brisbane Airport, but travel via another port such as Sydney).

There were 32,230 tonnes of imports for the 12 months to May 2023 which represents 60% of pre-COVID exports. The top 3 import countries were China (even though there still are no direct flights these come typically via Taipei, Hong Kong and Sydney), USA and New Zealand. Japan has risen to be the sixth biggest import country (was 11th pre-COVID) with a growth in car parts, engines and mining machinery parts.

Top 10 destinations for exports passing through Brisbane Airport

FY19 RANK	FY19 TONNES	FY23 RANK	NATION	FY23 TONNES	RESTORATION OF FY19 LEVELS	MAJOR COMMODITIES SUMMARY
3	8,401	1	New Zealand	6,419	76%	Vegetables, fruit, paper products, machinery & mechanical appliances, pharmaceuticals
1	12,930	2	Singapore	4,075	32%	Beef, pork, fruit, metal products (eg: Tube & pipe fittings)
4	7,016	3	Hong Kong	3,705	53%	Beef, pork, fruit, vegetables, fish, vitamins
6	3,935	4	USA	3,022	77%	Beef, fish, fruit, mining and construction equipment, machinery & parts, metal products (eg: Tube & pipe fittings), plastics
7	3,138	5	PNG	2,687	86%	Mining equipment, machinery & parts, car parts, mechanical appliances, fruit, dairy products, alloy steel, metal products
10	1,929	6	Japan	2,530	131%	Beef, fish, fruit, vegetables, edible offal, clay and mineral products
5	5,729	7	UAE	1,304	23%	Beef, fruit
12	1,401	8	Malaysia	1,212	87%	Beef, fruit, specialised electrical components
9	2,596	9	Vietnam	1,147	44%	Beef, fruit (mostly grapes), edible offal, leather
2	10,263	10	China	1,103	11%	Beef, dairy products, crustaceans (eg: crayfish), vitamins & beauty products, infant baby formula
Others	19,094			12,820	67%	
Total	**76,431**			**40,023**	**52%**	

Source: ABS data

Top 10 destinations for imports passing through Brisbane Airport

FY19 RANK	FY19 TONNES	FY23 RANK	NATION	FY23 TONNES	RESTORATION OF FY19 LEVELS	MAJOR COMMODITIES SUMMARY
2	10,155	1	China	6,465	64%	Clothing & fashion items, electronics, machinery, optical glasses
1	11,623	2	USA	5,191	45%	Car parts, mining equipment, machinery, electronics, aircraft engines, medical equipment
3	3,855	3	New Zealand	2,668	69%	Mechanical equipment, vegetables, fish, plastic packaging, aluminium bars & rods
4	3,219	4	Germany	2,064	64%	Industrial parts, mining parts, machinery, pharmaceuticals, medical equipment
7	1,388	5	UK	1,623	117%	Machinery and mechanical appliances, electric motors, car parts
11	1,108	6	Japan	1,622	146%	Car and engine parts, industrial parts, mining parts
5	1,890	7	India	1,390	74%	Clothing, medicines, pharmaceuticals, electrical components, mechanical equipment, jewellery
10	1,169	8	Mexico	1,067	91%	Vegetables, mechanical pumps & compressors, electrical parts, car parts
9	1,330	9	Italy	808	61%	Mining parts, industrial & electrical machinery, car parts, clothing, furniture, jewellery
6	1,731	10	France	623	36%	Mining detonation equipment, medicines & laboratory items, wine, navigation instruments
Others	15,164			8,367	55%	
Total	**52,631**			**31,889**	**61%**	

Source: ABS data

Airside operations

For the seventh straight year, BNE passed its annual CASA audit and annual technical inspection with no safety findings, a milestone unmatched around the country.

At Brisbane Airport, we have an unrelenting commitment to safety.

In FY23 this led us to:

- Create a new full-time permanent Training Officer position to deliver airside safety training
- Redesign our airside safety vehicles to a striking new yellow design, to differentiate them from other service vehicles across the airfield
- Change the name of our staff to Airside Safety Officers (previously Airside Operations Officer) to continue to reinforce their key role in protecting all who use our airport.

We continue to innovate, with the flight manual almost complete to enable the safe use of an all-weather drone for survey work, maintenance and for use during extreme weather events to check on potential flooding issues across Brisbane Airport.

COMMERCIAL

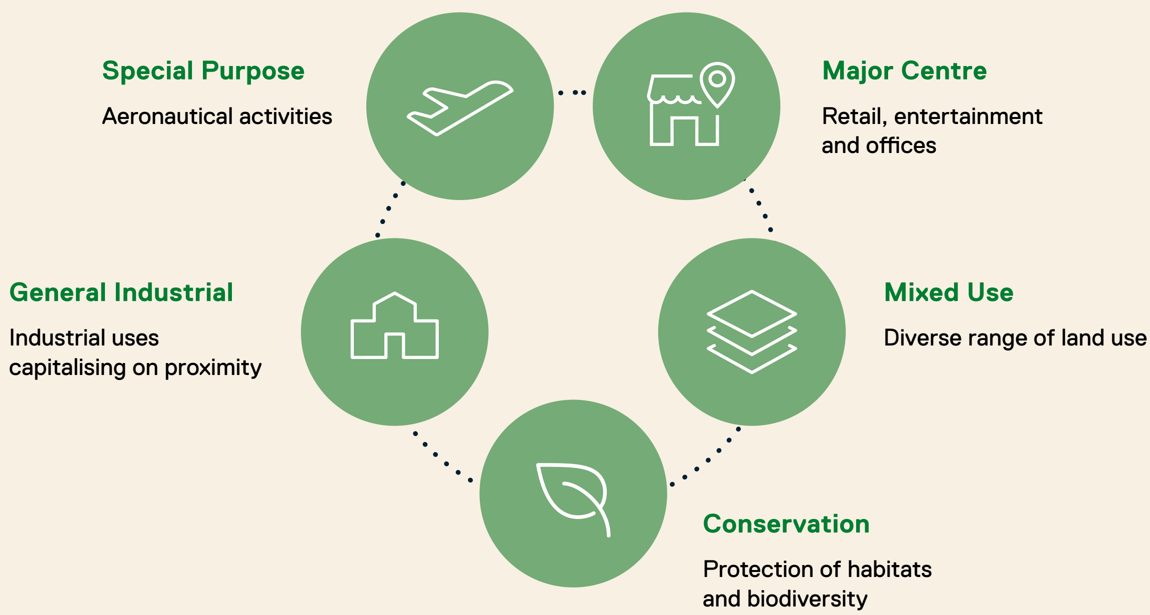
PROPERTY

Brisbane Airport Corporation is responsible for guiding sustainable property development at Brisbane Airport across its 2,700 hectare lease holding.

Our vision to *Connect the World, Create the Future* drives us to be more than an airport. We are a place where business grows: a place where people come even when they are not flying. We are an airport city — a place that creates jobs for generations to come in a sustainable way.

Making BNE an attractive hub by delivering a diverse, sustainable mix of businesses, entertainment and experiences for locals and visitors continues to be a focus for FY24 and part of our five-year strategy. The focus to sustain momentum continues, ensuring the increased velocity of property development is maintained by optimising sales, operations and project delivery.

Brisbane Airport Land Use Zones



Key achievements:

Completion of 9 new developments across Export Park, Da Vinci Business Park and Aerotech Park

Construction commenced in the first industrial warehouse development in the Airport Industrial Park (AIP) precinct for Aramex

Two new proactive developments approved for construction to commence in FY24

MDP approval and project commencement for an aeromedical hub

Welcomed Boronia Brew to the Da Vinci Business Park and **Geodis and RSEA** to Export Park.

Key metrics:

$2.1 billion property portfolio

Capex investment in property development FY16–FY20 = **$223 million**

Forecast capex investment over next 5 years = **$963 million**

121 tenants

450 hectares of land available for commercial development

214 property leases

0.15% vacancy rate for commercial investment portfolio

0.86% vacancy rate for industrial portfolio.

Challenges:

Managing construction price escalation.

RETAIL

BAC's retail division manages the retail, commercial and advertising portfolio across the Domestic and International Terminals as well as the Skygate precinct. This includes the Duty Free Concession which is the single largest lease revenue agreement in the portfolio.

We work with our partners to continually evolve the retail environment, while delivering an exceptional customer experience through retailtainment. Our retail engagement program includes staff training, regular forums and a mystery shopping program to drive retailer performance across both terminals.

Key achievements:

Securing 10 new retail concepts for the Southern Retail Project at the Domestic Terminal

Restarting the ITB retail business post covid

Completing 65 lease transactions

Key metrics:

$680 million of retail sales across the International, Domestic and Skygate Precincts

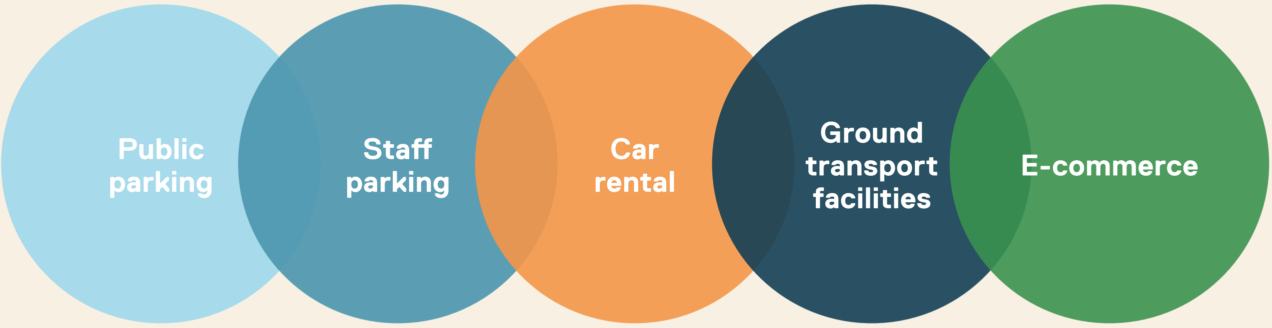
More than **530 leased sites** managed

Challenges:

Successful negotiation of new **10 year Duty Free contract**

Planning and commencing construction of the **International Terminal Retail Upgrade** project

Delivering the **Southern Retail Project** at the Domestic Terminal



PARKING AND GROUND TRANSPORT

The Parking and Ground Transport team delivers excellence in customer service and stakeholder management through investment in world class infrastructure and systems, for passengers, customers and airport workers. This includes facilitating all transport modes of choice for passengers and workers, and all non-terminal parking including our commercial precinct and Skygate.

Key achievements:

Re-launch of ParkValet at the International Terminal

Highest occupancy of 18.5K cars in our public parking in June 2023

Launched licence plate recognition for all online customers which enables a seamless experience.

Key metrics:

Two million users in FY23 (increase of 78% from FY22)

$77 million in online sales

897,000 online transactions

97,000 valet customers served across ITB and DTB.

Challenges:

Managing demand to available capacity whilst balancing customer experience.

FINANCIAL REPORT 2023

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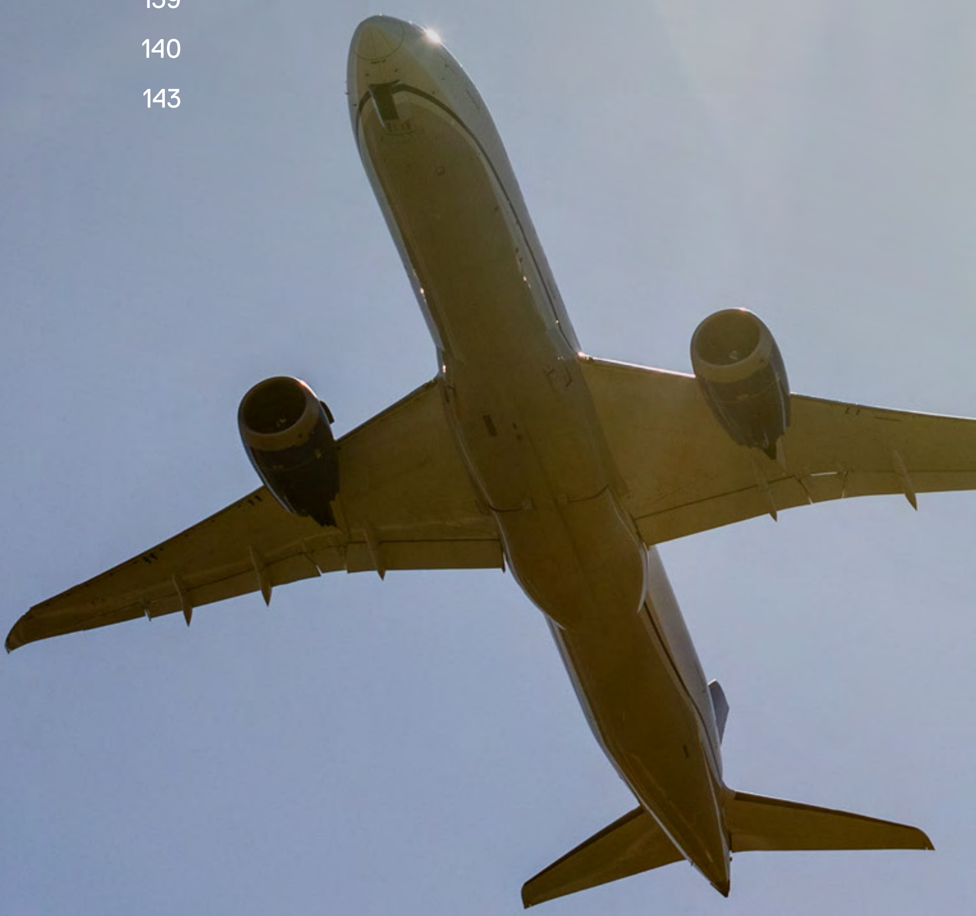

DIRECTORS' REPORT

The Directors present their report along with the consolidated financial statements of BAC Holdings Limited (BACH) and its subsidiaries, BAC Holdings No. 2 Pty Limited and Brisbane Airport Corporation Pty Limited (BAC) (collectively, the Group or BAC Group) for the year ended 30 June 2023, to comply with the provisions of the *Corporations Act 2001* (Cth).

1. Principal activities

The principal activity of the BAC Group during the year was the operation and development of Brisbane Airport.

2. Operating and financial review

Capitalising on a full year of unrestricted travel across domestic and international borders, in FY23 the BAC Group recorded its strongest financial and operating performance since FY19. The year was characterised by the continued return of demand for travel, and this underpinned the revenue performance across the Group's 'volume linked' divisions of aviation, retail, and landside transport. Investment property and operating property continue to deliver robust performance.

Despite the strong results, the rate of recovery to pre-COVID-19 levels continues to be hindered by supply side challenges including airline capacity and operational constraints, and labour shortages. For the year ended 30 June 2023, total domestic passenger numbers were approximately 91.4% of pre-COVID-19 levels with international passenger numbers approximately 64.2% of pre-COVID-19 levels.

FY23 total passenger numbers (20.0 million billable excl. infants) remain some 15.7% below pre-COVID-19 levels (FY19).

Passenger driven revenue streams rebounded in kind, with year-on-year performance up $193.3 million for aeronautical (including mandated security), $78.1 million in landside transport and $42.0 million in retail. Total revenue from ordinary activities increased by $324.6 million (64.9%) to $825.2 million (relative to FY22), but for comparative purposes remains $15.3 million lower than pre-pandemic results of $840.5 million (FY19).

Strong ongoing demand for carparking underpinned a robust result in terms of revenue generation for landside transport, delivering $167.7 million in FY23, up 87.1% on the prior year. The trend established during COVID-19 for a consumer preference to drive and park as opposed to relying on alternative methods of transport continues to drive demand for BAC Group's diverse range of carpark products.

Revenue for investment property continued to display the resilience demonstrated throughout the pandemic and remained materially in line with the year prior at $118.1 million. In addition, operating property was up $2.7 million (8.9%) on the prior year.

Total operating expenses increased by $75.2 million (38.7%) compared to the prior year, as a result of overall higher level of activities across the organisation. Despite this, BAC Group maintained strong cost discipline with key increases in maintenance and contract services ($19.8 million), staffing ($10.5 million), corporate and administration ($16.1 million) and utilities ($0.5 million). Government mandated security costs were $55.1 million, an increase of $33.6 million or 156.7% due to the significant passenger recovery.

FY23 resulted in an operating profit of $254.6 million (profit from ordinary activities before the redeemable preference shares ('RPS') dividend, change in fair value of investment property, and income tax expense) for BAC Group, an increase of $267.0 million on a prior year operating loss of $12.5 million.

The BAC Group balance sheet strengthened in FY23, supported further by ongoing positive operating cash flow and significant available liquidity in the form of cash and committed undrawn bank facilities. The BAC Group was in a net current liability position of $176.3 million at 30 June 2023 (30 June 2022: net current liability of $217.6 million) although this shortfall was well covered via undrawn committed bank facilities of $1,018.0 million (2022: $1,215.0 million).

The BAC Group's robust financial performance and outlook, strong liquidity position and credit metrics enabled the Company to make its first distribution to Shareholders since FY19, in the form of $172.4 million of gross RPS dividends and $50 million in ordinary dividends.

At 30 June 2023, the BAC Group recorded a nominal increase in fair value on investment property of $1.0 million, off the back of an increase of $199.0 million in the prior year. This year's uplift comprised of a valuation increase of $8.6 million, partially offset by $7.6 million related to straight lining of lease revenue. While the Group continues to observe strong performance in its industrial portfolio, the overall flat valuation movement in FY23 represents a degree of uncertainty in the outlook for the core factors that underpin the property sector in general.

In FY23, the BAC Group provided approximately $18.9 million (FY22: $64.1 million) in support to our retail and property tenants in the form of base rent abatements and deferrals.

The year-on-year movement in the change in fair value of derivatives of $47.3 million is predominantly attributable to fair value hedge ineffectiveness and amortisation of de-designated legacy hedges, mainly on restructured swaps.

The financial performance of BAC Group continued to reflect the ongoing recovery of the aviation industry from the COVID-19 pandemic. Profit before income tax was $207.8 million (2022: $141.3 million), an increase of $66.5 million on prior year.

	2023 $000	2022 $000
Revenue from ordinary activities	**825,227**	**500,583**
Operating expenses	**(269,809)**	**(194,563)**
Revenue from ordinary activities less operating expenses	**555,418**	**306,020**
Depreciation and amortisation	(153,822)	(155,424)
Profit/(loss) on asset disposals	(10,774)	101
Impairment	(7,589)	(7,617)
Finance costs	(128,667)	(155,528)
Operating results	**254,566**	**(12,448)**
Redeemable preference shares dividend	(47,708)	(45,278)
Change in fair value of investment property	961	199,046
Profit before income tax	**207,819**	**141,320**
Income tax expense	(62,422)	(39,391)
Profit for the year	**145,397**	**101,929**

3. Dividends

Dividends and distributions declared and paid by BACH during the current financial year were $222.4 million (2022: $nil). This reflected the redeemable preference shares dividend in relation to FY23, unpaid RPS dividend entitlements for the previous years and ordinary dividend in relation to FY23.

The RPS dividend declared of $172.4 million, $169.0 million paid net of withholding tax (2022: $nil) and ordinary share dividend of $50.0 million (2022: $nil) were paid by BACH on 2 May 2023.

4. Changes in state of affairs

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

5. Events subsequent to reporting date

Since the end of the financial year to the date of signing, there were no subsequent events to report.

6. Directors

The Directors of the BAC Group at any time during FY23 or up to the date of this Report are set out below[1]:

Name, qualifications, and any special responsibilities	Experience and other directorships
 **DAVID PEEVER BEC, MSC (MINERAL ECONOMICS)** Board Chair, Non-Executive Director and member of the Human Resources and Remuneration (HRR) Committee and the Property Committee Appointed: 05/05/2017	David is a Non-Executive Director of the Australian Foundation Investment Company. He was previously: • A member of the Foreign Investment Review Board • Chair of the Naval Group • Chair of Cricket Australia and World Twenty20 2020 Ltd • Director of the International Cricket Council • A Director of The Stars Foundation • Until July 2017, the Chair of the Minister of Defence's First Principles Review of Defence and following the acceptance of the review by Government of the Oversight Board which helped guide implementation of the Review's recommendations • A Director of the Business Council of Australia • Vice Chair of the Minerals Council of Australia. David retired as Managing Director of Rio Tinto Australia in October 2014 after 27 years with Rio Tinto. During his career with Rio Tinto, David worked across a range of disciplines including strategy and planning, industrial relations, operations, sales and marketing, business improvement, shipping, and policy. David worked in many parts of Australia and across most of Rio Tinto's commodity suites. His Rio Tinto career also saw him live in Singapore, Los Angeles and London. He travelled extensively with Rio Tinto and has done business in most parts of the world.
 **DIRK (DICK) BENSCHOP** Non-Executive Director Appointed: 01/04/2019	Dick was previously the President and Chief Executive Officer (CEO) of Royal Schiphol Group (Schiphol). Dick studied History at the Vrije University in Amsterdam and worked in various functions in the Dutch Parliament and in the Dutch Labour Party. In 1994, Dick founded his own consultancy firm before returning to politics as Deputy Minister for Foreign Affairs in the Dutch Government from 1998 to 2002. Dick joined Shell in 2003 and worked for Shell Energy Europe before moving to Kuala Lumpur in 2006 overseeing the Gas & Power business in Malaysia. In 2009, he took up the role of Vice President Strategy for the Royal Dutch Shell Group. From 2011 to 2016, he was President Director of Shell Netherlands, followed by Vice President Non-Operated Ventures in Shell International. Dick holds multiple Board roles, including at the Mission Possible Partnership.

1 Directors were in office for the entire period unless otherwise stated.

Name, qualifications, and any special responsibilities	Experience and other directorships
 **JOHN BORGHETTI AO** Non-Executive Director and Chair of HRR Committee Appointed: 01/03/2020	With more than 45 years in the aviation industry, John retired from Virgin Australia in 2019 after 9 years as CEO and Managing Director. Prior to joining Virgin Australia, he spent his career at Qantas Airways, starting in 1973 and rising to the position of Executive General Manager, responsible for Qantas Domestic, International and QantasLink. John has previously served as a Director of Coca-Cola Amatil, the Art Gallery of NSW and Energy Australia. John is a Director of Balmoral Pastoral Investments, Crown Resorts Limited, and Chair of Crown Sydney Gaming Pty Ltd. He is also a member of the John Sample Group Advisory Board and O'Connell Street Associates. John was previously a Director of Alinta Energy and the Marprop Advisory Board.
 **ROBERT CARSOUW** Non-Executive Director Appointed: 01/04/2021	Robert is Executive Vice President and Chief Financial Officer of Schiphol. Prior to starting his journey at Schiphol, Robert worked at Procter & Gamble and for 23 years at McKinsey & Company in various roles, since 2011 as a Senior Partner. He served clients mainly in the public sector and in the mobility/logistics sector. In addition, Robert worked with clients on digital transformations across a wide range of sectors. Robert was co-founder and Chair of the Supervisory Board of Social Enterprise NL and co-founder and Vice-Chair of LittleBitz. Robert is a graduate of the Erasmus University in Rotterdam and has a Master's degree in Econometrics/Computer Science.
 **PAUL DESOUZA** **BCOM, BBUS (ACC) (HONS), CA** Non-Executive Director and Chair of the Finance, Audit and Risk Management (FARM) Committee and New Financing Special Committee Appointed: 16/02/2017	Paul is a Partner in the QIC Global Infrastructure team having been with QIC since 2006. Within QIC Infrastructure, Paul is a member of the Infrastructure Investment Committee and is the Chair of the Investment Management Committee. Paul has more than 25 years of experience in investment management, banking and finance and professional services, including more than 16 years in the infrastructure sector where he has been involved in a broad range of transactions in Australia, Europe, Asia and North America across the transport, energy and utility and social infrastructure sectors. Prior to joining QIC, Paul was a Director in the Infrastructure Advisory and Lending team at ING Bank in London and worked in the Corporate Finance and Audit Divisions of Deloitte, both in London and Australia. Paul is on the board of the Nexus Hospitals group of entities and the Evolution Healthcare Group. Paul is also an alternate director of Titles Queensland group and the Epic Energy South Australia group of entities. Paul previously served for more than six years on the board of the Port of Brisbane group of entities (including being the Chair of the Audit and Risk Committee). Paul has also been a Director (or Alternate Director) of the Epic Energy Group of entities, MI Longbeach LLC (the project vehicle for the Long Beach Courthouse PPP project), Portobar Capital (investment entity for Grup Maritim TCB, a container terminal developer and operator) Westlink M7 toll road group of entities in Sydney, Titles Queensland, and the Sea Swift groups.

Name, qualifications, and any special responsibilities	Experience and other directorships
 **CHRIS FREEMAN AM** **BCOM, FAICD, FFIN, FDIA** Non-Executive Director and Chair of the Property Committee Appointed: 01/03/2014	Chris was born and educated in Queensland and has significant company directorship experience in Australia and abroad in the property and finance sectors. He is: • A Director of Sunland Group Ltd • A Member of the Brisbane City Council Urban Futures Board • Past Chair of Watpac, Tennis Australia and the Queensland Performing Arts Trust. Prior to joining Watpac, Chris held the position of Executive Chair, Development for Queensland, United Kingdom and United Arab Emirates at Mirvac. Previously, Chris was the CEO for Mirvac Queensland from 1998 to 2008. Chris' former roles include Executive Director of Sunland Group, Director of TransLink Ltd and prior to that, Head of Business Banking at QIDC. Chris is a past President of the Urban Development Institute of Australia and remains a life member. Chris also previously held the position of Chair of the Queensland Symphony Orchestra and the Queensland Museum Advisory Board. He has a strong interest in the arts and sport. In June 2009, Chris was awarded a Member in the General Division of the Order of Australia (AM) for his contribution to the property development industry, the arts and other cultural affairs.
 **BRAD GEATCHES** **BCOM, MAICD** Non-Executive Director, Chair of the Terminal 3 Precinct Program Special Committee and member of the Property Committee Appointed: 22/11/2018	Brad has over 30 years of senior executive experience in underground mining, airports, and seaports, including 16 years as CEO of 4 corporations. From 2007 to 2016, Brad was CEO of Perth Airport and in that capacity led a $1.1 billion capital investment program that greatly expanded the airport's capacity and transformed the airport's customer experience. Prior to this, Brad was CEO of Cairns Port Authority, the operator of the Cairns airport and seaport. Through these capacities, Brad has developed expertise in governance, financial and risk management, land use and infrastructure planning, capital development and life-cycle asset management of complex facilities with high levels of public engagement. Brad is currently a Director of MATES in Construction WA, a charity providing mental health and suicide prevention services to workers in the construction and mining industries. He is also a Chair of Pilbara Ports Authority, Director of Canberra Airport and Genotyping Australia Pty Ltd. He has previously served as a Director of Perth Zoo Authority.

Name, qualifications, and any special responsibilities	Experience and other directorships
 **BELINDA GIBSON** **BEC, LLB, LLM, FAICD, FGIA** Non-Executive Director and member of the HRR Committee Appointed: 05/05/2017	Belinda is also a Director of Ausgrid (representing the NSW State interests in the Ausgrid partnership), Humbli and the Yalari group of companies. She also serves as the Chair of the Power of Engineering Inc. Advisory Committee and Chair of the Professional Conduct Oversight Committee of Chartered Accountants Australia and New Zealand. She was a Corporate and Securities Partner with the global law firm Mallesons Stephen Jaques for 20 years. She particularly focused on transaction strategies, partnerships and joint venture arrangements and governance issues. In 2007, she was appointed Commissioner and then Deputy Chair of the Australian Securities and Investments Commission (ASIC), with primary responsibility for oversight of the capital markets. In 2013, she left ASIC and established her independent corporate advisory and legal business. She is a former Director of Airservices Australia, the air traffic control agency, GetSwift Limited, Chief Executive Women Inc, The Sir Robert Menzies Memorial Foundation, Thorn Group Ltd and Citigroup Australian retail bank.
 **MARIGOLD LOOK** **BACC, CFA, GDIPAPPFIN, GAICD** Non-Executive Director and member of the FARM Committee and New Financing Special Committee Appointed: 28/04/2023	Marigold is an Executive Director at IFM Investors and has over 20 years of experience in investment evaluation, asset management, corporate finance, and valuations. Marigold is responsible for managing IFM Investors' Net Zero Infrastructure portfolio. Since joining IFM Investors in September 2006, Marigold has been involved in executing and managing various investments in Australia and globally across a broad range of infrastructure sectors including energy, transportation (airports, ports, toll roads) and social infrastructure. Prior to joining IFM Investors, Marigold held roles with stockbroking firm Wilsons as an equities research analyst, and with PwC specialising in corporate valuations and strategy consulting. Marigold has previously represented IFM Investors on the Boards of Airport Development Group (NT Airports), where she was also Chair of the Risk and Audit Committee, as well as Axiom Education (NSW Schools PPP) and Eastern Distributor (M1 toll road).

Name, qualifications, and any special responsibilities	Experience and other directorships
 **JOHN WARD** **BSC, FAICD, FCILT, FRAES** Non-Executive Director and member of the FARM Committee, New Financing Special Committee and Terminal 3 Precinct Program Special Committee Appointed: 24/11/1997	John is a professional company director and corporate advisor specialising in governance and strategy development, particularly in transport, tourism, communications, infrastructure and technology focused industries. He was interim Chair of the Board from 30 January 2009 to 25 September 2009 and is a member of the New Financing Special Committee and FARM Committee, previously holding the position of FARM Committee Chair for 13 years. He is a seasoned and well credentialed non-executive director and has served, including as Chair, on the boards of many listed and unlisted public companies headquartered in both Australia and overseas. He was Chair of Wolseley Partners, an Australian based private equity firm for 10 years. He has also held appointments on several government bodies in the fields of tourism, aviation, freight and economic regulation. John retired as the General Manager Commercial of News Limited in May 2001. Prior to joining News Limited in mid-1994, John was Managing Director and Chief Executive of Qantas Airways Limited, in which role he spearheaded its acquisition of and merger with Australian Airlines and the group's subsequent privatisation. This culminated a 25-year career with the airline in a variety of corporate and line management roles covering Australia, Asia, Europe and North America. John is an Honorary Life Governor of the Research Foundation of Information Technology and a Director of Adelaide Airport, Ward Advisory Services and Ward Securities Pty Limited.
 **ALAN WU** **MCOM, CFA, GAICD** Non-Executive Director and member of the FARM Committee, Terminal 3 Precinct Program Special Committee and New Financing Special Committee Appointed: Alternate Director: 03/11/2014 to 18/02/2022 Non-Executive Director: 18/02/2022	Alan is a Director at Igneo Infrastructure Partners (Igneo). He is responsible for the management of transport and utilities infrastructure assets, as well as sourcing, evaluating and securing investment opportunities within the infrastructure team. He currently serves as a Director on the Boards of Adelaide Airport Group and coNEXA Infrastructure Partners. He has previously served as a Director of Bankstown and Camden Airports and the International Parking group of companies. Alan has been involved in the investment, management and divestment of infrastructure assets, as well as portfolio management since 2000. Prior to being appointed Director, Alan held various roles within the team including Head of the Analytics. Alan was also actively involved in the establishment and growth of Igneo's flagship infrastructure funds in Australia.

Name, qualifications, and any special responsibilities	**Experience and other directorships**
 **TONY HARRINGTON AM** Alternate Director for Dirk Benschop and member of the Property Committee Appointed: 01/01/2015	Tony has a distinguished career in financial and professional services, with over 35 years of business and strategic leadership experience, in Australia and internationally. Tony was the Chief Executive of leading legal and consulting firm MinterEllison and represented Schiphol as an Alternate Director for the Hobart International Airport Pty Ltd. Prior to this, he was Managing Director of the fast-growing and innovative global investment bank, Moelis & Company. He also held a number of senior roles at PwC including Global Managing Partner, Strategy & Transformation at PwC and was a member of the PwC Global Executive Leadership Team. From 2000 to 2008, Tony was Australian Senior Partner and Chief Executive of PwC, coming into the position not long after the merger of Price Waterhouse with Coopers & Lybrand, and oversaw the successful cultural integration and significant growth of the merged firm in Australia. At Coopers & Lybrand, Tony was Deputy Chair of the firm and National Managing Partner of Taxation Services. He was appointed a Member of the Order of Australia (AM) in 2011 in recognition of his charitable work.
 **CALVIN KER** **CA, BBUS** Alternate Director for Marigold Look Appointed: 28/04/2023	Calvin is a Vice President at IFM Investors and has over 7 years of experience across the infrastructure sector. Calvin is responsible for the origination, execution and management of infrastructure investments with a focus on aviation, technology and social infrastructure. Prior to joining IFM Investors, Calvin held roles with EY's Financial Services Team and IBM Australia.
 **KATHERINE MCCAWE** **BCOM (HONS), CFA** Alternate Director for Alan Wu Appointed: 22/02/2022	Kate is an Associate Director, Infrastructure Investments at Igneo Infrastructure Partners (Igneo). Kate is responsible for transaction origination and execution, and the ongoing asset management of Igneo's portfolio assets. Kate currently serves as a director on the board of Quantem and International Parking Group and is an Alternate Director on the board of Adelaide Airport. Kate has been with Igneo since 2015. Prior to joining the business, Kate was an equities research associate covering the infrastructure and transport sector. Prior to that, Kate worked in corporate finance at KPMG specialising in valuations.

Name, qualifications, and any special responsibilities	Experience and other directorships
 **LIAM TIERNEY BCOM, BSC, CFA** Alternate Director for Brad Geatches Appointed: 23/05/2019	Liam is a Senior Director at Patrizia AG and has been responsible for the acquisition and management of infrastructure assets across both Australia and Asia since 2006. In this capacity, he currently serves as a Director on the board of PATRIZIA MBK Fund Management, 1KW Adelaide Pty Ltd and Rowville Transmission Facility. Liam is also an Alternate Director on the board of International Parking Group, WR Carpenter No 1 Group and the APAC Sustainable Infrastructure Fund. Liam also has experience in assessing transactions, investments, and divestments across a wide range of infrastructure and other sectors across Australia, Asia and Europe. He spent 2 years overseeing the European portfolio and investing activities while based in Whitehelm Capital's London office.
 **GERHARD VORSTER BSC (CIVIL ENGINEERING), MBA (CUM LAUDE), MAICD** Alternate Director for Robert Carsouw and member of the HRR Committee and Terminal 3 Precinct Program Special Committee Appointed: 01/01/2019	Gerhard is the Managing Director of Quidni Advisory, a boutique strategy advisory firm. Working directly with boards and senior leaders, Gerhard guides businesses to reposition them in pragmatic yet unexpected ways. Previously, Gerhard was the Chief Strategy Officer for Deloitte Australia and Asia-Pacific, a position he held for 5 years. Prior to that, Gerhard was the Managing Partner (Consulting) for the South African, East Asian, Australian, and Asia-Pacific practice regions. He has broad sector experience with a specific focus on growth, innovation, technology, and leadership. He is published widely on these topics. Gerhard trained and practised as a professional engineer and spent some time at an investment bank prior to joining Deloitte in 1987. In addition to his MBA, he also completed several executive education programs at Harvard, Stanford, Kellogg, INSEAD, IESE and IMD. Gerhard is the Chair of the Advisory Board of Bio Capital Impact Fund, a member of the Advisory Board of Intersective, a Director of Seeing Machines Limited and the Patron Emeritus of Good Design Australia. He was a Director of Georgiou Group and the inaugural Chair of the RMIT University College of Business Advisory Board.
 **JOSHUA CRANE MAPPFIN, BCOM, LLB (HONS), GAICD** Non-Executive Director and member of the FARM Committee and New Financing Special Committee Appointed: 01/03/2020 Resigned: 28/04/2023	Josh is an Executive Director at IFM Investors and has over 17 years' experience across the infrastructure sector. Josh is responsible for the origination, execution and management of unlisted infrastructure investments, with a particular focus on transport (airports, ports and toll roads) and energy (utilities and renewables). Prior to joining IFM Investors, Josh held prior senior roles with both Major Projects Victoria and Herbert Smith Freehills, focusing on the procurement, delivery, and financing of domestic and international infrastructure investments. Josh has represented IFM Investors as a Director on the Board of Wyuna Water.

Name, qualifications, and any special responsibilities	Experience and other directorships
 **KIRSTEN WHITEHEAD BCOM/LLB (HONS), GDLP** Alternate Director for Paul DeSouza Appointed: 26/06/2019 Alternative Director for Belinda Gibson Appointed: 22/05/2017 Resigned: 24/01/2023	Kirsten joined QIC in early 2010 and has overall responsibility for portfolio management across QIC Infrastructure's separately managed accounts, large co-investors and pooled products. Her role is focused on infrastructure investment management with a focus on investment analysis, asset management, governance, and structuring, together with portfolio construction and analytics, research and thought leadership, and managing the overall client relationships. Since joining QIC, Kirsten has had broad exposure to a variety of sub-sectors from both an investment origination and asset management perspective. This has included being an integral part of the teams that successfully acquired Epic Energy South Australia and Heathrow Toggle and implementing the strategy for the US public private partnership investments. She has also held asset management roles in the transport and utilities sectors, in particular with respect to Brisbane Airport, Port of Brisbane, and Thames Water. Kirsten has also worked closely with a number of the separately managed account clients on investment management matters and mandate negotiations. Prior to working with QIC, Kirsten was employed by the Virgin Group in London for 2 years where she evaluated and managed a portfolio of investments in various sectors including renewable energy, telecommunications, healthcare, and aviation. Previously, Kirsten was employed as a corporate solicitor at King & Wood Mallesons where she had experience in mergers and acquisitions, joint venture arrangements, corporate restructurings and acting for investors in infrastructure and resource projects.

7. Company Secretary

During the financial year, each of the following individuals held the role of BACH Company Secretary:

- Raechel Paris (BA, LLB, GAICD) is Executive General Manager Governance and was appointed as Company Secretary on 26 March 2020. Ms Paris has more than 20 years' experience in legal, commercial and governance roles, with national and international accountability, and brings a wealth of corporate governance knowledge to the business.
- Melissa Hill (LLB, BEnvSc, GAICD) is General Counsel and Head of Legal Services and was appointed as Company Secretary on 19 November 2021. Melissa has more than 18 years' experience as a corporate/commercial lawyer and prior to her role at BAC, Melissa worked in private practice and in-house legal roles supporting a broad range of clients.
- Brady Dennis (LLB, BBus) was appointed Group Company Secretary on 18 February 2022. Since finishing his dual degree of Law and Business (Management major) in 2018, he has developed a passion for corporate governance and the impact that good governance practice has toward the execution of organisational objectives.

8. Directors' meetings

The number of Directors' meetings (including meetings of Board Sub Committees of Directors) and the number of meetings attended by each of the Directors during the financial year were:

Director	Board meetings		FARM Committee meetings		HRR Committee meetings		BAC Property Committee meetings		New Financing Special Committee meetings		Terminal 3 Precinct Program Special Committee meetings	
	A	B	A	B	A	B	A	B	A	B	A	B
D Peever (Board Chair)	10	11	1#	-	5	5	5	6	-	-	-	-
D Benschop	3	11	-	-	-	-	-	-	-	-	-	-
J Borghetti	11	11	-	-	4	5	-	-	-	-	1#	-
R Carsouw	1	11	-	-	-	-	-	-	-	-	-	-
J Crane	8	8	5	5	-	-	-	-	1	1	-	-
P DeSouza	10	11	6	6	-	-	-	-	1	1	1#	-
C Freeman	11	11	1#	-	-	-	6	6	-	-	2#	-
B Geatches	11	11	1#	-	-	-	6	6	-	-	4	4
B Gibson	11	11	1#	-	5	5	-	-	-	-	1#	-
M Look	4*	3	1	1	-	-	-	-	-	-	-	-
J Ward	11	11	6	6	-	-	-	-	1	1	4	4
A Wu	10	11	5	6	-	-	-	-	1	1	2*	1
C Ker (Alternate Director for M Look)	-	1	-	-	-	-	-	-	-	-	-	-
T Harrington (Alternate Director for D Benschop)	9**	11	-	-	-	-	6	6	-	-	1#	-
L Tierney (Alternate Director for B Geatches)	1*	11	-	-	-	-	-	-	-	-	-	-
G Vorster (Alternate Director for R Carsouw)	10*	11	-	-	5	5	-	-	-	-	3	4
K Whitehead (Alternate Director for P DeSouza and B Gibson)	-	6	-	-	-	-	-	-	-	-	-	-
K McCawe (Alternate Director for A Wu)	-	11	-	-	-	-	-	-	-	-	-	-

A Number of meetings attended.
B Number of meetings held during the year where the Director held office or was a member of the relevant Committee.
Attended the relevant committee meeting as an invitee.
* In capacity of invitee for one meeting.
** In capacity of invitee for two meetings.

If any Circulating Written Resolutions of Directors were passed during the year, these are included in the number of Board meetings held and attended. Four Circulating Written Resolutions were effected in FY23.

9. Indemnification and insurance of officers and auditors

BACH on behalf of the BAC Group has entered into Deeds of Indemnity, Insurance, and Access (Deeds) with each Director, Alternate Director, Company Secretary, and each member of BAC's Executive Leadership team (collectively, Officers) within the Group.

BACH has agreed to indemnify and maintain insurance in favour of each Officer with respect to certain liabilities which the Officer may incur acting as an Officer in accordance with the terms of the Deeds.

During the year, the BAC Group paid insurance premiums in respect of a Directors' and Officers' Liability Insurance Contract for current and former Directors and Officers, including Officers of the BAC Group.

To the extent permitted by law, the BAC Group has agreed to indemnify its external auditor, Deloitte (Deloitte Touche Tomatsu (Deloitte)), as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Deloitte during or since the end of the year.

10. Environmental regulation

Environmental management of BAC's operations is primarily governed by the *Airports Act 1996* (Cth) and associated *Airports Regulations 1997* (Cth) and the *Airports (Environment Protection) Regulations 1997* (Cth), which address soil, air, water, preservation of habitat, and excessive ground-based noise regulation.

Airport Environment Officers employed by the Department of Infrastructure, Transport, Regional Development, Communications and the Arts assist with the administration of the *Airports (Environment Protection) Regulations 1997* (Cth) and have a number of specific statutory functions under the *Airports Act 1996* (Cth) and the *Airports Regulations 1997* (Cth).

The *Environment Protection and Biodiversity Conservation Act 1999* (Cth) also applies to federally leased airports and is administered by the Department of Climate Change, Energy, the Environment and Water. Biosecurity risk at Brisbane Airport is managed in accordance with the *Biosecurity Act 2015* (Cth) administered by the Department of Agriculture, Fisheries and Forestry. Environmental matters not specifically dealt with by Commonwealth legislation are regulated by the applicable State legislation and local government by-laws.

BAC takes all reasonable and practicable measures to comply with its general environmental duty to avoid or minimise pollution. BAC also exercises its rights under tenant lease agreements to require entities responsible for pollution to monitor and remediate contamination on Brisbane Airport.

There have been no significant breaches by the BAC Group of any applicable environmental regulations.

11. Non-audit services

The BAC Group's external auditor, Deloitte may perform certain other services in addition to their statutory duties in accordance with BAC's External Audit Policy. This policy ensures controls are placed on all non-audit related services, including quarterly reporting to the FARM Committee, as required.

In addition to providing an annual declaration on its compliance with independence requirements, the External Audit Policy requires the external auditor to maintain a quality control system to provide assurance that its independence will not be impaired.

Details of the amounts paid to the auditor of BACH, Deloitte, and its related practices for services provided during FY23, are set out in note 2.4 to the financial statements. There were no non-audit services provided during the financial year.

12. Auditor's independence declaration

The auditor's independence declaration is included on page 143.

13. Taskforce on Climate-related Financial Disclosures (TCFD)

The BAC Group has considered TCFD requirements and continues to monitor IFRS Sustainability Disclosure Standards and associated requirements.

14. Future developments

The BAC Group's future developments and operations are included in the Brisbane Airport 2020 Master Plan. The documents published every 5 years, include setting the strategic direction for each airport, providing plans for development, documenting to the public the intended uses of the sites and development proposals and ensuring compliance with environmental legislation and standards. The next Master Plan will be submitted by 9 March 2026 for Ministerial approval, however the 2020 Master Plan actions are still on track for completion by 9 March 2025.

The 2020 Master Plan was approved by the Australian Government on 10 March 2020.

15. Rounding off of amounts

BACH is an entity of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and in accordance with that Corporations instrument amounts in the financial report and the Directors' Report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in Brisbane on 22 September 2023 in accordance with a resolution of the Directors made pursuant to s.298(2) of the *Corporations Act 2001* (Cth).

David Peever
Director

CORPORATE GOVERNANCE

BACH is an unlisted, public company limited by shares, primarily subject to the corporate governance requirements of the BACH Shareholders' Agreement, the BACH Constitution, the *Corporations Act 2001* (Cth) and common law principles.

The Directors are committed to embracing good corporate governance policies, practices and procedures, where practicable to do so.

Role of the Board

The Board is responsible for the overall corporate governance of the BAC Group, including participation in charting its strategic direction, business planning, strategic and financial objective and priority setting, policy guidelines, goals for management and monitoring of the achievement of these matters.

It actively engages in and guides the development of strategy, as well as the approval of the Business Plan, operating and capital budgets each financial year. The Board also reviews matters of a major or unusual nature which are not in the ordinary course of business.

In conjunction with setting the BAC Group's strategic direction, the Board delegates management responsibility to the Chief Executive Officer (CEO). The Board has also established a risk management framework including a system of internal control, a business risk management process and a delegation of authority policy.

To augment the roles, responsibilities and functions of the Board and individual Directors, as described in the Constitution and the BACH Shareholders' Agreement, the Board has a complementary Board Charter and BAC Code of Conduct.

The Board generally holds no less than 6 scheduled meetings each year, in addition to an annual strategy workshop and any extraordinary meetings as may be necessary to address specific significant matters that may arise outside the normal Board meeting schedule. In addition, the Board utilises Circulating Written Resolutions of Directors pursuant to the Constitution and *Corporations Act 2001* (Cth) as required.

Board subcommittees

To assist in the execution of its responsibilities, the Board has established a number of Board subcommittees including the:

- Finance, Audit and Risk Management Committee (FARM)
- BAC Property Committee[2]
- Human Resources and Remuneration Committee (HRR).

The Board also establishes various Board subcommittees as the needs of the business require from time to time, including the New Financing Special Committee and the Terminal 3 Precinct Program Special Committee.

2 The BAC Property Committee is a Board subcommittee of Brisbane Airport Corporation Pty Limited only.

CONSOLIDATED FINANCIAL STATEMENTS 30 JUNE 2023

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2023

	Note	2023 $000	2022 $000
Revenue from ordinary activities			
Aeronautical		338,001	173,914
Landside transport		167,712	89,658
Investment property		118,053	111,932
Retail		80,186	38,176
Operating property		32,515	29,853
Government mandated security		56,882	27,667
Interest		6,047	2,541
Other		25,831	26,842
Total revenue from ordinary activities	2.1	**825,227**	**500,583**
Operating expenses			
Maintenance and contract services		(63,230)	(43,473)
Government mandated security		(55,121)	(21,473)
Staff		(59,966)	(49,475)
Utilities		(28,547)	(28,036)
Corporate and administration		(50,851)	(34,760)
Doubtful debt expense	4.3(a)	(12,094)	(17,346)
Total operating expenses		**(269,809)**	**(194,563)**
Revenue from ordinary activities less operating expenses		**555,418**	**306,020**
Depreciation and amortisation		(153,822)	(155,424)
Profit/(loss) on asset disposals		(10,774)	101
Impairment loss	3.4	(7,589)	(7,617)
Finance costs	2.2	(128,667)	(155,528)
Operating profit/(loss)		**254,566**	**(12,448)**
Redeemable preference shares dividend	4.1	(47,708)	(45,278)
Change in fair value of investment property	3.6	961	199,046
Profit before income tax		**207,819**	**141,320**
Income tax expense	2.5	(62,422)	(39,391)
Profit for the year		**145,397**	**101,929**
Items that will not be reclassified subsequently to profit or loss			
Defined benefit superannuation fund actuarial gain/(loss), net of tax		(427)	193
Items that may be reclassified subsequently to profit or loss			
Hedge reserve, net of tax		9,708	202,691
Total other comprehensive income		**9,281**	**202,884**
Total comprehensive income		**154,678**	**304,813**

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

Consolidated statement of financial position

As at 30 June 2023

	Note	2023 $000	2022 $000
Current assets			
Cash and cash equivalents	3.1	154,648	80,527
Trade receivables and other	3.2	82,809	73,095
Inventories		2,309	2,541
Derivative instruments	4.3(d)	76,199	22,275
Total current assets		**315,965**	**178,438**
Non-current assets			
Trade receivables and other	3.2	40,583	39,462
Intangible assets	3.3	823,014	823,014
Property, plant and equipment	3.4	3,500,882	3,563,876
Investment property	3.6	2,112,326	2,008,336
Derivative instruments	4.3(d)	189,866	251,454
Total non-current assets		**6,666,671**	**6,686,142**
Total assets		**6,982,636**	**6,864,580**
Current liabilities			
Trade payables and other current liabilities	3.8	147,023	264,077
Interest-bearing liabilities and borrowings	4.1	292,672	131,978
Current tax payable	2.5	52,602	-
Total current liabilities		**492,297**	**396,055**
Non-current liabilities			
Interest-bearing liabilities and borrowings	4.1	3,465,093	3,613,392
Deferred tax liabilities	2.6	823,359	809,562
Derivative instruments	4.3(d)	201,472	178,724
Other liabilities	3.10	68,207	39,317
Total non-current liabilities		**4,558,131**	**4,640,995**
Total liabilities		**5,050,428**	**5,037,050**
Net assets		**1,932,208**	**1,827,530**
Equity			
Issued capital		78,388	78,388
Reserves		1,789	(7,492)
Retained earnings		1,852,031	1,756,634
Total equity		**1,932,208**	**1,827,530**

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

Consolidated statement of cash flows

For the year ended 30 June 2023

	Note	2023 $000	2022 $000
Cash flows from operating activities			
Cash receipts from customers		907,441	537,741
Cash paid to suppliers and employees		(341,719)	(227,416)
Cash generated from operating activities		**565,722**	**310,325**
Interest paid		(107,694)	(90,274)
Derivative termination payment		-	(54,347)
Interest received		5,861	2,503
Income and other taxes received/(paid)		-	74,182
Net cash from operating activities	3.1	**463,889**	**242,389**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		79	105
Acquisition of property, plant and equipment		(95,399)	(68,053)
Acquisition of investment property		(118,383)	(52,624)
Net cash used in investing activities		**(213,703)**	**(120,572)**
Cash flows from financing activities			
Proceeds from interest-bearing liabilities and borrowings		259,000	130,000
Repayments of interest-bearing liabilities and borrowings		(183,060)	(300,000)
Proceeds from/(repayments of) derivative structured products		(31,490)	54,345
Repayments of lease liabilities		(1,527)	240
Redeemable preference share dividend paid		(168,988)	-
Dividends paid		(50,000)	-
Net cash used in financing activities		**(176,065)**	**(115,415)**
Net increase in cash and cash equivalents		**74,121**	**6,402**
Cash and cash equivalents at 1 July		80,527	74,125
Cash and cash equivalents at 30 June	3.1	**154,648**	**80,527**

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the year ended 30 June 2023

	Issued capital $000	Defined benefit superannuation fund deficit reserve $000	Hedge reserve $000	Retained earnings $000	Total equity $000
Balance at 1 July 2022	**78,388**	**22**	**(7,514)**	**1,756,634**	**1,827,530**
Profit for the year	-	-	-	145,397	145,397
Other comprehensive income					
Defined benefit superannuation fund actuarial loss, net of tax	-	(427)	-	-	(427)
Hedge reserve, net of tax	-	-	9,708	-	9,708
Total other comprehensive income	**-**	**(427)**	**9,708**	**-**	**9,281**
Total comprehensive income	**-**	**(427)**	**9,708**	**145,397**	**154,678**
Dividends	-	-	-	(50,000)	(50,000)
Balance at 30 June 2023	**78,388**	**(405)**	**2,194**	**1,852,031**	**1,932,208**
Balance at 1 July 2021	**78,388**	**(171)**	**(210,205)**	**1,654,705**	**1,522,717**
Profit for the year	-	-	-	101,929	101,929
Other comprehensive income					
Defined benefit superannuation fund actuarial gain, net of tax	-	193	-	-	193
Hedge reserve, net of tax	-	-	202,691	-	202,691
Total other comprehensive income	**-**	**193**	**202,691**	**-**	**202,884**
Total comprehensive income	**-**	**193**	**202,691**	**101,929**	**304,813**
Dividends	-	-	-	-	-
Balance at 30 June 2022	**78,388**	**22**	**(7,514)**	**1,756,634**	**1,827,530**

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

Notes to the financial statements

SECTION 1: BASIS OF PREPARATION

In this section …
This section sets out the BAC Group accounting policies that relate to the financial statements as a whole. Where an accounting policy is specific to one note, that policy is described in the note to which it relates.

Keeping it simple …
Notes to the financial statements provide information required by accounting standards to explain a particular feature of the financial statements. The notes also provide explanations and additional disclosures to assist readers' understanding and interpretation of the financial statements.

1.1 Defined terms

Entity names	
BACH	BAC Holdings Limited
BACH No. 2	BAC Holdings No. 2 Pty Limited
BAC	Brisbane Airport Corporation Pty Limited
BAC Group or Group	The consolidated entity comprising BACH, BACH No. 2 and BAC
Company	BACH

1.2 Reporting entity

BACH is an unlisted, public company limited by shares incorporated and domiciled in Australia. The financial statements comprise the consolidated financial statements of the BAC Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

The BAC Group is primarily involved in the operation and development of Brisbane Airport which is its principal activity.

The address of the Company's registered office is shown on 144.

1.3 Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001* (Cth), Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB), and comply with other requirements of the law.

Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards (IFRS Accounting Standards) as issued by the International Accounting Standards Board (IASB). Consequently, this financial report has been prepared in accordance with and complies with International Financial Reporting Standards as issued by the IASB.

The financial statements were approved by the Board of Directors on 22 September 2023.

1.4 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the consolidated statement of financial position which are measured at fair value:

- investment property – note 3.6;
- defined benefit obligation – note 3.9; and
- derivative financial instruments – note 4.2.

1.5 Presentation currency and rounding

These financial statements are presented in Australian Dollars (AUD or $).

BACH is an entity of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and in accordance with that Corporations instrument amounts in the financial report and the Directors' Report are rounded off to the nearest thousand dollars, unless otherwise indicated.

SECTION 1: BASIS OF PREPARATION (Continued)

1.6 Recovery from COVID-19

The legacy impacts of COVID-19 continue to require further judgement and consideration across the financial statements. Changes to the judgements and outcomes that have been applied throughout the financial statements will be accounted for as they arise in future reporting periods with the exception of adjusting events providing evidence of conditions that existed at the reporting date.

In the preparation of these financial statements, management applied the following judgements:

- consideration of all potential impacts to the business from both internal and external factors;
- evaluation of any additional areas of judgement or estimation;
- updating the 20 year business plan as part of the annual process based on scenario analysis of future economic conditions;
- assessed the impact of COVID-19 on the carrying values of the company's assets and liabilities and the ability to continue as a going concern; and
- consideration of additional financial disclosures required in the financial statements.

The following disclosures continued to have expanded disclosures reflecting the residual impacts and recovery from COVID-19:

- going concern – note 1.7;
- property, plant and equipment – note 3.4;
- investment property – note 3.6;
- impairment – note 3.7;
- financial risk management – note 4.3; and
- events subsequent to reporting date – note 5.4.

1.7 Going concern

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

Despite the significant increase in passenger numbers, COVID-19 continued to have a considerable impact on the BAC Group during FY23. Refer to note 1.6 for the additional discussion. Additional consideration was given by the Directors with respect to the appropriateness of the going concern principle having regard to the impacts of COVID-19.

The BAC Group was in a net current liability position of $176.3 million at 30 June 2023 (2022: net current liability position of $217.6 million), however this deficit was comfortably covered by undrawn bank facilities of $1,018 million (2022: $1,215 million).

The Directors have reviewed detailed cash flow projections prepared by management covering a period of at least 12 months after the date of signing this financial report.

These projections take into account forecast passenger numbers and the extent and timeframe by which these passenger numbers will recover, forecast revenue, forecast operating cash flows, forecast capital expenditure and the Group's liquidity position.

Cash flow forecasts indicate a net positive cash flow position, even with an extended period of subdued passenger volumes and this position is additionally supported by the availability of significant amounts of committed undrawn bank facilities. In FY23 management continued to implement a range of measures to preserve liquidity in the near term, including operating and capital cost responses. In addition, the liquidity position was strengthened by:

- Refinancing of bank loan facilities resulting in an extension of the maturity profile; and
- Benefits of reduced interest costs as a result of certain elements of the derivatives portfolio restructured in previous years.

On the basis of the cash flow forecasts prepared, the Directors have concluded that BACH and the BAC Group have the ability to pay their debts in full as and when they become due and payable for the period of at least 12 months from the date of signing this financial report, and that it is appropriate to apply the going concern basis of accounting.

Refer to note 4.1 for details of the BAC Group's finance facilities.

Notes to the financial statements (continued)

SECTION 1: BASIS OF PREPARATION (Continued)

1.8 Use of estimates and judgements

The financial statements are subject to the use of estimates and judgements. The estimates and judgements that could have a significant impact on the financial statements are as follows:

- taxation – note 2.5;
- depreciation and amortisation – note 3.4;
- investment property – note 3.6;
- impairment – note 3.7;
- derivative financial instruments – note 4.2; and
- financial risk management – note 4.3.

The BAC Group acquired Brisbane Airport in 1997 under a 50-year lease with the option to extend 49 years. The investment property valuation, depreciation and impairment modelling are based on the assumption that the BAC Group intends to exercise this option.

1.9 Basis of consolidation

Subsidiaries
Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has a right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1.10 Foreign currency translation

Functional and presentation currency
Both the functional and presentation currency of BACH and each controlled entity is AUD.

Transactions and balances
Transactions in foreign currencies are translated to AUD at the exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange prevailing at the reporting date. Foreign currency differences on translation are recognised in the consolidated statement of profit or loss, or where hedge accounting is applied the cash flow hedge reserve/statement of other comprehensive income.

1.11 Prior period presentation

Changes, if any, to the presentation of transactions and balances during the current year were also made to the prior year in order to facilitate comparisons.

SECTION 1: BASIS OF PREPARATION (Continued)

1.12 New and amended accounting standards

Keeping it simple …
New and revised accounting standards were issued by the Australian Accounting Standards Board (AASB) during the year. The BAC Group intends to adopt new standards, amendments to standards and interpretations when mandatory. This section describes those standards which have been adopted during the financial year.

Accounting policies and disclosures

The BAC Group has adopted new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2022 as outlined below. The adoption did not have any material impact on the financial position or performance of the BAC Group at adoption date or period end. Several other amendments apply for the first time from 1 July 2023, however these do not impact the annual financial statements. All other accounting policies adopted are consistent with those of the previous financial year.

AASB No.	**AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2***
Nature of change	In FY20, the BAC Group adopted AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform (AASB 2019-3). These amendments modify specific hedge accounting requirements and allow the BAC Group to apply certain exceptions in respect of hedge relationships that are impacted by market wide interest rate benchmark reform. The interest rate benchmark reform aims to discontinue Interbank Offered Rates (IBORs) and replace these interest rate benchmarks with alternate Risk-Free Rates (RFRs). In the prior year, the BAC Group adopted AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2 (AASB 2020-8). These amendments are mandatory for annual reporting periods beginning on or after 1 January 2021. Phase 2 amendments enable the Group to reflect the effects of transitioning IBORs to RFRs without giving rise to accounting impacts that would not provide useful information to users of financial statements.
Impact	<u>Risks arising from the interest rate benchmark reform</u> The BAC Group has performed an assessment of exposures linked to London Interbank Offered Rate (LIBOR) with respect to United States Dollar (USD LIBOR). At 30 June 2023, the Group has not identified any debt instruments or Cross Currency Interest Rate Swaps (CCIRS) directly linked to USD LIBOR as all offshore bonds issued are issued in fixed rate and on the CCIRS, the BAC Group receives fixed USD. Whilst not having a direct exposure to USD LIBOR on its debt or swap instruments, the BAC Group has designated derivative hedging instruments in hedge accounting relationships against the fair value exposure of the BAC Group's USD fixed rate debt associated with USD LIBOR benchmark interest rate risks. This will therefore result in an indirect exposure to changes in these benchmark interest rates. The valuation of some CCIRS hedging instruments is based on USD LIBOR swap rates, which will be impacted upon USD LIBOR discontinuation. The BAC Group is working closely with its hedge accounting advisors and swap counterparties to understand the impact that the transition might have on the availability and liquidity in forward interest rate curves and any impact on the valuation of the CCIRS. Despite the progress made on understanding the impacts of the IBOR transition, this has not resulted in any changes to risk management practices. Management have performed an assessment and believe the impact of the IBOR Reform to be negligible to other assets held at fair value, including right-of-use lease assets.

Notes to the financial statements (continued)

SECTION 1: BASIS OF PREPARATION (Continued)

1.12 New and amended accounting standards (continued)

Impact (continued)

Accounting impacts arising from the application of the interest rate benchmark reform

The BAC Group has an indirect exposure to the USD LIBOR3m benchmark within its hedge accounting relationships, which are subject to interest rate benchmark reform, with transition not expected to occur until FY24.

Despite not having any direct LIBOR3m linked debt or swap instruments, all cross-currency swap hedge relationships reference USD LIBOR3m for both hedge accounting and valuation purposes. The BAC Group has performed an initial high level IBOR exposure review and has not identified any direct USD LIBOR3m exposures or any additional indirect USD LIBOR3m exposures, other than those included in the schedule below.

Notional in USD	**703M USD**		**215M USD**		
Notional in AUD	**807M AUD**		**305M AUD**		
Maturing in	**2023 to 2032**		**2029 to 2031**		
Hedge relationship	Fair value hedge	Cash flow hedge	Fair value hedge	Cash flow hedge	Cash flow hedge
Hedging instrument (prior to transition)	Receive benchmark interest rate (LIBOR3m) portion of USD coupon, pay AUD BBSW3m combined with USD and AUD principal exchange at effective and maturity date.	Receive USD margin above the benchmark interest component of the fixed USD coupon, pay AUD margin above the benchmark BBSW3m.	Receive benchmark interest rate (LIBOR3m) portion of USD coupon, pay LIBOR3m.	Receive LIBOR3m, pay AUD BBSW3m combined with USD and AUD principal exchanges at effective and maturity date.	Receive USD margin above the benchmark interest component of the fixed USD coupon, pay AUD margin above the benchmark BBSW3m.
Hedged item	Benchmark interest rate (LIBOR3m) portion of USD coupons and USD principal repayment of the bond.	USD margin above benchmark rate component of the USD fixed coupon payable on the Bond (equivalent to credit margin on debt) over the term of the bond.	Benchmark interest rate (LIBOR3m) portion of USD coupons over the life of the bond.	USD principal repayment of the bond from first repayment date until maturity of the bond.	USD margin above benchmark rate component of the USD fixed coupon payable on the Bond (equivalent to credit margin on debt) over the term of the bond.
Transition progress	The overall economics of the hedging transactions will not be modified as part of the transition process as there is no direct exposure to LIBOR, however, should any benchmark rates change this will be affected in the underlying hedge relationships. At 30 June 2023 no hedging instruments or related hedged items have transitioned to alternative benchmark rates.				

SECTION 1: BASIS OF PREPARATION (Continued)

1.12 New and amended accounting standards (continued)

AASB No.	**AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments***

Nature of change	Amends numerous Standards to effect a number of minor changes, as set out below. The amendments apply to annual reporting period beginning on or after 1 January 2022.
	• Annual improvements to:
	  • AASB 1 *First-time Adoption of Australian Accounting Standards*, to simplify the application of AASB 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences;
	  • AASB 9 *Financial Instruments*, to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability; and
	  • AASB 141 *Agriculture*, to remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.
	• Amendments to:
	  • AASB 3 *Business Combinations*, to update a reference to the *Conceptual Framework for Financial Reporting* without changing the accounting requirements for business combinations;
	  • AASB 116 *Property, Plant and Equipment*, to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset; and
	  • AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, to specify the direct costs that an entity includes when assessing whether a contract will be loss-making or onerous.

Impact	There is no impact on the BAC Group's financial report.

Accounting standards and interpretations issued or amended but not yet effective

The accounting standards which have not been early adopted for the financial year ended 30 June 2023 but will be applicable to the BAC Group in future reporting periods are detailed below:

AASB No.	**AASB 2020-1 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current – Deferral of Effective Date* and AASB 2020-6 *Amendments to Australian Accounting Standards – Non-Current Liabilities with Covenants***
Nature of change	The amendments to AASB 101 *Presentation of Financial Statements* clarify that covenants of loan arrangements will not affect the classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. An entity will need to make additional disclosures if they have a non-current liability that is subject to covenants which the entity must comply with within 12 months of the reporting date.
Impact	These changes are not expected to have a material effect on the BAC Group's financial report.
Mandatory application date	The new amendments are effective for annual reporting periods beginning on or after 1 January 2024 and override the previous amendments.

Notes to the financial statements (continued)

SECTION 1: BASIS OF PREPARATION (Continued)

1.12 New and amended accounting standards (continued)

AASB No.	**AASB 2021-5 *Amendments to Australian Accounting Standards – Deferred tax related to Assets and Liabilities arising from a Single Transaction***
Nature of change	The AASB issued targeted amendments to AASB 112 *Income Taxes* to specify how companies should account for deferred tax on transactions (such as leases and decommissioning obligations), where at the time of the transaction an equal taxable and deductible temporary difference arises.
Impact	These changes are not expected to have a material effect on the BAC Group's financial report.
Mandatory application date	The Standard applies to annual periods beginning on or after 1 January 2023.

AASB No.	**AASB 2022-5 *Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback***
Nature of change	Amends AASB 16 *Leases* by adding subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in AASB 15 *Revenue from Contracts with Customers* to be accounted for as a sale. The amendments illustrate the initial and subsequent measurement of the lease liability including with consideration of leaseback transactions that may include variable payments that do not depend on an index or rate.
Impact	These changes are not expected to have a material effect on the BAC Group's financial report.
Mandatory application date	The amendments are effective for annual reporting periods beginning on or after 1 January 2024.

AASB No.	**AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates***
Nature of change	Amends Australian Accounting Standards to improve accounting policy disclosures so that they provide more useful information to investors and users of the financial statements, and to clarify the distinction between accounting policies and accounting estimates. Specifically, AASB 2021-2 amends: • AASB 7 *Financial Instruments: Disclosures*, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements; • AASB 101 *Presentation of Financial Statements*, to require entities to disclose their material accounting policy information rather than their significant accounting policies; • AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates; • AASB 134 *Interim Financial Reporting*, to identify material accounting policy information as a component of a complete set of financial statements; and • *AASB Practice Statement 2 Making Materiality Judgements*, to provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures.

SECTION 1: BASIS OF PREPARATION (Continued)

1.12 New and amended accounting standards (continued)

Nature of change (continued)	AASB 2021-6 makes consequential amendments to a number of Australian-specific standards. • AASB 1049 requires entities to disclose their material accounting policy information rather than their significant accounting policies; • AASB 1054 to reflect the updated terminology used in AASB 101; and • AASB 1060 requires entities to disclose their material accounting policy information rather than their significant accounting policies and to clarify that information about measurement bases for financial instruments is expected to be material on an entity's financial statements.
Impact	These changes are not expected to have a material effect on the BAC Group's financial report.
Mandatory application date	The amendments apply to annual reporting periods beginning on or after 1 January 2023.

1.13 Determination of fair values

A number of the BAC Group's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to the asset or liability. Assets and liabilities for which a determination of fair value is required are as follows:

- investment property – note 3.6;
- defined benefit obligation – note 3.9; and
- derivative financial instruments – note 4.2.

Fair value measurements hierarchy

In fair value measurement, the BAC Group uses the following fair value measurements hierarchy levels 1 to 3 that are based on the degree to which the fair value is observable, being fair value measurements derived from:

- Level 1: quoted prices (unadjusted) in an active market 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 (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: valuation techniques using inputs that are not based on observable market data (unobservable inputs).

Notes to the financial statements (continued)

SECTION 2: RESULTS

In this section …
This section sets out the disclosures explaining the BAC Group revenue, finance costs, leases and taxation.

Keeping it simple …
This section explains how revenue is recognised for each of the BAC Group's key revenue streams and the recognition and composition of finance costs. It also details lease commitments and explains how the BAC Group is structured for tax purposes and how deferred and current taxes are treated.

2.1 Revenue

Aeronautical revenue
Aeronautical revenue comprises runway and terminal charges. Domestic and international flights are ordinarily charged on a per passenger basis for landings and departures. General aircraft and dedicated freight flights are charged based on the maximum take-off weight of aircraft on landings only. Revenue is recognised over time when the performance obligation is satisfied (i.e. when the service is provided). Accrued aeronautical revenue is recognised as a contract asset.

Incentives are provided through incentive agreements with individual airlines and are generally based on passenger numbers, flight frequency and/or new routes. Revenues from passenger charges therefore have variable consideration and are estimated monthly. Variable revenue is only recognised when it is highly probable the revenues will not reverse.

Landside transport revenue
Landside transport revenue comprises revenue from public and staff car parks, ground facilities fees and car rental operators. Revenue for public and staff car parks and ground facilities fees are recognised over time when the performance obligation is satisfied (i.e. when the service is provided). Car rental operation revenue is recognised on a straight-line basis over the term of each lease.

Property revenue
Investment property revenue comprises rental revenue from the BAC Group's owned buildings and leased areas held for investment (note 3.6).

Operating property revenue comprises rental revenue from the BAC Group's owned terminals, buildings and other leased areas.

Property rental revenue is accounted for on a straight-line basis over the term of each lease. Where rental abatements offered in response to COVID-19 have not been formally accepted by tenants in writing, full revenue with an offsetting expense through expected credit loss (ECL) provision is recognised.

Retail revenue
Retail revenue comprises rental income from retail tenants whose sale activities include duty free, newsstands, food and beverage, banking and currency, and advertising services. Base rent revenue is recognised on a straight-line basis over the term of each lease and turnover revenue is recognised on an accrual basis from tenant statements.

Government mandated security revenue
The BAC Group is required by the Australian Government to undertake certain security measures, the costs of which are generally recoverable from the airlines. Government mandated security revenue comprises recharges of expenditure incurred by the BAC Group in respect of security services such as passenger and checked baggage screening. Revenue and expenses are disclosed separately.

Interest revenue
Interest received from other parties is recognised as it accrues, taking into account the effective yield of the financial asset.

SECTION 2: RESULTS (Continued)

2.1 Revenue (continued)

Other revenue
Other revenue comprises recharge revenue from tenants and includes items such as utilities and rates. Revenue is recognised over time when the performance obligation is satisfied (i.e. when the service is provided).

Timing of revenue recognition
Revenue can be categorised as follows:

	2023 $000	2022 $000
Total services revenue from contracts with customers transferred over time	552,967	296,219
Revenue not related to contracts with customers transferred over time	272,260	204,364
Total revenue	**825,227**	**500,583**

Revenue from contracts with customers consists of aeronautical, government mandated security, other revenue and a portion of landside transport revenue (2023: $132.1 million, 2022: $67.8 million).

2.2 Finance costs

Accounting policies
Finance costs comprise interest payable on borrowings and finance leases and are calculated using the effective interest basis. Borrowing costs are either capitalised and amortised over the life or expensed as incurred and included in net financing costs unless they are capitalised to capital work in progress for qualifying assets.

RPS dividends are recognised in the profit or loss as a finance cost (disclosed as a separate line item) and calculated on an effective interest basis.

	2023 $000	2022 $000
Interest costs	113,988	95,288
Amortisation of deferred borrowing costs	6,252	4,050
Interest on lease liabilities	435	414
Other finance costs	325	859
Total finance costs excluding hedge ineffectiveness and other hedge accounting impacts	**121,000**	**100,611**
Hedge ineffectiveness & other hedge accounting impacts	7,667	54,917
Total finance costs	**128,667**	**155,528**

2.3 Leases

BAC Group as the lessor
The BAC Group has entered into commercial property leases on its property portfolio. Future minimum lease receipts under non-cancellable operating leases, excluding the recovery of outgoings, were as follows:

	2023 $000	2022 $000
Less than 1 year	156,222	175,682
1 to 5 years	476,265	464,789
More than 5 years	933,934	966,029
	1,566,421	**1,606,500**

Notes to the financial statements (continued)

SECTION 2: RESULTS (Continued)

2.3 Leases (continued)

Finance lease receivable
The finance lease receivable relates to an asset held under a finance lease recognised at the net present value of future lease payments at inception of the lease. The lease is due to expire in 2047.

	2023 $000	2022 $000
Less than 1 year	2,488	2,488
1 to 5 years	12,440	12,440
More than 5 years	44,991	47,479
Undiscounted lease payments	**59,919**	**62,407**
Future finance charges	(38,962)	(41,283)
Net investment in the lease	**20,957**	**21,124**

BAC Group as the lessee
The BAC Group recognises right of use assets (ROUA) as a lessee. As at 30 June, the following amounts relating to ROUA were included in plant and equipment:

	2023 $000	2022 $000
Cost		
At beginning of year	10,355	4,250
Additions/adjustments	(1,125)	6,105
At end of year	**9,230**	**10,355**
Accumulated depreciation		
At beginning of year	1,729	1,137
Depreciation/adjustments	667	592
At end of year	**2,396**	**1,729**
Carrying amount at 30 June	**6,834**	**8,626**

Lease liabilities of $0.7 million current and $2.1 million non-current have been recognised in the consolidated statement of financial position (2022: $0.7 million current and $3.1 million non-current).

Right of use assets are recognised on commencement of the lease as the net present value of future lease payments less any incentives received, and any initial direct costs and make good provision. The cost is depreciated over the life of the underlying asset. Lease liabilities are measured by the net present value of lease payments and are allocated between lease liability and finance cost.

2.4 Auditor's remuneration

	2023 $	2022 $
Amounts received or due and receivable by the auditor for:		
Audit services		
Audit fees	437,745	451,525
Other regulatory/contract audit services	142,755	161,900
	580,500	**613,425**
Other services		
Other	-	-

SECTION 2: RESULTS (Continued)

2.5 Taxation

Accounting policies

Income tax
Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except where it relates to items recognised in other comprehensive income or directly in equity.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between carrying amounts of assets and liabilities for financial reporting purposes, and amounts applicable for taxation purposes. 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 applicable at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets where they relate to income taxes levied, and the entities intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Tax consolidation
BACH is the head entity in the tax-consolidated group including all wholly owned subsidiaries, being BACH No. 2 and BAC. The implementation date for the tax-consolidated group was 30 June 2004.

The tax-consolidated group has entered into a tax sharing and funding agreement that requires wholly owned subsidiaries to make contributions to the head entity for:

- deferred tax balances recognised on implementation date, including the impact of any relevant reset tax cost bases; and
- current tax assets and liabilities and deferred tax balances arising from external transactions occurring after the implementation of tax consolidation.

Under the tax sharing and funding agreement, contributions are calculated on a 'stand-alone basis' so that the contributions are equivalent to the tax balances generated by external transactions entered into by wholly owned subsidiaries. The contributions are payable as set out in the agreement and reflect timing of the entity's obligations to make tax liability payments to the relevant tax authorities. The assets and liabilities arising under the agreement are recognised as inter-company assets and liabilities with a consequential adjustment to income tax benefit/(expense).

Goods and services tax
Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- Where the amount of GST is not recoverable from the Australian Taxation Office (ATO), it is recognised as part of the cost of acquisition of an asset or as part of an item of expense, or
- For receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables.

Cash flows are included in the consolidated statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the ATO are classified within operating cash flows.

Notes to the financial statements (continued)

SECTION 2: RESULTS (Continued)

2.5 Taxation (continued)

Taxation recognised in profit or loss and other comprehensive income

	2023 $000	2022 $000
Current tax expense		
Current year expense	(52,602)	-
Amendments relating to prior years	-	3,616
	(52,602)	**3,616**
Deferred tax expense		
Origination and reversal of temporary differences	(9,844)	(43,518)
Amendments relating to prior years	24	511
	(9,820)	**(43,007)**
Total income tax expense recognised in profit or loss	**(62,422)**	**(39,391)**
Defined benefit superannuation fund actuarial gain/(loss)	183	(83)
Hedge reserve	(4,161)	(86,866)
Total income tax expense recognised in other comprehensive income	**(3,978)**	**(86,949)**

The reconciliation between income tax expense and pre-tax accounting profit is as follows:

	2023 $000	2022 $000
Profit for the year	145,397	101,929
Income tax expense	62,422	39,391
Profit before income tax	**207,819**	**141,320**
Income tax using the corporate tax rate of 30%	(62,347)	(42,396)
Increase in income tax due to:		
Other non-deductible expenses	(99)	(1,121)
Over/(under) provided in prior years	24	4,127
Income tax expense on pre-tax accounting profit	**(62,422)**	**(39,391)**

SECTION 2: RESULTS (Continued)

2.6 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2023 $000	2022 $000	2023 $000	2022 $000	2023 $000	2022 $000
Property, plant and equipment	-	-	(839,031)	(840,763)	(839,031)	(840,763)
Finance lease receivable	-	-	(2,242)	(2,292)	(2,242)	(2,292)
Derivatives	-	-	(233,101)	(231,580)	(233,101)	(231,580)
Lease incentive asset	-	-	(5,856)	(6,131)	(5,856)	(6,131)
Inventories	-	-	(693)	(762)	(693)	(762)
Employee benefits	1,981	1,495	-	-	1,981	1,495
Other provisions	15,305	11,819	-	-	15,305	11,819
Interest-bearing liabilities and borrowings	235,478	235,079	-	-	235,478	235,079
Accruals	4,800	2,894	-	-	4,800	2,894
Tax losses[3]	-	20,679	-	-	-	20,679
Total deferred tax assets/(liabilities)	**257,564**	**271,966**	**(1,080,923)**	**(1,081,528)**	**(823,359)**	**(809,562)**

The movement in temporary differences during the year is as follows:

	Balance at 1 July 2022 $000	Recognised in profit or loss $000	Recognised in other comprehensive income $000	Balance at 30 June 2023 $000
Property, plant and equipment	(840,763)	1,732	-	(839,031)
Finance lease receivable	(2,292)	50	-	(2,242)
Derivatives	(231,580)	2,640	(4,161)	(233,101)
Lease incentive asset	(6,131)	275	-	(5,856)
Inventories	(762)	69	-	(693)
Employee benefits	1,495	303	183	1,981
Other provisions	11,819	3,486	-	15,305
Interest-bearing liabilities and borrowings	235,079	399	-	235,478
Accruals	2,894	1,905	-	4,800
Tax losses[3]	20,679	(20,679)	-	-
Total deferred tax assets/(liabilities)	**(809,562)**	**(9,819)**	**(3,978)**	**(823,359)**

[3] There were $68.9 million tax losses carried forward as at 30 June 2022, which have been fully utilised as of 30 June 2023.

Notes to the financial statements (continued)

SECTION 2: RESULTS (Continued)

2.6 Deferred tax assets and liabilities (continued)

The movement in temporary differences during the previous year is:

	Balance at 1 July 2021 $000	Recognised in profit or loss $000	Recognised in other comprehensive income $000	Balance at 30 June 2022 $000
Property, plant and equipment	(776,184)	(64,579)	-	(840,763)
Finance lease receivable	(2,337)	45	-	(2,292)
Derivatives	(144,543)	(171)	(86,866)	(231,580)
Lease incentive asset	(4,428)	(1,703)	-	(6,131)
Inventories	(449)	(313)	-	(762)
Employee benefits	1,414	164	(83)	1,495
Other provisions	9,239	2,580	-	11,819
Interest-bearing liabilities and borrowings	235,192	(113)	-	235,079
Accruals	2,490	404	-	2,894
Tax losses	60,725	20,679	-	20,679
Deferred tax (liabilities)/assets	**(618,881)**	**(43,007)**	**(86,949)**	**(809,562)**
Transfer to current tax receivable	(60,725)	-	-	**-**
Total deferred tax assets/(liabilities)	**(679,606)**	**(43,007)**	**(86,949)**	**(809,562)**

SECTION 3: OPERATING ASSETS AND LIABILITIES

In this section …
This section shows the assets used to generate the BAC Group trading performance and the liabilities incurred as a result. Liabilities relating to the BAC Group financing activities are addressed in section 4. Deferred tax assets and liabilities are shown in note 2.6.

Keeping it simple …
Operating assets and liabilities are those that relate to the trading activities of the BAC Group. These include property, plant and equipment, investment property, inventories as well as trade and other receivables and payables. In this section, further information can be found regarding the elements of operating assets and liabilities.

3.1 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and term deposits, balances of which at reporting date are as follows:

	2023 $000	2022 $000
Cash in bank and on hand	154,648	80,527
Cash and cash equivalents	**154,648**	**80,527**

The reconciliation of cash flows from operating activities is as follows:

	Note	2023 $000	2022 $000
Profit for the year		**145,397**	**101,929**
Adjustments for:			
Depreciation and amortisation		153,822	155,424
Impairment	3.4	7,589	7,617
Management fee – contract payment deferral		(1,107)	(213)
Change in fair value of investment property	3.6	(961)	(199,046)
Hedge ineffectiveness and other hedge accounting impacts		7,667	569
Amortisation of borrowing costs		6,252	4,050
Finance lease interest		435	414
Loss on sale of property, plant and equipment		10,774	(101)
RPS dividend	4.1	47,708	45,278
Income tax expense	2.5	62,422	39,391
Cash flow before changes in working capital and provisions		**439,998**	**155,312**
Increase in trade receivables and other		(10,837)	(28,790)
Decrease/(increase) in inventories		232	(1,043)
Increase in trade payables and other		34,496	42,728
Income taxes paid		-	74,182
Net cash from operating activities		**463,889**	**242,389**

Notes to the financial statements (continued)

SECTION 3: OPERATING ASSETS AND LIABILITIES (Continued)

3.2 Trade receivables and other

Accounting policies
Trade receivables and other are recognised initially at fair value and subsequently stated at their amortised cost less impairment losses. Trade receivables are normally settled within 34 days.

Trade receivables and other are as follows:

	Note	2023 $000	2022 $000
Current			
Trade receivables and accrued income		40,303	33,660
Provision for expected credit losses	4.3(a)	(1,782)	(3,845)
Contract assets	2.1	36,136	33,048
Prepayments		4,319	4,110
Sundry receivables		3,647	5,955
Finance lease receivable		186	167
		82,809	**73,095**
Non-current			
Finance lease receivable		20,771	20,958
Sundry receivables		15,973	14,459
Prepayments		464	-
Employee benefits	3.9	3,375	4,045
		40,583	**39,462**

3.3 Intangible assets

Accounting policies
Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested annually for impairment (note 3.7).

The cost and carrying amount of goodwill is as follows:

	2023 $000	2022 $000
Goodwill	**823,014**	**823,014**

3.4 Property, plant and equipment

Keeping it simple …
This section shows the physical assets used by the BAC Group and includes runways, roads, taxiways, car parks, aprons, terminals, and equipment to operate Brisbane Airport. The cost of these assets is the amount initially paid for them, with the exception of items adjusted as a result of the transition to Australian equivalent IFRS. Depreciation and amortisation are charged to the consolidated statement of profit or loss to reflect annual wear and tear and the reduced value of the asset over time. Depreciation and amortisation are calculated by estimating the number of years the BAC Group expects the asset to be used. This section also explains the accounting policies followed by the BAC Group.

Accounting policies

Owned assets
Items of property, plant and equipment are stated at cost less accumulated depreciation and amortisation.

Where significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leased land
Leased land represents prepaid rental payments on land leased by the BAC Group from the Australian Government. The leased land is amortised over the life of the lease.

SECTION 3: OPERATING ASSETS AND LIABILITIES (Continued)

3.4 Property, plant and equipment (continued)

Capital work in progress
Capital work in progress is measured at cost and includes all expenditure directly attributable to specific projects not yet commissioned and includes contractor charges, materials, and direct labour and related overheads. The most significant current project is the Standard 3 Security Upgrade project.

Borrowing costs are capitalised to qualifying assets as set out in note 4.1.

Maintenance
Pavement surfacing costs incurred on runways, taxiways and aprons are capitalised and depreciated over the period between surfacing projects. This recognises that the benefit relates to both current and future years.

Airfield pavements, roads, leasehold improvements, plant and equipment are required to be maintained on a periodic basis. This is managed as part of an ongoing major cyclical maintenance program. The costs of this maintenance are charged as expenses as incurred. Other routine operating maintenance, repair and minor renewal costs are expensed as incurred.

Depreciation and amortisation
Depreciation and amortisation are charged to profit or loss on a straight-line basis over the estimated useful lives of each item of property, plant and equipment.

The annual depreciation and amortisation rates used for each class of asset in the current and prior year are as follows:

Item	**Rate %**
Runways, taxiways, and aprons	
Runways, taxiways and aprons	1.0 – 8.3
Expansion, extension, line marking, earthworks and overlay	2.5 – 20.0
Runway overlay	2.5 – 8.4
Minor assets less than $1,000	100.0
Roads and car parks	
Roads and car park infrastructure	1.0 – 10.0
Security, signage, lighting and other	2.5 – 15.0
Buildings	
Passenger terminal buildings and other permanent buildings	2.5 – 4.2
Fit-out, finishing, services, heating, ventilation and air-conditioning	2.5 – 20.0
Security, signage, lighting and other	5.0 – 20.0
Minor assets less than $1,000	100.0
Plant and equipment	
Mains services and fences and gates	1.3 – 20.0
Mobile plant and equipment (including motor vehicles)	6.7 – 25.0
Computer equipment and software	10.0 – 33.3
Furniture and fittings, office equipment and artwork	1.3 – 33.3
Minor assets less than $1,000	100.0
Leased land	
Operating land	1.0 – 1.3

The residual value, useful life, depreciation and amortisation methods applied to assets are reassessed annually.

A review of capital work in progress at 30 June 2023 was undertaken resulting in the provision for impairment increasing to $18.8 million (2022: $14.2 million) for projects which were deferred or are expected to change significantly.

Notes to the financial statements (continued)

SECTION 3: OPERATING ASSETS AND LIABILITIES (Continued)

3.4 Property, plant and equipment (continued)	Runways, taxiways and aprons $000	Roads and car parks $000	Buildings $000	Plant and equipment $000[4]	Leased land $000	Capital work in progress $000[5]	Total $000
Cost or deemed cost							
At 1 July 2022	1,882,688	686,603	1,150,417	1,090,553	118,499	113,567	5,042,328
Additions/transfers	35,587	5,186	12,082	17,827	(384)	28,601	98,899
Disposals	-	-	(5)	(323)	-	(3,431)	(3,759)
At 30 June 2023	**1,918,275**	**691,789**	**1,162,494**	**1,108,057**	**118,115**	**138,737**	**5,137,467**
Accumulated depreciation, amortisation and impairment							
At 1 July 2022	234,559	179,959	545,127	483,992	20,611	14,204	1,478,452
Depreciation and amortisation	33,565	18,388	49,095	51,403	1,362	-	153,813
Disposals	-	-	(1)	(318)	-	(2,951)	(3,269)
Impairment/(reversal)	-	-	-	-	-	7,589	7,589
At 30 June 2023	**268,124**	**198,347**	**594,221**	**535,077**	**21,973**	**18,843**	**1,636,585**
Cost or deemed cost							
At 1 July 2021	1,881,873	680,703	1,137,608	1,083,052	112,378	72,645	4,968,259
Additions/transfers	815	5,900	12,809	7,902	6,121	40,922	74,469
Disposals	-	-	-	(401)	-	-	(401)
At 30 June 2022	**1,882,688**	**686,603**	**1,150,417**	**1,090,553**	**118,499**	**113,567**	**5,042,328**
Accumulated depreciation, amortisation and impairment							
At 1 July 2021	202,031	162,074	495,710	426,567	19,338	10,087	1,315,807
Depreciation and amortisation	32,528	17,885	49,417	54,322	1,273	-	155,425
Disposals	-	-	-	(397)	-	-	(397)
Impairment/(reversal)[6]	-	-	-	3,500	-	4,117	7,617
At 30 June 2022	**234,559**	**179,959**	**545,127**	**483,992**	**20,611**	**14,204**	**1,478,452**
Carrying amounts							
At 30 June 2023	**1,650,151**	**493,442**	**568,273**	**572,980**	**96,142**	**119,894**	**3,500,882**
At 30 June 2022	1,648,129	506,644	605,290	606,561	97,888	99,363	3,563,876

There were nil borrowing costs capitalised to PPE capital work in progress (2022: nil).

[4] Plant and equipment include right of use assets with a carrying value of $6.8 million (2022: $8.6 million) as detailed in note 2.3.
[5] Impairment of capital work in progress (WIP) is a provision for projects at risk of not proceeding. During FY23, a capital WIP disposal was recognised.
[6] Impairment of asset values in FY22 is associated with the acquisition of the Qantas Valet ($3.5 million) operations at the Domestic Terminal.

SECTION 3: OPERATING ASSETS AND LIABILITIES (Continued)

3.5 Capital commitments

Capital expenditure commitments can be analysed as follows:

	2023 $000	2022 $000
Less than 1 year	175,554	110,836
1 to 5 years	30,801	3,144
	206,355	**113,980**

3.6 Investment property

Keeping it simple …
Investment property is held to earn rental income or for capital appreciation, but not for sale. Investment property includes aircraft maintenance facilities, aviation training and education centres, freight facilities, distribution warehouses, offices, and all other non-aviation facilities, such as retail, entertainment and leisure facilities. The basis of the valuation of the properties is fair value, with the valuations based on independent assessments made by an accredited independent valuer annually.

Accounting policies

Investment properties are initially measured at cost and subsequently stated at fair value with any change therein recognised in profit or loss. When the use of property changes such that it is reclassified as property, plant and equipment including capital work in progress, its fair value at the date of reclassification becomes its cost for subsequent accounting.

An external, independent valuation company, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued, values the portfolio annually. The basis of the valuation of the properties is fair value, being the amount for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and same condition being subject to similar leases. The determination of fair value is therefore more heavily supported by market evidence as opposed to other factors. The 2023 valuation was based on independent assessments made by CBRE, an accredited independent valuer (2022: CBRE).

In undertaking their valuation, CBRE utilised the following valuation approaches:

- discounted cash flow analysis;
- straight-line present value assessment;
- single rate capitalisation approach;
- dual rate capitalisation approach; and
- direct comparison approach (used for vacant unleased land).

CBRE used these calculation methods concurrently and then applied its professional judgement to determine the adopted fair value.

Fair market value has been adopted, taking into consideration such influencing elements as the current approved master plan, head lease tenure and conditions, location, quality of building structures, lease covenants, lease terms and conditions, fair market rental, recent transactions and the size of the market for the asset type.

Any gain or loss arising from a change in fair value is recognised in profit or loss under change in fair value of investment property.

The valuation was prepared on a leasehold basis.

Notes to the financial statements (continued)

SECTION 3: OPERATING ASSETS AND LIABILITIES (Continued)

3.6 Investment property (continued)

Capital work in progress
Capital work in progress is measured at cost unless a fair value of developments can be determined reliably and includes all expenditure directly attributable to specific projects not yet commissioned and includes contractor charges, materials and direct labour and related overheads.

Borrowing costs are capitalised to qualifying assets as set out in note 4.1.

The movement in investment property is as follows:

Basis of measurement	Completed investment property $000 Fair value	Capital work in progress $000 Fair value	Capital work in progress $000 Cost	Total $000
2023				
Balance at 1 July	1,848,267	155,819	4,250	2,008,336
Additions/(transfers)	148,975	(45,268)	916	104,623
Disposals[7]	-	(9,789)	(575)	(10,364)
Reclassified from property, plant and equipment	1,152	-	-	1,152
Fair value adjustments	(1,498)	10,077	-	8,579
Balance at 30 June	**1,996,896**	**110,839**	**4,591**	**2,112,326**
2022				
Balance at 1 July	1,683,997	56,543	3,390	1,743,930
Additions/(transfers)[8]	(32,917)	91,222	860	59,165
Reclassified to property, plant and equipment	-	-	-	-
Fair value adjustments	197,187	8,054	-	205,241
Balance at 30 June	**1,848,267**	**155,819**	**4,250**	**2,008,336**

There was $1.1 million of borrowing costs capitalised to capital work in progress in 2023 (2022: nil).

Investment property comprises commercial properties that are leased or are intended to be leased to third parties. Contractual obligations to purchase, construct or develop investment property are included within note 3.5.

Investment property is measured at fair value and its categorisation in the fair value hierarchy is as follows:

Input		2023 $000	2022 $000
Level 1	Quoted prices in active markets for identical assets	-	-
Level 2	Inputs other than quoted prices included in Level 1 that are observable for the asset	-	-
Level 3	Inputs for the asset that are based on unobservable market data	2,107,735	2,004,085
		2,107,735	**2,004,085**

Significant unobservable inputs
Annual net property income (price per square metre): the annual rent per square metre at which space could be let in the market conditions prevailing at the date of valuation.

[7] Disposals include $8.9 million of costs related to the bulk earthworks, civil works and perimeter drainage for the discontinued Auto Mall project.
[8] Net additions/transfers to investment property at fair value comprises additions of $7.8 million, offset by transfers to capital work in progress at fair value of $40.7 million. Transfers pertained to investment property land where project works have commenced in current year.

SECTION 3: OPERATING ASSETS AND LIABILITIES (Continued)

3.6 Investment property (continued)

Capitalisation rate: the rate at which net property income is capitalised to determine the value of a property. The rate is determined with regard to market evidence. The rates used in the valuation range between 4.75% and 8.5% (2022: 4.5% and 8.0%).

Discount rate: the rate used to discount the net cash flows generated from rental and investment activities during the period of analysis. The rates used in the valuation range between 6.25% and 9.5% (2022: 6.0% and 9.5%), having regard to the cash flow risk of each property.

Sensitivity to changes in significant unobservable inputs
The relationship between the significant unobservable inputs and fair value is as follows:

- annual net property income: the higher the income, the higher the likelihood of a higher valuation;
- capitalisation rate: the lower the capitalisation rate, the higher the likelihood of a higher valuation; and
- discount rate: the lower the discount rate, the higher the likelihood of a higher valuation.

Reconciliation of change in fair value
The gain on change in fair value has been adjusted in profit or loss for lease straight lining and incentives relating to investment properties. The reconciliation of the amounts is as follows:

	2023 $000	2022 $000
Fair value adjustment from valuation by CBRE	8,579	205,241
Less: straight lining of lease income and lease incentives	(7,618)	(6,195)
Fair value recognised in profit or loss	**961**	**199,046**

3.7 Impairment

Accounting policies
The carrying amounts of the BAC Group's non-current assets, other than investment property (note 3.6), derivatives (note 4.2) and deferred tax assets (note 2.6) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated on an annual or more frequent basis as may be required.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (cash-generating unit or CGU). The BAC Group is treated as a single CGU and goodwill has been allocated for impairment on this basis.

Key assumptions used in value in use calculation
The BAC Group undertakes an annual assessment of the recoverable amount of the CGU based on a value in use calculation, which uses cash flow forecasts for 10 years (from its business plan) with key assumptions of a terminal growth rate of 2.5% (2022: 2.5%) and a post-tax discount rate of 7.61% (2022: post-tax discount rate 7.35%) per annum. The assessment represents management's view of the most probable outcome with respect to future cash flows based on externally verified passenger forecasts.

Sensitivity to changes in assumptions
With regard to the assessment of value in use, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of goodwill to materially exceed its recoverable amount.

With consideration to the impact of current economic conditions and recovery of international travel, a downside cash flow scenario was considered as part of the impairment testing. This was consistent with the sensitivity scenarios adopted for the BAC Group's 20-year business plan. In addition, scenarios reflecting higher than expected inflation in the near future were considered. These factors then flow to associated impacts on various passenger related income streams and cost projections.

These scenarios did not have a materially different impact on the impairment result, providing management with additional comfort in the base assumptions.

Notes to the financial statements (continued)

SECTION 3: OPERATING ASSETS AND LIABILITIES (Continued)

3.8 Trade payables and other current liabilities

Accounting policies
Trade payables and other current liabilities are stated at their amortised cost. Trade payables are non-interest-bearing and are normally settled on 31 day terms. Trade payables and other current liabilities are as follows:

	Note	2023 $000	2022 $000
Trade payables and accruals		93,758	82,677
RPS dividend		17,826	142,142
Employee benefits	3.9	9,254	7,975
Unearned lease revenue		8,852	8,800
Contract liabilities		2,219	8,803
Retentions and deposits held on behalf of third parties		3,120	2,422
Lease liabilities		748	749
Environmental remediation		11,246	10,510
		147,023	**264,077**

The RPS dividend payable reflects the actual amount due to the Shareholders and is not impacted by the interest expense movement recognised in the consolidated statement of profit or loss due to the remeasurement of the carrying value (refer to note 4.1).

Contract liabilities reflect unearned revenue under contracts with customers. The amount of revenue recognised during the year relating to contract liabilities totalled $8,802,641 (2022: $3,865,603) in dollars.

3.9 Employee benefits

Keeping it simple …
The BAC Group has 13 employees in a defined benefit superannuation fund. In a defined benefit superannuation fund, members receive cash payments when they retire and during their retirement, the value of which are dependent on factors such as salary and length of service. In the event of poor returns for the fund, the BAC Group needs to address this through a combination of increased levels of contribution or by making adjustments to the fund. Under defined contribution superannuation funds, the BAC Group pays fixed contributions into a separate fund on behalf of the employees and has no further obligations to the employees. The risks and rewards associated with this type of fund are assumed by the members rather than the BAC Group. It is the member's responsibility to make investment decisions relating to their retirement benefits.

Accounting policies
Defined contribution superannuation funds
Obligations in respect of defined contribution superannuation funds are recognised as an expense in profit or loss as incurred.

Defined benefit superannuation funds
The BAC Group's obligation in respect of defined benefit superannuation funds is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior years; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any fund assets are deducted. The discount rate is the yield at the reporting date on Australian corporate bonds that have maturity dates approximating the terms of the BAC Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

Actuarial gains and losses are recognised in other comprehensive income in the year in which the actuarial gains or losses arise.

SECTION 3: OPERATING ASSETS AND LIABILITIES (Continued)

3.9 Employee benefits (continued)

Long term service benefits
The BAC Group's net obligation in respect of long-term service benefits, other than defined benefit superannuation funds, is the amount of future benefit that employees have earned in return for their service in the current and prior years. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates and is discounted using the rates attached to Australian corporate bonds at the reporting date which have maturity dates approximating the terms of the BAC Group's obligations. Remeasurements are recognised in profit or loss in the period in which they arise.

In determining the liability, consideration has been given to the BAC Group's experience with staff departures.

Wages, salaries and annual leave
Liabilities for wages and salaries (including non-monetary benefits and annual leave) in respect of employees' services up to the reporting date which are expected to be settled within 12 months of the reporting period, are recognised in other payables and accruals. They are measured at the amounts expected to be paid when the liabilities are settled. The obligation for non-accumulated sick leave is recognised when the leave is taken and is measured at the rates paid or payable.

Executive long-term incentive plan (ELTIP)
The cost of cash settled transactions is measured initially at fair value. The fair value is expensed over the period until the vesting date, with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognised in staff expenses.

Liabilities/(assets) for employee benefits can be analysed as follows:

	Note	2023 $000	2022 $000
Current			
Wages and salaries accrued		1,953	1,360
Liability for annual leave		3,029	2,680
Liability for long service leave		4,272	3,935
	3.8	**9,254**	**7,975**
Non-current			
Present value of unfunded obligation		4,297	3,872
Fair value of plan assets		(7,672)	(7,917)
Recognised asset for defined benefit obligation	3.2	**(3,375)**	**(4,045)**
Liability for annual leave		636	599
Liability for long service leave		2,041	1,816
ELTIP		359	270
	3.10	**3,036**	**2,685**
Net non-current employee benefits		**(339)**	**(1,360)**

3.10 Other non-current liabilities

Keeping it simple …
Other non-current liabilities consist of non-current employee benefits, finance lease payable and unearned revenue resulting from prepaid property rentals.

Other non-current liabilities can be analysed as follows:

	Note	2023 $000	2022 $000
Unearned revenue		58,789	28,517
Employee benefits	3.9	3,036	2,685
Lease liabilities		2,057	3,148
Make-good provision		4,325	4,967
		68,207	**39,317**

Notes to the financial statements (continued)

SECTION 4: CAPITAL STRUCTURE AND FINANCING COSTS

In this section …
Capital structure is how the BAC Group finances its overall operations and growth by using different sources of funding. This section outlines the BAC Group's capital structure and related financing costs, including balance sheet liquidity.

Keeping it simple …
The BAC Group borrows money from financial institutions and debt investors in the form of bank loans and bonds in a combination of AUD and USD, with bonds held for a fixed term. The interest payable on these instruments is recorded in the consolidated statement of profit or loss unless it relates to qualifying assets which are capitalised to the cost of the asset.

4.1 Interest-bearing liabilities and borrowings

Accounting policies

Interest-bearing liabilities and borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing liabilities and borrowings are stated at amortised cost with any difference between cost and redemption value (i.e. transaction costs) recognised in profit or loss over the period of the borrowings on an effective interest basis.

Finance costs include interest, amortisation of deferred borrowing costs, and finance charges on capitalised leases. Establishment costs incurred in connection with the arrangement of borrowings are capitalised and recognised on an effective interest basis over the anticipated term of the applicable borrowings.

Finance costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which generally take a substantial period of time to prepare for their intended use or sale. In these circumstances, borrowing costs are capitalised to the cost of the assets using a weighted average capitalisation rate.

	2023 $000	2022 $000
Current		
Secured USPP bond issues	226,080	98,406
Secured USPP bond issue and bank loan transaction costs	-	(688)
Derivative structured products	66,614	34,260
Derivative structured product transaction costs	(22)	-
Total current	**292,672**	**131,978**
Non-current		
Secured bank loan	152,000	-
Secured bank loan transaction costs	(4,428)	(2,370)
Secured domestic bond issues	1,073,681	1,087,210
Secured domestic bond issue transaction costs	(5,572)	(7,037)
Secured USPP bond issues	1,665,040	1,891,859
Secured USPP bond issue transaction costs	(3,741)	(4,557)
Derivative structured products	135,729	198,085
Derivative structured product transaction costs	(123)	(263)
RPS	452,507	450,465
Total non-current	**3,465,093**	**3,613,392**
Total interest-bearing liabilities and borrowings	**3,757,765**	**3,745,370**

SECTION 4: CAPITAL STRUCTURE AND FINANCING COSTS (Continued)

4.1 Interest-bearing liabilities and borrowings (continued)

Annual nominal interest rate	Financial year of maturity	Face value 2023 $000	Carrying amount 2023 $000	Face value 2022 $000	Carrying amount 2022 $000
Bank loan – AUD					
BBSY + margin - Tranche F	2023	-	-	-	(678)
BBSY + margin - Tranche G	2024	-	-	-	(759)
BBSY + margin - Tranche H	2025	-	-	-	(723)
BBSY + margin - Tranche I	2026	-	-	-	(887)
BBSY + margin - Tranche J	2025	102,000	101,626	-	-
BBSY + margin - Tranche K	2026	50,000	48,666	-	-
BBSY + margin - Tranche L	2028	-	(2,144)	-	-
BBSY + margin - Tranche M	2030	-	(576)	-	-
		152,000	147,572	-	(3,047)
Domestic bonds – AUD					
Fixed 3.9%	2025	350,000	348,657	350,000	347,925
Fixed 3.1%	2026	250,000	249,157	250,000	248,876
Fixed 4.5%	2031	600,000	470,295	600,000	483,372
		1,200,000	1,068,109	1,200,000	1,080,173
USPP bonds – AUD					
BBSW + margin	2026	100,000	99,864	100,000	99,810
Fixed 6.8%	2023	-	-	30,000	29,996
Fixed 8.3%	2027	98,863	98,642	98,863	98,568
Fixed 4.4%	2029	130,000	129,669	130,000	129,604
Fixed 5.6%	2030	152,550	152,031	152,550	151,950
Fixed 5.5%	2037	50,000	49,849	50,000	49,839
Fixed 3.5%	2030	26,000	25,921	26,000	25,911
Fixed 3.7%	2032	24,000	23,934	24,000	23,923
		581,413	579,910	611,413	609,601
USPP bonds – USD					
Fixed 3.9%	2023	-	-	68,310	68,400
Fixed 5.3%	2024	226,244	226,080	218,011	218,749
Fixed 3.6%	2025	37,707	36,879	36,335	36,113
Fixed 4.0%	2025	90,498	87,956	87,204	86,609
Fixed 3.7%	2027	98,039	95,024	94,471	94,114
Fixed 3.8%	2027	150,830	141,093	145,340	141,833
Fixed 4.2%	2028	117,647	112,199	113,366	113,434
Fixed 3.9%	2029	150,830	139,595	145,340	141,351
Fixed 3.9%	2030	37,707	36,428	36,335	36,345
Fixed 4.1%	2032	150,830	137,764	145,340	140,378
Fixed 3.6%	2030	161,388	147,418	155,514	149,146
Fixed 3.7%	2032	162,896	147,077	156,969	149,625
Other transaction costs[9]		-	(44)	-	-
		1,384,616	1,307,469	1,402,535	1,376,097
Derivative structured products					
Fixed 2.3%	2025	14,043	14,033	13,718	13,700
Fixed 1.6%	2027	16,006	15,995	15,748	15,727
Fixed 1.7%	2027	5,959	5,955	5,861	5,853
Fixed 2.0%	2025	42,995	42,964	42,159	42,103
Fixed 3.7%	2023	-	-	34,260	34,260
Fixed 2.1%	2024	54,847	54,808	53,728	53,657
Fixed 2.1%	2024	11,767	11,758	11,517	11,501
Fixed 2.7%	2027	20,992	20,977	20,435	20,408
Fixed 0.8%	2027	2,034	2,033	2,018	2,015
Fixed 0.8%	2027	3,778	3,775	3,747	3,742
Fixed 2.6%	2028	29,922	29,900	29,154	29,115
		202,343	202,198	232,345	232,081
RPS – AUD					
Fixed 7.6%[10]	2032	470,494	452,507	470,494	450,465
		3,990,866	**3,757,765**	**3,916,787**	**3,745,370**

[9] These transaction costs will be allocated to a future USPP issuance.

[10] RPS fixed dividend rate has decreased to 7.6% (previously 10.0%) per annum from 1 July 2021.

Notes to the financial statements (continued)

SECTION 4: CAPITAL STRUCTURE AND FINANCING COSTS (Continued)

4.1 Interest-bearing liabilities and borrowings (continued)

RPS are subject to an annual dividend rate and accounted for using an effective interest rate of 8.37% (2022: 8.37%) per annum. The fixed annual dividend rate is 7.6% per annum. The holders of RPS are entitled to fixed rate dividends, declared semi-annually (in arrears) in relation to the prior financial year, and on redemption. In the event that RPS dividends are not paid, any unpaid dividend will accrue interest using the dividend rate for that year (2023: 7.6%). RPS rank equally with each other, but in priority over ordinary shares for the payment of dividends and repayment of capital. Holders of RPS are not entitled to voting rights except in the event of winding up of BACH, or any resolution impacting on the rights applicable to RPS. The percentage of RPS held by a Shareholder must be equal at all times to the percentage of ordinary shares held.

The redeemable preference shares gross dividend declared of $172.4 million including withholding tax (2022: $nil) was paid by BACH on 2 May 2023. The resulting shift in forecast cashflows associated with these instruments (whilst maintaining a fixed effective interest rate) has resulted in a change to the carrying value of RPS to $452.5 million (2021: $450 million) impacting the RPS dividend expense in the consolidated statement of profit or loss.

	2023 $000	2022 $000
Redeemable preference shares dividends		
Dividend	35,758	35,758
Interest on unpaid dividends	9,908	9,192
Change in the effective interest rate	2,042	328
RPS dividend recognised in the consolidated statement of profit or loss	**47,708**	**45,278**

Finance facilities
The BAC Group has bank facilities of $1,170 million (2022: $1,215 million), of which $1,018 million is undrawn (2022: $1,215 million). $191 million expires in November 2024, $442 million expires in November 2025, $437 million expires in November 2027 and $100 million expires in November 2029.

Security for financing arrangements
The bank loan and the domestic and international bond issues are secured by a first ranking mortgage over the airport lease and a fixed and floating charge over the BAC Group's other assets and undertakings.

SECTION 4: CAPITAL STRUCTURE AND FINANCING COSTS (Continued)

4.2 Derivative financial instruments

Keeping it simple …
A derivative is a type of financial instrument typically used to manage risk. A derivative's value changes over time in response to underlying variables such as interest rates or exchange rates and is entered into for a fixed period. A hedge is where a derivative is used to manage an underlying exposure. The BAC Group is exposed to changes in interest rates and foreign exchange rates on its borrowings and uses derivatives to hedge these underlying exposures.

Derivative financial instruments are measured at their marked to market value at each reporting date. The BAC Group applies hedge accounting which allows the value movement in these instruments to be allocated across both the consolidated statement of financial position and the consolidated statement profit or loss and other comprehensive income.

Accounting policies

The BAC Group uses derivative financial instruments to hedge its exposure to interest rate and foreign currency risk.

Derivative financial instruments are recognised initially at fair value, with any directly attributable transaction costs recognised in profit or loss as they are incurred. Subsequent to initial recognition, derivative financial instruments are stated at fair value and changes therein are recognised in profit or loss, unless hedge accounting is adopted.

The fair value of interest rate and cross currency swaps is the estimated amount that the BAC Group would receive or pay to terminate the swap at the reporting date, taking into account current interest and foreign exchange rates and the current creditworthiness of the swap counterparties.

<u>Current versus non-current classification</u>
The BAC Group applies the maturity date approach to classify derivative financial instruments. Derivative financial instruments held as economic hedges are classified as non-current, except for those instruments that mature less than 12 months from the balance date which are classified as current.

<u>Hedge accounting</u>
The BAC Group designates all economic hedges into hedge accounting relationships and documents the nature of the economic hedge relationship, the risk management objective and strategy for undertaking the hedge. Hedge relationships are assessed on an ongoing basis to determine that they are effective throughout the financial reporting periods for which they were designated.

<u>Cash flow hedges</u>
Where a derivative financial instrument is designated to hedge the variability in cash flows of a recognised asset or liability or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or the forecast transaction becomes a firm commitment for which fair value hedge accounting is applied, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period.

Hedge accounting is discontinued prospectively if the forecast transaction is no longer expected to occur, the hedge no longer meets the criteria for hedge accounting, the hedging instrument expires or is sold, terminated or exercised, or the designation is revoked. If the forecast transaction is no longer expected to occur, the amount accumulated in equity is reclassified to profit or loss.

<u>Fair value hedges</u>
Where a derivative or financial instrument is designated as hedging, the change in fair value of a recognised asset or liability, the gain or loss on the derivative and hedged item is recognised in profit or loss immediately, together with the gain or loss on the hedged asset or liability that is attributable to the hedge risk.

SECTION 4: CAPITAL STRUCTURE AND FINANCING COSTS (Continued)

4.2 Derivative financial instruments (continued)

Cross currency interest rate swaps[11]

	Average pay fixed rate %	Average pay floating rate	Average foreign exchange rate	Notional maturity profile USD000
Less than 1 year	-	BBSW3m + 226 bps	1.0000	150,000
1 to 5 years	5.4233	BBSW3m + 227 bps	0.8922	328,000
More than 5 years	5.6440	BBSW3m + 175 bps	0.7405	440,000

Interest rate swaps

	Average pay fixed rate[12] %	Average pay floating rate[13]	Notional maturity profile AUD000
Less than 1 year	-	-	-
1 to 5 years	4.4245	-	1,875,000
More than 5 years	3.8684	BBSW3m + 354 bps	4,453,000[14]

[11] Cross currency interest rate swaps are used for the purpose of swapping USD notional principal and interest for AUD notional principal and fixed/floating interest in relation to the BAC Group's non-AUD borrowings.

[12] Interest rate swaps convert floating rate interest exposure to fixed rate obligation.

[13] Interest rate swaps convert fixed rate exposure into floating rate obligation.

[14] Various interest rate swaps commencing on 1 July 2026 and maturing on 30 June 2032 have a profiled notional value structure. The notional value for the first quarter of the relevant interest rate swaps has been expressed in this table.

SECTION 4: CAPITAL STRUCTURE AND FINANCING COSTS (Continued)

4.2 Derivative financial instruments (continued)

	Fair value hedges		Cash flow hedges		Total
	Interest bearing liabilities	Interest bearing liabilities	Interest rate risk on highly probable floating rate debt	Interest bearing liabilities	
2023	Interest rate swap	Cross currency interest rate swap[16]	Interest rate swap	Cross currency interest rate swap and interest rate swap[15]	
	$000	$000	$000	$000	$000
Carrying amount of hedging instruments					
Assets	-	169,195	79,643	29,625	278,463
Liabilities	(128,627)	(27,404)	(56,884)	(954)	(213,869)
	(128,627)	**141,791**	**22,759**	**28,671**	**64,594**
At 30 June 2023					
Cumulative fair value adjustment on hedged item[16]	(126,318)	(74,909)	-	-	(201,227)
Effective portion recognised in reserves[17]	-	275	4,560	(1,701)	3,134
During the year					
Change in fair value of the hedging instrument for effectiveness testing	(14,968)	(32,326)	(48,650)	12,978	(82,965)
Change in fair value of the hedged item	13,528	33,672	7,324	(17,108)	37,416
Effective portion of hedging instrument recognised in cash flow hedge reserve[18]	-	(451)	(40,735)	(1,752)	(42,937)
Change in effective portion of discontinued hedges recognised in cash flow hedge reserve	-	-	56,806	-	56,806
Hedge ineffectiveness recognised in profit or loss[18]	(1,440)	1,797	(7,914)	718	(6,839)
Amount recognised in profit or loss for discontinued hedges[19]	-	-	(56,806)	-	(56,806)
Unwind of inception fair values recognised in profit or loss[19]	135	-	49,982	340	50,457
Amount reclassified from hedging reserves to profit or loss[19]	-	-	(25,206)	64,989	39,783

[15] Cross currency interest rate swaps are split designated in cash flow and fair value hedge relationships in order to hedge against risks associated with USD borrowings.
[16] The cumulative fair value adjustment is included in the BAC Group's interest-bearing liabilities.
[17] Hedging reserves includes both cash flow hedge reserve and cost of hedging reserve. Cost of hedging reserve at 30 June 2023 amounts to $1.2 million (gain), a $2.9 million (gain) movement for the financial year.
[18] Hedge ineffectiveness, reclassification of cash flow hedge reserve for continued and discontinued hedges and unwinding of inception fair value has been recognised within line item of "Hedge ineffectiveness & other hedge accounting impacts" of "Finance costs" on the face of the statement of profit and loss account. Key sources of hedge ineffectiveness for the BAC Group are (1) changes in credit risks inherent within the hedging instruments' fair values that are not offset by the fair value movement of the hedged item; and (2) designating the non-zero fair values hedging instruments in hedge accounting relationships post trade date (late designations). The non-zero fair value at inception is a source of ineffectiveness.

Notes to the financial statements (continued)

SECTION 4: CAPITAL STRUCTURE AND FINANCING COSTS (Continued)

4.2 Derivative financial instruments (continued)

	Fair value hedges		Cash flow hedges		Total
	Interest bearing liabilities	Interest bearing liabilities	Interest rate risk on highly probable floating rate debt	Interest bearing liabilities	
2022	Interest rate swap	Cross currency interest rate swap[20]	Interest rate swap	Cross currency interest rate swap and interest rate swap[19]	
	$000	$000	$000	$000	$000
Carrying amount of hedging instruments					
Assets	-	183,851	74,209	16,604	274,664
Liabilities	(113,794)	(11,536)	(51,789)	(2,540)	(179,659)
	(113,794)	**172,315**	**22,420**	**14,064**	**95,005**
At 30 June 2022					
Cumulative fair value adjustment on hedged item[20]	(112,791)	(23,683)	-	-	(136,474)
Effective portion recognised in reserves[21]	-	726	(11,510)	50	(10,734)
During the year					
Change in fair value of the hedging instrument for effectiveness testing	(120,822)	(108,376)	196,496	34,818	2,116
Change in fair value of the hedged item	122,075	96,302	(178,919)	(38,268)	1,190
Effective portion of hedging instrument recognised in cash flow hedge reserve[22]	-	4,183	187,879	2,202	194,264
Change in effective portion of discontinued hedges recognised in cash flow hedge reserve	-	-	95,296	-	95,296
Hedge ineffectiveness recognised in profit or loss[22]	1,253	(16,256)	7,278	882	(6,843)
Amount recognised in profit and loss for discontinued hedges[23]	-	-	(57,694)	-	(57,694)
Unwind of inception fair values recognised in profit or loss[23]	135	-	13	(1,147)	(999)
Amount reclassified from hedging reserves to profit or loss[23]	-	-	-	1,328	1,328

[19] Cross currency interest rate swaps are split designated in cash flow and fair value hedge relationships in order to hedge against risks associated with USD borrowings.
[20] The cumulative fair value adjustment is included in the BAC Group's interest-bearing liabilities.
[21] Hedging reserves includes both cash flow hedge reserve and cost of hedging reserve. Cost of hedging reserve at 30 June 2022 amounts to $1.75 million (loss), a $3.1 million (loss) movement for the financial year.
[22] Hedge ineffectiveness, reclassification of cash flow hedge reserve for continued and discontinued hedges and unwinding of inception fair value has been recognised within line item of "Hedge ineffectiveness & other hedge accounting impacts" of "Finance costs" on the face of the statement of profit and loss account. Key sources of hedge ineffectiveness for the BAC Group are (1) changes in credit risks inherent within the hedging instruments' fair values that are not offset by the fair value movement of the hedged item; and (2) designating the non-zero fair values hedging instruments in hedge accounting relationships post trade date (late designations). The non-zero fair value at inception is a source of ineffectiveness.

SECTION 4: CAPITAL STRUCTURE AND FINANCING COSTS (Continued)

4.3 Financial risk management

Keeping it simple …
The BAC Group activities expose it to a variety of financial risks: credit, liquidity, and market risk (including interest rate, foreign exchange and price risk). The BAC Group seeks to minimise potential adverse effects on its financial performance and uses derivative financial instruments to manage certain risk exposures. The BAC Group does not use derivatives to speculate.

Overview
The BAC Group's principal financial instruments comprise receivables, payables, bonds, bank loans, cash and short-term deposits and derivatives.

The BAC Group has exposure to the following risks from its use of financial instruments:
- credit risk;
- liquidity risk; and
- market risk.

The BAC Group manages its exposure to key financial risks, including interest rate and currency risk, in accordance with the BAC Group's financial risk management policies. The objective of these policies is to support the delivery of the BAC Group's financial targets, while protecting future financial security and reducing volatility on financial performance.

Risk management policies are established to identify and analyse the risks faced by the BAC Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the BAC Group's activities.

The FARM Committee oversees how management monitors compliance with the BAC Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the BAC Group. The FARM Committee is assisted in its oversight role by regular internal audits conducted by Ernst & Young (EY) to 10 March 2023, transitioning to KPMG afterwards. The internal audit reviews risk management controls and procedures and the results are reported to the FARM Committee.

The BAC Group's policy is not to enter, issue or hold derivative financial instruments for speculative trading purposes. Derivative transactions are entered into to hedge the risks relating to underlying physical positions arising from business activities.

(a) Credit risk

Credit risk is the risk of financial loss to the BAC Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the BAC Group's receivables from customers.

The BAC Group has policies in place to ensure that transactions are made with commercial customers with an appropriate credit history. However, as an operator of large infrastructure assets, the BAC Group is exposed to credit risk with its financial counterparties through undertaking financial transactions intrinsic to its business. These include funds held on deposit, cash investments, bank loans and the market value of derivative transactions.

The BAC Group assesses the credit strength of potential financial counterparties using objective ratings provided by multiple independent rating agencies. Board approved limit allocation rules allow higher limits to be granted to higher rated counterparties. The BAC Group also seeks to mitigate its total credit exposure to counterparties by only dealing with counterparties meeting certain credit criteria, limiting the exposure to any one counterparty, minimising the size of the exposure where possible through netting offsetting exposures, diversifying exposures across counterparties, closely monitoring changes in total credit exposures and changes in credit status, and taking mitigating action when necessary.

<u>Trade and other receivables</u>
The BAC Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographic of the customer base, including default risk of the industry and country in which the customer operates, has less of an influence on credit risk.

Notes to the financial statements (continued)

SECTION 4: CAPITAL STRUCTURE AND FINANCING COSTS (Continued)

4.3 Financial risk management (continued)

The BAC Group Board has established a credit policy under which customers are analysed individually for creditworthiness before the standard payment terms and conditions are offered. The review of creditworthiness includes external ratings, when available, and/or the possible requirement of bank guarantees or cash deposits of up to six months' rent plus outgoings in the case of property tenants. The majority of customers have been transacting with the BAC Group for over 10 years and losses have been incurred infrequently. In monitoring customer credit risk, customers are classified according to their credit characteristics.

Consideration has been given to the impact of COVID-19 on the current financial year trade receivable balances and their recoverability. An additional provision was taken up against property debtors relating to rental relief provided to tenants in the form of payment deferrals and waivers.

Further to this, an allowance for impairment has been prepared that represents the BAC Group's ECL in respect of trade and other receivables. The ECL is estimated using a provision matrix with reference to past default experience and an analysis of the current financial position of the trade receivables, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date.

The following amounts were included in the consolidated statement of profit or loss for the year relating to ECL:

Description	2023 $000	2022 $000
ECL relating to rental relief provided to tenants	11,262	6,413
Impairment of the straight-lining asset	2,179	11,545
General ECL from provision matrix	(1,082)	-
Other specific provisions for doubtful debts	(265)	(612)
	12,094	**17,346**

<u>Cash and swaps</u>
Cash, interest rate and cross currency swaps, and bank loans are held with banks with credit ratings of not less than either A- (Standard & Poor's) or A3 (Moody's) in line with the BAC Group's External Debt Funding and Liquidity Policy.

<u>Exposure to credit risk</u>
The carrying amounts of the financial assets represent the maximum credit exposure. The financial assets at the reporting date were as follows:

	Classification	Note	2023 $000	2022 $000
Cash and cash equivalents	Current	3.1	154,648	80,527
Trade receivables, accrued income, and contract assets	Current	3.2	74,657	62,863
Sundry receivables	Current	3.2	3,647	5,955
Finance lease receivable	Current	3.2	186	167
Sundry receivables	Non-current	3.2	15,973	14,459
Finance lease receivable	Non-current	3.2	20,771	20,958
Derivative instruments		4.3(d)	266,065	273,729
			535,947	**458,658**

The maximum exposure to credit risk for trade receivables, accrued income, and contract assets at the reporting date by customer type was:

	2023 $000	2022 $000
Aeronautical	58,517	41,612
Property	15,174	20,047
Other	966	1,204
	74,657	**62,863**

The most significant customer accounted for 20.9% of the trade receivables, accrued income, and contract assets carrying amount at 30 June 2023 (2022: 5.0%).

SECTION 4: CAPITAL STRUCTURE AND FINANCING COSTS (Continued)

4.3 Financial risk management (continued)

Impairment losses

The ageing of the trade receivables, accrued income, and contract assets at reporting date was as follows:

	2023 Gross $000	2023 Impairment $000	2023 Net $000
Not past due (0 – 30 days)	49,648	(7)	49,641
Past due (31 – 60 days)	22,811	(72)	22,739
Past due (61 – 90 days)	1,835	(227)	1,608
Past due (more than 90 days)	2,145	(1,476)	669
	76,439	**(1,782)**	**74,657**

	2022 Gross $000	2022 Impairment $000	2022 Net $000
Not past due (0 – 30 days)	51,568	(189)	51,379
Past due (31 – 60 days)	8,374	(214)	8,160
Past due (61 – 90 days)	806	(486)	320
Past due (more than 90 days)	5,960	(2,956)	3,004
	66,708	**(3,845)**	**62,863**

(b) Liquidity risk

Liquidity risk is the risk that the BAC Group will not be able to meet its financial obligations as they fall due. The approach to managing liquidity is to ensure, as far as possible, that the BAC Group will always have sufficient liquidity to meet liabilities when due, under both normal and stressed conditions, without incurring unreasonable costs or risking damage to the BAC Group’s reputation.

The BAC Group actively monitors cash flow requirements to manage liquidity risk. Typically, the BAC Group ensures that it has sufficient cash and available debt facilities to meet expected operational requirements for a minimum period of 12 months, including the servicing of financial obligations and the funding of the capital expenditure program.

Notes to the financial statements (continued)

SECTION 4: CAPITAL STRUCTURE AND FINANCING COSTS (Continued)

4.3 Financial risk management (continued)

Funding
The BAC Group minimises exposure and refinance risk with any one lending source. This is achieved by having a range of lending sources and financial guarantors (if a necessity of the lending instrument). To minimise refinance risk, the BAC Group ensures that no more than 20% of total debt matures within a 12-month period, and no more than 50% in any 36-month period.

The following are the principal and interest contractual maturities of financial liabilities:

2023	Note	Less than 1 year $000	1 – 5 years $000	More than 5 years $000	Total $000
Floating bank loan		7,586	163,205	-	170,791
Floating bonds		4,634	106,421	-	111,055
Fixed bonds		354,820	1,584,281	1,926,005	3,865,106
Derivative structured products		66,667	144,385	-	211,052
RPS		53,636	143,030	577,767	774,433
		487,343	**2,141,322**	**2,503,822**	**5,132,437**
Trade payables and accruals	3.8	93,758	-	-	93,758
Lease liabilities	3.8/3.10	748	6,382	-	7,130
Derivatives		(38,461)	8,821	(48,266)	(77,906)

2022	Note	Less than 1 year $000	1 – 5 years $000	More than 5 years $000	Total $000
Floating bank loan		-	-	-	-
Floating bonds		3,164	109,688	-	112,852
Fixed bonds		229,807	1,703,049	1,979,523	3,912,379
Derivative structured products		34,447	177,726	33,326	245,499
RPS		187,709	143,030	613,524	944,263
		455,127	**2,133,493**	**2,626,373**	**5,214,993**
Trade payables and accruals	3.8	82,677	-	-	82,677
Lease liabilities	3.8/3.10	749	8,115	-	8,864
Derivatives		(60,520)	27,184	(24,453)	(57,789)

Interest payments (and receipts) on the floating interest rate instruments are paid quarterly, at BBSW or BBSY plus the applicable margin. Interest payments on the fixed interest rate bonds are paid semi-annually. Trade payables and accruals are generally payable in less than six months.

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the BAC Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The BAC Group enters into derivatives in order to manage market risk. All such transactions are carried out within guidelines set by the Board. Components of market risk to which the BAC Group is exposed are discussed below.

Interest rate risk
Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The BAC Group's borrowings are sourced from a number of financial markets covering domestic and offshore, as well as short term and long-term funding. These borrowings are managed in accordance with targeted currency, interest rate, liquidity, and debt portfolio maturity profiles.

SECTION 4: CAPITAL STRUCTURE AND FINANCING COSTS (Continued)

4.3 Financial risk management (continued)

Currency and interest rate risk on foreign currency borrowings are hedged by entering into cross currency principal swaps and interest rate swaps at inception to maturity, which have the economic effect of converting foreign currency borrowings into AUD borrowings.

BAC Group policy
The BAC Group's intended long-term interest rate cover target is to maintain the following minimum levels of economic hedging of its forecast average debt exposure in each year:

Period	**%**
Years 1 – 3	75 – 100
Years 4 – 5	60 – 90
Years 6 – 10	30 – 70

Minimum economic hedging requirement under finance documents
The BAC Group's minimum economic hedging requirement under finance documents is that its exposure to changes in interest rates on current borrowings is on a fixed interest rate basis as follows:

- years 1 – 3: 75% per annum; and
- years 4 – 5: 60% per annum of debt levels on 1 July each year.

Profile
At the reporting date, the interest rate profile of the interest-bearing financial instruments, ignoring economic hedging, was as follows:

	2023 $000	**2022 $000**
Nominal fixed interest rate instruments		
Financial liabilities	**(3,738,866)**	**(3,816,787)**
Nominal variable interest rate instruments		
Financial assets – cash and cash equivalents	154,648	80,527
Financial liabilities	(252,000)	(100,000)
Net financial liability	**(97,352)**	**(19,473)**

Foreign exchange risk
Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The source and nature of the risk arise from operations, capital expenditure and translation risk.

Cross currency swaps are used to convert long term foreign currency borrowings into AUD to meet the principal and interest obligations under the swaps. These foreign currency borrowings typically have an initial maturity of between 10 and 20 years.

BAC Group policy
The BAC Group's policy is to minimise foreign exchange exposures where practical, and to hedge back to AUD any combination of foreign exchange exposures to avoid unhedged foreign exchange exposures in excess of AUD $5 million.

Notes to the financial statements (continued)

SECTION 4: CAPITAL STRUCTURE AND FINANCING COSTS (Continued)

4.3 Financial risk management (continued)

Fixed interest rate secured international bonds denominated in USD
At the reporting date, the BAC Group had the following foreign exchange exposures which had been economically hedged back to AUD for the duration of the issue:

	Face value 2023 USD000	Face value 2023 AUD000	Face value 2022 USD000	Face value 2022 AUD000
Total foreign exchange exposures hedged	**918,000**	**1,384,615**	**965,000**	**1,334,225**

Sensitivity on interest rate and foreign exchange risk
The tables below summarise the gain or loss impact of reasonably possible changes in market risk, relating to existing financial instruments, on profit before tax and equity before tax. For the purpose of this disclosure, the following assumptions were used:

- 100 basis point increase and decrease in all relevant interest rates;
- 10% USD depreciation and USD appreciation;
- isolation of sensitivity analysis for each risk. For example, the interest rate sensitivity analysis assumes the foreign exchange rates remain constant; and
- the effect of credit risk and hedge ineffectiveness has been held constant for purposes of the sensitivity analysis.

The 30 June 2023 foreign exchange rate of AUD 1 to USD 0.6630 (2022: AUD 1 to USD 0.6880) has been used in the translation of USD denominated borrowings.

Analysis for fixed interest rate instruments
The BAC Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, however it has designated some derivatives into hedge relationships under a fair value hedge accounting model. The impact of a change in interest rate (holding all other variables constant) on the fair value of the hedging instruments and fair value adjustment on the fixed rate financial liabilities are expected to be equal and offsetting in magnitude based on the methodology prescribed. Therefore, a change in interest rates at the reporting date would not affect profit before tax for fixed rate instruments.

Analysis for variable interest rate instruments
A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit before tax and equity before tax by the amounts shown below. This analysis assumes that all other variables remain constant. An increase/(decrease) in interest rates (holding all other variables constant), impacts interest expense on variable rate instruments and fair value of interest rate swaps and currency swaps as follows:

Movement in interest rates	**Profit/(loss) before tax**		**Equity before tax**	
	2023 $000	**2022 $000**	**2023 $000**	**2022 $000**
100 basis point increase in interest rates				
Net impact	**(1,933)**	**(873)**	**109,121**	**106,448**
100 basis point decrease in interest rates				
Net impact	**1,933**	**873**	**(109,121)**	**(106,448)**

Analysis for variable interest rate instruments
Movements in interest rates over time influence the rate of return achievable on the aeronautical assets. The effect of such movements may be impacted by the length of aeronautical pricing agreements, which have been typically up to five years. Once pricing is determined for a period, movements in interest rates may not affect aeronautical revenues but an alteration in rates may impact actual results.

SECTION 4: CAPITAL STRUCTURE AND FINANCING COSTS (Continued)

4.3 Financial risk management (continued)

Analysis for USD rate movements
Cross currency exposures for the BAC Group predominantly arise from foreign denominated interest-bearing liabilities. For such liabilities, the BAC Group's policy is to hedge 100% of cross currency risk for both principal and interest for the life of the exposure. As at 30 June 2022 and 2023, these foreign currency exposures were 100% hedged through cross currency swaps until maturity resulting in no other material cross currency risk exposure.

(d) Fair value

Fair value versus carrying amounts
The carrying amounts shown in the consolidated statement of financial position, together with the fair value of financial assets and liabilities are as follows:

	Note	Carrying amount 2023 $000	Fair value 2023 $000	Carrying amount 2022 $000	Fair value 2022 $000
Assets carried at fair value					
Interest rate and cross currency swaps – current		76,199	76,199	22,275	22,275
Interest rate and cross currency swaps – non-current		189,866	189,866	251,454	251,454
		266,065	**266,065**	**273,729**	**273,729**
Assets carried at amortised cost					
Cash and cash equivalents	3.1	154,648	154,648	80,527	80,527
Finance lease receivable – non-current	3.2	20,771	20,771	20,958	20,958
Employee benefits – non-current	3.2	3,375	3,375	4,045	4,045
		178,794	**178,794**	**105,530**	**105,530**
Liabilities carried at fair value					
Interest rate and cross currency swaps – current		-	-	-	-
Interest rate and cross currency swaps – non-current		201,472	201,472	178,724	178,724
		201,472	**201,472**	**178,724**	**178,724**
Liabilities carried at amortised cost					
Secured bank loan	4.1	147,572	137,656	(3,047)	-
Secured domestic bond issues	4.1	1,068,109	1,131,695	1,080,173	1,321,302
Secured USPP bond issues	4.1	1,887,379	1,838,029	1,985,697	1,811,083
Derivative structured products	4.1	202,198	194,809	232,081	224,217
RPS	4.1	452,507	386,129	450,465	380,636
RPS dividend	3.8	17,826	17,826	142,142	142,142
Lease liability – non-current	3.10	2,057	2,057	3,148	3,148
Make-good provision	3.10	4,325	4,325	4,967	4,967
		3,781,973	**3,712,526**	**3,895,627**	**3,887,495**
Net liabilities		**3,538,586**	**3,469,139**	**3,695,092**	**3,686,960**

(e) Capital management

The Board's policy is to maintain a strong capital base to preserve Shareholder, lender and market confidence, and sustain future development of the business.

There were no changes to the capital management approach during the year.

Notes to the financial statements (continued)

SECTION 4: CAPITAL STRUCTURE AND FINANCING COSTS (Continued)

4.4 Changes in liabilities arising from financing activities[24]

	1 July 2022 $000	Cash flows $000	Foreign exchange movement $000	Fair value Movement $000	Capitalised Interest $000	30 June 2023 $000
Secured bank loan	-	152,000	-	-	-	152,000
Secured domestic bond issues	1,087,209	-	-	(13,527)	-	1,073,682
Secured USPP bond issues	1,998,193	(76,060)	20,213	(51,226)	-	1,891,120
Derivative structured products	232,345	(34,447)	-	-	4,445	202,343
RPS	450,465	-	-	2,042	-	452,507
Lease liabilities – non-current	8,115	(1,733)	-	-	-	6,382
Total liabilities from financing activities	**3,776,327**	**39,760**	**20,213**	**(62,711)**	**4,445**	**3,778,034**

	1 July 2021 $000	Cash flows $000	Foreign exchange movement $000	Fair value movement $000	Capitalised Interest $000	30 June 2022 $000
Secured bank loan	20,000	(20,000)	-	-	-	-
Secured domestic bond issues	1,209,284	-	-	(122,075)	-	1,087,209
Secured USPP bond issues	2,212,762	(150,000)	78,538	(143,107)	-	1,998,193
Derivative structured products	172,923	54,345	-	-	5,077	232,345
RPS	450,137	-	-	327	-	450,465
Lease liabilities – non-current	2,669	5,446	-	-	-	8,115
Total liabilities from financing activities	**4,067,775**	**(110,209)**	**78,538**	**(264,855)**	**5,077**	**3,776,327**

[24] Reconciliation of opening to closing balance excludes transaction costs.

SECTION 4: CAPITAL STRUCTURE AND FINANCING COSTS (Continued)

4.5 Equity and reserves

Dividends are recognised as a liability in the year in which they are declared.

There has been no movement in issued shares.

	2023 000	2022 000
Ordinary shares		
On issue at 30 June	**681,887**	**681,887**

The holders of ordinary shares in BACH are entitled to receive dividends as declared from time to time and one vote per share at meetings of BACH. In the event of winding up of BACH, ordinary Shareholders rank after all other Shareholders and creditors and are entitled to any net residual proceeds of liquidation.

Defined benefit superannuation fund deficit reserve

The defined benefit superannuation fund deficit reserve is used to recognise actuarial gains and losses.

Hedge reserve

The hedge reserve comprises of both the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows or items affect profit or loss, and the fair value impact of movements in foreign currency basis spreads designated as cost of hedging.

Dividends

During the current financial year, BACH declared and paid ordinary dividends of $50.0 million (2022: $nil).

	2023 $000	2022 $000
Dividend franking account:		
The taxable value of franking credits for subsequent financial years	**2,493**	**24,373**

Notes to the financial statements (continued)

SECTION 5: OTHER

5.1 Related parties

Keeping it simple
The related parties include the Directors of the BAC Group, Key Management Personnel (KMP), Shareholders and the BAC Group controlled entities.

The Directors of BACH at any time during the reporting year are disclosed in the Directors' Report. The KMP of the BAC Group at any time during the reporting year were:

Executives

Gert-Jan de Graaff	Chief Executive Officer
David Malek	Chief Financial Officer (resigned 24 February 2023)
Warren Briggs	Chief Financial Officer (acting 25 February 2023, appointed 15 May 2023)
Rachel Crowley	Executive General Manager Communications & Public Affairs
Jane Dionysius	Executive General Manager Human Resources
Raechel Paris	Executive General Manager Governance
Krishan Tangri	Executive General Manager Infrastructure & Planning
Ryan Both	Executive General Manager Aviation
Martin Ryan	Executive General Manager Commercial

Transactions with Key Management Personnel
In addition to the salaries of KMP, the BAC Group contributes to a post-employment defined benefit superannuation fund or a post-employment defined contribution superannuation fund on behalf of certain KMP. In accordance with the terms of the defined benefit superannuation fund, KMP are entitled to receive their retirement benefits up to age 70, calculated as a multiple of their salary plus members' contributions made to the fund.

Executive Long Term Incentive Program (ELTIP)
KMP also participate in the BACH ELTIP.

The ELTIP is a bonus incentive plan that provides eligible employees with the opportunity to receive bonus remuneration which is calculated with reference to long term increases in the value of BACH, based upon a proxy valuation developed for internal management purposes. The plan is settled in cash.

The plan includes a mechanism for calculating the bonus remuneration in the event certain requirements as set out in the plan rules are satisfied. The plan does not confer upon eligible employees any right, entitlement, or interest in shares in BACH or an option to acquire shares in BACH.

Eligibility has been determined by the Board based on the individual's ability to influence the future growth, direction, and performance of the BAC Group. Entitlement to this payment is conditional upon continuous employment during the period.

The grant date of units for the ELTIP 21 (Plan 21) was 1 July 2020, with an initial base value of $1 per unit (in dollars). Total units outstanding under Plan 21 were 1,603,613 (2022: 1,880,158). The value of entitlements under Plan 21 payable at 30 June 2023 was $118,397 (2022: $92,543).

The grant date of units for the ELTIP 22 (Plan 22) was 1 July 2021, with an initial base value of $1 per unit (in dollars). Total units outstanding under Plan 22 were 1,666,027 (2022: 1,920,659). The value of entitlements under Plan 22 payable at 30 June 2022 was $78,647 (2022: $45,333).

The grant date of units for the ELTIP 23 (Plan 23) was 1 July 2022, with an initial base value of $1 per unit (in dollars). Total units outstanding under Plan 23 were 2,075,232 (2022: nil). The value of entitlements under Plan 23 payable at 30 June 2023 was $162,365 (2022: nil).

SECTION 5: OTHER (Continued)

5.1 Related parties (continued)

Key Management Personnel compensation
The KMP compensation for the year was as follows:

	2023 $	2022 $
Short term employee benefits	6,081,624	5,403,633
Post-employment benefits	440,676	358,216
Other long-term benefits	247,900	140,097
	6,770,200	**5,901,946**

The terms and conditions of transactions with KMP were no more favourable than those available or which might reasonably be expected to be available, on similar transactions with non-Key Management Personnel or their related parties on an arm's length basis.

Other related party transactions
Amounts recognised during the year pertaining to other related parties, excluding Shareholder payments that relate directly to shareholdings, were as follows:

Technical Services Agreement
BAC has a Technical Services Agreement with Schiphol Nederland BV which provides:

- advisory services including staffing, planning, operations, marketing, and third-party liaison; and
- qualified personnel to fulfil various management positions.

The total fee for the year was $581,371 (2022: $364,225). As at 30 June 2023, the amount payable was $581,371 (2022: $nil) (in dollars).

Intellectual Property Agreement
BAC has an Intellectual Property Agreement with Schiphol International BV that provides BAC with a licence to use any intellectual property rights owned or licensed by Schiphol International BV which may be applied in operating and developing Brisbane Airport, including in relation to marketing, operations, planning, staffing and third-party liaison.

The total fee for the year was $4,099,444 (2022: $3,820,592). As at 30 June 2023, the amount payable was $nil (2022: $3,820,592).

Board fees and travel expenses
In accordance with the Board Governance Policy, the Board's remuneration is set through independent market assessment, evaluation of comparable boards of similar scope, size and skill and a desire to attract and retain high quality directors.

During 2023, the Board reviewed Director remuneration taking into consideration external remuneration benchmarks, provided by a third-party consultant, for non-executive directors in peer organisations.

Board fees and travel expenses paid to the Directors for the year amounted to $1,747,899 (2022: $1,629,997).

Board fees, on behalf of the Directors, were paid to the following companies:

- First Sentier Investors (Australia) IM Ltd, a company related to Alan Wu, received $139,959 for the year (2022: Alan Wu and Chris McArthur $149,943);
- QIC Private Capital Pty Ltd, a company related to Paul DeSouza, received $162,734 for the year (2022: $157,280); and
- IFM Investors (Nominees) Limited, a company related to John Borghetti, Josh Crane, and Marigold Look, received $279,917 for the year (2022: John Borghetti and Josh Crane $262,279).

Notes to the financial statements (continued)

SECTION 5: OTHER (Continued)

5.2 Parent entity disclosures

	2023 $000	2022 $000
Results of BACH		
Profit for the year	9,585	11,280
Total comprehensive income	**9,585**	**11,280**
Financial position of BACH		
Current assets	91,179	129,025
Non-current assets	929,892	930,886
Total assets	**1,021,071**	**1,059,911**
Current liabilities	70,428	142,142
Non-current liabilities	452,507	429,786
Total liabilities	**522,935**	**571,928**
Net assets	**498,136**	**487,983**
Equity		
Issued capital	470,494	470,494
Retained earnings	27,642	68,056
Total equity	**498,136**	**538,550**

5.3 Other matters

Per- and Polyfluoroalkyl Substances (PFAS)
In recent years, there has been increased media and regulator attention towards PFAS used by aviation related tenants and Airservices Australia at Brisbane Airport. The BAC Group has continued to exercise its rights under tenant lease agreements to require entities responsible for pollution to monitor and remediate contamination at Brisbane Airport.

5.4 Events subsequent to reporting date

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the BAC Group, the results of those operations, or the state of affairs of the Group in future financial years.

Directors' Declaration

(a) the financial statements and notes set out on pages 92 to 138 are in accordance with the *Corporations Act 2001* (Cth), including:

(i) giving a true and fair view of the BAC Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Act 2001* (Cth); and

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

The Directors draw attention to note 1.3 to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in Brisbane on 22 September 2023 in accordance with a resolution of the Directors made pursuant to s.295(5) of the *Corporations Act 2001* (Cth).

David Peever
Director

Independent Auditor's Report

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Independent Auditor's Report to the Members of BAC Holdings Limited

Opinion

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

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

- Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and

- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

Other Information

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent Auditor's Report (continued)

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- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

R.G. Saayman
Partner
Chartered Accountants
Brisbane, 22 September 2023

Auditor's Independence Declaration

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22 September 2023

The Board of Directors
BAC Holdings Limited
11 The Circuit
BRISBANE AIRPORT QLD 4008

Dear Board Members

Auditor's Independence Declaration to BAC Holdings Limited

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

As lead audit partner for the audit of the financial statements of BAC Holdings Limited for the financial year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

R.G. Saayman
Partner
Chartered Accountant

Additional Information

BAC Holdings Limited,
ACN 108 568 038, incorporated and domiciled in Australia, is an unlisted public company limited by shares.

Registered office:
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Web address: bne.com.au


Our heart is in the country
737-800

BRISBANE AIRPORT CORPORATION

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