

Australia Pacific Airports (Melbourne) Pty. Limited

ACN 076 999 114

APAM Financial Statements - 30 June 2025

Australia Pacific Airports (Melbourne) Pty. Limited
Directors' report
30 June 2025

The Directors of Australia Pacific Airports (Melbourne) Pty. Limited ("APAM" or the "Company") ACN 076 999 114 submit herewith the annual financial report of the Company for the financial year ended 30 June 2025.

Principal activities

During the financial year, the principal activity of the Company was the ownership and management of Melbourne Airport.

Review of operations

FY25 has delivered strong results for the Company, with operating profit of \$918.5 million up 11.9% on the year ended 30 June 2024. A total of 36.2 million passengers passed through Melbourne Airport, a 2.9% increase on the prior year.

International passengers through Melbourne Airport totalled 12.0 million for the year, up 8.3% on the year ended 30 June 2024, setting a new record. January 2025 was the busiest month ever recorded at Melbourne Airport. The increase in international passengers reflects a focus on growing capacity in both new and existing markets, with notable growth in key markets such as India, Vietnam and Indonesia.

The Company welcomed 24.2 million domestic passengers in the year ended 30 June 2025, a 0.4% increase on the prior year. Growth was impacted by both Bonza and Regional Express entering administration on 30 April 2024 and 30 July 2024 respectively.

Melbourne Airport is Victoria's gateway to the world and with Melbourne now Australia's largest city, we are working to meet the demand that growth places on us. The capital program across the precinct continues to progress to cater for passenger demand. Notable milestones during the year included:

- Novotel and ibis Styles hotel opened in July 2024, consisting of 464 rooms, a state-of-the-art gym, a wellness retreat and a number of food and beverage offerings;
- Completion of the T3 redevelopment, further enhancing Melbourne Airport's single-roof precinct by connecting all four terminals at both the arrival and departure levels;
- Continued construction of the T2 North Infill project, which will deliver a significant upgrade in international baggage systems, including additional capacity, and ensure compliance with regulatory requirements;
- Stage 2 of the Elevated Road and Forecourt development continued, which will deliver further capacity and safety enhancements to the road network within the Airport precinct;
- The T1 Security Screening and Compliance project continued, which includes new passenger screening and checked bag screening equipment and ensures compliance with regulatory requirements under the Aviation Transport Security Act; and
- Completion of warehouses within the precinct including Spec Shed 2, Customs House, Rohlig and Cope Sensitive.

Melbourne Airport's Third Runway (M3R) received Ministerial approval on 13 September 2024, a major milestone which sets the airport up to serve Victoria's growth for decades to come. The third runway will be parallel to the existing north-south runway and support thousands of new jobs. Work also continues on the Airport Development Plan with a focus on co-creation with our airline partners to support infrastructure in response to current pinch points and future growth.

There is a significant investment pipeline at Melbourne Airport including M3R and the international terminal expansion. As a result, commercial agreement negotiations are underway with airlines to support this investment. The 2022 aeronautical services agreements between Melbourne Airport and airlines expired on 30 June 2025, while the terminal facilities agreements expired or expire on 30 June 2025 (Virgin) and 9 November 2025 (Jetstar). In the interim, Melbourne Airport and the airlines are operating under agreed interim arrangements until new agreements are finalised.

Financial results:

The Company delivered a strong financial performance for the year ended 30 June 2025, with operating profit of \$918.5 million (30 June 2024: \$820.9 million) and a profit after tax of \$374.5 million (30 June 2024: \$298.4 million).

Operating Profit (\$m)	Jun-25	Jun-24
Operating profit	918.5	820.9

Australia Pacific Airports (Melbourne) Pty. Limited
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Revenue (\$m)	Jun-25	Jun-24
Aeronautical	563.6	512.7
Security	150.6	96.0
Retail	192.2	173.1
Ground Transport	239.7	233.0
Property	153.2	133.3
Hotel	27.9	-
Outgoings / recharges	44.8	37.4
Other	5.8	6.9
	1,377.8	1,192.4

Revenue increased by 15.6% to \$1,377.8 million (30 June 2024: \$1,192.4 million). Strong passenger performance delivered an uplift in revenue across aeronautical, retail and ground transport. Property revenue increased by 15% on the prior year, supported by annual rent escalations and new developments. Revenue also increased with the commencement of operations at the new hotel on 1 July 2024. The increase in security revenues is attributable to the transition of T1 security from Qantas to Melbourne Airport during the period, coupled with the uplift in passenger volumes. The increase in outgoings and reflects the continued expansion of the embedded network including the transition of tenants to GreenPower, a premium renewable energy supplied by the Airport and accredited by the government.

Operating costs, excluding security passthrough costs, increased by \$35.0 million to \$312.3 million (30 June 2024: \$277.3 million). The uplift is a result of increased costs related to the new hotel, increased cleaning and operational costs aligned to the uplift in passenger volumes, and maintenance to support the Melbourne Airport Business Park.

Borrowing costs decreased by \$10.6 million in FY25 to \$273.8 million (30 June 2024: \$284.4 million). The decrease was driven by higher interest capitalised to projects and lower amounts recognised from the hedge reserve unwind, partially offset by higher interest on senior secured debt. In addition, interest income decreased by \$11.5 million due to lower cash on deposit, offsetting the reduction in borrowing costs.

APAM's balance sheet remains strong with \$2,204.7 million of liquidity at balance date including undrawn bank facilities of \$1,424.5 million and cash of \$780.2 million. The Company continues to be compliant with financial covenants for the year ended 30 June 2025.

Operating cashflow for FY25 was \$437.1 million (30 June 2024: \$603.3 million). Receipts from customers increased significantly on the back of strong passenger numbers and revenue performance, however this was offset by a significant increase in tax payments (\$80.5 million) and the payment of a significant lease incentive paid to a tenant, used to fund the construction of assets on leased land (\$126.4 million). Excluding this lease incentive payment, net cash from operating activities was \$563.5 million for the year.

Investing cash outflows of \$1,165.5 million for the period reflect the Company's ongoing capital works, with the increase in comparison to the prior year attributable to the uplift in construction activity (30 June 2024: \$789.8 million).

Net financing cash inflows of \$926.7 million reflect a \$1,500.0 million drawdown of debt, partially offset by debt repayments of \$505.1 million and dividend payments of \$53.7 million.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Company during the financial year.

Dividends

During the financial period, a final dividend of \$53,693,745 (\$0.537 per share) for the year ended 30 June 2024 was paid. No dividend was declared for the year ended 30 June 2025.

Events occurring after balance sheet date

On 27 June 2025 and 4 July 2025, mediation sessions in respect of Brimbank City Council's (BCC) application for review of the M3R Major Development Plan approval were held. The mediation was successful and BCC formally withdrew the proceedings from the Administrative Review Tribunal on 16 July 2025.

No other matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Australia Pacific Airports (Melbourne) Pty. Limited
Directors' report
30 June 2025

Directors

Name	Position	Period of directorship
Lorie Argus	Chief Executive Officer	Appointed 1 July 2022
Ruth Martin	Chief Financial Officer	Appointed 2 October 2023
Jai McDermott	Chief of Ground Transport, Property & Retail	Appointed 30 June 2023

The above named Directors held office during and since the end of the financial year.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2025, and the number of meetings attended by each Director were:

	Held	Full Board Attended
Lorie Argus	5	5
Ruth Martin	5	5
Jai McDermott	5	5

Those attended by the Company Secretary were:

	Held	Attended
Aaron Gant	5	5

Future developments

The Company's future developments and operations are included within the Master Plans of Melbourne Airport (2022). The documents, published every five years, include setting the strategic direction for the 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.

Environmental regulation

In relation to environmental matters, the Company is subject to the Airports Act 1996 (Cth) ("the Act") and the Airports (Environment Protection) Regulations 1997 ("the Regulations"). The Company is satisfied that the results of environmental monitoring conducted by internal and external specialists during the year ended 30 June 2025 demonstrate compliance with the Act and the Regulations in all material respects.

Like other airports around Australia, fire-fighting foams containing per- and poly- fluoroalkyl substances ("PFAS") have historically been used by Airservices Australia at Melbourne Airport. Melbourne Airport continues to investigate, manage and monitor PFAS.

Indemnity and insurance of officers and auditors

Each officer (including each Director) of the Company is indemnified, to the maximum extent permitted by law, against any liabilities incurred as an officer of the Company pursuant to agreements with the Group. Each officer is also indemnified against reasonable costs (whether legal or otherwise) incurred in relation to relevant proceedings in which the officer is involved because the officer is or was an officer.

The Company has arranged to pay a premium for a Director's and officer's liability insurance policy to indemnify Directors and officers in accordance with the terms and conditions of the policy.

This policy is subject to a confidentiality clause which prohibits disclosure of the nature of the liability covered, the name of the insurer, the limit of liability and the premium paid for this policy.

The auditor of the Company is in no way indemnified out of the assets of the Company.

No application has been made and no proceedings have been brought or intervened in on behalf of APAM under section 237 of the Corporations Act.

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Directors' report
30 June 2025

Auditor's independence

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

Rounding of amounts

The Company is of a kind referred to in Australian Securities & Investments Commission (ASIC) Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 1 April 2016, and in accordance with that instrument all financial information has been rounded to the nearest thousand dollars, unless otherwise indicated.

This report is made in accordance with a resolution of the Directors.

On behalf of the Directors



Mrs. Ruth Martin
Director

27 August 2025
Melbourne

27 August 2025

The Board of Directors
Australia Pacific Airports (Melbourne) Pty Limited
Level 2, Terminal 2
Melbourne Airport VIC 3043

Dear Board Members

Auditor's Independence Declaration to Australia Pacific Airports (Melbourne) Pty 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 Australia Pacific Airports (Melbourne) Pty Limited.

As lead audit partner for the audit of the financial report of Australia Pacific Airports (Melbourne) Pty Limited for the year ended 30 June 2025, 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



Jason Thorne
Partner
Chartered Accountants

Australia Pacific Airports (Melbourne) Pty. Limited

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General information

The financial statements reflect Australia Pacific Airports (Melbourne) Pty. Limited as a single entity. The financial statements are presented in Australian dollars, which is Australia Pacific Airports (Melbourne) Pty. Limited's functional and presentation currency.

Australia Pacific Airports (Melbourne) Pty. Limited ACN 076 999 114 is a proprietary company limited by shares, incorporated and domiciled in Australia.

Its registered office and principal place of business is:

Level 2, Terminal 4,
Melbourne Airport VIC 3043
(03) 9297 1600
website: www.melbourneairport.com.au
Email: reception@melair.com.au

A description of the nature of the Company's operations and its principal activities are included in the Directors' report.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 27 August 2025.

Australia Pacific Airports (Melbourne) Pty. Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2025

	Note	2025 \$'000	2024 \$'000
Revenue			
Aeronautical		563,556	512,654
Security	5	150,570	96,031
Retail		192,225	173,122
Ground Transport		239,690	232,988
Property		153,230	133,285
Hotel		27,907	-
Outgoings/recharges		44,766	37,421
Other income		5,839	6,835
Profit on sale of fixed assets		18	19
Total revenue		1,377,801	1,192,355
Expenses			
Staff costs		(72,883)	(71,722)
Security	5	(147,037)	(94,199)
Services and utilities		(168,135)	(133,072)
Maintenance costs		(34,869)	(32,077)
Administration and marketing costs		(17,015)	(19,139)
Other costs		(18,377)	(13,368)
Allowance for expected credit losses		(1,005)	(7,894)
Total expenses		(459,321)	(371,471)
Operating Profit		918,480	820,884
Change in fair value of investment property	11	135,610	95,299
Borrowing costs	4	(273,781)	(284,402)
Interest income		13,400	24,931
Depreciation, amortisation and impairment losses	4	(258,220)	(230,390)
Profit before income tax expense		535,489	426,322
Income tax expense	6	(161,019)	(127,930)
Profit after income tax expense for the year		374,470	298,392
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net change in the fair value of cash flow hedges taken to equity, net of tax		(31,446)	11,409
Other comprehensive income/(loss) for the year, net of tax		(31,446)	11,409
Total comprehensive income for the year		343,024	309,801

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

Australia Pacific Airports (Melbourne) Pty. Limited
Statement of financial position
As at 30 June 2025

	Note	2025 \$'000	2024 \$'000
Assets			
Current assets			
Cash and cash equivalents		780,226	581,977
Trade and other receivables	7	176,269	145,994
Derivative financial instruments	15	-	55,451
Accrued revenue	8	50,700	41,228
Other assets	9	7,699	39,908
Total current assets		<u>1,014,894</u>	<u>864,558</u>
Non-current assets			
Property, plant and equipment	10	4,731,498	4,007,513
Investment properties	11	2,866,404	2,513,098
Intangible assets	12	672,596	669,589
Derivative financial instruments	15	326,606	145,418
Accrued revenue	8	272,047	279,157
Other assets	9	4,934	4,650
Total non-current assets		<u>8,874,085</u>	<u>7,619,425</u>
Total assets		<u>9,888,979</u>	<u>8,483,983</u>
Liabilities			
Current liabilities			
Payables	13	262,296	369,339
Borrowings - senior secured	14	319,571	564,635
Income tax payable		42,057	42,179
Employee benefit provisions		28,455	25,139
Lease liabilities	17	1,287	1,287
Unearned income		8,701	8,377
Total current liabilities		<u>662,367</u>	<u>1,010,956</u>
Non-current liabilities			
Borrowings - senior secured	14	5,858,385	5,388,429
Borrowings - subordinated	14	988,757	-
Deferred tax liability	6	799,311	745,660
Employee benefit provisions		1,897	1,651
Derivative financial instruments	15	64,735	109,950
Lease liabilities	17	1,285	1,835
Unearned income		17,025	19,615
Total non-current liabilities		<u>7,731,395</u>	<u>6,267,140</u>
Total liabilities		<u>8,393,762</u>	<u>7,278,096</u>
Net assets		<u>1,495,217</u>	<u>1,205,887</u>
Equity			
Issued capital	19	100,000	100,000
Hedging reserves	20	(43,335)	(11,889)
Retained profits		1,438,552	1,117,776
Total equity		<u>1,495,217</u>	<u>1,205,887</u>

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

Australia Pacific Airports (Melbourne) Pty. Limited
Statement of changes in equity
For the year ended 30 June 2025

	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2023	100,000	(23,298)	1,127,760	1,204,462
Profit after income tax expense for the year	-	-	298,392	298,392
Other comprehensive income for the year, net of tax	-	11,409	-	11,409
Total comprehensive income for the year	-	11,409	298,392	309,801
<i>Transactions with owners in their capacity as owners:</i>				
Dividends paid	-	-	(308,376)	(308,376)
Balance at 30 June 2024	<u>100,000</u>	<u>(11,889)</u>	<u>1,117,776</u>	<u>1,205,887</u>
	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2024	100,000	(11,889)	1,117,776	1,205,887
Profit after income tax expense for the year	-	-	374,470	374,470
Other comprehensive loss for the year, net of tax	-	(31,446)	-	(31,446)
Total comprehensive income/(loss) for the year	-	(31,446)	374,470	343,024
<i>Transactions with owners in their capacity as owners:</i>				
Dividends paid	-	-	(53,694)	(53,694)
Balance at 30 June 2025	<u>100,000</u>	<u>(43,335)</u>	<u>1,438,552</u>	<u>1,495,217</u>

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

Australia Pacific Airports (Melbourne) Pty. Limited
Statement of cash flows
For the year ended 30 June 2025

	Note	2025 \$'000	2024 \$'000
Cash flows from operating activities			
Receipts from customers		1,504,918	1,328,815
Payments to suppliers and employees		(734,059)	(491,347)
Interest received		13,234	30,501
Interest paid		(252,995)	(251,103)
Income tax paid		(94,013)	(13,557)
Net cash from operating activities	23	437,085	603,309
Cash flows from investing activities			
Payments for investment property		(214,698)	(136,078)
Payments for property, plant and equipment		(945,747)	(653,717)
Payments for intangibles		(5,091)	(16)
Proceeds from sale of property, plant and equipment		18	19
Net cash used in investing activities		(1,165,518)	(789,792)
Cash flows from financing activities			
Proceeds from borrowings		1,500,000	1,081,075
Repayment of borrowings		(505,051)	(975,996)
Dividends paid		(53,694)	(308,375)
Repayment of lease liabilities		(550)	(612)
Payment for debt issue costs		(14,023)	(13,257)
Net cash from/(used in) financing activities		926,682	(217,165)
Net increase/(decrease) in cash and cash equivalents		198,249	(403,648)
Cash and cash equivalents at the beginning of the financial year		581,977	985,625
Cash and cash equivalents at the end of the financial year		<u>780,226</u>	<u>581,977</u>

The Company paid a significant lease incentive of \$126.4 million to a tenant during the period, which was used to fund the construction of assets on leased land. The assets are not recognised as the Company's assets in accordance with Australian Accounting Standards. Consequently, the payment has been classified as an operating expense in the cash flow statement. This is a one-off transaction in the current period that will lead to operating cashflows in the future. Excluding this payment, net cash from operating activities was \$563.5 million for the period. Prior period receipts from customers and payments to suppliers and employees, have been revised, with no impact to net cash from operating activities, to correctly recognise the cashflow impact of the accounting for the lease incentive as at 30 June 2024.

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

Australia Pacific Airports (Melbourne) Pty. Limited
Notes to the financial statements
30 June 2025

1. Basis of preparation

Statement of compliance

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB), and comply with other requirements of the law. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

The financial statements comprise the financial statements of Australia Pacific Airports (Melbourne) Pty. Limited (the Company). For the purposes of preparing the financial statements, the Company is a for-profit entity.

The presentation currency used in these financial statements is Australian dollars (\$). Amounts in these financial statements are stated in Australian dollars unless otherwise noted.

The financial statements have been prepared under the historical cost convention, except for measurement of investment properties and derivative financial instruments, which are measured at fair value through profit or loss or other comprehensive income, as described in Note 11 and Note 15 respectively.

The financial statements were authorised for issue by the Directors on 27 August 2025.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar, unless otherwise indicated.

Going concern assessment

The Company was in a net current asset position of \$352.5 million at 30 June 2025 (30 June 2024: net current liability position of \$146.4 million). The change is primarily due to cash being held to meet the current borrowings of \$319.6 million maturing within 12 months of the FY25 year-end. In June 2025, the Company executed an AMTN of \$1,000.0 million to meet the upcoming debt maturities and fund future capital expenditure.

The Company's balance sheet remains strong with available liquidity as at 30 June 2025 in the form of cash and cash equivalents of \$780.2 million (30 June 2024: \$582.0m) and undrawn bank facilities is \$1,400.0 million (30 June 2024: \$1,400.0 million). The Company continues to be compliant with financial covenants for the year ended 30 June 2025.

On 27 June 2025, the Company refinanced the existing \$1,200.0 million syndicated bank facility, replacing the existing facility with \$1,400.0 million of syndicated bank facilities. The new syndicated facility is split across two tranches of \$700.0 million maturing in August 2028 and August 2030. Aligned to the establishment of the facilities, the Company cancelled a \$200.0 million bilateral facility maturing in 2026.

The syndicated facility, along with the \$780.2 million of cash available, are sufficient to meet forward commitments.

The Directors continually monitor the Company's working capital position and capital commitments with reference to the Company's existing debt facilities and available liquidity and are satisfied that the Company will be able to pay its debts as and when they fall due. As a result, the financial statements have been prepared on a going concern basis.

2. Material accounting policy information

The accounting policies that are material to the Company are set out either in the respective notes or below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period. The adoption of these Accounting Standards and interpretations did not have a material impact on the financial performance or position of the Company.

Effective in financial periods beyond FY25

AASB 2023-5 Amendments to Australian Accounting Standards – Lack of Exchangeability; the Company does not expect these amendments to have a material impact on its operations or financial statements.

2. Material accounting policy information (continued)

AASB 2024-2 Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments (effective for annual periods beginning on or after 1 January 2026); the Company does not expect these amendments to have a material impact on its operations or financial statements.

AASB 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027):

- AASB 18 will replace AASB 101 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though AASB 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.
- Although the adoption of AASB 18 will have no impact on the Company's net profit, management is currently assessing the detailed implications of applying the new standard on the Company's consolidated financial statements. For example, management is assessing whether the grouping of items of income and expenses in the statement of profit or loss into new categories will impact how operating profit is calculated and reported.

Sustainability related standards

In September 2024, the AASB published two Australian Sustainability Reporting standards:

- AASB S1 General Requirements for Disclosure of Sustainability-related Financial Information: entities may elect to apply this voluntary Standard, which would require an entity to disclose information about all sustainability-related risks and opportunities; and
- AASB S2 Climate-related Disclosures: this Standard is a mandatory standard, when applicable, for climate-related disclosures. AASB S2 is based on the international sustainability standard IFRS S2. Like the international standard, AASB S2 incorporates and builds on the framework of the Task Force on Climate-related Financial Disclosures but requires more detailed and quantitative disclosures of the current and anticipated financial impacts of climate change over the short, medium, and long term.

AASB S2 is not mandatory for the Company until 1 July 2025, however, the Company has acknowledged the demand for sustainability related disclosures and has considered the potential impacts of sustainability related matters. There are no current significant financial risks to the 30 June 2025 statement of financial position. Management will continue to monitor requirements and implement processes to address climate and sustainability related risks to ensure compliance from 1 July 2025.

Revenue from contracts with customers

Aeronautical revenue

Aeronautical revenue is primarily generated from contracts with airlines for the provision of access to terminals, infrastructure, apron parking, airfield and terminal facilities. Revenue is recognised as the service is provided as follows:

- Passenger charges: On a per passenger basis as they arrive or depart
- Runway charges: On a per passenger basis or on the basis of maximum take-off weight
- Aircraft parking charges: Over the duration of time the aircraft is parked and maximum take-off weight

Aeronautical revenues are billed on a monthly basis.

Incentives and discounts are recognised in line with terms of contracts with airlines and are generally based on passenger numbers, flight frequency and or new routes. Revenues from passenger charges are therefore variable consideration and estimated monthly. Variable revenue is only recognised when it is highly probable the revenues will not reverse.

Incentives and discounts are generally paid annually based on contract commencement date and any unpaid amount is recognised as a payable.

Security recovery revenues

Revenue is a pass-through of security operating costs and a capital recovery on depreciation and is based on the recognition of actual security costs and depreciation incurred. Revenue is recognised as the expense is incurred.

Security recovery revenues are billed on a monthly basis.

Ground transport revenues

Parking and ground transport revenue is primarily generated from passengers and staff for the provision of car parking as well as from taxis, ride share services, busses and private vehicles for the provision of ground access services.

Revenue is recognised for car parking on exit and ground access services over the period of time the service is provided.

Retail revenues

Retail revenues comprise of the lease of commercial space to tenants whose activities include duty free, food and beverage, and financial and advertising services. These contracts contain lease components with revenue recognised on a straight-line basis over the lease term.

Property revenues

Property revenues comprise of the lease of terminal space, buildings and other space on Melbourne Airport. These contracts contain only lease components with revenue recognised on a straight-line basis over the lease term.

Hotel revenues

The Company owns and controls a hotel that is operated by a third-party manager under a hotel management agreement. Hotel revenue is recognised on a gross basis as the Company retains control over the hotel, including financial and operational oversight. Revenue comprises room bookings, food and beverage sales and other guest services and is recognised when the services are provided to the customer.

3. Critical accounting judgements, estimates and assumptions

In the preparation of the financial statements, the Directors are required to make judgements, estimates and assumptions that affect the application of accounting policies and the reported carrying values of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Details of the key sources of estimation uncertainty are set out in the following notes:

Key sources of estimation uncertainty

- Allowance for expected credit losses (Note 7)
- Fair value of investment properties (Note 11)
- Impairment of goodwill (Note 12)
- Fair value of derivative financial instruments (Note 15)

4. Profit for the year

The profit before tax for the year includes the following specific items:

	2025	2024
	\$'000	\$'000
Employee benefits expense - superannuation contributions	7,373	6,245
Depreciation, amortisation and impairment losses:		
Depreciation on property, plant and equipment	256,136	228,936
Amortisation on intangible assets	2,084	849
Impairment of assets under construction	-	605
	<u>258,220</u>	<u>230,390</u>

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4. Profit for the year (continued)

Borrowing costs:

Interest:

- Senior secured debt	306,083	283,239
- Subordinated debt	2,429	-
Interest capitalised during the period	(56,689)	(41,574)
Amortisation of deferred borrowing costs	8,119	11,312
Hedge reserve unwind	12,068	29,483
Interest - lease liabilities	738	676
Other finance costs	1,033	1,266
	<u>273,781</u>	<u>284,402</u>
Total borrowing costs	<u>273,781</u>	<u>284,402</u>

5. Security

	2025	2024
	\$'000	\$'000
Security revenue	150,570	96,031
Security costs	(147,037)	(94,199)
Security depreciation and other costs	(3,533)	(1,832)
	<u>-</u>	<u>-</u>

Security revenue is a pass-through of security operating costs and a capital recovery on depreciation and is based on the recognition of actual security costs and depreciation incurred.

6. Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that affects neither the accounting nor taxable profits at the time of the transaction; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset. Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

APAM is part of a tax consolidated group and Australia Pacific Airports Corporation Limited is the 'head entity' in the group. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group. In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

(a) Income tax recognised in profit

	2025	2024
	\$'000	\$'000
Income tax expense comprises of:		
Current tax expense	93,431	55,736
Deferred tax expense	67,575	72,157
Current tax in respect of prior years	460	21
Deferred tax in respect of prior years	(447)	16
Aggregate income tax expense	<u>161,019</u>	<u>127,930</u>

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6. Income tax (continued)

The prima facie income tax expense on pre-tax accounting profit reconciles to the income tax expense in the financial statements as follows:

Profit before income tax expense	535,489	426,322
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Tax at the statutory tax rate of 30% (2024: 30%)	160,647	127,896
Non-deductible expenses	359	(3)
Deferred tax in respect of prior years	(447)	16
Current tax in respect of prior years	460	21
Income tax expense	161,019	127,930

(b) Deferred tax balances

Taxable and deductible temporary differences arise from the following:

2025

	Opening balance 1 July 2024 \$'000	Charged to income \$'000	Charged to equity \$'000	Charged to Intercompany \$'000	Closing balance 30 June 2025 \$'000
Gross deferred tax liabilities:					
Property, plant & equipment incl. software	(155,134)	(20,739)	-	-	(175,873)
Accrued revenue	(60,046)	1,004	-	-	(59,042)
Investment property	(552,340)	(50,215)	-	-	(602,555)
Other assets	(1,225)	(4)	-	-	(1,229)
	<u>(768,745)</u>	<u>(69,954)</u>	<u>-</u>	<u>-</u>	<u>(838,699)</u>
Gross deferred tax assets:					
Provisions & accruals	10,963	2,156	-	-	13,119
Unearned income	7,453	436	-	-	7,889
Hedge reserve	4,669	234	13,477	-	18,380
	<u>23,085</u>	<u>2,826</u>	<u>13,477</u>	<u>-</u>	<u>39,388</u>
Net deferred tax liability	<u>(745,660)</u>	<u>(67,128)</u>	<u>13,477</u>	<u>-</u>	<u>(799,311)</u>

2024

	Opening Balance 1 July 2023 \$'000	Charged to income \$'000	Charged to equity \$'000	Charged to Intercompany \$'000	Closing balance 30 June 2024 \$'000
Gross deferred tax liabilities:					
Property, plant & equipment incl. software	(157,393)	2,259	-	-	(155,134)
Accrued revenue	(50,913)	(9,133)	-	-	(60,046)
Investment property	(523,750)	(28,590)	-	-	(552,340)
Other assets	(1,147)	(78)	-	-	(1,225)
	<u>(733,203)</u>	<u>(35,542)</u>	<u>-</u>	<u>-</u>	<u>(768,745)</u>
Gross deferred tax assets:					
Provisions & accruals	7,765	3,198	-	-	10,963
Unearned income	9,542	(2,089)	-	-	7,453
Hedge reserve	7,143	2,416	(4,890)	-	4,669
Tax losses	44,182	(40,156)	-	(4,026)	-
	<u>68,632</u>	<u>(36,631)</u>	<u>(4,890)</u>	<u>(4,026)</u>	<u>23,085</u>
Net deferred tax liability	<u>(664,571)</u>	<u>(72,173)</u>	<u>(4,890)</u>	<u>(4,026)</u>	<u>(745,660)</u>

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7. Trade and other receivables

	2025	2024
	\$'000	\$'000
Trade and other receivables	183,940	155,274
Less: allowance for expected credit losses	(7,671)	(9,280)
Net trade and other receivables	<u>176,269</u>	<u>145,994</u>
Total trade and other receivables	<u><u>176,269</u></u>	<u><u>145,994</u></u>

Revenue is invoiced on 30 day terms, with the exception of property and rental revenue which is invoiced in advance.

Allowance for expected credit losses

The Company recognises a loss allowance for expected credit losses (ECL) on trade and other receivables. The ECL is reassessed at each reporting date to reflect changes in credit risk since initial recognition of the trade and other receivables.

The Company recognises lifetime ECL for trade and other receivables. The expected credit losses on trade and other receivables are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Set out below is an overview of the ageing of trade and other receivables and an overview of the associated allowance for expected credit losses held:

	Carrying amount 2025 \$'000	Carrying amount 2024 \$'000	Allowance for expected credit losses 2025 \$'000	Allowance for expected credit losses 2024 \$'000
Not overdue	136,002	129,014	-	(3,035)
0 - 30 Days	33,836	18,878	-	(2,075)
31 - 60 Days	698	4,967	-	(2,353)
61 - 90 Days	5,611	1,094	-	(496)
> 90 Days	<u>7,793</u>	<u>1,321</u>	<u>(7,671)</u>	<u>(1,321)</u>
	<u>183,940</u>	<u>155,274</u>	<u>(7,671)</u>	<u>(9,280)</u>

Movements in the allowance for expected credit losses are as follows:

	2025 \$'000	2024 \$'000
Opening balance	9,280	1,446
Additional provisions recognised	1,005	7,896
Receivables written off during the year as uncollectable	(2,614)	(2)
Unused amounts reversed	<u>-</u>	<u>(60)</u>
Closing balance	<u><u>7,671</u></u>	<u><u>9,280</u></u>

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8. Accrued revenue

	2025	2024
	\$'000	\$'000
Current:		
Straight line leases	17,867	17,964
Other accrued revenue	32,110	21,264
Accrued rebates	723	2,000
	<u>50,700</u>	<u>41,228</u>
Total current		
Non-current:		
Straight line leases	272,047	278,434
Accrued rebates	-	723
	<u>272,047</u>	<u>279,157</u>
Total non-current		

Accrued revenue represents amounts the Company is entitled to receive but has not invoiced at reporting date. These amounts are reclassified to trade receivables once an invoice is issued.

Straight line leases represent accrued revenue arising from straight line recognition of lease income and from the provision of lease incentives as part of lease contracts with customers. Lease incentives are typically provided at the commencement of a lease which affects the timing of cash flows at the start of the lease, whilst rental revenue is recognised on a straight-line basis over the lease term.

9. Other assets

	2025	2024
	\$'000	\$'000
<i>Current assets</i>		
Prepayments	7,633	39,420
Term deposits	-	488
Other current assets	66	-
	<u>7,699</u>	<u>39,908</u>
Total current		
<i>Non-current assets</i>		
Other non-current assets	4,934	4,650
	<u>12,633</u>	<u>44,558</u>

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10. Property, plant and equipment

	Leasehold land \$'000	Buildings and services \$'000	Roads, runway & other infra- structure \$'000	Plant and equipment \$'000	Assets under construction \$'000	Total \$'000
2025						
Gross carrying amount						
Balance at 1 July 2024	238,096	2,284,127	1,481,863	1,411,091	1,201,159	6,616,336
Additions	-	-	-	-	980,121	980,121
Transfers to/(from) assets under construction	-	170,398	278,167	186,074	(634,639)	-
Balance at 30 June 2025	238,096	2,454,525	1,760,030	1,597,165	1,546,641	7,596,457
Accumulated depreciation						
Balance at 1 July 2024	(27,779)	(986,358)	(541,383)	(1,053,303)	-	(2,608,823)
Depreciation expense	(2,307)	(104,628)	(49,726)	(99,475)	-	(256,136)
Balance at 30 June 2025	(30,086)	(1,090,986)	(591,109)	(1,152,778)	-	(2,864,959)
Net book value at 30 June 2025	208,010	1,363,539	1,168,921	444,387	1,546,641	4,731,498

	Leasehold land \$'000	Buildings and services \$'000	Roads, runways & other infra- structure \$'000	Plant and equipment \$'000	Assets under construction \$'000	Total \$'000
2024						
Gross carrying amount						
Balance at 1 July 2023	238,096	2,261,187	1,399,699	1,368,628	672,088	5,939,698
Additions	-	-	-	-	677,406	677,406
Disposals	-	-	-	(163)	-	(163)
Impairment	-	-	-	-	(605)	(605)
Transfers to/(from) assets under construction	-	22,940	82,164	42,626	(147,730)	-
Balance at 30 June 2024	238,096	2,284,127	1,481,863	1,411,091	1,201,159	6,616,336
Accumulated depreciation						
Balance at 1 July 2023	(25,474)	(887,122)	(495,687)	(971,767)	-	(2,380,050)
Depreciation expense	(2,305)	(99,236)	(45,696)	(81,699)	-	(228,936)
Disposals	-	-	-	163	-	163
Balance at 30 June 2024	(27,779)	(986,358)	(541,383)	(1,053,303)	-	(2,608,823)
Net book value at 30 June 2024	210,317	1,297,769	940,480	357,788	1,201,159	4,007,513

Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life. The following estimated useful lives are used in the calculation of depreciation:

Buildings	10-40 years
Roads, runways and other infrastructure	13-80 years
Plant and equipment	3-40 years
Assets under construction	Not depreciated

Land leased as part of the airport acquisition (leasehold land) has been valued at acquisition at fair value. Leased land is amortised on a straight line basis over the lease term of 99 years.

11. Investment properties

The Company classifies certain areas of the Airport precinct as investment property as they are held for rental income. These areas include Melbourne Airport Business Park, Hotels, Industrial Buildings and Vacant Land. The Company provides investment properties (along with land and buildings in Note 10) as security for loans disclosed in Note 14.

The profit for the year includes a gain on revaluation of investment properties of \$135.6 million, driven by development profits and market rent increases in the period.

	2025	2024
	\$'000	\$'000
Balance at beginning of the year	2,513,098	2,281,721
Additions for the year	217,696	136,078
Net gain from fair value adjustments for the year	135,610	95,299
Balance at end of the year	<u>2,866,404</u>	<u>2,513,098</u>

The Company's investment properties represent interests in land and buildings held to derive rental income. They are initially measured at cost, including transaction costs. Subsequently, at each year end reporting date, they are carried at their fair values based on the market value determined by independent (external) valuers. Gains or losses arising from a change in the fair value of investment properties are recognised in the profit or loss for the period in which they arise.

Valuation of investment properties

Each year the Board of Directors appoint an independent professionally qualified valuer to determine the fair value of the Company's investment properties as at balance date (30 June). The external valuer appointed in the current year was Jones Lang LaSalle.

The investment properties held by the Company are held on a leasehold basis (99 year lease, with 71 years remaining as at 30 June 2025). Taking this into consideration, each investment property has been valued by the external valuer as follows:

Valuation method	Description
Capitalisation of net income	The fully leased net income for each precinct has been discounted on a leasehold basis (present value of the net income for the remaining term) from the valuation date at an appropriate capitalisation rate which reflects the nature, location, land value content condition and tenancy profile of each property when compared with current market investment criteria. The valuation does not capitalise into perpetuity as the asset is not freehold. Various adjustments are then made to the calculated result, including estimated future incentives, capital expenditure, vacancy allowances and reversions to market rent.
Discounted cash flow (DCF)	The discounted cash flow analysis allows the assessment of the long-term return that is likely to be derived from a property with a combination of both rental and capital growth over an assumed investment horizon. A wide range of assumptions are made including a target internal rate of return, rental growth, occupancy, sale price of the property at the end of the investment horizon, potential capital expenditure and costs associated with its disposal at the end of the investment period.
Direct comparison approach	Development land (vacant land allotments) has been assessed on a direct comparison approach, where the value is analysed on dollar per square metre (\$psm) of site area basis, as this is deemed most appropriate. The scale of available land and duration it will take to develop, and therefore the holding cost, and profit and risk expected, is also acknowledged under this approach.

11. Investment properties (continued)

The external valuer has used the midpoint of the capitalisation of net income approach and discounted cash flow approach as the basis for determining the fair value of each investment property.

Development land has been assessed on a direct comparison basis, on a rate per square metre of site area basis.

Key inputs and sensitivities

Measuring the fair value of the Company's investment properties requires estimates and assumptions which are based on historical experience and expectations of future events that are believed to be reasonable at the date of valuation. Key assumptions include market rents, market rental growth, capitalisation rates, discount rates and terminal yields. Recent and relevant sales evidence and other market data are also considered.

Inputs to investment property valuations are considered Level 3 of the fair value hierarchy as the capitalisation of income and DCF methods require assumptions to be made to determine certain inputs that are not based on observable market data. At reporting date, the key unobservable inputs used by the Company in determining fair value of its investment properties are summarised below:

- Capitalisation rate ranging from 5.25% to 6.5%;
- Discount rates ranging from 7.25% to 7.5%;
- Terminal yields ranging from 5.64% to 7.08%; and
- Market rental growth rates ranging from 2.46% to 3.55%

All of the above assumptions have been taken from the latest external valuation report.

12. Intangible assets

	Goodwill \$'000	Masterplan \$'000	Software \$'000	Total \$'000
2025				
Net book value				
Balance at 1 July 2024	667,700	1,383	506	669,589
Additions	-	-	5,091	5,091
Amortisation charge	-	(415)	(1,669)	(2,084)
	<u>667,700</u>	<u>968</u>	<u>3,928</u>	<u>672,596</u>
Cost	667,700	2,074	38,435	708,209
Accumulated amortisation and impairment	-	(1,106)	(34,507)	(35,613)
Net book value at 30 June 2025	<u>667,700</u>	<u>968</u>	<u>3,928</u>	<u>672,596</u>
2024				
Net book value				
Balance at 1 July 2023	667,700	1,798	923	670,421
Additions	-	-	17	17
Amortisation charge	-	(415)	(434)	(849)
	<u>667,700</u>	<u>1,383</u>	<u>506</u>	<u>669,589</u>
Cost	667,700	2,074	33,344	703,118
Accumulated amortisation and impairment	-	(691)	(32,838)	(33,529)
Net book value at 30 June 2024	<u>667,700</u>	<u>1,383</u>	<u>506</u>	<u>669,589</u>

12. Intangible assets (continued)

Critical accounting estimates and judgements - impairment of goodwill

Determining whether goodwill is impaired requires an annual estimation of the recoverable amount of the cash generating units to which goodwill has been allocated. The Company uses the fair value less cost to sell methodology to estimate the future cash flows expected to arise from the cash generating unit and applies a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating units, in order to calculate present value. These calculations require the use of assumptions and the application of sensitivity analysis where appropriate.

The methodology adopted to value the Melbourne Airport is a discounted cash flow based on the forecast dividends to equity holders (including franking credits) at a cost of equity. The valuation derived from this discounted cash flow analysis has been cross checked to a valuation based on the capitalised earnings approach by calculating the implied multiples of the valuation and comparing these with those of comparable companies and transactions to ensure the valuation is providing a reliable measure.

The cash flows used in the discounted cash flow analysis were projected based on management's 20 year financial model. Cash flows are driven by aeronautical, retail, property and hotel revenues which are heavily dependent on passenger numbers and pricing which is determined based on known contracted terms and forecast inflation. Growth in passenger numbers over the forecast period is based on internal forecasting and information provided by an independent firm.

Terminal value was calculated for the period beyond the 20-year forecast based on a sustainable level of forecast distributions and a capitalisation amount based on a constant terminal growth rate of 3.5%.

Post-tax cash flows are discounted to their present value using a post-tax discount rate of 10%. The discount rate used reflects current market assessment of the time value of money and the risks specific to the cash generating unit.

Melbourne Airport has significant headroom between the recoverable amount and the carrying value of the cash generating unit. In the current year the valuation has seen an uplift in this headroom, which remains significantly in excess of the carrying value.

There are no reasonably possible changes in assumptions that would result in impairment.

Accounting policy for Master Plan intangible asset

Under the Airports Act 1996, Melbourne Airport is required every 5 years to prepare Master Plan to guide the development of the airport for the next 20 years. The costs associated with the Master Plan are recognised as intangible assets amortised over the 5 year period.

Software

Software controlled by the Company is capitalised and amortised over the useful life of the software on a straight-line basis.

Software-as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing the Company with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received. Some of these costs incurred are for the development of software code that enhances or modifies, or creates additional capability to existing on-premise systems and meets the definition of and recognition criteria for an intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis.

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13. Payables

	2025 \$'000	2024 \$'000
Current liabilities		
Trade and other payables (i)	114,933	218,390
GST payable	-	4,115
Accruals for assets under construction	71,269	70,476
Intercompany payables	47,295	47,125
	<u>233,497</u>	<u>340,106</u>
Interest payable to:		
- Senior secured debt	26,370	29,233
- Subordinated debt	2,429	-
	<u>28,799</u>	<u>29,233</u>
	<u>262,296</u>	<u>369,339</u>

(i) The average credit period for purchases and services is 30 days.

14. Borrowings

At the reporting date the Company's debt comprises: Bank facilities (Syndicated and bilateral); term bank debt; domestic bonds (AMTN); Euro bonds (EMTN); and USD private placement bonds (USPP).

The balances and other details related to the Company's interest bearing liabilities are presented in the tables below.

	Drawn (\$'000) 2025	Undrawn (\$'000) 2025	Drawn (\$'000) 2024	Face value Undrawn (\$'000) 2024
Drawn and undrawn				
Unsecured bank overdraft	-	22,214	-	22,077
Senior secured term bank debt	1,300,000	-	1,300,000	-
Senior secured bank facilities	-	1,400,000	-	1,400,000
Bank guarantee facilities	-	2,278	-	-
	<u>1,300,000</u>	<u>1,424,492</u>	<u>1,300,000</u>	<u>1,422,077</u>
Senior secured capital markets debt	4,601,633	-	4,606,684	-
Subordinated capital markets debt	1,000,000	-	-	-
Total borrowings	<u>6,901,633</u>	<u>1,424,492</u>	<u>5,906,684</u>	<u>1,422,077</u>

Carrying amount

Borrowings are recorded at an amount equal to the net proceeds received (including costs attributable to transaction costs) and recorded at amortised cost using the effective interest rate method.

Foreign currency borrowings are reported at spot exchange rates. Movements in the spot rate are reflected in the Statement of Profit or Loss and Other Comprehensive Income. At 30 June 2025 and 30 June 2024, these borrowings were 100% hedged through cross currency interest rate swaps until maturity. As a result, a strengthening or weakening of the AUD will have no impact on profit or loss or equity.

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14. Borrowings (continued)

Fair value

The fair value of all financial instruments is derived from quoted market interest rates which are subsequently incorporated within generally applied discounted cash flow models (Level 2). There were no transfers between levels during the year and there has been no change in valuation techniques applied.

The amounts disclosed in the Statement of Financial Position approximate the fair value, except for certain interest-bearing liabilities. The fair values of these liabilities are presented in the table below under the heading 'Fair Value'. The fair values of fixed interest debt are valued using market observable inputs and available comparative market data as inputs and differ to the carrying amount.

	Maturity	Currency	Original Currency \$'000	Principal Drawn Face Value (AUD) (i) \$'000	Carrying Amount (ii)		Fair Value	
Type					2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Capital market debt								
EMTN	15-Oct-24	EUR	350,000	-	-	564,881	-	570,427
AMTN	11-Nov-25	AUD	120,000	120,000	120,000	120,000	120,095	118,796
USPP	15-Sep-26	USD	200,000	191,077	305,344	301,932	306,219	296,052
AMTN	4-Nov-26	AUD	200,000	200,000	200,000	200,000	198,649	192,500
USPP (\$A)	15-Jan-28	AUD	50,000	50,000	50,000	50,000	51,825	50,569
AMTN (iii)	16-Sep-30	AUD	450,000	450,000	450,000	-	444,727	-
EMTN	27-Sep-30	NOK	1,500,000	242,994	226,235	211,099	203,048	191,879
AMTN	25-Nov-31	AUD	700,000	700,000	700,000	700,000	648,236	613,746
USPP (iv)	4-Dec-31	USD	105,000	151,844	160,305	158,514	144,690	133,704
AMTN (iii)	16-Sep-32	AUD	550,000	550,000	550,000	-	540,102	-
AMTN (iv)	1-Nov-32	AUD	500,000	500,000	500,000	-	509,741	-
EMTN (iv)	24-May-33	EUR	500,000	812,799	895,095	806,972	946,019	849,719
EMTN (iv)	07-Jun-34	EUR	650,000	1,081,075	1,163,623	1,049,064	1,193,572	1,073,353
USPP	4-Dec-34	USD	105,000	151,844	160,305	158,514	136,215	125,756
USPP (\$A)	4-Dec-39	AUD	150,000	150,000	150,000	150,000	119,886	117,359
USPP (\$A)	4-Dec-44	AUD	250,000	250,000	250,000	250,000	193,095	189,801
Total capital market debt				5,601,633	5,880,907	4,720,976	5,756,119	4,523,661
Bank debt								
Term Bank Debt	16-Jun-26	AUD		200,000	200,000	200,000	201,167	200,616
Term Bank Debt	13-Sep-27	AUD		292,000	292,000	292,000	294,874	302,392
Term Bank Debt	16-Jun-29	AUD		300,000	300,000	300,000	305,165	292,335
Term Bank Debt	13-Sep-29	AUD		508,000	508,000	508,000	516,334	511,836
				1,300,000	1,300,000	1,300,000	1,317,540	1,307,179
Total borrowings				6,901,633	7,180,907	6,020,976	7,073,659	5,830,840
Fair value adjustments					38,446	(24,845)	-	-
Deferred upfront borrowing costs (v)					(52,640)	(43,067)	-	-
Total net borrowings				6,901,633	7,166,713	5,953,064	7,073,659	5,830,840

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14. Borrowings (continued)

Carrying amount	2025 \$'000	2024 \$'000
Current - senior secured	319,571	564,635
Non-current - senior secured	5,858,385	5,388,429
Non-current - subordinated	988,757	-
Total net borrowings	7,166,713	5,953,064

All the above borrowings, other than the AMTN's maturing in September 2030 and September 2032, are secured by fixed and floating charges over the Company's assets.

(i) Face values of foreign debt shown reflects the AUD value of the hedged principal amount at inception of the debt.

(ii) Carrying amounts of foreign debt reflect revalued debt in AUD at spot rates as at 30 June 2025 and 30 June 2024, as applicable.

(iii) Subordinated AMTN were issued with face values of \$450.0 million and \$550.0 million on 16 June 2025. Although both issuances have a final maturity date of 16 June 2055, maturity is presented based on the initial call dates of 16 September 2030 and 16 September 2032, respectively.

(iv) Individual borrowing carrying amounts exclude fair value hedge accounting adjustments. Debt hedged with a floating pay leg are subject to fair value hedge accounting being the EMTN maturing in 2033 and 2034, USPP maturing in 2031 and AMTN maturing in 2032 (refer additional detail regarding fair value hedges at Note 15). The cumulative amount of fair value hedge adjustments at 30 June 2025 was \$38,445,887 attributable to each borrowing as follows: EMTN maturing 2033 – \$15,535,501, EMTN maturing 2034 – \$22,204,353, USPP maturing 2031 – (\$16,507,307) and AMTN maturing 2032 – \$17,213,340.

(v) At 30 June 2025, deferred upfront borrowing costs attributable to subordinated debt (AMTN maturing September 2030 and September 2032) was \$11,242,792. All other deferred upfront borrowing costs relates to senior secured debt.

On 27 June 2025, the Company refinanced the existing \$1,200.0 million syndicated bank facility, replacing the existing facility with \$1,400.0 million of syndicated bank facilities. The new syndicated facility is split across two tranches of \$700.0 million maturing in August 2028 and August 2030. Aligned to the establishment of the facilities, the Company cancelled a \$200.0 million bilateral facility maturing in 2026.

15. Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign currency and interest rates, including interest rate swaps, swaptions and cross currency hedges. Net derivative assets increased by \$171.0 million over FY25, from \$90.9 million to \$261.9 million. This movement was driven by \$226.5 million increase due to a hedging debt outstanding at 30 June 2025, offset by a \$55.5 million decrease due to derivatives hedging an October 2024 EMTN debt maturity.

The net derivative position (before application of hedge accounting) at reporting date is presented below:

	Current 2025 \$'000	Non-current 2025 \$'000	Total 2025 \$'000	Current 2024 \$'000	Non-current 2024 \$'000	Total 2024 \$'000
Assets						
Cross currency swaps	-	305,197	305,197	55,451	116,156	171,607
Interest rate swaps	-	21,409	21,409	-	29,262	29,262
	-	326,606	326,606	55,451	145,418	200,869
Liabilities						
Cross currency swaps	-	(37,929)	(37,929)	-	(109,950)	(109,950)
Interest rate swaps	-	(26,806)	(26,806)	-	-	-
	-	(64,735)	(64,735)	-	(109,950)	(109,950)
Net derivative position	-	261,871	261,871	55,451	35,468	90,919

15. Derivative financial instruments (continued)

Accounting policy for derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. Any gains or losses arising from changes in fair value of derivatives, except those that qualify as effective hedges, are immediately recognised in profit or loss. When the Company designates certain derivatives to be part of a hedging relationship, and they meet the criteria for hedge accounting, the hedges are classified as either fair value or cash flow hedges.

Hedge accounting

The Company enters into derivatives to offset the risks arising from its long-term borrowings. To the extent permitted by AASB 9, the Company formally designates and documents these financial instruments as fair value and cash flow hedges for accounting purposes. In order to qualify for hedge accounting, the following has been assessed:

- an economic relationship exists between the hedged item and hedging instrument;
- the effect of credit risk does not dominate the value changes resulting from the economic relationship; and
- the hedge ratio is the same as that resulting from amounts of hedged items and hedging instruments for risk management.

As a result of borrowing in foreign currency, the Company is exposed to foreign exchange and foreign interest rate risk. Cross-currency swaps are used to hedge both the foreign exchange risk and foreign interest rate risk over the full term of the foreign currency borrowing. The swaps are designated as cash flow hedges of foreign currency/AUD forward foreign exchange risk of the foreign currency borrowing, fair value hedge of the foreign currency benchmark interest rate risk of the foreign currency benchmark component and cash flow hedge of foreign currency/AUD spot foreign exchange risk of the foreign currency borrowing principal.

Fair value hedges

The objective of the Company's fair value hedging is to convert fixed interest rate borrowings to floating interest rate borrowings through the use of derivatives. Initial recognition of the derivative is at fair value and subsequent changes, being hedging gains/losses, are recognised in profit or loss. The hedge adjustment is included in the carrying value of the hedged items and in the profit or loss. The derivatives are considered to be highly effective hedges as they are matched against underlying foreign currency exposures.

Cash flow hedges

The objective of the Company's cash flow hedging is to convert foreign currency debt to AUD and floating rate debt to fixed through the use of derivatives. Initial recognition of the derivative is at fair value. Subsequently, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the cash flow hedge reserve under equity. Any ineffective portion of the derivative is recognised immediately in profit or loss. The amount accumulated in the cash flow hedge reserve is reclassified to profit or loss in the same period that the hedged cash flow affects profit or loss.

15. Derivative financial instruments (continued)

Reconciliation of movement of carrying value of borrowings and derivatives to cash flows arising from financing activities:

	Borrowings	Derivative	Borrowings	Derivative
	2025	assets	2024	assets
	\$'000	2025	\$'000	2024
		\$'000		\$'000
Carrying value as at 1 July 2024	5,953,064	(90,919)	6,124,864	(379,994)
Proceeds from borrowings	1,500,000	-	1,081,075	-
Repayments of borrowings	(505,051)	-	(975,996)	-
Cash inflow / outflow for swaptions	-	-	-	1,351
Debt issuance costs (cash)	(12,921)	-	(14,607)	-
	<u>982,028</u>	<u>-</u>	<u>90,472</u>	<u>1,351</u>
Foreign exchange movement	164,981	(164,981)	(279,039)	279,039
Debt issuance costs (accrual movement)	(4,440)	-	958	-
Amortisation of deferred borrowing costs	7,789	-	7,602	-
Fair value changes (other than foreign exchange movement)	63,291	(5,971)	8,207	8,685
	<u>231,621</u>	<u>(170,952)</u>	<u>(262,272)</u>	<u>287,724</u>
Carrying value as at 30 June 2025	<u>7,166,713</u>	<u>(261,871)</u>	<u>5,953,064</u>	<u>(90,919)</u>

16. Financial risk management

(a) Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of debt and maintaining a strong investment grade credit rating.

The capital structure of the Company consists of debt, which includes the borrowings disclosed in Note 14, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings. In addition, the Company has implemented risk management strategies to mitigate against adverse increases to interest rates on future borrowings.

(b) Financial risk management objectives

The Company's corporate treasury function provides financing, investing and financial risk management services to the business. The strategic objectives of the corporate treasury function are to manage all material financial risks related to the Company's treasury activities including funding, liquidity, interest rate, foreign exchange, counterparty credit, operational and compliance risks. Corporate Treasury also provides support to the Company by ensuring financial metrics are maintained at levels that support a strong and stable standalone investment grade corporate credit rating.

The Company does not enter into or trade derivative financial instruments for speculative purposes.

The Company's exposures to interest rates on the financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

(c) Interest rate risk management

Under interest rate derivative contracts, the Company agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Company to mitigate the risk of rising interest rates.

The following table details the notional amounts and remaining terms of interest rate derivative contracts outstanding as at the reporting date.

16. Financial risk management (continued)

	Average contracted interest rate		Notional principal amount		Fair value of interest rate derivatives	
	2025 %	2024 %	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Less than 1 year	-	-	-	-	-	-
1 to 2 years	2.9%	-	346,000	-	2,763	-
2 to 5 years	3.6%	3.4%	1,101,000	1,099,000	(11,746)	29,262
5 years +	3.8%	-	1,101,844	-	(12,984)	-
5 years +	BBSW + 1.4%	-	500,000	-	16,570	-
			<u>3,048,844</u>	<u>1,099,000</u>	<u>(5,397)</u>	<u>29,262</u>

As at 30 June 2025, of the total face value debt of \$6,901.6 million, \$5,554.8 million is fixed rate (including post hedging) and \$1,346.8 million is floating rate. The \$5,554.8 million of fixed rate debt comprises \$2,020.0 million of Australian dollar fixed rate debt (AMTN and AUD denominated USPP), \$2,548.8 million floating rate debt subject to fixed interest rate derivatives per the above table, and \$986.0 million of foreign currency denominated debt converted to fixed rates through cross currency derivatives per the table below under "foreign currency risk management".

The sensitivity analyses below have been determined based on the Company's exposure to interest rates for both derivative and non-derivative instruments at the reporting date.

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Company's:

- Net profit would increase / decrease by \$6.7 million (2024: increase / decrease \$9.2 million) as a result of the Company's exposure to variable interest rates on certain borrowings.
- Other equity reserves would increase / decrease by \$99.0 million (2024: increase / decrease \$16.4 million) mainly as a result of changes in fair value through other comprehensive income for derivative instruments designated as cash flow hedges.

(d) Foreign currency risk management

Cross currency exposures for the Company predominantly arise from foreign denominated interest bearing liabilities, creating exposure to exchange rate fluctuations. These exposures are managed within approved policy parameters utilising cross currency derivatives. The Company's policy is to hedge 100% of currency risk for both capital and interest for the life of the exposure. In both the current and prior year, these cross currency exposures were 100% hedged through cross currency swaps until maturity resulting in no other material currency risk exposure.

	Average Contracted Interest Rate	Average Exchange Rate	Notional Principal Amount		Fair Value of Cross Currency Interest Rate Derivatives	
			1 to 5 years \$'000	> 5 years \$'000	1 to 5 years \$'000	> 5 years \$'000
2025						
USPP (USD 305m)	5.7%	0.8894	191,077	151,844	107,984	10,964
USPP (USD 105m)	BBSW + 1.5%	0.6915	-	151,844	-	(7,933)
EMTN (EUR 246m)	5.9%	0.6152	-	400,000	-	45,406
EMTN (EUR 904m)	BBSW + 1.8%	0.6051	-	1,493,874	-	140,843
EMTN (NOK 1,500m)	4.2%	6.1730	-	242,994	-	(29,996)
			<u>191,077</u>	<u>2,440,556</u>	<u>107,984</u>	<u>159,284</u>

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16. Financial risk management (continued)

	Average Contracted Interest Rate	Average Exchange Rate	Notional Principal Amount		Fair Value of Cross Currency Interest Rate Derivatives	
			1 to 5 years \$'000	> 5 years \$'000	1 to 5 years \$'000	> 5 years \$'000
2024						
USPP (USD 305m)	5.7%	0.8894	191,077	151,844	98,645	12,040
USPP (USD 105m)	BBSW + 1.5%	0.6915	-	151,844	-	(15,507)
EMTN (EUR 596m)	5.4%	0.6586	505,051	400,000	55,451	5,472
EMTN (EUR 804m)	BBSW + 1.8%	0.6051	-	1,493,874	-	(58,092)
EMTN (NOK 1,500m)	4.2%	6.1730	-	242,994	-	(36,351)
			<u>696,128</u>	<u>2,440,556</u>	<u>154,096</u>	<u>(92,438)</u>

(e) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Directors, who have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

As at 30 June 2025, the Company had \$2,180.2 million of available liquidity in the form of \$1,400.0 million of undrawn bank facilities and \$780.2 million of cash and cash equivalents. This provides sufficient liquidity to cover all financial liabilities due in the next 12 months.

The following table details the Group's exposure to liquidity risk as at 30 June 2025.

	1 to 3 months \$'000	3 months to 1 year \$'000	1 to 5 years \$'000	More than 5 years \$'000	Total \$'000
2025					
Financial liabilities					
Trade and other payables	231,658	-	-	-	231,658
Interest payable	28,799	-	-	-	28,799
Lease liability	322	966	6,437	1,287	9,012
	<u>260,779</u>	<u>966</u>	<u>6,437</u>	<u>1,287</u>	<u>269,469</u>
Borrowings (principal and interest):					
Term bank debt	16,778	244,271	1,239,791	-	1,500,840
AMTN - senior secured	-	184,561	421,074	1,309,487	1,915,122
AMTN - subordinated	14,719	33,800	230,096	1,088,627	1,367,242
USPP	7,202	35,765	469,413	944,689	1,457,069
EMTN	6,142	85,471	366,858	2,594,722	3,053,193
	<u>44,841</u>	<u>583,868</u>	<u>2,727,232</u>	<u>5,937,525</u>	<u>9,293,466</u>
Cross currency interest rate swaps					
- Outflow	7,192	10,325	71,035	413,055	501,607
- Inflow	(6,142)	(5,034)	(44,534)	(400,199)	(455,909)
Interest rate swaps	60	8,723	25,216	(5,449)	28,550
	<u>1,110</u>	<u>14,014</u>	<u>51,717</u>	<u>7,407</u>	<u>74,248</u>
	<u>306,730</u>	<u>598,848</u>	<u>2,785,386</u>	<u>5,946,219</u>	<u>9,637,183</u>

16. Financial risk management (continued)

2024	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities					
Trade and other payables	292,982	-	-	-	292,982
Interest payable	29,233	-	-	-	29,233
Lease liability	322	966	6,437	2,575	10,300
	<u>322,537</u>	<u>966</u>	<u>6,437</u>	<u>2,575</u>	<u>332,515</u>
Borrowings:					
Term bank debt	18,889	57,760	1,022,854	515,556	1,615,059
AMTN	9,814	29,359	439,278	765,908	1,244,359
USPP	8,729	34,082	483,794	966,115	1,492,720
EMTN	5,700	652,420	331,331	2,429,567	3,419,018
	<u>43,132</u>	<u>773,621</u>	<u>2,277,257</u>	<u>4,677,146</u>	<u>7,771,156</u>
Cross currency interest rate swaps					
- Outflow	24,335	90,378	435,361	2,385,039	2,935,113
- Inflow	(5,700)	(65,218)	(281,837)	(2,133,894)	(2,486,649)
	<u>18,635</u>	<u>25,160</u>	<u>153,524</u>	<u>251,145</u>	<u>448,464</u>
	<u>384,304</u>	<u>799,747</u>	<u>2,437,218</u>	<u>4,930,866</u>	<u>8,552,135</u>

(f) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Significant classes of financial assets of the Company may include trade and other receivables and derivative financial instruments.

The carrying amount of each class of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral or other security. As the Company does not have enforceable offsetting arrangements for its financial instruments, gross amounts have been recognised in the Statement of Financial Position.

For derivative financial instruments, treasury counterparties may include banks and other financial institutions with which the Company may engage for banking, lending, derivatives and other treasury activities. The Company require these counterparties to meet minimum ratings thresholds and concentration limits in line with policies, as a means of mitigating the risk of financial loss from defaults. The Company measures credit risk on a fair value basis.

For trade receivables, the Company adopts a policy of dealing with customers with appropriate credit quality and obtaining collateral support where appropriate for risk mitigation. The Company continues to monitor its trade receivables ageing and engages in follow up activity, which may include enforcement where receivables are overdue. A write off is recognised when there is no reasonable expectation of recovery. Refer to Note 7 for details on Expected Credit Losses.

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16. Financial risk management (continued)

Hedge Accounting Relationship	Fair Value Hedge			Cash Flow Hedge				Total
Hedging Instrument	USD - CCIRS	EUR - CCIRS	AUD - IRS	USD - CCIRS	EUR - CCIRS	NOK - CCIRS	AUD - IRS	
Hedged Item	USD Fixed Debt	EUR Fixed Debt	AUD Fixed Debt	USD Fixed Debt	EUR Fixed Debt	NOK Fixed Debt	AUD Floating Debt	
Notional Amount	USD 105,000,000	EUR 903,936,718	AUD 500,000,000	USD 410,000,000	EUR 1,150,000,000	NOK 1,500,000,000	AUD 2,548,843,818	
Hedge Ratio	1:1	1:1	1:1	1:1	1:1	1:1	1:1	
Denomination	A\$'000's	A\$'000's	A\$'000's	A\$'000's	A\$'000's	A\$'000's	A\$'000's	A\$'000's
At 30 June 2025								
<i>Carrying amount of hedging instruments</i>								
Assets	-	101,750	16,569	127,268	84,499	-	4,840	334,926
Liabilities	(16,253)	-	-	-	-	(29,996)	(26,806)	(73,055)
Total	(16,253)	101,750	16,569	127,268	84,499	(29,996)	(21,966)	261,871
Cumulative fair value adjustment on hedged item ¹	16,507	(37,740)	(17,213)	-	-	-	-	(38,446)
Carrying amount of the hedged item recognised in the statement of financial position	(142,894)	(1,642,885)	(515,717)	-	-	-	-	(2,301,496)
Balance in cash flow hedge reserve for continuing hedges	-	12,861	-	3,009	(622)	13,237	16,519	45,004
Balance in cash flow hedge reserve from discontinued hedges	-	-	-	6,208	(1,580)	-	12,275	16,903
During the Year								
<i>Change in fair value of hedging instrument</i>								
used for calculating hedge effectiveness	5,566	143,177	16,570	9,340	76,367	6,355	(53,841)	203,534
due to cash payment on restructure of hedges	-	-	-	-	-	-	-	-
<i>Change in fair value of hedged item</i>								
used for calculating hedge effectiveness	(5,687)	(144,653)	(17,213)	(5,003)	(77,589)	(7,027)	45,048	(212,124)
<i>Change in hedge reserves</i>								
for continuing hedge relationships	-	10,298	-	(2,190)	(9,752)	8,781	53,080	60,217
for discontinued hedge relationships	-	-	-	(5,126)	(2,557)	-	(7,612)	(15,295)
<i>Change in profit or loss</i>								
Ineffectiveness recognised in profit and loss	(119)	(1,476)	(644)	157	1,903	-	(762)	(941)
Reclassified from CFHR to profit and loss on continued hedge relationships	-	-	-	(9,475)	230	(20,092)	6,943	(22,394)
Reclassified from CFHR to profit and loss on discontinued hedge relationships	-	-	-	(5,127)	(2,557)	-	(7,612)	(15,296)

¹ Excluding impact of changes in foreign exchange rates on notional amount

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16. Financial risk management (continued)

Hedge Accounting Relationship	Fair Value Hedge		Cash Flow Hedge				Total
Hedging Instrument	USD - CCIRS	EUR - CCIRS	USD - CCIRS	EUR - CCIRS	NOK - CCIRS	AUD - IRS + Swaptions	
Hedged Item	USD Fixed Debt	EUR Fixed Debt	USD Fixed Debt	EUR Fixed Debt	NOK Fixed Debt	AUD Floating Debt	
Notional Amount	USD 105,000,000	EUR 903,936,718	USD 410,000,000	EUR 1,500,000,000	NOK 1,500,000,000	AUD 1,099,000,000	
Hedge Ratio	1:1	1:1	1:1	1:1	1:1	1:1	
Denomination	A\$'000's	A\$'000's	A\$'000's	A\$'000's	A\$'000's	A\$'000's	A\$'000's
At 30 June 2024							
<i>Carrying amount of hedging instruments</i>							
Assets	-	3,531	116,998	60,923	-	29,262	210,714
Liabilities	(21,819)	(44,958)	-	(16,666)	(36,351)	-	(119,794)
Total	(21,819)	(41,427)	116,998	44,257	(36,351)	29,262	90,920
Cumulative fair value adjustment on hedged item ¹	22,194	2,652	-	-	-	-	24,846
Carrying amount of the hedged item recognised in the statement of financial position	(135,501)	(1,441,626)	-	-	-	-	(1,577,127)
Balance in cash flow hedge reserve for continuing hedges	-	2,563	5,199	9,130	4,456	(36,561)	(15,213)
Balance in cash flow hedge reserve from discontinued hedges	-	-	11,334	977	-	19,887	32,198
During the Year							
<i>Change in fair value of hedging instrument</i>							
used for calculating hedge effectiveness	(5)	(32,498)	(23,663)	(94,007)	210	(9,525)	(159,488)
due to cash payment on restructure of hedges	-	-	-	-	-	(1,351)	(1,351)
<i>Change in fair value of hedged item</i>							
used for calculating hedge effectiveness	650	25,717	29,093	103,453	(625)	13,933	172,221
<i>Change in cash flow hedge reserve</i>							
for continuing hedge relationships	-	(2,563)	(853)	1,982	(1,471)	(9,562)	(12,467)
for discontinued hedge relationships	-	-	6,972	(25,048)	-	46,841	28,765
<i>Change in profit or loss</i>							
Ineffectiveness recognised in profit and loss	644	(6,780)	49	(1,839)	-	37	(7,889)
Reclassified from CFHR to profit and loss on continued hedge relationships	-	-	108,994	161,397	(6,748)	9,356	272,999
Reclassified from CFHR to profit and loss on discontinued hedge relationships	-	-	(6,973)	25,048	-	(49,061)	(30,986)

¹ Excluding impact of changes in foreign exchange rates on notional amount

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17. Lease liabilities

	2025	2024
	\$'000	\$'000
Lease liabilities		
Current	1,287	1,287
Non-current	1,285	1,835
	<u>2,572</u>	<u>3,122</u>

The maturity profile of the Company's lease liabilities based on contractual undiscounted payments is set out in Note 16(e).

18. Lease arrangements - lessor

Some properties are leased to tenants under long-term operating leases with rentals payable monthly. The future minimum lease payments receivable under these leases are as follows:

	2025	2024
	\$'000	\$'000
Within one year	185,233	172,889
Later than one year but not later than 5 years	551,535	515,260
Later than 5 years	1,021,817	1,010,745
	<u>1,758,585</u>	<u>1,698,894</u>

19. Issued capital

	2025	2024
	\$'000	\$'000
100,000,000 Ordinary Shares - fully paid (30 June 2024: 100,000,000)	<u>100,000</u>	<u>100,000</u>

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

20. Hedging reserves

	2025	2024
	\$'000	\$'000
Opening balance	11,889	23,298
(Gain) / loss on amortisation / unwind of deferred restructuring impact	(11,127)	(21,591)
(Gain) / loss on hedge ineffectiveness	(941)	(7,889)
(Gain) / loss on amortisation of swaption premium	(330)	(3,710)
(Gain) / loss on interest rate swap and swaption fair value movement	34,659	6,620
(Gain) / loss on cross currency interest rate swap movements	(40,629)	2,064
(Gain) / loss on fair value adjustment to debt	63,291	8,207
(Gain) / loss on income tax related to amounts above	(13,477)	4,890
Closing balance	<u>43,335</u>	<u>11,889</u>

The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognised in profit or loss at expiry or termination of the hedge transaction.

Australia Pacific Airports (Melbourne) Pty. Limited
Notes to the financial statements
30 June 2025

21. Capital expenditure commitments

	2025	2024
	\$'000	\$'000
Capital expenditure commitments		
No longer than 1 year	688,316	784,538
Longer than 1 year but no longer than 5 years	59,549	477,999
	<u>747,865</u>	<u>1,262,537</u>
Total capital expenditure commitments	<u>747,865</u>	<u>1,262,537</u>

22. Related party transactions

(a) Key management personnel compensation

	2025	2024
	\$	\$
Current		
Short-term employee benefits	5,425,298	6,164,230
Long-term incentives	1,495,000	672,335
Resignations	-	384,000
	<u>6,920,298</u>	<u>7,220,565</u>

(b) Transactions within the wholly-owned group

The ultimate parent entity of the wholly owned group is Australia Pacific Airports Corporation Limited (APAC).

The immediate parent entity is APAC (Holdings No. 2) Pty Limited.

In accordance with tax sharing arrangements (refer to Note 6) tax payments have been received or accrued to reflect the wholly owned Controlled Entity's share of the tax expense of the tax consolidated group.

(c) Transactions with Shareholders

There were no transactions in the period with Shareholders.

Australia Pacific Airports (Melbourne) Pty. Limited
Notes to the financial statements
30 June 2025

23. Notes to the Statement of Cash Flows

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and investments, net of outstanding bank overdrafts. Cash at the end of the financial period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position.

Reconciliation of profit after related income tax to net cash flows from operating activities:

	2025	2024
	\$'000	\$'000
Profit after income tax expense for the year	374,470	298,392
Adjustments for:		
Impairment of property, plant and equipment	-	605
Amortisation of deferred borrowing costs	8,119	11,312
Hedge reserve unwind	12,068	29,483
Depreciation and amortisation of non-current assets	258,218	229,785
Gain on sale of non-current assets	(18)	(19)
Gain on fair value of investment property	(135,610)	(95,299)
Borrowing fees classified as financing costs	1,033	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(34,390)	(7,693)
Increase in other current assets	(443)	(1,591)
(Increase)/decrease in other non-current assets	439	(602)
(Increase)/decrease in accrued revenue	(7,359)	7,147
Increase/(decrease) in trade payables	(107,312)	20,161
Decrease in interest payables	(434)	(7,504)
Increase in employee provisions	3,562	2,758
Decrease in unearned revenue	(2,266)	(2,023)
Increase/(decrease) in tax payable/receivable	(122)	42,200
Increase/(decrease) in deferred tax liability	67,130	76,197
Net cash from operating activities	<u>437,085</u>	<u>603,309</u>

24. Remuneration of auditors

Audit fees for Australia Pacific Airports (Melbourne) Limited are included in the audit fees for the ultimate parent entity Australia Pacific Airports Corporation Limited.

25. Contingent liabilities

In the ordinary course of business the Company receives legal claims, but the Directors do not consider there to be any specific matters to disclose.

26. Events after the reporting period

On 27 June 2025 and 4 July 2025, mediation sessions in respect of Brimbank City Council's (BCC) application for review of the M3R Major Development Plan approval were held. The mediation was successful and BCC formally withdrew the proceedings from the Administrative Review Tribunal on 16 July 2025.

No other matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Australia Pacific Airports (Melbourne) Pty. Limited
Consolidated entity disclosure statement
As at 30 June 2025

Australia Pacific Airports (Melbourne) Pty. Limited does not have any controlled entities and is not required by the Accounting Standards to prepare consolidated financial statements. Therefore, section 295(3A)(a) of the *Corporations Act 2001* does not apply to the entity.

Australia Pacific Airports (Melbourne) Pty. Limited
Directors' declaration
30 June 2025

The Directors declare that:

- (a) The attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Company;
- (b) The attached financial statements and notes thereto are in compliance with International Financial Reporting Standards as stated in Note 1 to the financial statements;
- (c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (d) The information disclosed in the attached consolidated entity disclosure statement is true and correct.

Signed in accordance with a resolution of Directors

On behalf of the Directors



Mrs. Ruth Martin
Director

27 August 2025
Melbourne

Independent Auditor's Report to the Members of Australia Pacific Airports (Melbourne) Pty Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australia Pacific Airports (Melbourne) Pty Limited (the "Company") which comprises the statement of financial position as at 30 June 2025, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Company's financial position as at 30 June 2025 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 Company 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 Company's annual report for the year ended 30 June 2025, 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.

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 in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Company in accordance with Australian Accounting Standards; and
- For such internal control as the directors determine is necessary to enable the preparation of the financial report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Company, and that 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 Company 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 Company or to cease operations, or have 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial 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 Company to cease to continue as a going concern.
- 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

A handwritten signature in black ink, appearing to read 'J Thorne', is positioned above the printed name.

Jason Thorne
Partner
Chartered Accountants
Sydney, 27 August 2025