

Darwin
INTERNATIONAL AIRPORT

Alice Springs
AIRPORT

Tennant Creek
AIRPORT

Airport Development Group

2013 — 2014

ANNUAL REPORT



Airport
Development Group

Our vision is to be the most successful airport business in Australasia.

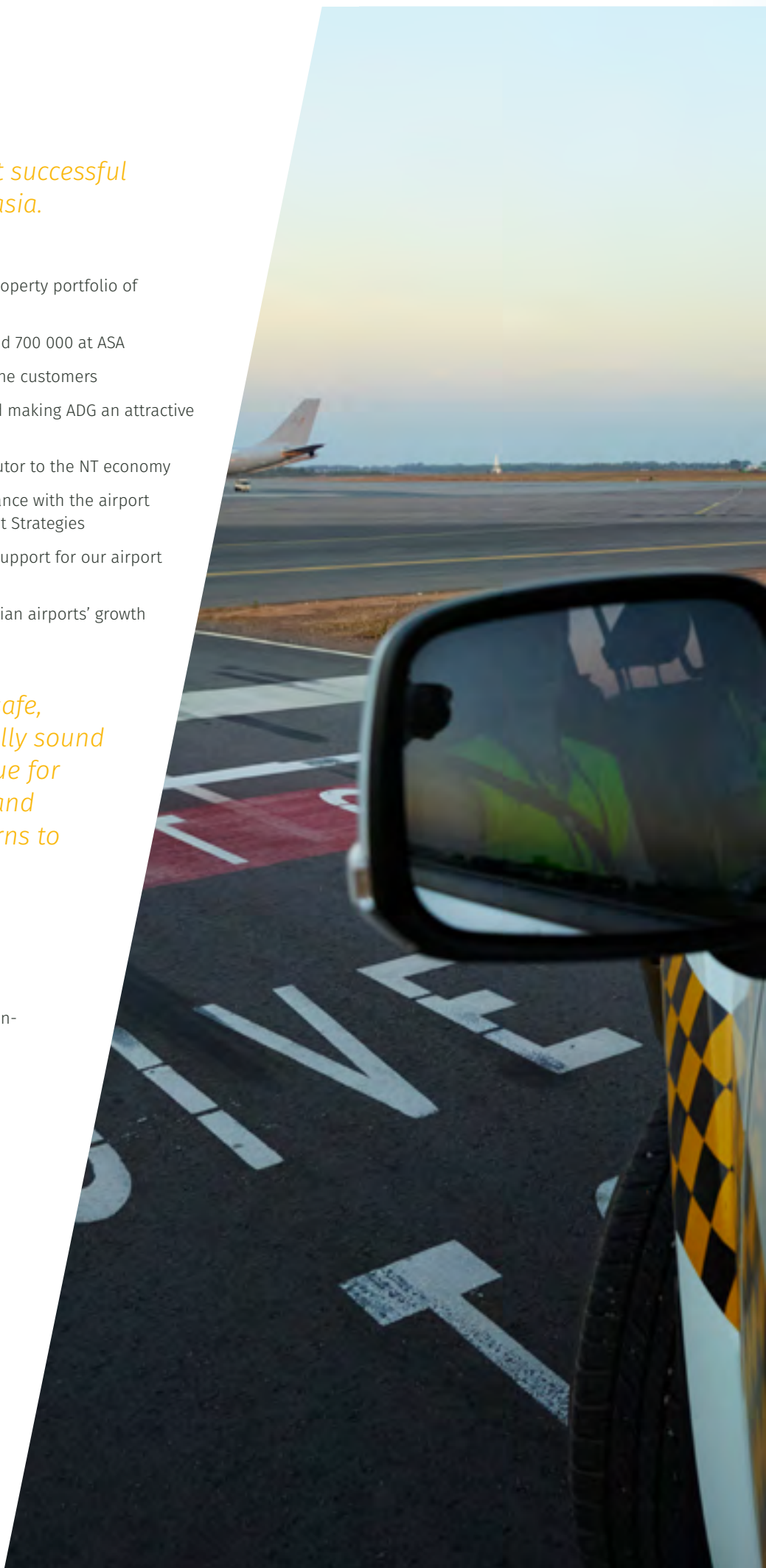
WE WILL ACHIEVE THIS BY

- › developing a commercial non-aviation property portfolio of more than \$200 million
- › growing passengers to 3 million at DIA and 700 000 at ASA
- › maintaining the respect of all of our airline customers
- › creating a positive work environment and making ADG an attractive place to work
- › being recognised as a significant contributor to the NT economy
- › ensuring development is done in accordance with the airport Master Plans and the Airport Environment Strategies
- › securing strong and diverse community support for our airport businesses
- › continuing to outperform other Australasian airports' growth of Total Shareholder Return.

Our purpose is to provide safe, efficient and environmentally sound services that represent value for money for our customers, and optimise the financial returns to our shareholders.

WE WILL DO THIS BY

- › operating safe and secure airports
- › providing outstanding customer service
- › developing a sustainable aviation and non-aviation airport business
- › excelling in environmental and financial management
- › maximising long term value for our shareholders
- › contributing to the NT's economic growth and our community.



We recognise that stakeholders and the community judge us by the way we act. Our reputation is paramount and as a result, we will act with honesty and integrity at all times. Our workplace reflects our corporate values.

Airport Development Group

SAFETY FIRST

Safety is our number one priority.

CUSTOMER FOCUSED

Our customers are important and our focus on their needs will ensure our relevance and success.

HONESTY & INTEGRITY

We are honest, ethical and professional in all that we do.

ACCOUNTABILITY

We will deliver on our commitments and take ownership of our responsibilities.

INNOVATIVE & CREATIVE

We encourage new thinking in our team.

RESPECT FOR EACH OTHER

Our people are our most important resource and we appreciate their values, respect their rights, promote their talents and reward their commitment.

ENVIRONMENTALLY RESPONSIBLE

We take stewardship of our environment seriously.

COMMUNITY ENGAGEMENT

We are an important part of our communities and we will seek to engage with them at all levels.

TEAM WORK

We will work together to achieve the collective goals.



ABOUT ADG

Airport Development Group Pty Limited (ADG) is the ultimate parent company of the ADG Group. ADG owns 100% of the shares in Northern Territory Airports Pty Ltd (NTA) and Tennant Creek Airport Pty Ltd (TCA). NTA owns 100% of the shares in Darwin International Airport Pty Ltd (DIA) and Alice Springs Airport Pty Ltd (ASA).

ADG has been a member of the Northern Territory (NT) community since 1998. As part of Australia's airport privatisation

program, ADG acquired leases from the Australian Federal Government (AFG) for Darwin International Airport, Alice Springs Airport and Tennant Creek Airport. Each airport lease is for a term of 50 years, with an option of a further 49-year lease.

ADG is proudly 100% Australian owned by IFM Investors (77.4%) and Palisade Investment Partners Limited (22.6%).

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Financial Performance
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On average one in three
Territorians benefit from ADG
through returns from their
superannuation funds.

CHAIRMAN'S REPORT

The past financial year has been a significant one for ADG's airports in Darwin, Alice Springs and Tennant Creek. It is never easy to attract airlines to our airports in the Territory when they have opportunities in the major hubs in the Asia Pacific region. It is our job to provide the airport infrastructure and the customer focus to enable airlines to succeed in this tough environment. With this in mind we have invested more than \$86 million in infrastructure projects that will build the capacity of our airports to generate opportunities in the Territory for years to come.

In Darwin, the Terminal Expansion team and our lead builders Watpac began the task of adding the 11,000 square metres of terminal that will carry us through the next decade of passenger growth. In the operational area, we completed the construction of three new aircraft parking bays which have enabled a doubling of peak hour capacity.



Together these projects will offer visitors an improved experience and support our airline partners to build their businesses, helping to develop Top End tourism and our regional economy.

The 350 clear days on offer annually in Alice Springs are just some of the reasons ADG has continued to invest in solar energy solutions for the airport. Following the success of the first solar power station built in 2010, in May this year Alice Springs Airport (ASA) opened its undercover car park, featuring shade structures mounted with 996 solar panels. The \$1.9 million project has more than doubled the airport's capacity to produce its own power, and ADG is looking at ways of growing that capability into the future.

Air access to the remote town of Tennant Creek is assured for the next 20 years following the \$1.7 million resurfacing of Tennant Creek Airport's runways, taxiways and apron. The airport services

the communities of the Barkly region, an important cultural, mining and cattle grazing area that stretches across 240,000 square kilometres. Air services play a crucial role in keeping residents connected to the wider Territory; Tennant Creek Airport provides its remote population with the transport infrastructure that keeps business links strong and connects people with the healthcare and education services they need.

These investments reflect the important role played by airports in our society. Across Australia and New Zealand, Regular Passenger Transport (RPT) airports support 140,000 jobs and contribute \$19.7 billion to our national economies. In Australia, an 86% share of the country's major airports is owned by superannuation funds, which means our success benefits Australian workers by contributing to their retirement savings.

Despite a sluggish Australian economy, ADG saw an increase in revenue of 9.3%

in the 2013-14 financial year to \$106 million. This, the seventh consecutive period of growth, demonstrates ADG's ongoing commitment to building a business that delivers benefits to our communities.

In June we welcomed new Directors Barry Coulter and Julian Widdup. Their considerable experience and skills will add strength to our Board as we explore the opportunities to further expand and improve our airports. We also farewelled Director Roger Lloyd, and I would like to thank him for the valuable contribution he has made to the strategic oversight of our business.

Thank you to Ian Kew and our teams at Alice Springs, Darwin and Tennant Creek, whose achievements are outlined in this report. We look forward to working together alongside our customers, partners and stakeholders and particularly the Northern Territory community towards future success.

Chris Barlow
CHAIRMAN

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CEO'S REPORT

Between them, our airports in Darwin, Tennant Creek and Alice Springs service communities along the length of the Territory. Their solid performance during 2013-14 further cements their status as major economic contributors, supporting the future growth and prosperity of each region.

Darwin's strategic location means many are looking to Asia when thinking about opportunities to develop the north. Global connections to the Top End were further improved last year when Malaysia Airlines began services to Kuala Lumpur, opening up a range of destination options for Top End travellers. AirAsia resumed flights to Bali, meaning passengers now have access to the low-cost airline's extensive network across Asia.

Locally, Tigerair started a daily service between Darwin and Brisbane; Qantas added several extra flights to major capitals; and Jetstar increased services to Cairns and Adelaide.

We also experienced challenges when in May Tigerair announced it would cease its Alice Springs flights. Despite network changes such as this one, ADG will continue to support its industry partners and explore options for route development as it has always done.

Our work in the area of route development was in fact recognised again with wins at the World Routes and Routes Asia awards. Celebrating airports' efforts in securing airline services, the highly sought-after awards are voted for and judged by airlines and are a clear indication that our route development efforts are well-targeted and delivering results.

Our airline partners also work with us outside of take-offs and landings. In January 2014, Qantas opened its new ramp and engineering facility. Adding an innovative new asset to our aviation property portfolio, the state of the art project has enabled Qantas to expand its engineering operations in the Top End, and represents a significant investment

in the region by the airline. In Alice Springs, Asia Pacific Aircraft Storage (APAS) welcomed its first customer. The storage facility is the only one of its kind in Australia, providing local and Asia-based operators an alternative to the United States, traditionally the only option. Since its first arrival, APAS has grown quickly and now houses seven aircraft, including six commercial jets.

In our terminals, ADG continued to work with its partners to invest in the customer experience. Upgraded News Travels and Australian Way stores opened in Alice Springs in May, introducing a fresh look and feel for passengers and visitors. Also in May, the Territory's first Dôme Café opened in Darwin as part of the Terminal Expansion Project. The cafes' signature domed ceilings and leather armchairs are an exciting addition to our food and beverage options, and the 24 hour service has been welcomed by travellers.

Our airports aim to foster close relationships with the communities

During the year our staff worked together to ensure the safe passage of almost three million people through our airports. Their dedication and commitment are key to our success.

in which we operate through regular involvement in industry and partner events. In Darwin, airport staff, tenants and suppliers came together for our seventh annual Charity Golf Day, raising \$28,000 for Lifeline Top End. Involvement in the arts also remained a priority for the business, with DIA contributing to the continued growth of Top End culture through partnerships with Darwin Festival, Browns Mart and Wordstorm Festival, among others.

During the year our staff worked together to ensure the safe passage of almost three million people through our airports. Their dedication and commitment are key to our success and I would like to thank them, along with our Board and industry partners, for their skilled and enthusiastic support for our business.

Ian Kew
CEO

Chris Barlow has more than 34 years' experience in the aviation industry. From July 2000 until August 2007, Chris was Managing Director and Chief Executive Officer of Australia Pacific Airports Corporation, the operator of Melbourne and Launceston Airports. Prior to that, he held several roles with the United Kingdom airports company BAA (now known as Heathrow Airport Holdings), including Managing Director of Aberdeen Airport and Corporate Development Director. Chris has also worked in North America. He is currently a Director of Asciano, Chairman of its Remuneration Committee and Chairman of the Melbourne Visitor and Convention Bureau.

Chris has a Bachelor of Science (Honours) in Civil Engineering.

Roger Lloyd has 19 years of funds management and investment banking experience, with more than three years with Perpetual Investments, including as Head of Infrastructure, and 12 years with Macquarie Bank and previously Bankers Trust, prior to joining Palisade Investment Partners in 2008. Roger was in the project finance division of Macquarie's Investment Banking Group, where he focused on Public Private Partnerships working with both Government and private sector clients. In this role, Roger was involved in origination of transactions, consortium formation, structuring and arranging debt and equity across a broad range of infrastructure projects. He also played an important role in the government advisory business of the bank and has an intimate knowledge of Government requirements in privately financed projects.

Roger is a Chartered Accountant, a Graduate of the Australian Institute of Company Directors and holds a Bachelor of Business from Kuring-gai College (now University of Technology Sydney).

Adrian Croft joined IFM Investors in July 2009 as Investment Director (Infrastructure). Prior to this, Adrian was employed with Credit Suisse (formerly Credit Suisse First Boston - CSFB) and for three and a half years before joining IFM Investors, Adrian held the position of Vice President with Credit Suisse's Tokyo office, where he managed all aspects of arranging leveraged and structured financings for corporate and private equity clients. Before his appointment to the Tokyo office, Adrian worked in the New York and Melbourne offices of CSFB, focusing on debt financing and investment banking.

Adrian holds a Bachelor of Economics (Honours)/Bachelor of Laws (Honours) from the University of Sydney.

BOARD OF DIRECTORS



Barry Coulter has worked in the Northern Territory for more than 35 years. He was elected to the Northern Territory Legislative Assembly in 1983 and went on to hold positions such as Treasurer and Minister for Mines and Energy, and served as Deputy Chief Minister from 1986 to 1995. Barry spearheaded the Alice Springs to Darwin Railway Project for almost 14 years, and stepped down from politics in 1999 following the announcement that the project would move ahead.

Barry also has significant experience in the sea ports, and aviation sectors, and was previously Executive Chairman of Sherwin Iron Ore Limited, Chairman of Darwin Port Authority and Chairman of Airnorth. Barry is a Fellow of the Australian Institute of Management.

Julian Widdup is an Investment Manager with Palisade Investment Partners. He has 16 years investment management and asset consulting experience, including as a Partner and Chief of Investment Operations with Access Capital Advisers and as a senior consultant with Towers Perrin. Previously, Julian held positions with the Bureau of Statistics and the Insurance and Superannuation Commission (now APRA).

Julian has specialised in advising Australian superannuation funds on all aspects of investment strategy including in respect of asset allocation, foreign currency, risk management, taxation and valuation policies. He has also been involved in building and managing private equity and infrastructure investment portfolios for superannuation funds. At Palisade, Julian is involved primarily in the acquisition and asset management of Australian infrastructure assets. He has also acted as an advisor to company directors of major infrastructure projects including airport, marine terminal, toll road and power generation companies.

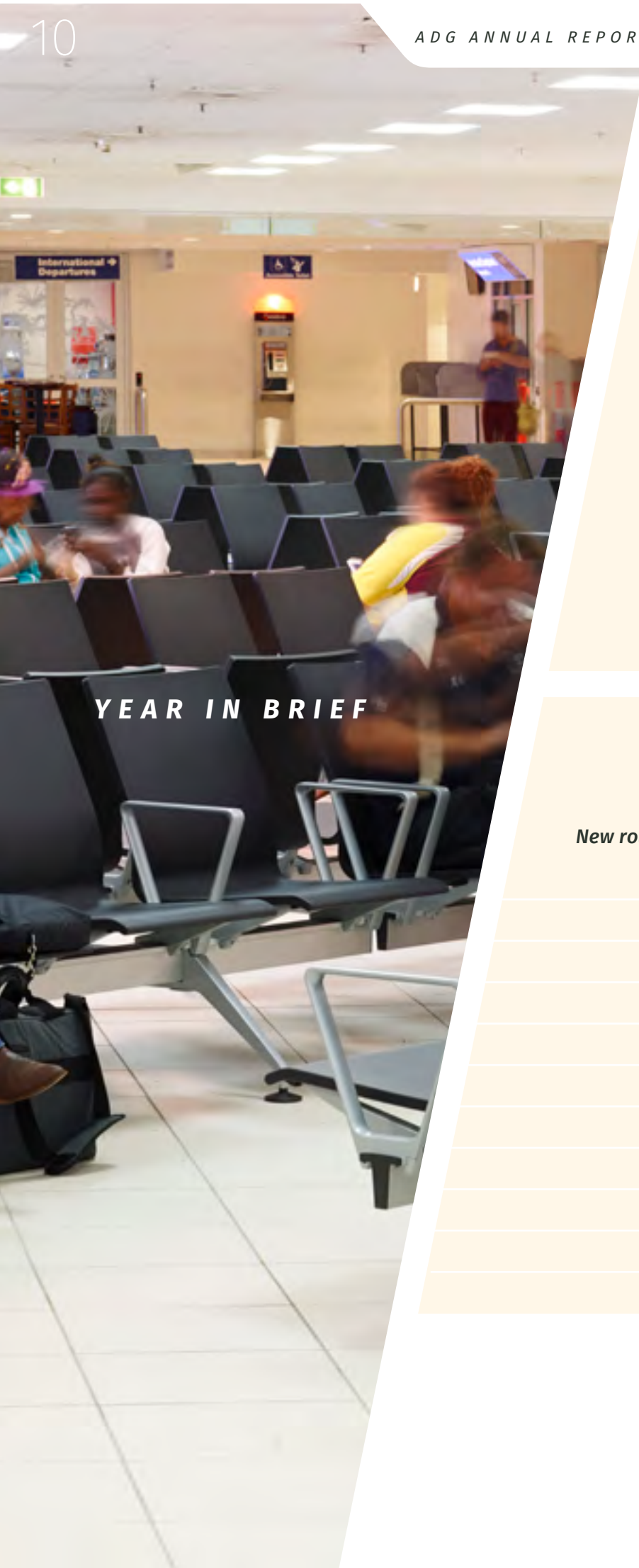
Julian is a Fellow of the Institute of Actuaries of Australia and holds a Bachelor of Economics from the Australian National University.

Tom Ganley is Chief Financial Officer and Company Secretary of ADG, joining the company in June 1998. He has more than 25 years' experience in aviation finance, having previously held various senior finance and commercial management roles at Adelaide and Alice Springs Airports.

A Justice of the Peace, Tom has a Bachelor of Accountancy from the University of South Australia, a Graduate Diploma in Applied Corporate Governance, Australian Institute of Company Directors Diploma and is an accredited Airport Management Professional (IAP).

Tom holds Fellow memberships with CPA Australia, the Governance Institute of Australia, Australian Institute of Management and the Australian Institute of Company Directors, where he is also a member of the Northern Territory Committee.





YEAR IN BRIEF

POSITIVE PASSENGER
GROWTH OF

6.7%

(2013, -0.8%)



New routes

Darwin - Bali
JULY 2013



Darwin - Kuala Lumpur
NOVEMBER 2013



Darwin - Brisbane
APRIL 2014

Passengers

International
465,000

1,837,000
Domestic

DIA PASSENGERS**2,302,000**

(last year 2,202,000)

an increase of
4.5%

ASA PASSENGERS**694,000**

(last year 606,000)

an increase of
14.5%

Financial Performance**REVENUE****\$106.6m**

(last year \$97.6m)

an increase of
9.2%

NET PROFIT BEFORE TAX**\$43.1m**

(last year \$26.9m)

an increase of
60%

GROWTH IN EXPENDITURE OF**9.3%**

compared to last year

(2013, 9.6%)

INVESTED MORE THAN**\$292M**

in capital works since 1998

**INCREASE IN FAIR VALUE OF
INVESTMENT PROPERTIES****\$13.8M**

(last year \$5.9m)

OUR OPERATIONS TEAMS FACILITATED THE SAFE MOVEMENT OF ALMOST THREE MILLION PASSENGERS DURING THE PAST YEAR, WORKING WITH TINY SINGLE-ENGINE PLANES TO THE LARGEST AIRCRAFT IN THE WORLD.

1

OPERATIONS





Projects

In Darwin, the team faced the challenges of managing 24-hour operations at the same time as the terminal was undergoing major changes. As part of the \$60 million Terminal Expansion Project, the building was extended at either end and major upgrade work was carried out within the existing structure. While these works were in progress, our Operations staff worked with stakeholders to minimise disruption as services continued seven days a week.

Major milestones of the project, which will be fully complete in 2015, include construction of a 350m² airside extension to house the new Dôme Café; the addition of two new areas to the east and west that will almost double the size of the terminal; and re-tiling the domestic departures lounge while it remained in use.

During the same period, the Operations team were also responsible for overseeing major airside projects. In early 2014, three new Code C aircraft parking bays were constructed, extending the RPT apron by 15,000m² and bringing the number of parking bays to 17. Also completed during the past year was a major upgrade of the airfield lighting, in conjunction with Department of Defence.

Emergency Exercise

In August 2013 DIA held Emergency Exercise 'Flame 2013'. A Civil Aviation Safety Authority (CASA) requirement, the biennial event is designed to practice emergency procedures before, during and after an aircraft accident at the airport.

The exercise was based on a scenario that was developed by Bob Calaby, NT Airports Aerodrome Safety and Standards Manager, in cooperation with airport stakeholders and emergency services. This exercise involved an aircraft fire following a collision between a catering truck and a fuel tanker, endangering the passengers who are in the process of boarding. Volunteers from the airport and defence communities played the parts of passengers, to test agency emergency response procedures. Airnorth helped make the exercise as realistic as possible by providing an E170 aircraft, and its staff escorted and assisted passengers as they would on a normal flight.

Other participating organisations included St John Ambulance, Aviation Rescue Fire Fighting (ARFF), RAAF Base Darwin, AFP, NT Police, NTFRS, NT Emergency Services, Gate Gourmet and Zip Aviation Services. The event was recorded and evaluated, and outcomes will inform future emergency planning at the airport.

In early 2014, three new Code C aircraft parking bays were constructed, extending the RPT apron by 15,000m² and bringing the number of parking bays to 17.

Hot weather testing in Alice Springs

At the beginning of 2014, Alice Springs Airport (ASA) played host to a Boeing 787-9 Dreamliner test aircraft from Seattle on its first international flight. It stopped in Alice for a week to undergo heat testing in the warm, dry climate of the Red Centre.

There are three 787-9 aircraft in the test program, and Alice's visitor, ZB002 (which operated as flight number BOE2) is fitted with a passenger interior to carry Boeing's team of engineers. The team at ASA got to work straight after Christmas to prepare for the arrival of not just the Dreamliner but its 100 passengers, leasing building space, creating security passes and assisting with hire cars and hotel rooms. New apron line markings were completed, and Qantas provided engineers to help with loading and movement of the aircraft across the apron.

The Dreamliner headed back to Seattle on 13th January, where testing continued until mid-2014.





In 2013, ADG upgraded this critical piece of community infrastructure, applying hot bitumen seal to more than 100,000 square metres of aircraft movement areas. Over nine days 1800 tonnes of 10mm aggregate was applied to an area of 109,000 m².



Tennant Creek Reseal

Tennant Creek Airport provides air access to the Barkly region, an area of more than 240,000 square kilometres with a population of just over 6,000 people. Air services keep residents connected to the wider Territory, with the airport providing its remote population with transport infrastructure that helps it do business and ensures residents have access to the healthcare and education services they need.

In 2013, ADG upgraded this critical piece of community infrastructure, applying hot bitumen seal to more than 100,000 square metres of aircraft movement areas. The project was delivered with the support of the Federal Government in the form of a Regional Aviation Access Program (RAAP) grant.

Alice Springs was the closest quarry site, where aggregate was sourced and pre-coated before being trucked to the stockpiling area at Tennant Creek Airport. It took six triple road trains making the 1000km round trip over 10 days to deliver all of the material to site.

Over nine days 1800 tonnes of 10mm aggregate was applied to an area of 109,000 m². A fuel-resistant membrane was also added to designated areas on the aircraft parking apron. The project was delivered on time and under budget.



2

COMMERCIAL & AVIATION
DEVELOPMENT

ADG IS FOCUSED ON DELIVERING THE BENEFITS FROM SUSTAINED GROWTH OF OUR BUSINESS—BUILDING AIR CAPACITY FOR THE TERRITORY, CREATING MORE CHOICE FOR OUR PASSENGERS AND OFFERING OPPORTUNITIES FOR OUR AIRLINE CUSTOMERS TO DEVELOP THEIR OPERATIONS.

Aviation development

International airline capacity to Darwin grew again in 2013/14, with Malaysia Airlines and Indonesia AirAsia recommencing services to the Territory capital. Top End travellers are now connected to the global hub of Kuala Lumpur and an extensive international network beyond. Indonesia AirAsia resumed flights to Bali, increasing choice on the popular route and providing Darwin travellers with more options on their favourite destination. During the year SilkAir added a fifth

weekly supplementary service to cater for peak season demand and Philippine Airlines maintained three times weekly Manila-Darwin services. In March 2014, Jetstar withdrew its four times weekly Darwin-Manila-Tokyo services.

Darwin domestic operations also grew, as Tigerair launched its daily Darwin to Brisbane service, and Virgin Australia adjusted its Brisbane flight schedule to cater to business travellers on the busy route. Earlier in the year Qantas also

increased flights to Darwin across its network, while Jetstar increased Cairns and Adelaide to Darwin services.

In Alice Springs, Tigerair announced it would cease Melbourne and Sydney services in July 2014 following an extensive network review. While the news was disappointing, ADG is committed to supporting Qantas services in the Red Centre and working collaboratively with our industry and airline partners on future opportunities.

Passengers

Darwin International Airport

INTERNATIONAL PASSENGERS

Total international Origin/Destination	350,000
Variance to prior year	14.4%
Total international transit passengers*	115,000
Variance to prior year	45.6%
Total international passengers	465,000
Variance to prior year	20.8%

DOMESTIC PASSENGERS

Total domestic Origin/Destination (OD)	1,771,000
Variance to prior year	2.8%
Total domestic transit passengers	66,000
Variance to prior year	-30.5%
Total domestic passengers	1,837,000
Variance to prior year	1.1%
Total passengers	2,302,000
Variance to prior year	4.5%

World Routes winners

ADG's route development and airport marketing achievements were recognised as the world's best at the prestigious World Routes Airport Marketing Awards in October 2013. In March 2014 ADG was again awarded the Routes Airport Marketing Award for the Asian region, with judges highlighting DIA's *It's Stupid to Fly Backwards* marketing campaign as a key achievement. The aim of this campaign was to support our international airline customers to grow passenger numbers from alternative markets in Northern Australia. Voted for and judged by airlines, the Routes Marketing Awards celebrate airports' efforts to attract and retain airline customers and are one of the industry's most highly regarded accolades. ADG's continued success at this level demonstrates that its route development strategy is a successful one, and is rapidly building a profile for Darwin International and Alice Springs Airports in the region.

Alice Springs Airport

Total domestic Origin/Destination*	644,000
Variance to prior year	12.8%
Total domestic transit passengers	50,000
Variance to prior year	42.9%

Total passengers 694,000
Variance to prior year 14.5%

* includes transfers

Increased international capacity into Darwin saw growth in international passenger numbers

International transit passenger numbers grew as a result of Philippine Airlines' Manila-Darwin-Brisbane services

This year saw a decline in domestic transit passengers due to reduced international-domestic hubbing by Jetstar through Darwin

Tigerair's Sydney and Melbourne services were major contributors to the increase in origin/destination passenger numbers

Qantas made a number of changes to its Central Australia services which resulted in an increase in transit passenger numbers

Retail partners

DIA continued to work with its Food and Beverage operator Delaware North Companies on the rollout of the new and upgraded outlets.

Following extensive construction to extend the terminal building, Dôme Café opened its 170-seat restaurant in a new space overlooking the tarmac in May 2014. Open 24 hours a day, Dôme dramatically increased the space available to passengers in the domestic lounge and further varied the range of meal options on offer.

On the ground floor, Giancarlo Café and Bar also provides 24 hour service. Opened in August 2013, it has added a contemporary and inviting space and extra seating capacity for those waiting prior to security.

Concept design planning was undertaken for a further four stores, including fresh food option Fraiche; Two Brews, a bar and coffee concept for the international lounge; convenience offering Stoke's Corner Store and Hector's Bar, located in the domestic lounge. Work will continue on these outlets into 2015.

In Alice Springs AWPL undertook a major overhaul of its stores, opening an upgraded Australian Way and News Travels. The redevelopment of the busy stores introduced a contemporary feel that reflects their surroundings, and provides open and inviting spaces for shoppers. The redesigned Darwin outlets will follow in the second half of 2014.

During the year planning also continued for the two new JR/Duty Free stores, which will double in size, and feature a contemporary new design and premium shopping experience for passengers.

Dôme dramatically increased the space available to passengers in the domestic lounge and further varied the range of meal options on offer.





Ground transport

With safety our major priority, DIA continued to focus on the pick up and drop off process at the terminal forecourt. As a result, a dedicated pick-up shelter was constructed within the Short Term Car Park, providing a covered area for travellers to wait for friends and family as well as housing for locker storage. Trolley bays were added to the car park to encourage use of the free luggage trolleys available at DIA, and a number of signage adjustments were carried out to further reinforce the pick-up process.

To improve the long-term parking options for passengers, 170 extra bays were added to the General Aviation Car Park (now known as Long Stay Saver), and promotion was rolled out in the local market to build awareness of the long-term parking alternative.

In Alice Springs, completion of the Solar Energy Project means there is now another long-term parking option available for travellers in the Red Centre. Offering premium, shaded spaces the parking structures were specifically designed to cater for the larger vehicles often seen in Central Australia. Adjustments were made to each of the car parking price points to accommodate the new offering.

THE PAST YEAR HAS SEEN MAJOR CHANGES TO DARWIN INTERNATIONAL AIRPORT'S TERMINAL AS WORK ON ITS EXPANSION KICKED INTO GEAR.

3

TERMINAL EXPANSION PROJECT





As well as expanding the terminal by 11,000 square metres with additions at each end, the project included construction of an airside extension to house the new Dôme Café; re-tiling of the domestic lounge and installation of new furniture; and new and upgraded food and retail outlets.



Over the course of the past year, our terminal expansion team also worked on upgrades to the fire and public address systems; wayfinding signage; and considerations for how the terminal will reflect a sense of place and a Darwin personality once it is finished. During construction, our operations team worked with stakeholders to keep flights and passengers moving, 24 hours a day.

Thank you to our passengers, partners and visitors for your continued support as the works progress.

Due for completion in the first quarter of 2015, the expanded terminal will see DIA through the next decade of passenger growth and will support the development of the Top End region for years to come.

4

PROPERTY

ADG AIMS TO CREATE AND GROW A DIVERSE, QUALITY PROPERTY PORTFOLIO OF SUBSTANTIAL ASSETS THAT WILL GENERATE SUSTAINABLE INCOME, CONTRIBUTING TO THE NORTHERN TERRITORY ECONOMY AND SUPPORTING ITS GROWTH INTO THE FUTURE.

Qantas Ramp Engineering

Work on an advanced new ramp and engineering facility was completed in January 2014, designed to house Qantas' expanding operations. The addition to DIA's growing aviation property portfolio was constructed on a site near Taxiway Victor that offers unrestricted views of the airfield and easy access to aircraft for crews. The 1200 square metre facility ensures there will be adequate space to support the Qantas Group's Top End capabilities for many years to come.

Asia Pacific Aircraft Storage

Alice Springs Airport is home to Australia's first aircraft and storage facility, Asia Pacific Aircraft Storage (APAS). Covering up to 100ha, the development provides facilities for the active maintenance of stored aircraft, to which the arid climate of Alice Springs is ideally suited.

In June of this year, APAS welcomed its first aircraft, an Embraer 120 Brasilia, which was quickly followed by six commercial jets. With space to accommodate 250-300 aircraft, APAS has the potential to grow its operations considerably and open up valuable new opportunities in Australia's Red Centre.



JKC Car Park

The Inpex Ichthys LNG plant currently being built near Darwin continued to spur on a number of projects in the region during FY14. JKC Australia LNG Pty Ltd, which is responsible for construction of the plant, opened its 'park-and-ride' facility at DIA in September 2014. The 400-bay car park is used by employees, consultants and contractors who are then transported by bus to the worksite at Blaydin Point. In conjunction with this development, the nearby Long Stay Saver car park was expanded by an additional 170 bays.



The 1200 square metre facility ensures there will be adequate space to support Qantas' Top End capabilities for many years to come.

AXIS 12° 130°

As outlined in DIA's 2010 Master Plan, the goal of the AXIS 12°130° is to produce a vibrant mix of commercial and retail development opportunities within an integrated precinct that will generate economic outcomes for the airport and the Territory.

During the reporting period approval was given for the construction of a family entertainment centre by specialist operator Ardent Leisure. The centre will be the first of its kind in Australia, with Ardent building on its well-known entertainment brands AMF Bowling and Kingpin to create a centre specifically for the Top End. The centre will offer something for children, families and the corporate market, with bowling lanes, a laser skirmish area, a ropes climbing course and a casual dining and bar offer. Construction is currently underway.

Adjacent to the centre, construction has also begun on a new Caltex petrol station. Featuring a Star Mart convenience store, the station is due to open in January 2015.

5

OUR ENVIRONMENT

ADG is committed to responsible environmental management of its sites across the Territory. This management is varied in its scope, and includes researching the flora and fauna found on our airports; monitoring factors such as water quality, mosquito populations and wildlife safety hazards; and looking at ways in which our operations can become more sustainable.

To help guide, monitor and review the management of our natural environment, ADG has Airport Environment Strategies (AES) for DIA and ASA. The five year strategic plans were approved by the Australian Government in 2009 and are due for renewal in 2015, as part of the airport master plans. ADG also has a comprehensive Environment Management System (EMS) and Environment Site Register.

Flora and Fauna at DIA

To assist in understanding the biodiversity of the airport site at Darwin, a Flora Register was created in 2012 to document the plant species that can be found there. During the previous year, the five-year ecological survey found 50 new species to be added to the register, and it now records a total of 307 species.

Budding scientists from O'Loughlin Catholic College used this information when they visited DIA as part of CSIRO's national Scientists in Schools program.

Over two days, the team from EcoZ Environmental Services including ecologists, an ornithologist (birds), an entomologist (insects), herpetologists (reptiles and amphibians) and an ichthyologist (fish) took the students through seven stations across two ecosystems found along the Gurumbai trail.

To establish the stations, EcoZ scientists undertook nocturnal searches and set overnight traps to give students the chance to come face to face with a variety of snake, frog, fish, lizard and bird species. Students learnt how the flora and fauna differs across the various habitats, from the cool monsoonal forest of Rapid Creek to the eucalypts and flowering grevilleas of the Woodland loop.

Alice Springs Airport expanded its solar power station in May, adding 996 photovoltaic (PV) panels to structures in the long term car park and more than doubling the airport's capacity to produce its own power from the sun.



Rapid Creek Walks

In May DIA hosted guided walks of its Gurumbai Trail and Rapid Creek reserve, which were established in 2005. DIA shared information on how the reserve is managed and the work that is ongoing in the area, and heard from residents about what the creek means to them.

Over three walks DIA met locals from across the area and received a wide range of questions and feedback. Residents were happy to share their stories, memories and concerns about Rapid Creek, and some even discovered a new place to walk and explore. Demonstrations to each group showed how water sampling is conducted and looked at Top End waterways and the Rapid Creek catchment, of which DIA is a part.

Alice Springs Solar Project

ASA expanded its solar power station in May, adding 996 325kW photovoltaic (PV) panels to structures in the long term car park and more than doubling the airport's capacity to produce its own power from the sun. Prior to their construction, ASA was receiving approximately a quarter of its power needs from the original 235kW power station, which was completed in 2010. The additional panels produce enough energy to power 90 homes for a year and will offset the equivalent of 420 tonnes of carbon dioxide emissions per year.

In June, the Environment Centre NT awarded Northern Territory Airports the Safe Climate Award for the solar project at its inaugural Ochre Green awards, which recognise outstanding efforts and outcomes by Territorians for the environment.

OUR COMMITTED AND SKILLED TEAM ENSURED THE
SAFE USE OF OUR AIRPORTS BY ALMOST THREE
MILLION PEOPLE DURING THE PREVIOUS YEAR.

6

OUR PEOPLE



Staff Survey

Our employees are surveyed each year about their work environment and their responsibilities, and what they value about working with ADG. The results provide insight into how staff are responding to operational challenges and initiatives, as well as highlighting areas in which ADG can aim for higher levels of staff satisfaction.

Our 2013 Annual Staff Opinion Survey was completed with a high participation rate of 80%. The overall company score remained steady at 6.9 (out of a possible 10). This has been consistent with previous years and considered a positive outcome. Aspects of life at NT Airports that staff continue to enjoy most include the people, the flexibility in work/life balance and the friendly team environment. These areas will continue to be priorities for ADG as we look to build satisfaction rates into the future.



Caring for our staff

ADG's Gateway to Health program provides valuable opportunities for staff to learn about their health status and offers information about maintaining wellbeing. The program includes regular health screen assessments, activities such as our Pedometer Challenge, and health presentations run by experts in their field. Recent topics included Healthy Bones; Diabetes; and Eye and Back Care. ADG continued to offer staff a 'Living Well Rebate' which provides up to \$200 for a purchase that can improve a staff member's health, be it a bike, a pair of running shoes or a gym membership.

The Employee Assistance Program remains available to all staff. The confidential program provides a comprehensive range of counselling and support services for staff and their family members and is independent of the business.

Workplace Health and Safety

Safety is central to all ADG operations and staff wellbeing is a key focus. Over the past year, ADG has continued to participate in the National Airports Safety Forum which enables information sharing and development of common safety processes. A key priority for next year will be to continue the roll out of the Airport Safety Action Plan that will focus on high risk activities across all work groups including staff, contractors, tenants and members of the public.

ADG continued in its role as an ambassador for Safe Work Australia Month and organised a schedule of events involving DIA and ASA staff and tenants. Popular sessions included those tailored to the unique environments in which our airports operate, such as advice on heat stress and tropical disease Melioidosis.

Safe Work Australia events provide an excellent opportunity to engage with stakeholders across our airport communities as well as provide important information to our staff.

ADG continued to offer staff a 'Living Well Rebate' which provides up to \$200 for a purchase that can improve a staff member's health.



7

OUR COMMUNITY

OUR AIRPORTS PLAY KEY ROLES IN THE COMMUNITIES IN WHICH THEY OPERATE. ADG IS PROUD OF ITS ACTIVE INVOLVEMENT THROUGH PARTNERSHIPS WITH NON-PROFIT AND INDUSTRY GROUPS, DEVELOPING OPPORTUNITIES FOR GROWTH AND SHOWCASING LOCAL TALENT TO VISITORS.

Darwin

ADG is committed to investing in the cultural vitality of its communities through partnerships with local arts organisations. DIA continued its support of the Darwin Festival, which saw more than 100,000 people attend 94 events over 18 days. Its varied program again enjoyed national exposure while fostering local talent, with just over half of the 886 of acts hailing from the Territory.

DIA was again a Major Supporter of community venue Browns Mart.

The iconic performance space continued its growth, with 11,000 people attending performances in 2013, a 10% growth in audience numbers. Through its Build Up and Shimmer programs, Browns Mart provides local artists with crucial resources to ensure their stories can be told.

The biennial Wordstorm Festival was held again in 2014 and DIA supported the Writer's Talks series, enabling presentations from a diverse group of



playwrights, screenwriters and poets to be staged with free entry. Wordstorm aims to develop the capacity of the local literary industry, and support and promote the work of Territory writers.

The Corporate Giving Committee continued its work, supporting a number of community groups and projects including Down Syndrome Association of the Northern Territory's Project 21; Corrugated Iron Youth Arts and its trip to the Catapult Youth Circus Festival; and RSPCA Darwin's Pet Enrichment Area, a specialised training space to teach exercise and social skills.

Alice Springs

ASA was proud to be involved with Darwin Symphony Orchestra's iconic tour of the Red Centre, hosting a stakeholder function at the DSO's dusk performance at Alice Springs Golf Club. A first for the volunteer orchestra, the tour included two performances at Uluru before finishing up with a free

community concert for the people of Alice Springs.

The airport continued its support of the local business sector, signing on as a Major Sponsor of the Tourism Central Australia awards night. Tourism in the Red Centre is an important economic contributor and ASA is a strong supporter of the role it plays in the area's economic development. ASA staff participated in the annual Chamber of Commerce Golf Days in Tennant Creek and Alice Springs, which enable Central Australian businesses to connect across the region.

ASA staff regularly bring the airport community together for fundraising efforts or a bit of fun. Stakeholder events such as its annual Christmas party are important for building the relationships essential to smooth airport operations.

Annual Charity Golf Day

In Darwin, the seventh annual Charity Golf Day raised \$28,000 for Lifeline Top End, making it the most successful event so far. With the added support of Thrifty, the Territory non-profit was able to purchase a truck that will support operations at its new retail store. Each year, DIA aims to make a difference to a local charity or community group by meeting a specific need—in Lifeline Top End's case, the volunteers at its new shop had no way of collecting or delivering the larger items that can carry a higher price tag, and they were having to turn down valuable donations. The crisis support service needed a truck that could help turn unwanted furniture into cash and sustain the shop into the future. Thanks to the combined efforts of DIA staff, contractors, suppliers and tenants, the truck is now regularly seen around Darwin collecting goods.

FINANCIAL PERFORMANCE REPORT

Income statement

	2012 \$'000	2013 \$'000	2014 \$'000
REVENUE			
Aeronautical	58,430	63,092	68,017
Trading	14,040	14,260	15,176
Property	11,983	12,090	14,687
Other income	5,814	8,136	8,740
Total Revenue	90,267	97,578	106,620
Operating Expenses	36,066	39,544	43,233
EBITDA*	54,201	58,034	63,387
Margin	60.0%	59.5%	59.5%
Increments/(decrements) in fair value of investment properties	(3,895)	5,883	13,752
Net gain on interest rate swap contracts	(7,184)	(5,361)	182
Depreciation and amortisation	(12,842)	(13,825)	(15,053)
Impairment expense - infrastructure assets	15	(36)	(1,524)
Finance costs	(17,503)	(17,774)	(17,682)
Net Profit/(Loss) Before Tax Total ADG	12,792	26,921	43,061
Income Tax (Expense) Benefit	(3,594)	(7,644)	(12,526)
Net Profit/(Loss) After Tax	9,198	19,277	30,535

REVENUE

\$106.6m

(last year \$97.6m)

EBITDA*

\$63.4m

(last year \$58m)



an increase of

9.2%

NET PROFIT BEFORE TAX

\$43.1m

(last year \$26.9m)



an increase of

60%

INCREASE IN FAIR VALUE OF INVESTMENT PROPERTIES

\$13.8m

(last year \$5.9m)

* EBITDA represents Earnings before Interest expense, Tax, Fair value adjustment on Investment Property, Unrealised gains, Depreciation and Amortisation.

Balance sheet

year end 30 June

	2012 \$'000	2013 \$'000	2014 \$'000
Cash	19,888	19,443	36,835
Total assets	393,284	412,522	512,204
Interest Bearing Liabilities	239,708	264,777	350,608
Total Liabilities	310,625	343,086	446,732
Total Equity	82,659	69,437	65,472

There has been a net increase in Total Assets resulting from:

An increase in cash.

An increase in the fair value of Investment Properties of \$13.8 million

An increase in infrastructure, plant and equipment being the net impact of asset additions/disposals and depreciation.

Cash Flow

NET CASH FLOWS FROM OPERATING ACTIVITIES

\$40.5m

(last year \$31.8m)

After funding capital expenditure cash balances increased by \$17.4 million to \$36.8 million (last year decreased by \$0.4 million).

REVENUE GROWTH

9.3%

on the previous year

(2013, 8.1%)

GROWTH IN EXPENDITURE

9.3%

compared to last year

(2013, 9.6%)

POSITIVE PASSENGER GROWTH

6.7%

(2013, -0.8%)

INVESTED MORE THAN

\$292M

in capital works since 1998

Capital investment in Darwin a total \$82.4m with the major items being terminal building \$36.5m, Commercial projects \$14.3m, RPT Expansion \$6.1m, overlays & taxiways \$15.3

Interest Rate Management

The consolidated entity refinanced its senior debt facility in May 2014 with facility 1 and 3 having a three year term and facility 2 a five year term. Facility 1 and 2 were used to repay previous debt whilst facility 3 will be used to fund the ongoing aeronautical capital expenditure requirements of the consolidated entity.

The Group manages its exposure to interest rate fluctuations using interest rate swaps.

Loan facilities are interest only and interest is charged at the bank bill rate plus a margin which is determined by the interest coverage ratio. Interest is generally payable quarterly.

Annual Report for the 12 months to 30 June 2014

The Annual Report for the 12 Months to the 30 June 2014 comprises:

directors report
auditors independence declaration
financial report
directors declaration

independent auditors report to members is available on the company's website www.ntairports.com.au

Alternatively a copy may be obtained from NT Airports Pty Ltd.

FAST FACTS

Financial year ending

	2012 \$'000	2013 \$'000	2014 \$'000
PASSENGERS			
DIA	2,254,000	2,202,000	2,302,000
ASA	578,000	606,000	694,000
Total	2,832,000	2,808,000	2,996,000
LANDED TONNES			
DIA	964,000	975,000	1,048,000
ASA	228,000	233,000	252,000
TCA	5,700	5,800	5,000
Total	1,197,700	1,213,800	1,305,000
AERONAUTICAL CHARGES (EX GST)			
Passenger facilitation Charge (\$/pax) *			
DIA	8.70	8.97	9.24
ASA	8.11	8.35	8.60
TCA	N/A	N/A	N/A
Airport Services Charge (\$/pax) *			
DIA	7.45	7.67	7.90
ASA	7.72	7.95	8.19
TCA	18.00	18.00	18.00
Landing Charges General Aviation \$/MTOW *			
DIA	21.63	22.28	22.95
ASA	21.63	22.28	22.95
TCA***	23.69	24.40	24.40
REVENUE \$000 **			
DIA	64,797	69,992	75,146
ASA	15,165	16,441	18,343
TCA	198	207	1,373
Other	32	(78)	(77)
Total ADG	80,192	86,562	94,786
AFP Trust	1,407	2,209	2,291
Total all entities	81,599	88,771	97,077
EBITDA \$000 **			
DIA	43,224	46,163	49,003
ASA	10,967	12,001	13,287
TCA	(93)	(130)	1,096
Other	103	0	0
Total ADG	54,201	58,034	63,387
AFP Trust	1,264	1,521	1,529
Total all entities	55,465	59,555	64,916

Financial year ending

	2012	2013	2014
	\$'000	\$'000	\$'000
NET PROFIT BEFORE TAX			
DIA	16,474	23,750	35,925
ASA	(895)	4,369	4,057
TCA	(105)	(197)	(524)
Other	(2,681)	(1,000)	3,602
Total ADG	12,793	26,922	43,061
AFP Trust	6,343	2,186	1,479
Total all entities	19,136	29,108	44,540
CAPITAL EXPENDITURE \$000			
DIA	9,738	25,783	82,368
ASA	10,030	2,275	2,278
TCA	16	64	1,617
Total ADG	19,784	28,122	86,263
AFP Trust	6,537	338	151
INVESTMENT PROPERTY MOVEMENT IN FAIR VALUE			
DIA	(793)	4,359	13,869
ASA	(3,102)	1,525	(117)
Total ADG	(3,895)	5,884	13,752
AFP trust	5,589	1,439	762
Total all entities	1,694	7,323	14,514
AIRPORT DEVELOPMENT GROUP			
Cash	19,888	19,443	36,835
Total assets	393,284	412,522	512,204
Interest Bearing Liabilities	239,708	264,777	350,608
Total Liabilities	310,625	343,086	446,732
Total Equity	82,659	69,437	65,472
Net cash from operating activities	33,053	31,813	40,509
AFP TRUST			
Cash	1,177	829	394
Total assets	20,148	21,657	22,484
Interest Bearing Liabilities	12,178	12,245	12,165
Total Liabilities	14,009	13,333	12,924
Total Equity	6,138	8,324	9,559
Net cash from operating activities	764	1,353	745
EMPLOYEES			
DIA	73	72	70
ASA	14	13	14
TCA	1	1	1
Total ADG	88	86	85

Darwin**INTERNATIONAL AIRPORT**

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