


ABOVE US ONLY SKY





Chairman	David Munt*
Managing Director	Mark Young
Directors	Alan Mulgrew James Tolhurst John Ward** Jay Hogan Anne Howe Chris McArthur
Solicitors	Thomsons Lawyers
Auditors	Pricewaterhouse Coopers
Shareholders	UniSuper Ltd 49.0% Statewide Super 19.5% Colonial First State 15.3% Industry Funds Management 12.8% Perron Investments 3.4%
Subsidiaries	100% Parafield Airport Limited 100% Adelaide Airport Management Limited 100% New Terminal Financing Company Pty Limited 100% New Terminal Construction Company Pty Limited

* Passed away August 2013

** Interim Chairman



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Adelaide Airport Limited.
Celebrating a year of
exceptional international
growth. Looking forward to
even greater achievements
in the years ahead.

**Aspiring to be a top
tier Airport Business
Centre in Asia Pacific,
recognised for delivering
exceptional outcomes.**







chairman's report

The past financial year has been one of the most significant in the life of Adelaide Airport Limited, both in terms of aeronautical activity and on-airport infrastructure.

Unfortunately it is also one tinged with sadness, following the untimely passing of our Chairman, David Munt, in August this year. David's drive and determination, even as his health deteriorated, are testament to the life he led and the important role he played in the ongoing evolution of the airport. A tribute to David is included on the following page.

In keeping with the theme of this Annual Report, Adelaide Airport has certainly been 'spreading its wings' as it has broken into new markets, completed major infrastructure projects and recorded healthy passenger growth.

The year started on a very positive note with the announcement in July 2012 that Emirates would operate daily flights between Adelaide and Dubai, while we also welcomed the return of Tigerair as a domestic partner. The Emirates



chairman's report (continued)

decision is particularly significant. It is our first service to the Middle East, and opens up several new 'one-stop' options to cities in Europe, Africa, South America and the east coast of the US.

The Company made a net profit after tax of \$10.5 million, which is a reflection of our strength during difficult times. Overall, we achieved solid passenger growth, with double-digit international growth the clear standout, despite ongoing global financial turmoil. This continues the strong and sustained role the Airport plays in generating jobs, investment and opportunity for South Australia.

With increased aeronautical activity has come the need to ensure our on-airport infrastructure meets the expectations of our customers. To that end, we have now completed the new \$100 million short-term multi-level car park, pedestrian plaza and associated road system re-alignments.

We have also completed construction of a new purpose-built 4.5 NABERS rated building in Export Park that will house the Australian Federal Police. Once again this re-investment in key infrastructure has been made possible because of the Company's strong balance sheet, solid financial performance and stable outlook.

On the regulatory side, we were pleased to receive approval for the Parafield Airport Master Plan from the Federal Minister for Transport and Infrastructure. We now turn our attention to the preparation of the next Adelaide Airport Master Plan for approval in 2014.

Adelaide Airport enjoys and takes its role seriously as a key partner in South Australia's path to growth and prosperity. Throughout the coming years, we will continue to work with enthusiasm and thoughtful consideration to deliver a world class airport of which South Australians can be proud.

John Ward

Interim Chairman

tribute to chairman

DAVID CRANSTON MUNT 1948-2013

David Cranston Munt, the widely respected and highly regarded Chairman of Adelaide Airport Limited, sadly passed away on Monday 19th August 2013 after a prolonged and valiant struggle against major illness.

The Directors of Adelaide Airport Limited, on behalf of the Company, its employees, former directors and other stakeholders, wish to acknowledge the outstanding contribution David, in his role as Chairman, made to the affairs of the Company and to the development and growth of Adelaide Airport into one of Australia's most successful airports and a vital part of the infrastructure of this State.

David had held the position of Chairman since 2004. Under his leadership, the Company prospered and grew and this was in no small part due to the exceptional qualities and skills which he brought to the role.

Blessed with a supreme intelligence and drawing on his vast corporate experience and the legal expertise acquired during his long and distinguished career in the law he had the ability to guide his Board to a position of consensus with the right outcome achieved notwithstanding the complexity of the issue or the divergence of views.

He provided wise counsel to his Board and Managing Director with calm and dignity that inspired confidence and respect. He was unfailingly unassuming and humble in his dealings with people despite his obvious talents.

This is a sad time for the Company. We are well positioned however to meet the ongoing

challenges and opportunities facing the business due to the leadership provided by David Munt, a well-articulated strategic plan and a strong management team.

It was a privilege to serve with him on the Board of Adelaide Airport Limited and his loss will be deeply felt. We are all in his debt.

We offer our sincere condolences to Pamela, Peter, Phil, Chris and their families.







managing director's report

I would firstly like to reiterate the sentiments of our interim Chairman and pay tribute to our Chairman David Munt, following his passing in August this year. He was a great source of guidance and leadership to me and all of our team at Adelaide Airport Limited (AAL) over the past nine years.

Our multi-dimensional strategy ensures we focus holistically across all key areas of our business. We have achieved much in the growth of our aeronautical services and have delivered progressive and award-winning infrastructure, services and facilities for our passengers and property customers.

Adelaide Airport's overall aeronautical performance in 2012/13 has been solid. The exceptional double digit growth in international passenger numbers is a clear standout. In fact, since 2010, Adelaide Airport has been Australia's fastest growing capital city airport for international services.

Attracting Emirates while securing extra services with Air New Zealand, Malaysia Airlines and Singapore Airlines has greatly increased capacity and bodes well for our long term future.

Our domestic passenger growth has been solid, while regional growth has been flat due to a less buoyant mining sector. The return of low cost carrier Tigerair has been a catalyst for improvement in domestic travel demand.

We have now completed the \$100 million short-term multi-level car park and pedestrian plaza project. This has been warmly welcomed by our customers, who can now walk from their vehicle to check-in, then on to their waiting aircraft without being subjected to the elements; something that was not possible eight years ago.

We have adopted a property vision that establishes a strong sense of place with a vibrant mix of aviation, retail and leisure facilities. The property vision places an emphasis on the development of people friendly places in a sustainable way. It has the objective of attracting clusters of quality like-minded tenants, with connectivity between precincts and empathy with surrounding community being important considerations.

Our award-winning property and retail facilities have created an ideal foundation for the success of our property customers. Terminal 1 (T1) Retail received a Retail Centre

Presentation Commendation Award from the Property Council of Australia in November 2012, and the Australian Federal Police offices achieved an Australian Institute of Building Award, with a High Commendation Master Builders Association award in May 2013.

The new car park and plaza have been complemented by a number of other improvements to our facilities. We installed new way-finding signage to improve passenger facilitation and flow through our airport. We proactively seek feedback via multiple channels, including social media, and use this to improve our facilities and services and to support the AAL team who provide friendly and professional customer service every day of the year.

We continue to work with our property customers to ensure they can leverage from our developments in planning, sustainability and customer service to maximise their own business performance.

We have strengthened our claim to being Australia's most sustainable airport by becoming the first two airports in the country to be recognised internationally for mapping and committing to reduce carbon emissions, having received Airport Carbon Accreditation Mapping Level certificates at the Airports Council International (ACI) World Annual Congress in Istanbul earlier this year.

Our staff continue to be offered opportunities to undertake further vocational development, such as: to cross-train for similar job functions within AAL, and to become innovative 'fresh thinkers' to help us improve the way we do business.

We strive to develop a strong culture within our Company which is based on being accountable and authentic; conducting ourselves with integrity; being responsive and respectful; taking pride in our achievements; being open and friendly and encouraging diversity; building relationships based on trust; and fostering great teams.

The successful operation of an airport would not be possible without strong partnerships with the surrounding community. To that end, we have

maintained and built partnerships with business, sporting, arts and community groups – from the Adelaide Fringe and Come Out Festival to the SA Amateur Football League and Power Youth Community Program.

At Parafield Airport, we received approval from the Federal Minister for Infrastructure and Transport for the Airport's Master Plan. This document provides the necessary guidance and certainty for the future of Parafield.

We are planning significant expansion of our aeronautical and passenger facilities to ensure we have the capacity, systems and leading edge design that will see us continue in our role as a proud representative of our State, well into the future.

I am reminded of how important Australia's airport industry is to the wider economy. It is estimated the industry directly contributes \$17.3 billion and more than 115,000 jobs to the Australian economy each year.

Just as importantly, airports play a key social role in facilitating physical connections between family, friends and communities, particularly as our society becomes more multi-cultural and more willing to travel.

I would like to thank our shareholders, Board, Executive Team and staff for their contributions to AAL's strategic success. I would also like to thank our key service providers and government representatives for their partnership during a time of significant change and advancement for our organisation.

We measure our progress in many ways – including the satisfaction of our stakeholders, our sustainable financial performance, employee engagement, community impact and the ongoing provision of safe and secure services. This provides a springboard for us to continue to grow the business and extend our reach both domestically and internationally, as we strive to achieve our strategic target to be a top tier airport business centre in Asia Pacific, recognised for delivering exceptional outcomes to our customers, partners, shareholders and community.







- 1 David Munt
- 2 Mark Young
- 3 Chris McArthur
- 4 Anne Howe
- 5 Alan Mulgrew
- 6 Jim Tolhurst
- 7 Jay Hogan
- 8 John Ward

board of directors

David Munt LL.B(Hons)

Non-Executive Director and Chairman
appointed 30 June 2004

- Chair of the Board
- Member of the Property Development Committee
- Member of the Aeronautical & Related Infrastructure Committee
- Ex-officio member of the Audit & Compliance Committee
- Ex-officio member of the Remuneration Committee

Mark Young B.Ec, FCPA, FAICD, FCIS

Managing Director
appointed 25 October 2011

- Managing Director
- Member of the Property Development Committee
- Member of the Aeronautical & Related Infrastructure Committee

Chris McArthur B.Eng., MBA, FAICD

Non-Executive Director
appointed 30 March 2011

- Member of the Audit & Compliance Committee
- Member of the Property Development Committee
- Member of the Aeronautical & Related Infrastructure Committee

Anne Howe AM, MAICD

Non-Executive Director
appointed 29 June 2011

- Member of the Property Development Committee
- Member of the Aeronautical & Related Infrastructure Committee

Alan Mulgrew BA, GRAICD, JP

Non-Executive Director
appointed 6 September 2006

- Chair of the Aeronautical & Related Infrastructure Committee
- Member of the Property Development Committee
- Member of the Remuneration Committee

Jim Tolhurst

B.Comm, MBA, FCPA, FCIS, FAICD

Non-Executive Director
appointed 29 September 2004

- Chair of the Audit & Compliance Committee
- Member of the Remuneration Committee
- Member of the Property Development Committee
- Member of the Aeronautical & Related Infrastructure Committee

Jay Hogan MBA, AFAMI, JP

Non-Executive Director
appointed 29 July 2009

- Chair of the Property Development Committee
- Member of the Aeronautical & Related Infrastructure Committee

John Ward BSc, FAICD, FAIM, FCILT

Interim Chairman / Non-Executive Director
appointed 28 August 2002

- Chair of the Remuneration Committee
- Member Audit & Compliance Committee
- Member of the Property Development Committee
- Member of the Aeronautical & Related Infrastructure Committee



executive management



Mark Young

Managing Director

Responsible for providing and championing strategic initiatives, leadership development, driving proactive business development and engagement to deliver superior and sustainable stakeholder outcomes, ensuring a quality brand and custodian of a high quality corporate and customer service culture and facilities.

Shane Flowers

Chief Financial Officer and Company Secretary

Responsible for the sound financial position and commercially prudent conduct of the business, including effective reporting and stakeholder communications.

Sue Doyle

Executive General Manager People and Culture

Responsible for people, performance, learning and development, Workplace Health & Safety, marketing, brand development, sponsorship and executive services.



Malcolm Andrews

Executive General Manager Business Development

Responsible for route marketing and development, airline liaison, customer relations, facilitation and product enhancement.

David Blackwell

Executive General Manager Customer Service

Responsible for all customer service related activities including service quality, passenger terminal operations, T1 retail, ground transport and the enterprise wide functions of business systems and information technology.

Vince Scanlon

Executive General Manager Airport Operations and Infrastructure

Responsible for legislative compliance of aviation safety and security, terminals and car park operations, facility management of assets, project management, engineering and infrastructure development.

Len Goff

Manager Risk and Compliance

Responsible for the business continuity, risk and insurance portfolios and company policies and procedures.

Ken May

Executive General Manager Property

Responsible for the development and management of the property portfolio, including retail, leasing and tenancy management.

Chris Griffiths

Executive General Manager Corporate Affairs

Responsible for facilitating the community consultation, communication, and regulatory and statutory requirements towards Master Planning. Government and industry advocacy, including sustainability initiatives.

David Nicolle

In-house Counsel

Responsible for commercial and legal affairs.

- 1 Mark Young
- 2 Shane Flowers
- 3 Sue Doyle
- 4 Malcolm Andrews
- 5 David Blackwell
- 6 Vince Scanlon
- 7 Len Goff
- 8 Ken May
- 9 Chris Griffiths

We're flying to more international destinations, and opening up a world of opportunities.





**If there's anything
we've learned from
the past year, it is that
every dream can be
achieved; that our
only limitation
is the intensity of
our ambition.**

the year in brief

FINANCIAL RESULTS

- Revenue, which excludes interest – \$159.5 million (last year \$147.0 million)
- Earnings before interest, tax, depreciation and amortisation and fair value adjustment of investment properties – \$91.6 million (last year \$83.0 million)
- Net profit before tax of \$14.7 million (last year \$6.7 million). Excluding the fair value adjustment for investment properties, net profit before tax this year is \$3.4 million (last year \$0.8 million)
- Dividends on redeemable preference shares \$28.4 million (last year \$28.3 million)
- Increase in fair value of investment properties of \$11.3 million (last year of \$5.9 million)
- Credit Rating retained – Moody's at Baa2; S&P at BBB

PROPERTY DEVELOPMENT

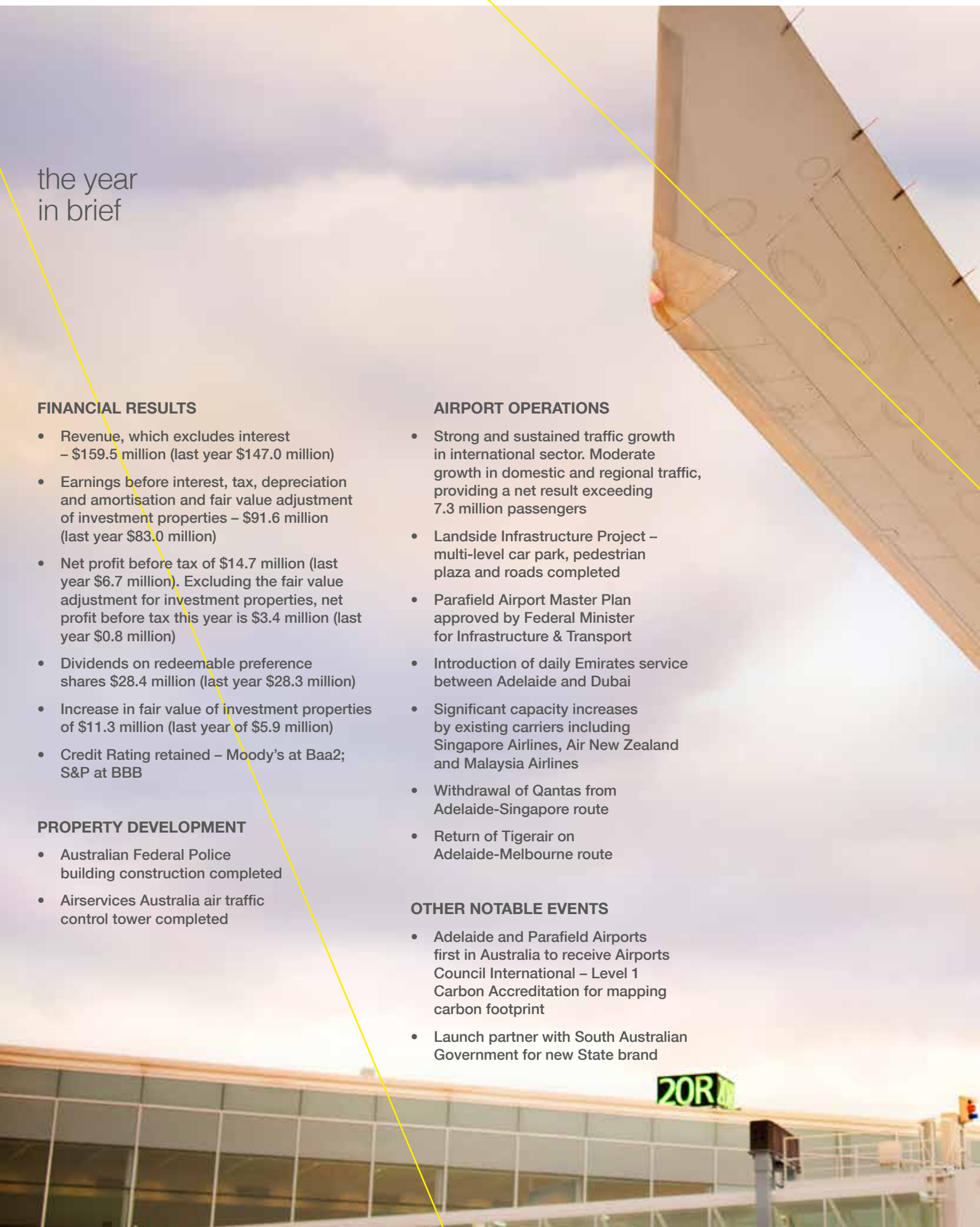
- Australian Federal Police building construction completed
- Airservices Australia air traffic control tower completed

AIRPORT OPERATIONS

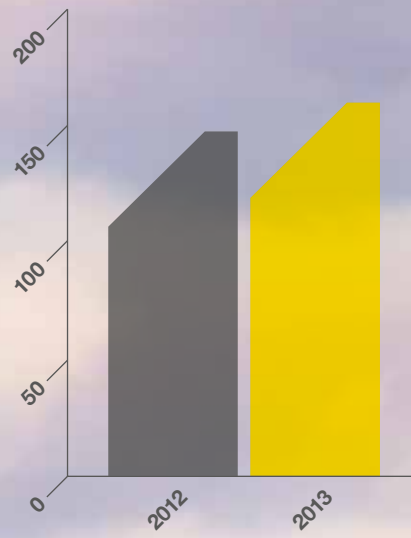
- Strong and sustained traffic growth in international sector. Moderate growth in domestic and regional traffic, providing a net result exceeding 7.3 million passengers
- Landside Infrastructure Project – multi-level car park, pedestrian plaza and roads completed
- Parafield Airport Master Plan approved by Federal Minister for Infrastructure & Transport
- Introduction of daily Emirates service between Adelaide and Dubai
- Significant capacity increases by existing carriers including Singapore Airlines, Air New Zealand and Malaysia Airlines
- Withdrawal of Qantas from Adelaide-Singapore route
- Return of Tigerair on Adelaide-Melbourne route

OTHER NOTABLE EVENTS

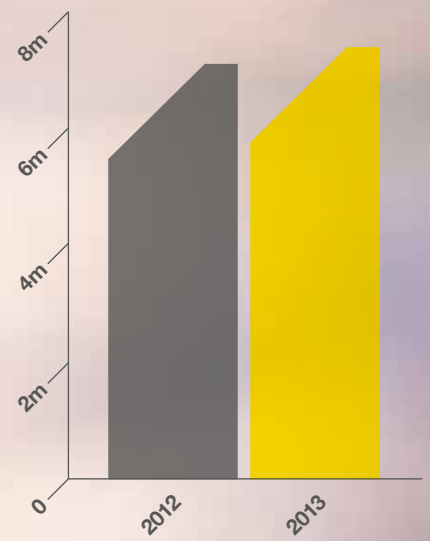
- Adelaide and Parafield Airports first in Australia to receive Airports Council International – Level 1 Carbon Accreditation for mapping carbon footprint
- Launch partner with South Australian Government for new State brand



REVENUE



PASSENGERS



12.5M⁺
revenue

7.3M⁺
passengers

financial performance

INCOME STATEMENT (\$'000)

		2009	2010	2011	2012	2013
Revenue	Aeronautical	79,209	81,862	84,157	75,829	79,934
	Commercial trading revenue	28,124	30,344	31,823	31,800	36,716
	Property revenue	30,834	32,758	34,092	36,678	40,057
	Other revenue	1,676	1,678	1,989	1,868	1,699
	Other income	2,545	862	831	904	1,070
	Total revenue ¹	142,388	147,504	152,892	147,079	159,476
	Increments/(decrements) in fair value of investment properties	(10,039)	12,632	9,713	5,900	11,305
Borrowing Costs	Operating expenses	(55,267)	(55,937)	(59,877)	(64,120)	(67,834)
	EBITDA	77,082	104,199	102,728	88,859	102,947
	EBITDA (Adjusted) ²	87,121	91,567	93,015	82,959	91,642
	Margin	61.2%	62.0%	60.8%	56.4%	57.5%
	Depreciation and Amortisation	(19,302)	(17,808)	(14,962)	(16,188)	(17,704)
	EBIT	57,780	86,391	87,766	72,671	85,243
	Interest on senior debt, net of interest income	(33,782)	(36,374)	(38,398)	(37,706)	(42,145)
	Interest on Airport Notes/Dividends on RPS	(28,284)	(28,284)	(28,284)	(28,284)	(28,362)
	Net Profit/(Loss) before tax	(4,286)	21,733	21,084	6,681	14,736
	Income tax (expense)/benefit	45	(6,465)	(4,791)	(2,037)	(4,234)
	Profit/(Loss) for the period	(4,241)	15,268	16,293	4,644	10,502

1. Revenue presented above excludes interest revenue

2. Excludes adjustment in fair value of investment properties

FINANCIAL HIGHLIGHTS

- Revenue (excluding interest) of \$159.5 million, up 8.4% from \$147.0 million last year.
- Earnings before interest, tax, depreciation and amortisation and fair value adjustment of investment properties of \$91.6 million, up 10.5% from \$83.0 million last year.
- Net profit before tax of \$14.7 million (last year net profit before tax of \$6.7 million). Excluding the fair value adjustment for investment properties the net profit before tax this year is \$3.4 million (last year \$0.8 million).
- Dividends on redeemable preference shares \$28.4 million (no change on prior year). In addition, a special dividend of \$15.0 million (last year \$10.0 million) was paid this year.
- Increase in fair value of investment properties of \$11.3 million (last year increase of \$5.9 million).
- Continued strong growth in international passengers following the commencement of Emirates and capacity increases from incumbent carriers.
- Baa2 and BBB credit ratings maintained with Moody's and Standard and Poor's.
- Completion of a number of significant infrastructure projects below budget, providing a strong foundation for future growth.

BALANCE SHEET (\$m)

	2012	2013
Cash	88.6	77.0
Total Assets	1,017.8	1,038.2
Interest Bearing Liabilities (excl stapled securities)	622.8	645.7
Total Liabilities (excl stapled securities)	772.5	790.6
Total Equity (plus stapled securities)	245.3	247.6

CASH FLOW

After funding interest on borrowings and dividends on RPS, cash flow from operating activities was a positive \$20.6 million (last year \$16.8 million).

The year-end cash position was down on the prior year at \$77.0 million (last year \$88.6 million) following the distribution of surplus cash to shareholders as special dividends. Of this balance \$13.2 million (last year \$12.7 million) is quarantined in debt reserve accounts. There has been an increase in net assets resulting from:

- Current year profit after tax of \$10.5 million, offset by the payment of \$15.0 million in dividends during the period.
- Shift in the mark to market liability of the derivative financial instruments to \$34.2 million at balance date (last year \$41.5 million), of which \$13.9 million was classified as current and \$20.3 million non-current. The derivative financial instrument liability represents the fair value of interest rate swap arrangements maintained in accordance with the Group's interest rate risk management policies to protect the underlying profitability of the Company. The Company's financial forecasts support the ability to settle these interest rate swaps as and when they are due.

The Group's total of equity and RPS (being stapled securities) stands at \$247.6 million at the end of the year (last year \$245.3 million).

The working capital facility expires in December 2013.

The RPS are expected to be rolled over on substantially the same terms and conditions prior to maturity in July 2014.

CAPITAL STRUCTURE

	Amount (\$m)	Term
Medium Term Note (\$100m fixed interest)	\$265.00	Sep-16
Medium Term Note (\$285m floating interest)	\$285.00	Sep-15
Bilateral Facility (floating interest, \$20.0m available at year end)	\$120.00	Apr-18
Working Capital Facility (\$20.0m available at year end)	\$20.00	Dec-13
RPS	\$188.60	Jul-14

INTEREST RATE RISK MANAGEMENT

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

The Group has fixed loans and swaps in place which cover 75% of the outstanding loan principal.

Average fixed interest rate paid was 5.0% (last year 5.0%).

CREDIT RATINGS

The long term financing strategy of the Group continues to be reviewed by the rating agencies, Standard and Poor's and Moody's. BBB/Baa2 ratings continue to be maintained with each of these agencies respectively.

FINANCIAL ANNUAL REPORT FOR THE 12 MONTHS TO 30 JUNE 2013

The Report for the 12 months to 30 June 2013 comprising:

- director's report
- auditors independence declaration
- financial report
- director's declaration
- independent auditor's report to members

is available on the company's website www.adelaideairport.com.au. Alternatively a copy may be obtained from the Company Secretary.

**People soar
because they are
committed to the
goals they have
set themselves.**





operations

AERONAUTICAL TRAFFIC PERFORMANCE

		1998	2012	2013	Change against prior year	Change since privatisation
Passengers	Domestic*	3,379,118	5,837,205	6,005,052	2.9%	77.7%
	International**	258,488	660,694	763,010	15.5%	195.2%
	Regional	366,325	601,584	608,622	1.2%	66.1%
	Total passengers	4,003,931	7,099,483	7,376,684	3.9%	84.2%
Aircraft Movements	Regular Passenger Transport	70,204	74,588	78,015	4.6%	11.1%
	General Aviation	35,076	24,365	23,600	-3.1%	-32.7%
	Total Aircraft Movements	105,280	98,953	101,615	2.7%	-3.5%
Landed Tonnes	Total Landed Tonnes	1,622,681	2,296,703	2,529,097	10.1%	55.9%

* Includes domestic on carriage ** Includes transits

Adelaide Airport has experienced unprecedented growth in recent years. To maintain our position as Australia's most modern and innovative airport, we have strived to deliver high quality facilities and services, to fulfill our vision and mission. This requires forward thinking and planning to ensure we are 'one step ahead' of customer demand in a rapidly evolving environment.

In 2012/13, under our Landside Infrastructure Project, we have completed the new 2000 space multi-level short term car park along with a pedestrian plaza and associated services.

Further enhancements of the plaza are planned for 2013/14. They include the construction of a water feature utilising treated recycled water and retail facilities to complement the existing selection available within T1.

To further improve aeronautical safety, we have supported and worked closely with Airservices Australia on the completion of the new air traffic control tower, which is now fully commissioned and in service.

The first phase of the expansion of T1 is well underway with design work undertaken for the apron expansion (two additional aircraft parking stands to the southern end of the building) and modification to the building to allow increased flexibility of the international gates and aircraft parking arrangements.







aeronautical business development

Adelaide Airport Limited (AAL) has a clear goal to continue to expand business into new domestic and international markets, with an ongoing focus on the Asia Pacific region and the Middle East.

To that end, the past financial year has been extremely successful. We have increased international passenger traffic by 14.8%*, making us once again Australia's fastest growing capital city airport for international services.

The number of additional international seats available out of Adelaide has risen by 245,000, a capacity increase of 27.1%.

The most significant event was the arrival of Emirates in November 2012, operating a daily non-stop service between Adelaide and Dubai.

In the year that saw the withdrawal of Qantas' last international service – resulting in no 'Flying Kangaroo' operating from Adelaide for the first time in more than 30 years – the void was successfully filled by incumbent carriers Cathay Pacific, Malaysia Airlines and Singapore Airlines.

Trans-Tasman traffic continued to grow with the Air New Zealand service to Auckland, whilst the popularity of the holiday destination of Bali, served by Virgin Australia continued apace.

The domestic market in 2012/13 was flat with growth of 2.9%. Nevertheless there were positive signs, including Tigerair's return with twice-daily Adelaide-Melbourne services, additional capacity by Jetstar to Darwin, Cairns and the Gold Coast, and QantasLink adding a midday Canberra service.

Regional traffic was also flat. The suspension of the Olympic Dam expansion project saw an earlier resurgence dwindle towards the end of 2012/13 with growth finishing at 1.2% for the year.

* Excludes transits

customer focus

With growth in our business comes the responsibility to ensure that our most valuable asset, our customers, continue to receive the best possible service. As stated in our mission, we aim at all times to offer a great customer experience.

Following a review this year of how we interact with our customers, Adelaide Airport Limited has created a new Customer Service business unit. This encompasses all of the key customer-facing services within our business, including terminal operations, ground transport, terminal retail and commercial, as well as IT and business systems.

The past 12 months have seen significant challenges for the newly created Customer Service Team. Our team has met those challenges, resulting in some key successes.

Significant changes to Adelaide Airport's ground transport facilities saw the opening of the new short term multi-level car park, the relocation of taxi, bus and public access points to the terminal, and the completed pedestrian plaza environs. We have placed particular emphasis on managing how these changes impact on our internal and external customers.

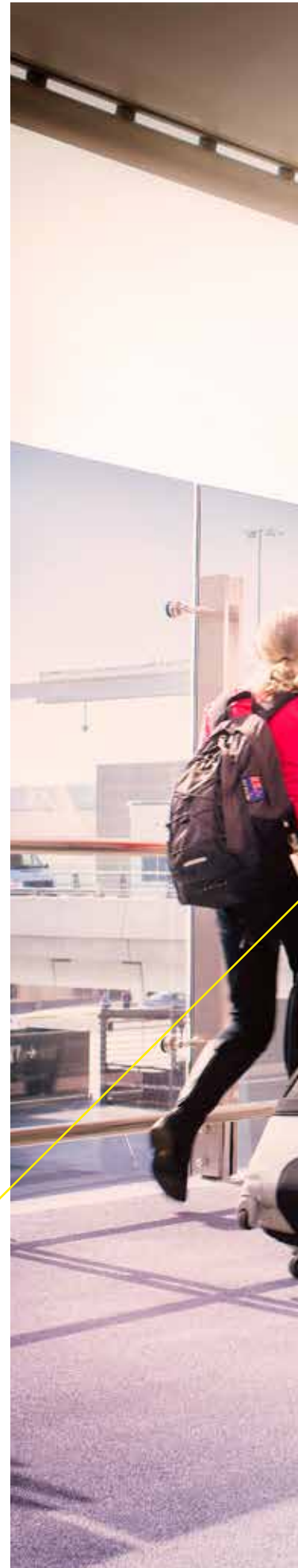
We are now planning for the opening of an additional 400 parking bays in the long term car park.

The recent installation of a new access control system in the staff car park required the activation and delivery of 3,000 new staff access cards within a short timeframe. The smooth introduction of this new system was a great example of how the ground transport team can deliver a complex but customer focused outcome to our important internal clients.

The construction of a new special access drop-off and pick-up area was an integral part of the new car park and associated road network changes. This is located directly adjacent to the southern end of the terminal. Located within this area is a phone for visitors to call for assistance from the car park Customer Service Team.

Passengers using the main drop-off / pick up area or the special needs access points will receive, upon request to the car park Customer Service Team, assistance tailored to their circumstances. Team members are available at all operational hours to assist.

All airline operations are coordinated and facilitated by the Terminal Operations Team. In the past 12 months, our team has professionally managed the introduction of daily Emirates Airlines services to Dubai and the increase in operations by other international carriers.







Adelaide Airport's new premium award-winning asset, now home to the Australian Federal Police Aviation Operations Centre.

property

Adelaide Airport Limited (AAL) has set out a vision for holistic airport property development that aligns with aeronautical infrastructure development.

Our aim is to establish a vibrant mix of seamlessly integrated commercial, aviation, retail and leisure activities, with each precinct to offer unique features which relate to, and create leverage from each other. Through this, we can create a strong sense of place and a new central identity.

Our guiding principles place an emphasis on empathy with the surrounding community, and attracting like-minded tenants.

Adelaide Airport's comprehensive portfolio of tenants features companies that have chosen the airport as a base, and, in some cases, Asia Pacific headquarters, due to our strategic location and expanding international presence.

T1 RETAIL AND CONCESSIONS

Expansion plans and changes to ownership of retail space have set the scene for exciting re-developments and a re-focused retail mix in T1 in the coming year.

These changes will help to create a new level of vibrancy as we look to cater for our growing customer base, and particularly our greater mix of international travellers from Asia Pacific, the Middle East and beyond.

The sale of Duty Free Stores (Wellington) to LS Asia Pacific in July 2012 has prompted discussions regarding a new brand and more upmarket duty free offering for our international travellers. These changes will also see the creation of a Tech2Go electronic accessories store as part of the Newslink tenancy.

We are well underway with incorporating new retail offerings in the plaza directly adjacent T1. The retail offerings will comprise of a mix of food outlets offering healthy eating choices; convenience-style outlets, offering 'grab and go' items such as snacks, reading material and journey essentials; and other public amenities.

T1 Retail was the recipient of a commendation for 'Excellence in Presentation – Shopping Centres up to 10,000m²' at the 2012 Property Council of Australia (SA Division) Shopping Centre Awards.

TERMINALS PRECINCT

Adelaide Airport Limited's new premium asset, now home to the Australian Federal Police Aviation Operations Centre, was officially opened in May 2013 by the Minister for Home Affairs and Justice, Jason Clare.

The two-storey building features 2,350 square metres of office space, undercover parking for 29 vehicles and an additional 8 parking spaces at ground level in the rear secure compound.

The building has been designed to achieve a 4.5 Star NABERS energy rating and has already been awarded a 4 Star Green Star Design Rating.

The building has received a commendation at both the SA Architecture Awards and Master Builders Awards.





Airservices Australia's new state of the art air traffic control tower has been fully commissioned and was officially opened by the Deputy Prime Minister, Anthony Albanese.

The \$16.9 million tower represents a generational change in air traffic control, moving from a paper-based system to electronic. The 44-metre high tower is more than twice the height of the old tower, and adds another layer of safety and efficiency for passengers travelling to and from Adelaide Airport.

Sharp Airlines has secured a five-year occupancy of Hangar 130 commencing October 2012, following retrofitting by AAL. Rossair continues to occupy a portion of the building.

The Federal Minister for Infrastructure and Transport approved an AAL request for a two-year extension of the currently approved Major Development Plan for an Adelaide Airport hotel until October 2015.

TAPLEYS PRECINCT

A new Australian Federal Police (AFP) K9 facility was completed.

HOLDFAST PRECINCT

Construction of SA Water's Aquifer Storage and Recovery (ASR) project is expected to finish in 2013/14. The project also incorporates landscaping and the extension of the Captain McKenna Pathway to meet James Melrose Road.

BURBRIDGE PRECINCT

Alpha Catering commenced construction of a new aviation catering complex in the first half of 2013, which is located in the Aviation Support Zone adjacent to the Cobham offices and hangar. AAL also commenced complementary site preparation, roadway infrastructure and site services from late 2012, with the total works due for completion in early 2014.



PATAWALONGA PRECINCT

A building application was finalised for preliminary works commenced by the City of West Torrens for a stormwater detention facility, with further technical analysis occurring on soil disposal and pump electricity arrangements. Completion is expected in late 2013.

PARAFIELD AIRPORT

The Federal Minister for Infrastructure and Transport approved the Parafield Airport Master Plan in November 2012, which provides certainty as we look to the future of the airport.

Parafield Airport Limited has been working through the requirements set out by the Minister in his approval of the draft Master Plan. The Minister acknowledged the work already being undertaken by Parafield Airport's Technical Working Group.

A substantial upgrade to Roulettes Tavern was completed during the year, involving a refit of dining facilities, relocation of the gaming lounge and enhanced outdoor space for segregated smoking.

environment

Adelaide Airport Limited (AAL) recognises the importance of the environment and our role in responsibly managing sustainability, which is a critical component of our strategic plan.

We are committed to achieving our environmental goals well beyond required regulatory compliance levels, and aim to be recognised as a leader in this field not just in Australia but at an international level.

To that end, Adelaide and Parafield Airport became the first airports in Australia to achieve Level 1 Airport Carbon Accreditation with Airports Council International, recognising our work in mapping both airports' carbon footprint.

In the past 12 months we have continued to progress against the objectives of the 5-year Sustainability Plan for Adelaide Airport (2009-2014), notably in sustainable development, water management, waste recycling and energy management.

Recently completed projects at Adelaide Airport demonstrate our commitment to sustainability. The new multi-level car park features rooftop stormwater capture and re-use, efficient lighting and state of the art way-finding to reduce vehicle circulation times. The Australian Federal Police Operations Centre has been accredited with 4.5 star NABERS energy and 4 star Green Star ratings.



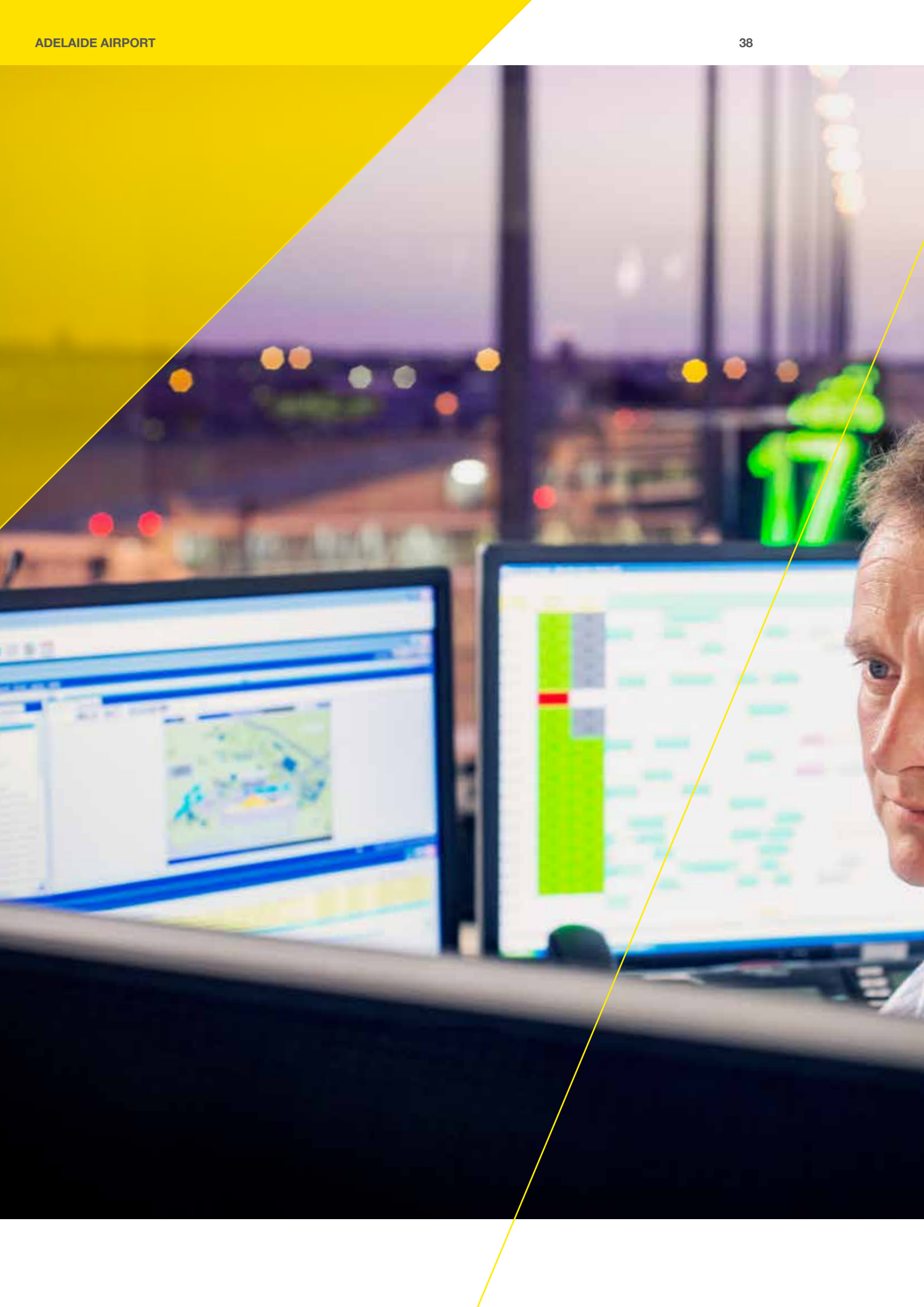
In tandem with our on-airport initiatives, we have continued our partnership with the University of Adelaide's Centre for Energy Technology, which is researching innovative concepts for energy reduction and efficiency.

At Parafield Airport, the sporting field has now been connected to a recycled water supply from the Parafield aquifer storage recharge facility operated by the City of Salisbury. This will result in a significant reduction in use of precious mains water.

We have met all legislative compliance obligations set under the *Airports Act 1996* and *Airports (Environment Protection) Regulations 1997* with no Environmental Protection Orders being issued by the Airport Environment Officer from the Department of Infrastructure and Transport.

Two past directives by the Airport Environment Officer to tenants remain in place – to ExxonMobil in 2008/09 and to Tasman Aviation Enterprises in 2009/10. Both issues are in relation to localised groundwater contamination, and are being appropriately managed with action plans progressing toward remediation.







our people

At Adelaide Airport Limited (AAL) we know our success starts with our people, which is why we have continued to make a substantial investment in our training and development program. To help achieve our vision, the People and Culture team has worked closely with each department, throughout the year, to develop, engage and retain our talent.

AAL's Cross Training initiative has been an important focus to ensure both business continuity and the continued engagement of our people. Key staff members were given the opportunity to train in tangent job functions across the business.

This involved strong cooperation between departments to ensure the sharing of knowledge and skills between teams and individuals. Staff have benefitted from gaining a deeper understanding and appreciation of the roles of their co-workers whilst broadening their understanding of the business.

This initiative provides for succession within the team as it has allowed us to promote from within, where possible, creating a win-win for both the company and our staff.

Results of the Cross Training initiative include:

- 11 staff currently undertaking cross-training or completed
- 6 staff permanently transferred
- 4 staff secondments
- 10 staff in role familiarisations

Innovation has been another key leadership focus. In 2012/13, we called for a team of 'fresh thinkers' from across the company to form the Innovation Development Team (IDT). Their brief was to look at how we do business and to strive for innovative ways to continuously improve the way we do things, while at the same time developing and building high performance leadership skills.

Training Courses	78
Training Events	546
Training Hours	3024
Training Days	378

This cross functional team also creates more opportunity for empowerment and collaboration amongst our people. The IDT members receive support and development from our training providers, Insight International, and the skills obtained by the group will be aligned to nationally recognised diploma level units of competency in 'Innovation'.

AAL's successful Leadership Program continued into its fifth year with the following outcomes:

- 3 Diploma of Management
- 6 Certificate IV Frontline Management
- 3 Certificate IV Training and Assessment

Workplace Health & Safety (WH&S) is our first priority to ensure the wellbeing of our people. We are committed to identifying and managing potential hazards, and responding promptly to incidents.

We have achieved positive improvements in our safety performance through our approach to WH&S management. We continue to actively promote and embed a safety culture across all of our operations so our employees and contractors are empowered to take a proactive approach. WH&S performance and management is reported through the use of safety statistics, which are benchmarked against our industry peer group. This has been complemented by a number of initiatives to improve safety awareness and behaviour across our workforce.







our community

Adelaide Airport Limited (AAL) is proud of our ongoing relationship with the wider South Australian community, just as we are with welcoming visitors to our State. Our position as the major gateway to South Australia provides us with an opportunity to partner local events and initiatives, and to showcase local talents to an international audience.

We have a long history of sponsoring local events and programs and providing much needed support through charitable donations. In 2012/13 we continued to work with our community partners investing around the three pillars of community, business and tourism, and environmental sustainability.

A highlight of the past year was the Future Gardens installation in the new Adelaide Airport Plaza, as part of the 2013 Come Out Festival; the largest arts festival for children and young people in the southern hemisphere.

Using only school art supplies, plant pots and their imaginations, Immanuel College and Flinders Park Primary School were asked to transform two decommissioned Grob aircraft from Parafield Airport, into decorated, vibrant, quirky, growing sculptures. The planes were on display in the plaza and visitors to the airport could vote via Facebook for their favourite installations.



The Adelaide Fringe provided an exciting opportunity to drive staff engagement through our corporate sponsorship. Adelaide Airport staff also entered a float in the iconic Fringe opening night parade.

Other partnerships have included the Adelaide Airport Brighton Jetty Classic Sculptures by the Sea, Young Achiever Awards, the Power Community Youth Program and the Matsuri on Mobara Festival.

Both Adelaide and Parafield Airports engage formally and informally with the community through a comprehensive consultation and communications program. Both airport operators conduct quarterly meetings of the airport's Consultative Committees and actively participate in presentations and engagement with community service clubs. Our printed newsletter 'Plane Talking' is circulated locally and we also use our website and social media channels to reach interested individuals and organisations.

Open and productive relationships with key stakeholders across industry and government fosters productive outcomes for the State – for example the cooperation with the State Government to support Emirates' move to fly to Adelaide.

The relationship and cooperation with our landlord, the Commonwealth Department of Infrastructure and Transport, plays an important part in our current operations and future plans. Other relationships with stakeholders include Federal, State and local governments, our customers, on-airport tenants including retailers, airlines and AAL shareholders. Local business, residents, employers, exporters, importers, tourism operators and the wider community also rely on a successful airport business.





Parafield

Parafield Airport Limited (PAL) continues to grow its reputation internationally as one of the premier locations to undertake flight training.

A combination of high quality training providers, excellent on-airport facilities and stable weather characteristics have made Parafield a preferred pilot training base for major carriers including Singapore Airlines and Virgin Australia.

As an example of recent growth, pilot training provider Flight Training Adelaide has taken delivery of a further two state of the art simulators, which will allow students to train in a multi-crew environment on an A320 aircraft and any other single aisled jet aircraft, replacing actual flying with simulated flights up to a rate of 50 hours per student.

Parafield Airport is also striving to encourage aviation as a career amongst young people living locally. Once again, we have offered the Parafield Youth Flying Training Scholarship in conjunction with Flight Training Adelaide and the support of the City of Salisbury and Northern Futures. The 2013 scholarship was awarded to Bradley Conway, to support him in obtaining a Commercial Pilot Licence.

Parafield Airport has been successful in receiving approval from the Federal Minister for Infrastructure and Transport for our 2012 Master Plan. This achievement was the culmination of years of work and involved a large amount of investment from the Airport in the body of work itself and significant consultation with stakeholders including local, State and Commonwealth departments, local companies and the local residential community.

Parafield Airport is continuing its consultation with community and industry via the Parafield Airport Consultative Committee and its sub-committee, the Parafield Airport Technical Working Group. The efforts of these groups have been recognised by the Air Noise Ombudsman (ANO), who stated: "The responsiveness of stakeholders to aircraft noise issues raised by the ANO has been among the best of any location across Australia."

We have continued to focus on safe operations through ongoing maintenance of all critical infrastructure and projects in the manoeuvring area, including upgraded Movement Area Guidance (MAG) signs, installation of low-visibility markers and re-sheeting of taxiways.

The surrounding hangars and buildings continue to be developed to improve the condition and aesthetics of the airport. After purchasing the Parafield Flying Club, we have invested in a refurbishment and renaming to now operate as the Flying Café and Community Centre for the use and convenience of both airport users and the surrounding community.

Our support of the local community in 2012/13 included local events such as the City of Salisbury Australia Day Picnic and Matsuri on Mobara Japanese Festival at Mawson Lakes.

corporate governance

Adelaide Airport Limited and the Board are committed to achieving and demonstrating the highest standards of corporate governance.

The relationship between the Board and senior management is critical to the Group's long term success. The Directors are responsible for the performance of the Company in both the shorter and longer term and seek to balance sometimes competing objectives in the best interests of the Group as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Group is properly managed.

Day-to-day management of the Group's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the Managing Director and senior executives, as set out in the Group's delegations policy. These delegations are reviewed on an annual basis.

A description of the Company's main corporate governance practices is set out below. All these practices, unless otherwise stated, were in place for the entire year.

BOARD COMPOSITION

In accordance with the Shareholders Agreement, the Board comprises a minimum of 4 and a maximum of 9 Directors (inclusive of the Managing Director).

Each shareholder holding not less than 15% of the issued shares of the Company is entitled to nominate one or more Directors depending on the total proportion of shares held to the shares on issue.

The Directors may appoint one of their number as Chairman or an independent Chairman who would become a Director if so appointed. The Chairman is required to meet regularly with the Managing Director. The Board has the right to appoint Directors under the Company's Constitution.

The Board is required to undertake an annual Board performance review and consider the appropriate mix of skills required by the Board to maximise its effectiveness and its contribution to the Group.

BOARD RESPONSIBILITIES

The responsibilities of the Board include:

- Providing strategic guidance to the Company including contributing to the development of and approving the corporate strategy;
- Reviewing and approving business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives within the

financial limits set in the Shareholders Agreement;

- Overseeing and monitoring:
 - Organisational performance and the achievement of the Group's strategic goals and objectives
 - Compliance with the Company's Code of Conduct
 - Progress of major capital expenditures and other significant corporate projects including any acquisitions or divestments;
- Monitoring financial performance including approval of the annual and half-year financial reports and liaison with the Company's auditors;
- Appointment, performance assessment and, if necessary, removal of the Managing Director;
- Ensuring there are effective management processes in place and approving major corporate initiatives;
- Enhancing and protecting the reputation of the organisation; and
- Overseeing the operation of the Group's system for compliance and risk management reporting to shareholders.

BOARD MEMBERS

Details of members of the Board, their experience, expertise, qualifications, term of office and independent status are set out in the Directors' report under the heading "Information on Directors".

DIRECTORS' INDEPENDENCE

Directors are appointed by the Board (or by the Shareholders in general meeting if so required by the Shareholders) in accordance with the Shareholders Agreement by nomination of the shareholders, and provision has been made in that agreement for the Directors to appoint a Chairman who is not one of their number who would as a consequence of that appointment become and be a Director. The Board has opted to appoint a Chairman with effect 30 June 2004 who is independent from the shareholders of the Company.

NON-EXECUTIVE DIRECTORS

The non-executive Directors are able to meet in scheduled sessions without the presence of management, to discuss the operation of the Board and a range of matters. Relevant matters arising from these meetings are to be shared with the full Board.

TERM OF OFFICE

Nominee Directors hold office at the discretion of the appointing shareholder. Other Directors are appointed on a term of three years.

It is recognised that lengthy service on the Board may impact on a Director's independence and therefore non-nominee Directors must retire from office no later than completion of four terms of office (12 years).

CHAIRMAN

The Chairman is responsible for leading the Board, ensuring Directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board's relationship with the Company's senior executives.

MANAGING DIRECTOR

The Managing Director is responsible for contributing to the development of Group strategies and policies, and for the implementation of those strategies and policies.

COMMITMENT

The Shareholders Agreement requires that the Board meets at least once in each quarter of the financial year. Current practice is to hold a minimum of 10 meetings per annum.

The number of meetings of the Company's Board of Directors and of each Board committee held during each financial year and the number of meetings attended by each Director are set out in the Directors' report under the heading "Meetings of Directors" in the annual statutory accounts for the Group.

CONFLICTS OF INTERESTS

The Directors shall comply with all of their obligations either at law or under the *Corporations Act* in relation to potential or actual conflicts of interest provided always that the other Directors (that is, who do not have a conflict or material interest in the matter) shall be at liberty, subject to proper disclosure having been made, to resolve to permit the Director with the potential or actual conflict of interest to participate in discussions and voting on the matter giving rise to the conflict. In general terms the Directors shall deal with each matter of conflict on its merits.

INDEPENDENT PROFESSIONAL ADVICE

The Directors, both individually or as a group, in furtherance of their duties, may seek and obtain independent legal and professional advice from external sources at the expense of the Company. Prior to

seeking such advice, Directors will seek the approval of the Chair, such approval not to be unreasonably withheld. Each Director has the right of access to all relevant Company information. A Director also has the right to have access to all documents which have been presented to meetings of the Board whilst in office, or made available in relation to their position as Director after ceasing to be a Director.

PERFORMANCE ASSESSMENT

The Board undertakes an annual assessment of its collective performance, the performance of the Chairman and of its committees.

The Chairman undertakes an annual assessment of the performance of individual Directors and meets privately with each Director to discuss his assessment.

A review of the Board's performance was undertaken during the reporting period in accordance with the process set out above.

CORPORATE REPORTING

The Managing Director and Chief Financial Officer have made the following certifications to the Board:

- That the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and Group and are in accordance with the relevant accounting standards.
- That the above statement is founded on a sound system of risk management and internal compliance and control and which implements the policies adopted by the Board and that the Company's risk management and internal compliance and control is operating efficiently and effectively in all material respects.

BOARD COMMITTEES

The Board has established a number of committees to assist in the execution of its duties and to allow detailed consideration of complex issues. Current committees of the Board are the remuneration, audit and compliance, property development and aeronautical and related infrastructure committees. The committee structure and membership is reviewed on an annual basis. A policy of rotation of committee members applies.

Each committee has its own written charter setting out its role and responsibilities, composition and structure, membership requirements and the manner in which the committee is to operate. All of these charters are reviewed on an annual basis. All matters determined by committees are submitted to

the full Board as recommendations for Board decision.

Minutes of committee meetings once signed by the Chair of the committee are tabled at the immediately subsequent Board meeting.

Details of the meetings of committees and attendance of committee members are set out in the Directors' report under the heading "Meetings of Directors" in the annual statutory accounts for the Group.

EXTERNAL AUDITORS

The Company and audit and compliance committee policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs.

It is a requirement that the external auditor ensure that the lead engagement partner is rotated at least every five years.

The external auditor is expected to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

RISK ASSESSMENT AND MANAGEMENT

The Board through the audit and compliance committee is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. In summary, the Company policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively managed and monitored to enable achievement of the Group's business objectives.

Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn lines of accountability and delegation of authority. Adherence to the Company Code of Conduct is required at all times and the Board actively promotes a culture of quality and integrity.

The Company risk management policy and the operation of the risk management and compliance system are managed by a risk management committee comprising senior executives. The Board receives regular reports from this committee.

Detailed control procedures cover management accounting, financial reporting, project appraisal, health, safety and environment, IT security, compliance and other risk management issues. Internal audit

carries out regular systematic monitoring of control activities and reports to both the relevant business unit and the audit and compliance committee. In addition each business unit reports on the key business risks in its area to the risk management committee. The basis for this report is an annual review of the past performance of their area of responsibility, and the current and future risks they face. Results of internal audit work are incorporated into this review if applicable.

The Board reviews each element of corporate strategy over the course of the year according to the Board's cycle of business. The Board reviews the Group's strategic direction in detail and includes specific focus on the identification of the key business and financial risks which could prevent the Company from achieving its objectives. The risk management committee is required to ensure that appropriate controls are in place to effectively manage those risks.

In addition the Board requires that each major proposal submitted to the Board for decision is accompanied by a comprehensive risk assessment and, where required, management's proposed mitigation strategies.

DIVERSITY

The Board attaches great importance to diversity, the corporate benefits arising from diversity and the importance of benefiting from all available talent.

CODE OF CONDUCT

The Board is committed to the continuing development of the code of conduct for the guidance of Directors, officers and other key executives. The code is to be regularly reviewed and updated as necessary to ensure that it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Group's integrity.

SHAREHOLDER COMMUNICATION

All shareholders receive a copy of the Company's annual and half-yearly reports. In addition those reports are accompanied by a detailed report on the performance of the Group and other material issues prepared by the Managing Director.

Detailed briefings are provided to shareholders and bondholders at least once each year supported by a quarterly update publication.

Adelaide Airport Limited (AAL) is an unlisted public company whose shareholders in the main are Australian Superannuation Funds. AAL was the successful bidder for the rights to lease and operate Adelaide and Parafield Airport for an initial term of 50 years, with a right of renewal for a further 49 years from the date of effect 28 May 1998.

Adelaide Airport is the major gateway to South Australia and services international, domestic and regional flights with a total passenger throughput (unaudited) in 2012/13 in excess of 7.3 million passengers per annum and 101,615 aircraft movements.

Adelaide Airport is located six kilometres due west of the CBD of Adelaide and two kilometres from the shores of Gulf St Vincent, with Parafield Airport being 19 kilometres to the north-east of the CBD adjacent the major Adelaide to Darwin railway line and Main North Road.

Both airports are surrounded by recent residential, recreational and light industry developments.