

AUCKLAND INTERNATIONAL AIRPORT LIMITED

# NOTICE OF ANNUAL MEETING

Notice is hereby given that the 2014 annual meeting of the shareholders of Auckland International Airport Limited will be held in the Vodafone Events Centre, 770 Great South Road, Manukau, Auckland on Thursday, 23 October 2014 commencing at 2.00pm.



## BUSINESS

### A. Chair's Address

### B. Chief Executive's Address

**C. Financial statements and reports:** To receive and consider the financial statements of the company for the year ended 30 June 2014 together with the directors' and auditor's reports to shareholders.

**D. Resolutions:** To consider, and if thought fit, to pass, the following ordinary resolutions:

- 1. Re-election of James Miller:** That James Miller, who retires by rotation and who is eligible for re-election, be re-elected as a director of the Company (see explanatory note).
- 2. Re-election of Justine Smyth:** That Justine Smyth, who retires by rotation and who is eligible for re-election, be re-elected as a director of the Company (see explanatory note).
- 3. Election of Christine Spring:** That Christine Spring, who has been nominated by the Board to stand as a director, be elected as a director of the Company (see explanatory note).
- 4. Directors' remuneration:** That the total quantum of annual directors' fees be increased by \$54,742 from \$1,368,556 to \$1,423,298, such amount to be divided amongst the directors as they deem appropriate (see attached explanatory note and voting exclusion).
- 5. Auditor:** That the directors be authorised to fix the fees and expenses of the auditor.

**E. Other business:** To consider any other matters that may lawfully be considered at the meeting.

By order of the Board:



**C F SPILLANE**

Corporate Secretary

24 September 2014

## EXPLANATORY NOTES

**Proxy vote:** A shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of the shareholder. The proxy need not be a shareholder. To be effective, the proxy form must be received at the registered office of the company or by the share registrar of the company, Link Market Services Limited, Level 7, Zurich House, 21 Queen Street, Auckland, New Zealand or by mail to PO Box 91976, Auckland 1142, New Zealand not later than 48 hours before the start of the meeting or completed online in accordance with the instructions on the proxy form.

A corporation may appoint a person to attend the meeting as its representative in the same manner as it could appoint a proxy.

You may also appoint your proxy online as per the instructions on the reserve of the proxy.

### Resolution 1 & 2. Re-election of Directors

James Miller and Justine Smyth retire by rotation at the meeting and, both being eligible for re-election, offer themselves for re-election. Brief biographical notes of the directors seeking re-election are as follows:

#### James Miller BCom, FCA, AMInstD

James Miller was appointed a director of the company in 2009. He is the chair of Auckland Airport's audit and financial risk committee.

James has spent 14 years working in the share-broking industry. During this time, he has specialised in the strategy and valuation of airport and utility companies. Specifically, he had a leading role in the valuation and global pre-marketing of Auckland Airport and Beijing Capital International Airport and of Contact Energy Limited and Vector Limited initial public offers.

James is a qualified chartered accountant and is a Fellow of the New Zealand Institute of Chartered Accountants, a Certified Securities Analyst Professional, a member of the Institute of Directors in New Zealand and is a graduate of the Advanced Management Program at Harvard Business School (USA). James is deputy chair of NZX Limited, a member of the Financial Markets Authority, and a director of Accident Compensation Corporation and Mighty River Power Limited.

#### Justine Smyth BCom, CA

Justine Smyth was appointed a director of the company in 2012.

Justine is currently a director of Spark New Zealand Limited and chair of its human resources board sub-committee, a board member of the Financial Markets Authority and chair of The New Zealand Breast Cancer Foundation.

Previous roles include deputy chair of New Zealand Post Limited and chair of its finance, audit, investment and risk committee. Justine's background also includes having been group finance director of Lion Nathan Limited and a partner of Deloitte. Justine is an owner and executive director of a clothing manufacture and wholesale business.

Through her roles, Justine has strong experience in retail, governance, mergers and acquisitions, taxation and financial performance of large corporate enterprises, and the acquisition, ownership, management and sale of small and medium enterprises.

The Board unanimously recommends that shareholders vote in favour of the re-election of Mr Miller and Ms Smyth. They are both considered by the Board to be independent directors.

### Resolution 3. Election of director.

Christine Spring has been nominated by the Board to hold office following the annual meeting, filling the vacancy on the Board created by the retirement of Keith Turner.

Christine is a civil engineer and has approximately 20 years' experience in aviation infrastructure development and strategic planning roles in New Zealand, Australia, United Arab Emirates, Asia and the Pacific Islands. During her career to date Christine's experience has been focused in strategy, stakeholder management and the planning of significant capital development projects in the aviation industry. Christine was also an executive of Auckland Airport before heading overseas to broaden her experience in 2002.

Her significant experience in the planning and delivery of airport infrastructure would be of great benefit to the Board especially as it focuses on the implementation of Auckland Airport's 30-year vision for the airport of the future.

Christine was most recently the Chief Executive of the Hawke's Bay Opera House Limited. Her role ceased in May 2014 when the Opera House was closed due to a report received on the facility's earthquake prone issues.

The Board unanimously recommends that shareholders vote in favour of Ms Spring's election. She is considered by the Board to be an independent director.

### Resolution 4. Directors' remuneration.

The amount of fees paid to directors was last increased at the 2013 annual meeting, when shareholders approved a total quantum of annual directors' fees of \$1,368,556. That approved sum is currently allocated by the directors as follows:

Chair (inclusive of all committee fees)	\$227,040
Deputy chair	\$122,240
Other directors' base fee	\$106,296
Chair of audit and financial risk committee	\$47,833
Member of audit and financial risk committee	\$23,917
Chair of safety and operational risk committee	\$20,000
Member of safety and operational risk committee	\$10,000
Chair of human resources committee	\$19,133
Member of human resources committee	\$9,567
Chair of nominations committee	\$10,630
Member of nominations committee	\$5,315
Ad hoc committee work (per day)	\$2,657

The directors maintain a share purchase plan pursuant to which the directors each apply 15% of their net remuneration to acquire shares in the company. First NZ Capital, as manager of the plan, acquires these shares on behalf of the directors over the 20 business days commencing two days after the company's half year and full year results announcements. Directors are required to remain in the plan until one year after their retirement from the Board.

The Board's policy is to regularly seek independent advice on the appropriate level of directors' remuneration. This year the Board has obtained advice from PricewaterhouseCoopers and Hay Group (the Advisors). In undertaking their review, the Advisors have considered the skills, performance, experience and level of responsibility of the directors, and the market conditions currently prevailing. The Advisors have provided the Board with guidance in respect of the level of fees which are appropriate for directors of companies of a comparable scale and complexity in New Zealand.

The comparable companies reflect the level of governance and consequently time commitment, required of directors pursuant to national and international standards. The advice received from the Advisors indicates that the fees received by the directors of Auckland Airport are modestly below those received by their market peers.

The Board is also mindful of clear shareholder feedback that, where directors' fee increases are necessary and justified, they should be linked to company performance and be small regular adjustments rather than large and infrequent.

Taking these factors into account, the Board proposes a modest increase in the directors' fee pool of \$54,742 from \$1,368,556 to \$1,423,298 (an increase of 4%), such amount to be divided among directors as they deem appropriate from time to time.

Should the resolution be passed, the initial allocation will be as follows:

Chair (inclusive of all committee fees)	\$236,200
Other directors' base fee	\$110,600
Chair of audit and financial risk committee	\$49,300
Member of audit and financial risk committee	\$24,650
Chair of safety and operational risk committee	\$20,600
Member of safety and operational risk committee	\$10,300
Chair of human resources committee	\$19,700
Member of human resources committee	\$9,850
Ad hoc committee work (per day)	\$2,650

This proposal provides for a full complement of eight directors (the maximum permitted pursuant to the company's constitution). Remuneration for ad hoc committee work will only be paid for specific identified assignment where approved in advance by the Board.

The company will disregard any votes cast on this resolution by:

- any director of the company; and
- an Associated Person (as defined in the NZSX Listing Rules) or an Associate (as defined in section 11 and sections 12 to 16 of the Corporations Act (Australia) with section 12 being applied as if it were not confined to associate references in chapter 6 of that Act and on the basis that the Company is the "designated body" for the purpose of that section and includes a related party of a director of the company) of any directors of the company.

However the company need not disregard a vote if it is cast by:

- (a) such person as proxy for a person who is not disqualified from voting on this resolution, in accordance with the express instructions on the proxy form; or
- (b) the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### Resolution 5. Auditors.

Deloitte is automatically reappointed auditor under section 200 of the Companies Act 1993. This resolution authorises the Board to fix the fees and expenses of the auditor.

**AUCKLAND INTERNATIONAL AIRPORT LIMITED  
("Company")**

**DISCLOSURE DOCUMENT RELATING TO THE  
GIVING OF FINANCIAL ASSISTANCE BY THE COMPANY  
FOR THE PURCHASE OF SHARES**

(Sections 78(5) and 79 of the Companies Act 1993)

**TO: ALL SHAREHOLDERS OF THE COMPANY**

**INTRODUCTION**

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1. This document is provided to all shareholders of the Company in accordance with the requirements of sections 78(5) and 79 of the Companies Act 1993, in respect of financial assistance to be provided by the Company for the purposes of a further invitation to employees of the Company to participate in the Company's Employee Share Purchase Plan.

**FINANCIAL ASSISTANCE**

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2. The Company established the Plan by a trust deed dated 19 November 1999 to enable employees to acquire fully paid ordinary shares in the Company.
3. The Plan involves the Company making interest free loans to employees to fund the acquisition of shares in the Company, to be issued by the Company to the Trustees of the Plan on behalf of participating employees. Those loans will be on an interest free basis and will be for a term of three years. The loans will be repaid by employees in regular instalments over this three year term by way of a deduction from their salary or wages.
4. The maximum amount of the loans made to each employee will not exceed \$2,340 in any rolling three year period. If all eligible employees took up the maximum loan available to them in the first year, the aggregate amount of loans made (on the basis of the number of eligible employees of the Company as at the date of this disclosure document) would not exceed \$300,000.
5. The making of those loans constitutes the giving of financial assistance for the purpose of, or in connection with, the purchase of a share issued or to be issued by the Company in terms of section 76(6) of the Companies Act 1993.

**RESOLUTION**

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6. Set out below is the text of the resolution of the Board of the Company required by section 78(1) of the Companies Act 1993, passed on 25 August 2014:

**Noted:**

- A. The Company established the Auckland International Airport Limited Share Purchase Plan ("Plan") by a trust deed dated 19 November 1999 ("Trust Deed") to enable employees to acquire fully paid ordinary shares in the Company.
- B. The Plan involves the Company making interest free loans to employees to fund the acquisition of shares in the Company, to be issued by the Company to the Trustees of the Plan on behalf of participating employees.
- C. The making of those loans constitutes the giving of financial assistance for the purpose of, or in connection with, the purchase of a share issued or to be issued by the Company in terms of section 76(6) of the Companies Act 1993 ("Act").
- D. The Board has been provided with copies of the Plan, the invitation from the Company to be made pursuant to the Trust Deed, and the form of Directors' Certificates to be given by the directors in respect of the issue of the shares, the financial assistance and satisfaction of the solvency test.
- E. The Board has also been provided with a copy of the disclosure document that is required to be sent to each shareholder before the provision of the financial assistance under s76(1)(b) of the Act.

**Resolved:**

## Financial assistance

- (a) The Company provide to its employees financial assistance of up to a total of \$300,000 by way of loans made in accordance with the Plan. The giving of the financial assistance is in the best interests of the Company.
- (b) The terms and conditions under which the financial assistance is given are fair and reasonable to the Company.
- (c) The Board is satisfied that the Company will, immediately after the giving of the financial assistance, satisfy the solvency test (as defined in the Act).
- (d) The giving of the financial assistance is of benefit to those shareholders of the Company not receiving the financial assistance.
- (e) The terms and conditions under the financial assistance is given are fair and reasonable to those shareholders not receiving the financial assistance.
- (f) The Board may cancel this resolution to give the financial assistance at any time until the time it is provided by the Company and if it does so the financial assistance shall not be provided by the Company.

**Grounds for directors' conclusions:**

The grounds for the directors' conclusions are as follows:

- (a) The purpose of the Plan is to encourage and incentivise employees by providing them with a stake in the Company and a financial interest in the performance and success of the Company.
- (b) That is in the best interests of the Company and of benefit to its shareholders as a whole.
- (c) The terms of loans made under the Plan are those stipulated by the Income Tax Act 2007. Having regard to the advantages of the Plan to the Company and its shareholders those terms are fair and reasonable to the Company and its shareholders.
- (d) The interim Financial Statements of the Group dated 20 February 2014 record that the assets of the Group exceed its liabilities (including contingent liabilities) by approximately \$2,508 million. The draft annual Financial Statements of the Company record that the assets of the Company exceeded its liabilities by approximately \$2,939 million as at 30 June 2014.
- (e) The amount of the financial assistance to be given under the Plan, if all employees take up their maximum entitlement, will not exceed \$300,000.
- (f) The Company is able to pay its debts as they become due in the normal course of business and will remain able to do so after the giving of the assistance.
- (g) The directors are not aware of any circumstances which could materially and adversely affect the conclusions recorded above."

**SHAREHOLDER RIGHTS**

7. Section 78(7) of the Companies Act 1993 confers on shareholders and the Company certain rights to apply to the Court to restrain the proposed assistance being given. The only grounds upon which such an application to the Court may be made are:
  - (a) the giving of the proposed assistance is not in the best interests of the Company and of benefit to those shareholders not receiving the assistance; or
  - (b) the terms and conditions under which the proposed assistance is to be given are not fair and reasonable to the Company and to those shareholders not receiving the assistance.
8. The financial assistance may be given by the Company not less than 10 working days and not more than 12 months after this disclosure document has been sent to each shareholder.

**Dated:**

**SIGNED for and on behalf of  
AUCKLAND INTERNATIONAL AIRPORT LIMITED by**



**C F SPILLANE**  
Corporate Secretary

24 September 2014

## ANNUAL MEETING LOCATION

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Genesis Theatre  
Vodafone Events Centre,  
770 Great South Road,  
Manukau, Auckland



Thursday, 23 October 2014  
commencing at 2.00pm.

