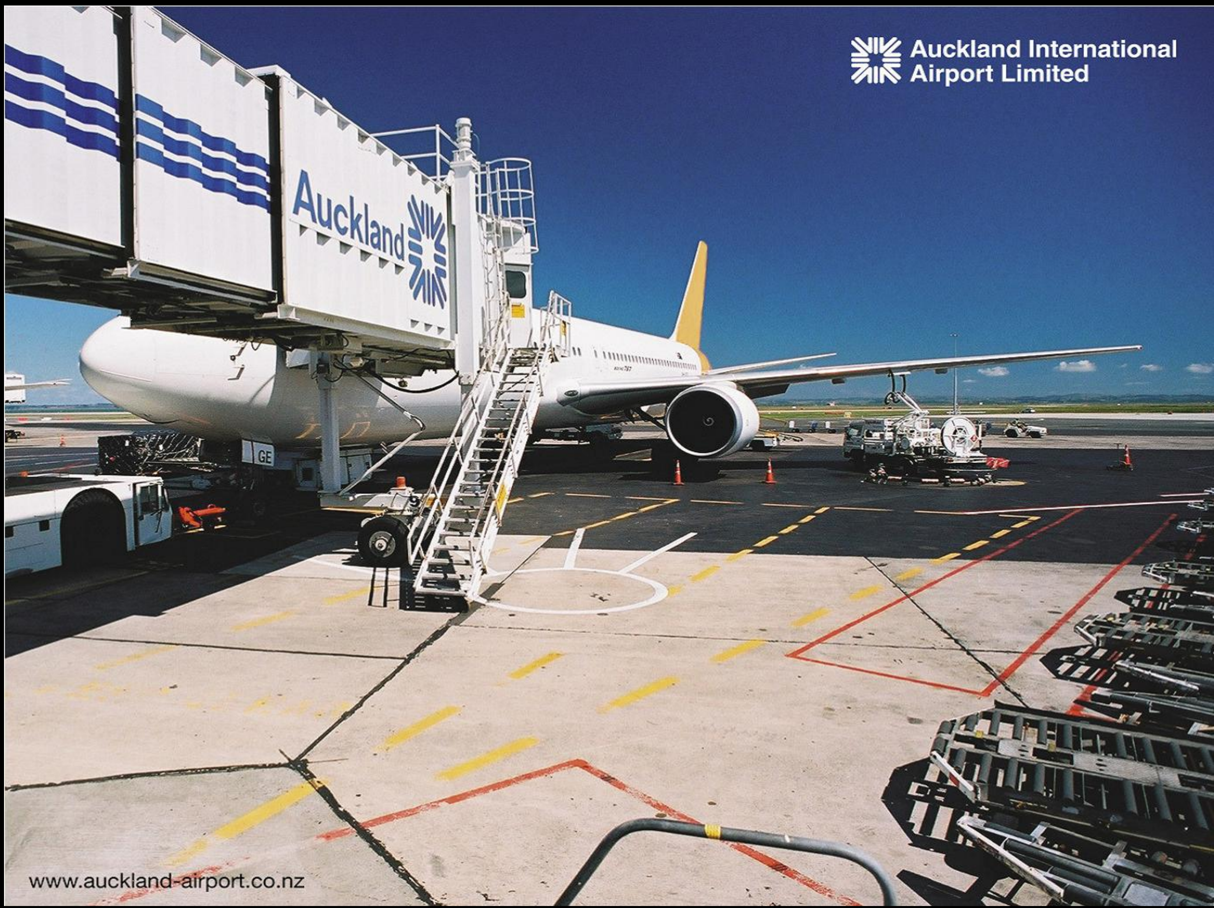

VALUATION REPORT

PROPERTY, PLANT & EQUIPMENT PORTFOLIO

AUCKLAND INTERNATIONAL AIRPORT LIMITED

30 JUNE 2011

SEAGAR & PARTNERS

REGISTERED VALUERS . PROPERTY CONSULTANTS

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30 June 2011

Auckland International Airport Limited
PO Box 73 020
Auckland International Airport

Attention: Mr Peter Alexander

Financial Reporting Valuation of Property, Plant & Equipment Properties forming part of the Land and Buildings Investment Portfolio owned by Auckland International Airport Ltd, Mangere, Auckland

1.0 Instructions

We refer to your recent instructions requesting valuations of certain investment properties/assets which comprise a mixture of development land and land and buildings situated at Auckland International Airport, Mangere. The report and values stated herein are for the intended use of Auckland International Airport Ltd (AIAL) for inclusion in their 30 June 2011 financial statements.

In preparing these valuations, we have relied upon information provided by AIAL relating to the surveyed areas of the land and buildings as well as our inspection of these assets during the course of this valuation. We have also been supplied with the terms and conditions of the third party leases and pursuant to these leases, the level of income generated by each asset. Where possible we have sought verification of this information by sighting documentation, however we can accept no responsibility for its accuracy and if this information should prove to be incorrect for any reason we would reserve the right to review our valuation.

This valuation has been undertaken in accordance with the electronic Terms of Engagement between Seagar & Partners (Auckland) Ltd and AIAL dated 16 May 2011 and the Asset Valuation Handbook approved and adopted by the board of AIAL on 23 May 2006.

2.0 Nature of Property

2.1 Assets to be Valued

The properties to be valued by Seagar & Partners are as follows:

Business Unit	Building Description
4001	AIR FREIGHT NZ HANGAR
4002	HANGAR #6 HART
4003	AIR NATIONAL HANGAR #5
4005	AIR NZ MAINT BASE
4006	AIR NZ MAINT BASE
4007	AIR NZ JET BASE EXTENSION
4025	AIRWORK HANGAR
4080	BULK FUEL (JUHI & WOSL)
4095	AIR CARGO 1
4105	AIR CARGO 4
4140	CHAIR HOLDINGS LTD
4180	NZ POST HANGAR
4220	SKYCARE
4225	AIR FREIGHT NZ CARGO
4235	AIR NATIONAL HANGAR 2
4265	MENZIES CARGO (#5) BUILDING & LAND
4285	DHL - WAREHOUSE
4435	AIR CENTRE ONE - FBO

3.0 Basis of Valuation

The assets under review in this assignment are deemed to be unspecialised/contestable assets for the purpose of this valuation. In other words they are similar to assets which are normally offered and sold on the open market.

The current financial reporting standard relating to assets of this type is **Accounting Standard IAS 40**. This standard forms part of New Zealand's Equivalent of International Financial Reporting Standards (NZ IFRS).

NZ IFRS defines assets to be valued under **IAS 40** as being: properties which are held to earn rentals or for capital appreciation or both; or property being developed for future use as an investment property.

IAS 40 calls for these properties/assets to be valued to their 'fair value', which:

"……..is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arms-length transaction."

Where an entity opts to account for investment property using the fair value model under **IAS 40**, fair value is synonymous with market value and reflects any current leases, current cashflows and any reasonable assumptions about future rental income or outgoings.

Under **IAS 40**, there is no longer a requirement to assess (and deduct) disposal costs.

These valuations (depending on the respective scenario) have been prepared in accordance with **New Zealand and Australia Valuation and Property Standards 2009** or more specifically:

- International Valuation Standard 1 – Market Value Basis of Valuation;
- International Valuation Standard 3 – Valuation Reporting; and
- International Valuation Application 1 – Valuation for Financial Reporting

Pursuant to these practice standards and guidance notes, the following disclosures are provided:

- Inspections of the assets were carried out during the month of June 2011;
- Where applicable, information supplied to us and relied upon for valuation purposes has been stated within this report;

- This valuation engagement has been carried out by independent valuers Seagar & Partners (Auckland) Limited with the signing valuer holding a recognised and relevant professional qualification. The signing valuer has recent experience in the location and category of the investment properties being valued;

In accordance with **PINZ's Professional Practice 2009**, our assessment has been made at the date of the inspections (i.e. June 2011). Assuming the current physical condition of the premises and general macro-economic factors influencing value remain unchanged through to the effective valuation date of 30 June 2011, then we confirm that our assessments can be relied upon as at this date.

We would point out that our assessment of value is based on market evidence as at the date of valuation; however real estate values can vary from time to time in response to changing market circumstances and no warranty can therefore be given as to the maintenance of this value into the future.

All figures in this report are stated on a 'plus GST, if any' basis.

4.0 Resource Management Considerations

At the date of valuation, AIAL's land holding (under Manukau City's Operative District Plan – 2002) has an underlying zoning of either Airport or Mangere – Puhinui Rural as well as falling under the designation of Auckland International Airport Land Use. The land is located outside of the 'Metropolitan Urban Limit' (MUL).

In relation to AIAL's Designated Area, the operational area of the Airport has an underlying zoning of 'Airport' and the area to the north, which is essentially set aside for the northern runway and surrounding future development has an underlying zoning of 'Mangere-Puhinui Rural'.

Under the provisions of its designation, AIAL can carry out aeronautical activities or activities which are connected with, or ancillary to, the operation of the Airport. For activities of a purely commercial nature, and not related to the operation of the Airport, AIAL must comply with the provision of the underlying zone. Such commercial activities are provided for under the 'Airport' zone provisions but not under the 'Rural' zoning to the north. AIAL is presently working with Manukau City to change the zoning of the area north of the existing 'Airport' zone to a more commercially orientated zone.

Proposed Plan Change 14 identified much of the land located to the north of the Airport zone as being suitable for rezoning to Business Use. The proposed change of zone to what is termed the 'Mangere Gateway Heritage Area' was sought to provide additional capacity for business related development to the north of the Airport and also included bringing within the MUL the majority of land designated by Auckland International Airport Limited for Airport use.

Plan Change 14 became operative in part from June 2011.

5.0 The Property, Plant & Equipment Portfolio

5.1 General

The Property, Plant & Equipment (PPE) properties under review by Seagar & Partners comprise some 18 distinct assets with 29 leases or licences being either over buildings with associated land or ground leases where the land is owned by AIAL and third party lessee's own and occupy their own improvements. The properties within this PPE portfolio have a total land area of 28 ha.

5.2 Comment

The properties being valued constitute a varying array of asset classes. Whilst those assets held outside of the airport are situated on their own freehold titles, the land contained within the airport designation is held in several underlying freehold titles held in the ownership of AIAL.

Although individual parcels of land have been identified for the purposes of defining the extent of the assets in the accounts of AIAL, these parcels are not in the majority of cases accompanied by separately surveyed freehold titles at present and would therefore be unable to be sold individually unless such arrangements were to be made, or a regime of long term ground leases established.

6.0 Valuation Approach

The improved buildings in the portfolio can be compared individually and collectively to comparable investment properties in similar established business locations in the Auckland market.

As the properties being valued constitute ‘contestable’ assets, we have employed market based valuation approaches by applying the principal of substitution using market derived data.

Market based valuation approaches utilised in this valuation include:

1. Income Capitalisation Approach; and

2. Discounted Cashflow Approach.

6.1 Income Capitalisation Approach;

The income capitalisation approach considers income data relating to the property being valued and estimates value through a capitalisation process. Capitalisation relates income and a defined value type by converting an income amount into a value estimate. The principle of substitution holds that the income stream which produces the highest return commensurate with a given level of risk leads to the most probable value figure.

6.2 Discounted Cashflow Approach

The discounted cashflow approach/analysis is an alternative investment approach and is a financial modelling technique based on explicit assumptions regarding the projected income and expenses from a property. Such assumptions relate to the quantity, quality, variability, timing and duration of inflows and outflows which are then discounted to a present value by applying a required return on capital over a given period of the investment. This approach is based on analysis of historical data and assumptions about future market conditions effecting supply, demand, income and the potential for ongoing risk.

7.0 Market Commentary

7.1 Investment Sales Overview

The general outlook for 2011 is that the commercial property sector will continue in the same vein as it did during 2010. There continues to be a wide gap between properties of varying quality and lease covenant. For example there is competition for sound investment properties with strong tenant covenant, quality improvements and longer weighted average lease terms, whilst less attractive assets tend to suffer in terms of market interest and achieved prices due to issues such as economic and physical obsolescence and poor occupancy arrangements. In general, net effective rents have decreased with increasing incentives being offered.

There is still demand for investment properties priced below $2,000,000 from smaller private investors particularly in the retail sector. Assets over $5,000,000 are less likely to meet market demand unless well located and leased, primarily due to the more limited number of buyers and continuing funding difficulties in the marketplace. On the other hand, larger well leased investment properties over $10 million in value and showing more attractive yields are again being sought after by syndicators in the retail and industrial sectors. The recent easing in fixed mortgage rates will assist investors in this market.

Overall however, sales volumes are currently low and buyer interest, in the main, has been dominated by private local investors. Owner occupiers have been actively purchasing small vacant properties. These buyers typically see a cyclical buying opportunity for long term gains, and relatively low interest rates have encouraged this activity.

Last year's budget removed depreciation claims on buildings with only a partial offset by lowering income tax rates. Expectations for a general economic recovery have remained muted, with poor consumer confidence and rising unemployment persisting. Overall, the market is not expecting a recovery in property values over the short term, however the medium term outlook (say five years) is that a gradual recovery can be expected to occur.

8.0 Individual Asset Summaries

The following table provides a summary analysis of the 'Property, Plant and Equipment' assets being a mixture of land and buildings and ground leases.

Business Unit	Description	Land Value	Value of Improvements	Adopted Market Value
4001	AIR FREIGHT NEW ZEALAND	$1,103,000	$1,277,000	$2,380,000
4002	HANGER #6 HART	$1,145,000	$1,445,000	$2,590,000
4003	AIR NATIONAL HANGAR 5	$1,402,000	$2,023,000	$3,425,000
4005/907*	INTERNATIONAL JET BASE	$23,619,044	-	$19,350,780
4005/6199	INTERNATIONAL JET BASE	$523,000	$47,000	$570,000
4006/908	INTERNATIONAL JET BASE	$830,000	-	$748,000
4006/909	INTERNATIONAL JET BASE	$5,281,000	-	$4,793,000
4006/6081	INTERNATIONAL JET BASE	$589,000	$241,000	$830,000
4007	JETBASE EXTENSION	$7,470,000	-	$7,092,000
4025	AIRWORK HANGAR	$1,141,000	-	$1,138,000
4080/941	BULK FUEL (JUHI & WOSL)	$5,167,000	-	$1,102,000
4080/6209	BULK FUEL (JUHI & WOSL)	$3,248,000	-	$3,740,000
4095	AIR CAGO 1	$2,821,000	$8,729,000	$11,550,000
4105	AIR CARGO 4	$2,491,000	$4,909,000	$7,400,000
4140	CHAIR HOLDINGS LTD	$2,150,000	-	$1,825,000
4180	NZ POST HANGAR	$1,438,000	$392,000	$1,830,000
4220	SKYCARE	$208,000	$1,092,000	$1,300,000
4225	AIR FREIGHT NZ CARGO	$518,000	$152,000	$670,000
4235	HANGAR 2	$1,584,000	$716,000	$2,300,000
4265	MENZIES CARGO (#5) BUILDINGS & LAND	$2,586,000	$2,564,000	$5,150,000
4285/WARE	DHL - WAREHOUSE	$2,811,000	$2,489,000	$5,300,000
4435	AIR CENTRE ONE - FBO	$356,000	-	$346,000

* We note that BU4005/907 is subject to one ground lease over a land that is part classified PPE and part Investment Property by AIAL. The figure shown above is AIALs apportionment of the PPE component of this asset.

Statement of General Valuation Policies

Publication

Neither the whole nor any part of this valuation report or any reference to it may be included in any published document, circular or statement without the written approval of Seagar & Partners Limited as to the form and context in which it may appear.

Statutory Information

Information has generally been obtained from a search of records and examination of documents or by enquiry of Government department or statutory authorities. Where it is stated in the valuation report that information has been supplied to us by another party, this information is believed to be reliable but we can accept no responsibility if this should prove to be not so. Unless otherwise noted, our assumption is that all structures and any fitout has all appropriate consents and certifications.

Confidentiality

Our responsibility in connection with this valuation report is limited to the client to whom it is addressed; we disclaim all responsibility and accept no liability to any other party.

Purpose of Valuation

This valuation report has been prepared for the specific purpose stated. Any party that relies upon it for an alternative purpose without reference to Seagar & Partners Limited does so at its own risk.

Structural/Building Survey

While in the course of inspection, due care is taken to note obvious building defects, no structural survey has been made. As a consequence, this report has been prepared on the assumption that, except where noted in this report, the building has been competently designed and built, is structurally sound and watertight. No undertaking is given about the absence of mould, fungi, mildew, rot, decay, gradual deterioration, micro-organisms, bacteria, protozoa or like forms, termite or pest infestation, deleterious substances such as asbestos or calcium chloride, or other hidden defects which could result in:

- The building ceasing to be watertight
- Gradual decay of the building including its structure.
- We can give no guarantee as to outstanding requisitions in respect of the subject building.

Site Survey

We have made no survey of the property and assume no responsibility in connection with such matters. Unless otherwise stated it is assumed that all improvements lie within the title boundaries, the land is stable, and free of undue flood risk.

Plant & Machinery

The valuation is conditional upon any lifts, hot and cold water systems, drainage systems, electrical systems, air-conditioning or ventilating systems and other installations being in proper working order and functioning for the purpose for which they were designed.

Site or Environmental Contamination

Our valuation and report is conditional upon the land being free of any contamination or industrial waste problems unless otherwise noted.

Compliance with Legislation

The Building Act 2004, The Building Code contained in the First Schedule to the Building Regulations 1992 (or any amendment or substitution of that Code), the Health & Safety in Employment Act 1992, the Evacuation of Buildings Regulations 1992, and the Disabled Persons' Community Welfare Act 1975.

Unless otherwise stated in our report our valuation is on the basis that the property complies with the above legislation or that the legislation has no significant impact on the value of the property. We can give no undertakings and disclaim responsibility for the failure of any building or structure to comply with or to conform with the requirements of the above legislation, or to meet the level of performance, quality, fitness or durability of their intended purpose.