



Valuation Report

Land and Other Land Assets
Auckland International Airport Limited

30 June 2006



CS:11067222
22 November 2006

The Chief Financial Officer
Auckland International Airport Limited
PO Box 73 020
Auckland International Airport

Attention: Mr Robert Sinclair

Dear Sir

Re: Aeronautical Asset Revaluation as at 30 June 2006
Airport Land Assets owned by AIAL at
Auckland International Airport, Mangere, Auckland

1.0 Introduction

We refer to your instructions requesting a valuation of land assets relating to Aeronautical activities situated at Auckland International Airport in Mangere. Our report for this purpose is intended for the use of Auckland International Airport Limited (AIAL) for inclusion in its 30 June 2006 Disclosure Financial Statements.

In preparing this valuation, we have relied upon information provided by AIAL including the identification of assets classified by AIAL as Aeronautical Assets. Seagar & Partners can accept no liability for the accuracy of this information and should any of the information prove to be incorrect for any reason, we reserve the right to reconsider our valuation.

We consent to the general publication and release to AIAL stakeholders of this valuation in the form and context in which it has been undertaken. Any reference to this valuation shall acknowledge that Seagar & Partners:

- Have been engaged as AIAL's independent valuer
- Have completed full written reports
- Accept no liability to any party other than AIAL



2.0 Basis of Valuation

We have proceeded to value the land assets of AIAL described herein, in accordance with The Property Institute of New Zealand's Professional Practice 2004. Further, our valuation is in accordance with Financial Reporting Standard 3 – Accounting for Property, Plant and Equipment (FRS – 3). The basis of this valuation is to assess the **Fair Value** of the land.

“Fair Value” is defined in Paragraph 4.23 of the FRS-3 Standard as follows:

“Fair value is the amount for which an asset would be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction”.

Other terms commonly used to describe fair value include ‘market value’, ‘open market value’, and ‘current market value’.

Under a fair value approach, the asset is to be valued by reference to its ‘highest and best use’, that is the way the asset itself could be used. This is the most probable use of the asset that is physically possible, appropriately justified, legally permissible, financially feasible and which results in the highest value.

The land is to be valued based upon its highest and best use. Optimisation is not applied in determining the value of the land. The value of the land will always reflect the fair value of the actual land held in terms of both its size and location, even if such factors are under-utilised.

Where the fair value of an asset is able to be determined by reference to the price in an active market for the same asset or a similar asset, the fair value of the asset is determined using this information. Where the fair value of an asset is not able to be determined in this manner, the fair value can be determined using other market-based evidence, such as by a discounted cashflow calculation using market estimates of the cashflow able to be generated by the asset discounted at a market based rate of return.

Where fair value of the asset is not able to be reliably determined using market-based evidence, depreciated replacement cost is considered to be the most appropriate basis for determination of fair value. This situation will usually only arise where an asset is specialised. In the case of AIAL land a significant part of the International runway has been reclaimed from the seabed and retained by seawalls. Both these civil works have been considered in the context of their depreciated replacement cost at the date of valuation.

Pursuant to paragraph 7.4 of the FRS-3 Standard, disposal costs are not deducted in determining the value unless there is an intention to dispose of the land.

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

- Inspections of the land were carried out during the months of March and April 2006.
- 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.
- Unless otherwise stated, all figures in this report are plus GST.
- Outside professional opinion has been provided by Opus International Consultants Limited (Opus) in respect of valuations relating to reclamations and sea walls.

3.0 Summary of Assets

3.1 General

The total land holding of Auckland International Airport comprise an area of **1,551.3468 hectares** which includes freehold title to both land and seabed in the ownership of AIAL for the present and future operations of the International Airport and Airport Company. Included within this area is some 3.4837 hectares of land held outside the airport confines.

As a broad overview, the land uses in question can be classified as being either specialised or non-specialised.

The earlier definition relates to land beneath identified airport activities as well as including land held to provide future identified airport activities e.g. second runway land. Non-specialised land is used for activities not classified as identified airport activities. These would include for example, carparks, investment properties and land held for future commercial development.

Aeronautical land assets provide identified aeronautical services in relation to airfield, terminal and aircraft and freight activities as defined in the Airport Authorities Act 1966. Aeronautical related land assets include service facilities such as aircraft refuelling, maintenance sites and buildings, freight equipment storage sites, freight facility sites and buildings, ground support equipment sites.

Some of the land assets included in this valuation provide support to both aeronautical and non aeronautical assets. These aeronautical related assets include the terminal footprints, stormwater ponds and roads.

3.2 AIAL Land Use

We have been provided with a **land use plan** prepared by AIAL dated 17 March 2006 which is shown on the following page. This plan provides indicative land uses for the specialised and non-specialised assets. A number of the areas have smaller sub-areas componentising the primary land uses based on existing or future activities and uses.

We summarise the overall aeronautical related areas as follows:

Table 1 – Summary of Activities and Areas in Land Use Plan

Valuation Area	Description	Classification	Land Areas
Land Use Area 1	International airport runways, taxiways, aprons and approaches, including seabeds and other land used for specialist activities.	Specialised	799.9380 ha
	Reclamation land	Civil work	138.0543 ha
	Seawalls	Civil work	5.3255 ha
Land Use Area 2	Identified Aircraft & Freight uses	Specialised	93.0044 ha
	Reclamation land	Civil work	0.7020 ha
Land Use Area 3	International Terminal and Domestic Terminal Buildings (ITB and DTB) footprints including associated land and roadways/breezeways.	Specialised	12.7562 ha
Land Use Area 6	Land associated with pooled infrastructure excludes stormwater pond in reclamation	Non-specialised	7.4929 ha
	Reclamation land	Civil work	2.7438 ha
Land Use Area 8	Roadways excluding breezeways and roads specifically included with the ITB and DTB	Non-specialised	35.6396 ha
Aeronautical and aeronautical related land			1,095.6566 ha

Included within the Area 1 is that part of the International runway and taxiways which has been formed through reclamation over titled seabed. This part of the reclamation coupled with the sea wall encompassing the reclamation has a total area of some 143.38 hectares .

In **Appendix 1** to this report we have enclosed a schedule of title references making up the total land area contained within the nine land use areas which comprise the total airport land holding. We have proceeded on the basis that all of the above is held in the ownership of AIAL.

In addition, within each area, AIAL has supplied a breakdown of land uses which relate to the various identified land based activities. This breakdown of sub areas has enabled us to identify land uses of varying intensity and value within the Airport.

These land use areas together with the physical area attributed to each are summarised in **Appendix 2** to this report.

The land contained in Area 1, the airfield area including the existing and proposed second runway, runway approaches, reclamation and seawalls, totals 946.06 hectares or some 61% of the total AIAL land holding excluding land owned outside the Airport Designation.

Of this land in Area 1, some 318 hectares is made up of the existing international runway, taxiways and aprons together with surrounding roading, reclamation and seawalls. A further 397 hectares is comprised within land ancillary to the airfield including the eastern approach land, Wiroa Island and surrounding titled seabed including seabeds extending up the Pukaki Creek. We have also included in this amount the second runway land. The seabeds by themselves amount to a substantial 229 hectares.

Area 2 is used for identified aircraft and freight activities.

Area 3 comprises the aeronautical related activities within the terminal footprints. Aeronautical (identified passenger terminal activities) and non aeronautical activities (retail and commercial activities) are also conducted on this land.

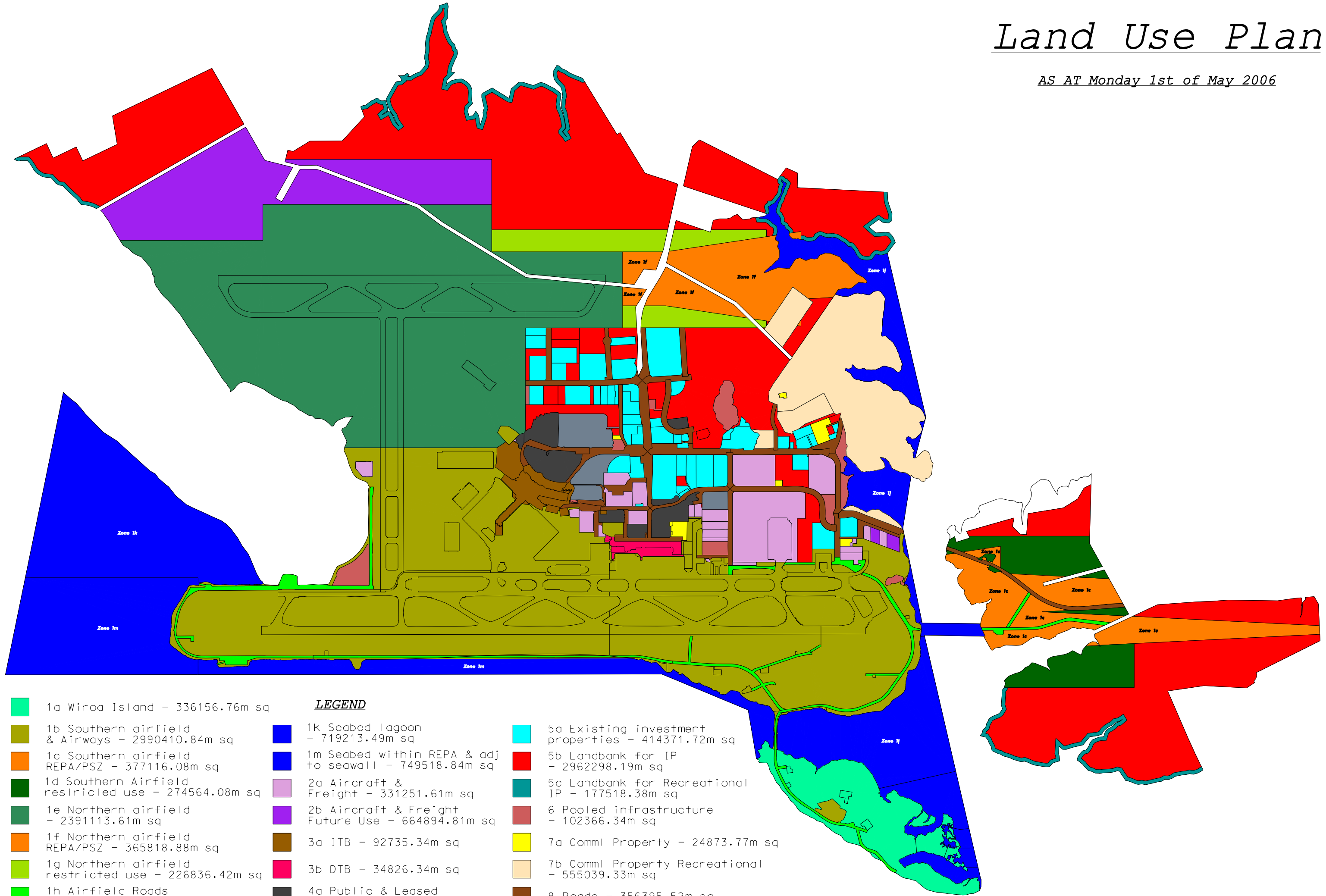
Area 6 includes pooled infrastructure assets and Area 8, roads.

Land comprised within land use areas 4, 5, 7 and of part of area 2 is classified as non aeronautical and has been excluded from this report.

A copy of the land use plan is shown on the following page.

Land Use Plan

AS AT Monday 1st of May 2006



- 1a Wiroa Island - 336156.76m sq
- 1b Southern airfield & Airways - 2990410.84m sq
- 1c Southern airfield REPA/PSZ - 377116.08m sq
- 1d Southern Airfield restricted use - 274564.08m sq
- 1e Northern airfield - 2391113.61m sq
- 1f Northern airfield REPA/PSZ - 365818.88m sq
- 1g Northern airfield restricted use - 226836.42m sq
- 1h Airfield Roads - 183738.92m sq
- 1j Other Seabed - 818690.48m sq

LEGEND

- 1k Seabed lagoon - 719213.49m sq
- 1m Seabed within REPA & adj to seawall - 749518.84m sq
- 2a Aircraft & Freight - 331251.61m sq
- 2b Aircraft & Freight Future Use - 664894.81m sq
- 3a ITB - 92735.34m sq
- 3b DTB - 34826.34m sq
- 4a Public & Leased Carparks - 131529.33m sq
- 4b Staff Carparks - 108257.58m sq

- 5a Existing investment properties - 414371.72m sq
- 5b Landbank for IP - 2962298.19m sq
- 5c Landbank for Recreational IP - 177518.38m sq
- 6 Pooled infrastructure - 102366.34m sq
- 7a Comm Property - 24873.77m sq
- 7b Comm Property Recreational - 555039.33m sq
- 8 Roads - 356395.52m sq
- 0 Maori Land - 89094.81m sq

4.0 Overview of Valuation Principles and Methodology

The value ascribed to the land within these areas of differing land uses equates to Fair Value and is based upon the “highest and best use” concept reflecting the utility and permanence of the land in the context of a hypothetical market.

AIAL’s use of the overall land and specifically the land used for aeronautical purposes is considered the highest and best use of the land where the market value in existing use (MVEU) equates to **Fair Value**.

This conclusion has been confirmed by the Wellington Airport Arbitration in the Final Award of the Arbitrator, Sir Ian Barker in 2004. This Award is the most recent, New Zealand consideration of the principles and methodologies for setting airport land values. This award determined that the Airport Company was to act commercially, that their valuation should produce the true market value of the land, i.e. what a willing buyer would pay a willing seller, and that the Airport was to be valued ‘as it is’, that is, an airport which has all the necessary consents.

To arrive at the fair value of the Airport land, we have applied more than one approach to the valuation.

4.1 Airfield Land

For the specialised non-reclaimed airfield and runway land, we have used the ‘building block’ approach which adds quantifiable holding costs to the market value of the land in its next best alternative use (MVAU). The initial capital MVAU assessment can be derived from the sales comparison method (the ‘Direct Sales Comparison Approach’) and, as a check by a notional subdivision approach (the ‘Notional Subdivision Approach’) using a discounted cashflow (DCF) valuation analysis. This latter approach is based upon a hypothetical highest and best use development for subdivision of the land.

In terms of the calculating quantifiable holding costs which are to be added to the alternative use value for parts of Area 1, we have adopted a time value of money calculation applying an opportunity cost of the capital invested during the planning process which would be required to obtain the necessary consents for an operating airfield. In addition we have estimated the costs associated with the planning process itself and have made an allowance for costs associated with the land rates payable to the territorial local authority (Manukau City Council) during the holding period. This approach enables the valuer to assess the market value of the land, in its operational aeronautical use.

4.2 Land in Reclamation and Seawalls

Where the land has been reclaimed to create runways, aprons and taxiways, this reclamation has been removed from the market related airfield land value and the land within the reclamation area valued as a “civil work” on a Depreciated Replacement Cost basis (DRC). This is referred to as the ‘Replacement Cost Approach’. The rationale for this approach is set out in Section 10.2 of this report.

4.3 Other Land

For other airport land including aeronautical and aeronautical related land, a Direct Sales Comparison method using a zonal approach has been adopted which reflects as closely as is possible the relative utility value of the land in its actual use based upon direct comparison with market land transactions.

5.0 Resource Management

The next highest and best alternative use for the land follows an assumption that the present Airport Designation would be uplifted. The Airport Designation affects the majority of the airport land apart from a small area of the eastern approaches which falls under the Mangere Puhinui Rural Zone.

In the event of an uplifting of the Airport Designation, the alternative highest and best use of the land would be for immediate urban purposes, a view which is supported by Resource Management planning advice received by AIAL. This assumption also reflects the inherent locational attributes of the land as well as the nature of the surrounding development.

The likely zoning would be for a range of urban land uses, being a mixture of commercial and industrial zoning, together with residential activities similar to those outlined under Manukau City’s Operative District Plan.

In the meantime the Airport Designation permits, as of right, a multiplicity of uses including uses that are not permitted as of right on land adjacent to the Airport, for example retail shopping. The Designation also allows the existing Airport runway to operate without a curfew and there are large tracts of land to the north of the existing airport which are available for future development including the second runway for which a consent has been obtained.

6.0 Land Use Area Classification

We have been supplied with a Land Use Area plan dividing the Airport's land assets into eight functional land use areas plus a ninth land use area identifying land to be vested with local Maori.

Within each primary land use area are a number of identified sub-areas which have been based on the various activities carried out within the primary area. The identification of these sub areas is of particular relevance to the allocation of land values appropriate to the nature and intensity of uses on that land, that is, a Zonal approach.

The spreadsheet in **Appendix 2** details each sub land use area within the larger land use plan which relates directly to this valuation.

By way of background, AIAL's total land holding excluding properties off airport is 1,547.8631 hectares compared with the title references which excluding offsite premises, equates to 1,546.7337 hectares. This means a discrepancy between actual and title areas of 1.1294 hectares. We understand that this primarily relates to resurveying by AIAL engineers and that a resurveying exercise by LINZ would now increase the land area to that endorsed by AIAL and adopted in this exercise.

Please be aware that we have not carried out title searches of each parcel and have proceeded on the basis that the above land is either held in ownership by AIAL or held on behalf and for the benefit of AIAL, for its current and future airport operations.

We now outline a brief description of each individual aeronautical and aeronautical related area.

6.1 Area 1 (943.32 Hectares)

Described as Aeronautical and Specialised Land assets relating to International Airport Runways, Taxiways, Aprons and Approaches including seabeds and other land used for specialised activities.

The sub areas include not only the main operational runways being identified as Southern Airfield and Airways but also include Wiroa Island, future land to the north to be used for the second runway, restricted land to the north and east as well as seabed lagoons and seawalls.

This parcel is the largest of all these areas representing 943 hectares or approximately 61% of the total onsite land holdings. Some 138 hectares of this area is contained in land reclaimed for airfield use which has assisted to achieve an optimal land configuration for the international runways. Alongside the reclamation on its seaward side is a continuous rock seawall which protects and supports the reclamation and occupies a further 5.3 hectares approximately.

6.2 Area 2 (93.71 Hectares)

The land included within this report, is restricted to aeronautical identified aircraft and freight uses and is broken down into two sub areas being existing aircraft and freight land together with aircraft and freight future use. Approximately 7,000m² of land is located within the reclamation.

The land is located generally to the north of the southern runway, with several sites having 'air-side' or aeronautical influence.

6.3 Area 3 (12.76 Hectares)

This is specialised aeronautical related land comprising the international terminal building and domestic terminal building (ITB and DTB) footprints as well as associated land and roadways/breezeways.

6.4 Area 6 (10.23 Hectares)

This is defined as pooled infrastructure with a number of sites being used as either stormwater ponds or associated with maintenance works buildings. The value differential between these sites can vary greatly due to location and utility.

6.5 Area 8 (35.64 Hectares)

This is the main roadway providing access in and around the Airport primarily to either the specialised and non specialised assets but excludes the relevant breezeways and associated roadways relating to the ITB and DTB.

7.0 Valuation Approach to Airfield Land and other AIAL Land as at June 2006

Of the areas comprised within the Airport's land use plan, the largest parcels of land are those allocated in Area 1 to aeronautical activities including the existing airfield and future second runway land. The land in the remainder of the land use areas is occupied by a multiplicity of activities of varying intensity and land size including aeronautical related and non-aeronautical land uses.

Of these land uses the airfield land in Area 1 is the most specialised from a valuation standpoint in that there is little or no market related evidence for the sale of airport land. We are satisfied that the use of this land for airport purposes at Mangere is the highest and best use of that land in the market as at June 2006. That next best alternative use would have been as block land for urban development purposes with the likelihood of a larger residential precinct supported by commercial and business activities.

We have differentiated our valuation approach to the Airfield land between the land which was originally acquired and developed for this purpose and the land which has been created through reclamations extending into the seabed of the Manukau Harbour.

Accordingly, the basis upon which we have assessed the value of the airfield land in Area 1 at the date of valuation is an assessment of the cost which AIAL would have incurred had it acquired an equivalent parcel of land with similar locational attributes and amenities on the open market in order to develop an equivalent international airport. The value of this land has been assessed based upon a consideration of the following:

- The amount which AIAL would need to pay in the open market to match the price which an independent purchaser could afford to pay to acquire an equivalent parcel of land in order to undertake a hypothetical highest and best use alternative development.
- The approaches we have undertaken to meet this market test have been that of direct sales comparison of block land acquired in and around the Auckland market. In order to check the outcome of this valuation, we have also examined a value for the land based on a hypothetical highest and best alternative development under a discounted cashflow land subdivision approach.
- Having arrived at this market related value and in order to achieve the same utility as the airport land now enjoys, a lengthy planning and development process would need to be undertaken following acquisition to arrive at the current service potential of the land in airfield use.
- For the purpose of this valuation assignment it is appropriate that the cost which is incurred up to the point where airport construction could commence should be recoverable in the market value of the land for airport use. Primarily these costs would involve the costs of holding the land over a period of time appropriate to applying for and achieving land use consents for airport use.

- A similar approach has been undertaken to the value of the land allocated for the future second runway which has now received Resource Consent approval for this purpose.
- For that part of the Airfield land in Area 1 which is occupied by the reclamation and seawalls, a depreciated replacement cost approach has been applied to reflect the value of this land in its existing airfield use. As this replacement value is based upon a fully consented work there is no necessity to allow in addition for holding costs.
- For the more intensively occupied land use areas at the airport our reference point for valuation purposes has been sales evidence of comparable land uses located outside the airport.
- The valuation approaches which have been applied to the aeronautical and aeronautical related land uses at the Airport have been summarised in the following table.

Table 2 – Valuation Approaches Applied in Land Use Areas

Valuation Area	Description	Valuation approach
Land Use Area 1	International airport runways, taxiways, aprons and approaches, including seabeds and other land used for specialist activities.	Direct Sales Comparison Approach. Notional Subdivision Approach used as a cross check for Sub Area 1b to determine MVAU plus holding and levelling costs.
	Reclamation land Seawalls	Replacement Cost Approach Replacement Cost Approach
Land Use Area 2	Identified Aircraft & Freight uses	Direct Sales Comparison Approach
	Reclamation land	Replacement Cost Approach
Land Use Area 3	International Terminal and Domestic Terminal Buildings (ITB and DTB) footprints including associated land and roadways/breezeways.	Direct Sales Comparison Approach
Land Use Area 6	Land associated with pooled infrastructure excludes stormwater pond in reclamation Reclamation land	Direct Sales Comparison Approach Replacement Cost Approach
Land Use Area 8	Roadways excluding breezeways and roads specifically included with the ITB and DTB	Direct Sales Comparison Approach
Aeronautical and aeronautical related land		

8.0 Market Commentary

Over the past three years, there has been a growing demand for the purchase of large tracts of residential and commercial land within the Auckland urban environs.

This demand can be attributed to a number of factors surrounding the growth of the land based economy during this period which has been assisted by high levels of immigration, building activity and historically low interest rates. These trends have encouraged investment in property markets including the purchase of commercial land by developers and owner occupiers.

With the predicted continuing growth of Auckland and plans to effectively 'ring fence' the "Metropolitan Urban Limits" (MUL) of Auckland, there has been an increasing focus by local and offshore land development companies in securing strategic parcels of development land to hold and develop over the next 5 -15 years.

Very strong demand has generated higher prices in recent years for both serviced and unserviced commercial / industrial land with an emerging shortage of zoned residential land within the "MUL". As a consequence of these trends, the highest growth in values has been evident in the sale of unserviced block land, where the opportunities for development profit are greater and the buying opportunities are becoming more limited.

This is evident within the immediate Mangere area to the east of the Airport along Puhinui Road where a number of sites have more recently sold to sectors of investors, not withstanding uncertainty as to future permitted uses other than rural uses which are permitted under the existing zoning. Furthermore, there have been a number of sites to the northwest of the Airport along Ihumatao Road and Oruarangi Road which sold last year based upon the potential to be rezoned for industrial purposes in the future, although the timing of any rezoning is uncertain.

9.0 Market Evidence and Analysis

Due to the range of existing activities within the airport zones, we have considered a wide range of land sales evidence which is detailed below.

9.1 Business Block Land Sales Evidence

Our valuation has regard to market evidence sourced from recorded transactions of both confirmed and reported sales which include sales of larger block land holdings throughout the general Auckland region including the surrounding Mangere locality.

The sales which are viewed as being particularly applicable in this circumstance include those with a Business zoning. Where these sales apply to larger development blocks we have expressed our analysis on a per hectare rate basis as is shown in Tables 3 – 5 and 8 in the Table of Sales which follow.

Where the sales involve smaller serviced sites as in Tables 6 and 7, we have expressed these sales on a rate per square metre of land value.

In the case of block land sales evidence, we have made adjustments for such factors as size, shape, contour and likely development cost relative to land at the Airport.

The transactions as summarised below have been ranked on a land area basis and in descending order from smallest to largest. Due to the large number of transactions, we have separated them into two sub categories, i.e. 1.0 hectare to 5.0 hectares, then all parcels greater than 5.0 hectares subsequently. This latter category ranges from 6.29 hectares to 107.65 hectares.

As a general comment the smaller block sizes represent serviced larger industrial sites in a 'brownfields' condition, that is having roading, services and in most cases levelled and ready to be built on. The larger blocks in excess of 5 hectares are more often than not in a 'greenfields' state, that is, requiring bulk services, internal roading and services, in order to be developed to their fullest potential. These latter sales are of greatest relevance to the value of the future development land at the Airport and as a value for the existing airfield land in its next highest and best use prior to applying consent and holding costs, as well as any civil works in levelling that land to achieve its current airfield state.

Based on the respective sub categories, relevant sales that have occurred in the 1.0 hectare to 5.0 hectare band include:

Table 3 - Larger Serviced Land Sales (Business Zoned)

Address	Land Area	Zoning	Date	Sale Price	Analysed Rate
Land Sales Mid 2004 Onwards - Auckland Industrial Region 1.00 ha - 5.00 ha					
24 Langley Road, Wiri	1.01 ha	Business 6	May-05	\$2,266,000	\$2,250,025/ha
Lots 11 and 12 Pavilion Drive	1.27 ha	Business 5	Aug-05	\$2,702,331	\$2,130,000/ha
Lot 38 Pavilion Drive, Airport Oaks	1.42 ha	Business 5	Mar-06	\$3,538,000	\$2,500,000/ha
43 Montgomerie Road, Airport Oaks	1.46 ha	Business 5	May-05	\$3,933,360	\$2,700,000/ha
Lts 3 & 4 Levene Place, Mt Wellington	1.47 ha	Business 4 (ACC)	May-05	\$5,682,860	\$3,865,891/ha
Lts 27 & 36 Pavilion Drive, Airport Oaks	1.68 ha	Business 5	Dec-05	\$4,032,000	\$2,399,429/ha
Lt 37 Pavilion Drive, Airport Oaks	1.68 ha	Business 5	Sep-05	\$3,530,310	\$2,099,625/ha
40 Smales Road, East Tamaki	1.81 ha	Business 5	Apr-04	\$4,074,525	\$2,251,119/ha
Lot 48 Pavilion Drive, Airport Oaks	3.22 ha	Business 5	Jul-05	\$5,850,000	\$1,816,319/ha
81 Westney Road, Mangere	3.34 ha	Business 5	Aug-04	\$3,751,988	\$1,125,000/ha
79 Westney Road, Mangere	3.44 ha	Business 5	Jul-04	\$4,128,000	\$1,200,070/ha
1-21 Morrin Road, Mt Wellington	3.81 ha	Business 5 (ACC)	May-05	\$9,700,000	\$2,545,397/ha
50 - 60 Harris Road, East Tamaki	3.93 ha	Business 6	Jun-05	\$13,500,000	\$3,435,115/ha
120 Plunket Avenue, Wiri	4.50 ha	Business 6	Jul-05	\$9,000,000	\$2,000,000/ha
110 Westney Road	5.00 ha	Business 5	Mar-05	\$6,104,000	\$1,219,946/ha

Pertinent comments on these sales are as follows:

Lot 48 Pavilion Drive, Airport Oaks: In July 2005, Manukau City purchased this lot at the south-western part of Airpark Stage 2 for \$5,850,000. This is an irregular shaped lot of 3.22 hectares and has services to the road front. The sale analyses to **\$1,816,000/ha** and at the date of sale represents a new benchmark for larger transactions of Business 5 zoned land in Mangere.

1 – 21 Morrin Road, Mt Wellington: This is a freehold land sale within Auckland City of an irregular shape 4 hectare Business 5 zoned land which abuts the North Island main trunk railway line. The parcel sold for potential change to a bulk retail/home improvements centre but with a certain amount of risk associated with this assumption. The purchaser has advised that the sale analysed to **\$2,251,000/ha** and that a number of Council Designations limit further development potential.

120 Plunket Avenue, Wiri: In July 2005, this site on the eastern side of Plunket Avenue a short distance north of Wiri Station Road sold for **\$9,000,000**. It has a relatively narrow access which after being provided for, indicates a net usable area in the vicinity of 4.50 hectares. When reported, this sale was under contract but subject to the completion of the subdivision and Board approval from the vendors. The analysis as indicated above is on the net usable area which equates to **\$2,000,000/ha**.

79 Westney Road, Mangere: This is an elongated block with a gentle fall to a wet area at half depth. One of the key value drivers of the property is that although it only has vehicle access from Westney Road, it does have excellent exposure to George Bolt Memorial Drive (through to the Airport). Westney Road itself is a mixed locality with older housing at the northern end, but with quite a significant amount of industrial development and subdivision being undertaken in the southern part.

We understand that in the future, Westney Road will extend through to an intersection with George Bolt Memorial Drive. The analysed rate (**\$1,200,000/ha**) is exclusive of GST however we understand that the vendor was not GST registered, so received the full sale price which is **\$1,350,000/ha**.

81 Westney Road, Mangere: Represents the adjoining block to that described above. We have been advised that the property sold twice between July and August last year, with only the latter sale price shown in the table. The earlier sale price analyses to **\$1,000,000/ha** with the initial purchaser (Andrew Burnett) on selling to James Kirkpatrick in August of last year at a price reflecting **\$1,125,000/ha**.

110 Westney Road, Mangere: We are advised that this parcel sold to James Kirkpatrick in March of this year for \$6,104,000 or **\$1,220,000/ha**. The land is some 5.0 hectares and is zoned Business 5. It is located on the eastern side of Westney Road close to the proposed intersection with George Bolt Drive with the purchaser viewing the land as a development opportunity.

As can be seen from above, the last 18 months have produced a substantial number of transactions between 1.00 to 5.00 hectares within the southern confines of the Auckland region. What is evident is that there has been a substantial increase in value with an indicated overall band of between **\$113/m² - \$385/m² (\$1,130,000 - \$3,850,000/ha)**. Those sales at the upper end of the band tend to incorporate some element of service commercial showroom potential, whilst the traditional or standard industrial sites generally lie between **\$180/m² - \$250/m² (\$1,800,000 - \$2,500,000/ha)**.

Those sales along Westney Road represent parcels which are Business 5 zoned but slightly isolated from the main industrial precincts although they are ready for redevelopment. These range from between **\$113/m² - \$122/m² (\$1,130,000 - \$1,220,000/ha)** and to our mind would require upward adjustment in today's market.

Having examined and analysed these transactions, we now discuss the relevant larger parcels.

Table 4 - Development Block Land Sales Evidence

Address	Land Area	Zoning	Date	Sale Price	Analysed Rate
Land Sales Mid 2003 Onwards - Auckland Region > 5.00 ha					
Railway Lane, Otahuhu	6.29 ha	Business 6	May-03	\$8,322,000	\$1,322,569/ha
Great South Road, Manukau	10.10 ha	Business 6	Jun-05	\$13,000,000	\$1,287,129/ha
McLaughlins Road, Wiri	17.00 ha	Quarry	Oct-05	\$11,500,000	\$676,471/ha
Savill Drive, Otahuhu	26.50 ha	Business 6	May-04	\$34,400,000	\$1,298,113/ha
George Bolt Memorial Drive (Airpark Stage 1)	34.88 ha	Business 5	Jun-02	\$12,500,000	\$358,344/ha
Albany Centre, North Shore	43.74 ha	Business 6, 7C & 11A-D (NSC)	Dec-04	\$220,000,000	\$5,029,986/ha
Montgomerie Road (Airpark Stage 2)	49.00 ha	Business 5	May-03	\$16,500,000	\$336,735/ha
	49.00 ha	Business 5	Dec-04	\$30,000,000	\$612,245/ha
Highbrook Peninsula	107.65 ha	Business 5 (Policy Area)	May-04	\$96,000,000	\$891,779/ha

Relevant comments on each transaction are provided as follows

Railway Lane, Otahuhu: Railway Lane represents the sale of 6.29 hectare block for **\$1,330,000/ha**. This sale does appear full in relation to its surroundings. Part of the site is reclaimed land and we understand that there are some geotechnical issues with the parcel. We also understand there is a problem with legal access to the property over the main trunk railway line. The site does however enjoy access to the main trunk railway line and is zoned for heavy and noxious industrial uses which are not permitted in the Business 5 zone.

Great South Road, Manukau: This is a 10.10 hectare block with direct frontage to Great South Road and abutting the under construction Telstra Clear Pacific Event Centre. We are advised that it was sold by tender to The Warehouse with the vendor being Manukau City Council. The sale analyses to **\$1,287,000/ha** and would require upwards type adjustment when compared with today. This property has superior road front position when compared with AIAL's land.

McLaughlins Road, Wiri: This is one of the more recent sales on record. This is a former quarry which sold with vacant possession ready for redevelopment with the former quarry occupier responsible for remedying the site for redevelopment. The land sold for \$11,500,000 which on the total land area of 29.46 hectares analyses to **\$390,000/ha** or for the net realisable land - **\$676,000/ha**. The land is of an irregular shape and there are a number of natural features including water courses which limit potential redevelopment. The land is zoned Quarry and we are advised that it is due for rezoning in the short term as Business 6. This is formerly a scoria quarry and has a contour described as level to rolling.

Savill Drive, Otahuhu: The Savill Drive sale is in the same location as the Railway Lane site and was purchased by Macquarie Goodman as a future industrial park. This sale analyses to **\$1,298,000/ha** with the land zoned for heavy and noxious industrial uses. The land was originally part of the Otahuhu Railway Workshop and in more recent years has been utilised as a container park/yard. Due to its previous uses, a substantial amount of infrastructure and improvements remain. We also understand that infrastructure works costing some \$2,000,000 have been undertaken on the land prior to sale which will reduce future development costs.

Another advantage to this block is that there are a number of rail sidings in place together with holding income being generated from a number of short term leases in place from the yard areas as well as existing buildings. We are advised that from these occupancy arrangements – approximately \$740,000 pa gross is being generated. The purchaser is the Macquarie Industrial Trust from Australia.

George Bolt Memorial Drive (Airpark Stage 1): This 34.88 hectare site sold as a combined parcel for \$12,500,000 in mid 2002 and equates to **\$358,000/ha** of gross land area. This corner block has frontage to both George Bolt Memorial Drive and Montgomerie Road although vehicle access is from Montgomerie Road only. The sale is now dated and if offered on today's market could be expected to attract a considerably higher price.

Montgomerie Road (Airpark Stage 2): The 51.96 hectare block which is identified as Montgomerie Road is described as Trans Tasman Airpark Stage 2. We have been provided with information stating that the net area for the overall parcel is some 49 hectares due to land lost to the Oruarangi Creek which traverses the land on two sides. We understand that the initial purchase price in its 'greenfields state' was originally negotiated in 2003 with the effective settlement date being May 2004. The sale price as indicated in the table above is on the gross area which alternatively equates to **\$337,000/ha** (approximately) on the net useable area.

In December 2004, the land resold to Dines Group for \$30,000,000. This analyses to **\$612,000/ha** and reflects both the increase in market conditions since 2003 as well as the fact that subdivision work including consents and scheme plans had been put in place by the vendor. We understand that the vendor had paid for just under one third of development costs prior to selling. Our enquiries also suggest that the price paid may have included some concessions made on price by the vendor in favour of the purchaser for unrelated work on other land.

Based upon the approved concept plan of subdivision, there are 49 allotments which total some 38.4352 hectares excluding esplanade reserves, drainage reserves and internal roading. In relation to the gross title area of 51.96 hectares, the land efficiency ratio equates to 74%.

As can be seen later in this report, prices for services lots within this subdivision have ranged between **\$170/m²- \$235/m²** over the past 9 months with the most recent transactions in the upper end of this range.

Highbrook, East Tamaki: The sale of the land known as Highbrook (East Tamaki) represents one of the largest (and last) parcels of undeveloped business zoned land in the Auckland Isthmus. The advised effective price is \$96,000,000 for a net useable land area of 107.56 hectares excluding land lost to esplanade reserves along the Tamaki River and Pukekiwiriki Crater and internal roading. The land was sold in a greenfield's state but with zoning in place to permit business activities, specifically a technology park.

The consideration, according to sources, is to be paid by equal instalments over three years which, based on our analysis would equate to a net present value of **\$892,000/ha** applying a discount rate of 9% per annum. This block creates its own economies of scale due to size and is expected to be developed over the next 9 years. In relation to the gross and net useable land areas, we have calculated an efficiency ratio of 70% for this development land in its greenfields state.

Points of note with regard to this sale include: a motorway interchange and access road being provided at no cost to the purchaser/developer; and no financial contributions payable on subdivision and development for 10 years. These are valuable enhancements to the land which would have been reflected in the price paid. The purchaser is Macquarie Industrial Trust from Australia.

Finally, the sale of **Albany Centre** effectively represents vacant development land of 44 hectares zoned for medium density office uses and high density retail, residential and office tower. The transaction was reported at a purchase price of a reported \$250,000,000 before an allowance for a tax liability amount of \$30,000,000. After excluding this amount, the effective land value rate is **\$503/m² (\$5,030,000/ha)**.

We have been supplied with an analysis of this transaction apportioning value to the various components and we note that the analysis for the high density commercial, residential and retail land (30.6310 hectares approximately) analyses to **\$663/m² (\$6,630,000/ha)** with the balance lower density commercial and possible industrial sites at **\$342/m² (\$3,420,000/ha)** based on a gross realisation of the site.

We are advised the sale was on the basis of separate title for each super plot of approximately 4 hectares, but also reflected uncertainty relating to Town Planning Controls. Subsequent sale, Plan Change 67 was adopted in the fourth quarter of 2005 and the development controls provide for a main street retail area of approximately 1 kilometre to a main strip running from the new bus rapid transit station.

9.2 Commentary on Block Land Sales Evidence

The foregoing block land sales evidence provides a good basis upon which to value the airport land in its highest and best use.

In the current market, this highest and best use would be for a range of urban land uses including business zoned land, commercial outlets and residential development for which we would envisage strong demand from development interests in the New Zealand market. The foregoing market evidence strongly indicates that the likely market range for such land should lie broadly between rates of **\$500,000 - \$1,000,000/ha** assuming the land to be zoned for urban use and in a 'greenfields' state.

A similar comparison can be made for the value of that part of the airfield land in Land Use Area 1 which is not included in the reclamation area provided that in deriving a market value for the existing airfield use appropriate adjustments are then made for appropriate consent and holding costs plus any civil works to that land in the form of levelling costs.

9.3 Standard Serviced and Subdivided Business Site Sales

For comparison purposes, we have also analysed a variety of recent sales including smaller subdivided and serviced sites (1.00 hectares or below) which have been sold for immediate development within the Airport Oaks Industrial Subdivision as well as Wiri, Manukau City and East Tamaki. These sales illustrate the strong demand for industrial land from developers and owner occupiers which is currently reducing the risks traditionally associated with block land with subdivisible potential. We refer you to the following tables:

Table 6 - Airpark 2/Pavilion Drive, Airport Oaks

Address	Land Area	Zoning	Sale Date	Sale Price	Analysed Rate
Lot 15 Pavilion Drive, Airport Oaks	6,051 m ²	Business 5	Jan 2006	\$1,615,617	\$267 m²
Lot 19 Pavilion Drive, Airport Oaks	3,057 m ²	Business 5	Dec 2005	\$911,368	\$298 m²
Lot 42 Pavilion Drive, Airport Oaks	4,582 m ²	Business 5	Dec 2005	\$939,310	\$205 m²
Lot 43 Pavilion Drive, Airport Oaks	9,797 m ²	Business 5	Dec 2005	\$1,838,700	\$188 m²
Lot 17 Pavilion Drive, Airport Oaks	3,211 m ²	Business 5	Nov 2005	\$763,000	\$238 m²
Lot 19 Pavilion Drive, Airport Oaks	3,057 m ²	Business 5	Nov 2005	\$641,970	\$210 m²
Lot 40 Pavilion Drive, Airport Oaks	3,456 m ²	Business 5	Oct 2005	\$752,000	\$218 m²
Lot 47 Pavilion Drive, Airport Oaks	9,927 m ²	Business 5	Oct 2005	\$2,382,480	\$240 m²
Lot 24 Pavilion Drive, Airport Oaks	8,926 m ²	Business 5	Aug 2005	\$1,874,460	\$210 m²
Lot 21 Pavilion Drive, Airport Oaks	3,954 m ²	Business 5	Apr 2005	\$850,110	\$215 m²
Lot 26 Pavilion Drive, Airport Oaks	8,402 m ²	Business 5	Apr 2005	\$1,764,420	\$210 m²
Lot 16 Pavilion Drive, Airport Oaks	6,543 m ²	Business 5	Mar 2005	\$1,369,800	\$209 m²
Lot 20 Pavilion Drive, Airport Oaks	4,246 m ²	Business 5	Mar 2005	\$912,890	\$215 m²
Lot 40 Pavilion Drive, Airport Oaks	3,456 m ²	Business 5	Jan 2005	\$930,000	\$269 m²

Table 7 - Wiri/Manukau City and East Tamaki

Address	Land Area	Zoning	Sale Date	Sale Price	Analysed Rate
Wiri/Manukau City					
180 Plunket Avenue	1,797 m ²	Business 6	Mar 2005	\$925,000	\$515 m²
39 McLaughlins Rd	7,008 m ²	Business 6	Oct 2005	\$1,660,896	\$237 m²
Roscommon Rd	7,786 m ²	Business 6	Feb 2006	\$2,065,000	\$265 m²
East Tamaki					
2 Bishop Lenihan Place	4,731 m ²	Business 5	Jun 2005	\$2,395,000	\$506 m²
Lot 1 Crooks Road	5,770 m ²	Business 6	Aug 2005	\$1,933,000	\$335 m²
Lots 3 and 7 Crooks Road	4,870 m ²	Business 6	Aug 2005	\$1,460,000	\$300 m²
Lots 4 and 8 Crooks Road	4,870 m ²	Business 6	Aug 2005	\$1,461,000	\$300 m²
Lots 5 and 9 Crooks Road	4,870 m ²	Business 6	Aug 2005	\$1,461,000	\$300 m²
3 Stonedon Drive	3,370 m ²	Business 6	Oct 2005	\$1,027,850	\$305 m²

As can be seen, industrial and business zoned sites range anywhere from **\$198/m² - \$515/m²**. The bulk of light transactions in the immediate Airport Oaks/Mangere position tend to lie between approximately **\$200/m² - \$250/m²** but with this band in our opinion requiring upward adjustment for time due to the paucity of recent transactions.

This adjustment is confirmed by the more recent evidence in Wiri/Manukau City and East Tamaki.

9.4 Residential/Rural Block Land Sales Evidence

For further comparison purposes, we have also examined a selection of residential and rural block land transactions in the general South Auckland locality. The following sales present a wide array of land either ready for immediate redevelopment or retained within the Mangere/Puhinui rural zone.

Table 8 - Residential/Rural Block Land Sales Evidence

Address	Land Area	Zoning	Date	Sale Price	Analysed Rate
440 Puhinui Road, Mangere	1.21 ha	Mangere Puhinui Rural	Aug-05	\$802,200	\$661,881/ha
600 Lot 1 Oruarangi Road, Mangere	3.50 ha	Mangere Puhinui Rural	Aug-05	\$1,788,000	\$510,857/ha
576 Lot 3 Oruarangi Road, Mangere	3.50 ha	Mangere Puhinui Rural	Jul-05	\$1,630,000	\$465,714/ha
275 Ormiston Road, East Tamaki	5.80 ha	Central Precinct (Resid)	Apr-04	\$9,333,000	\$1,609,971/ha
619 Oruarangi Road, Mangere	8.90 ha	Mangere Puhinui Rural	Jul-04	\$780,000	\$87,610/ha
Cnr Murphys & Jeffs Road, Flat Bush	9.33 ha	Various (Resid)	Feb-05	\$13,057,700	\$1,399,494/ha
485 Puhinui Road, Papatoetoe	10.47 ha	Mangere Puhinui Rural	Jul-03	\$870,000	\$83,125/ha
55 Takanini School Road, Drury	17.14 ha	Takanini Drury Rural	May-05	\$14,400,000	\$840,022/ha
100 Puhinui Road	25.89 ha	Mangere Puhinui Rural	Nov-05	\$12,940,000	\$499,884/ha
420 Puhinui Road, Papatoetoe	26.62 ha	Mangere Puhinui Rural	Jun-03	\$2,000,000	\$75,138/ha
352 Puhinui Road, Papatoetoe	28.26 ha	Mangere Puhinui Rural	Dec-03	\$7,162,400	\$253,431/ha
87 Price Road, Mangere	57.62 ha	Mangere Puhinui Rural	Nov-03	\$4,725,000	\$82,007/ha

The first three are of particular relevance to this exercise and represent parcels which have sold to a purchaser for potential redevelopment.

440 Puhinui Road at the corner of Price Road represents a 1.21 hectare corner with a relatively long frontage to Puhinui Road. Existing improvements comprise a 1950's dwelling. The land is under the flight path to the airport. The property we are advised was bought by a speculator investor with other properties in the area and if no value is ascribed to the improvements, then the sale analyses to **\$661,000/ha**.

The next two sales are **576 – 600 Oruarangi Road, Mangere**. These are located to the immediate north of the future development land of the airport close to its intersection with Ihumatao Road. The transactions occurred mid 2005 with analysed rates of **\$466,000/ha - \$511,000/ha** including any intrinsic value to the existing improvements. The rear part of Lot 3 appears to have a watercourse running through it. Both lots we understand were purchased by a developer for the purpose of future urban development.

Of the remaining transactions, the most recent according to our records is **100 Puhinui Road, Mangere** which sold in November 2005 for \$12,940,000. This is a rear site of almost 26 hectares which sold to a developer on the basis of future redevelopment potential and at a face rate of **\$500,000/ha**. The sale price is to be paid over three years, which on a present value basis equates to **\$415,000/ha**. This land is also directly beneath the flight path to the airport.

The final sale of note at **55 Takanini School Road, Drury**. This is a 17.14 hectare level corner site which is currently zoned Takanini Drury Rural but falls under the structure plan indicating potential for redevelopment in the short term. It sold in May 2005 for \$14,400,000 which analysed to **\$840,000/ha** for a future urban development site. There is some conjecture as to what future urban activities will take place on site, but we understand that it will be a mixture of commercial and residential sites. In light of the queries arising from this sale, we have treated it with some caution.

10.0 Application of Sales Evidence to Land Values at AIA

10.1 General Comments

The evidence above shows a wide range of values achieved on the sale of block land in the present market and illustrate the significant rise in values over the last two years particularly for parcels over and above five hectares within both South Auckland and the wider Auckland region.

When compared with earlier valuations, there is now a considerable body of block land sales evidence available for direct comparison to the land at the Auckland Airport subject to any locational or physical adjustments that are necessary between comparative blocks. The most recent large block sales demonstrate a range of between **\$600,000/ha - \$1,300,000/ha** for parcels of say 26 hectares – 108 hectares for Business use including, with some parcels, existing infrastructural improvements. Smaller fully serviced sites within the Airport industrial location ranging in size from 4,000m² up to 1.3 hectares have achieved significantly higher prices ranging between **\$192/m² - \$298/m² (\$1,920,000/ha - \$2,980,000/ha)**.

The best evidence of block land sales requiring services, roading etc are provided by the re-sale of Airpark stage 2, Mangere and the Highbrook Business zoned land in East Tamaki.

The former sale which took place in December 2004 at **\$612,000/ha** was for land with a subdivision consent and included an allowance for civil works carried out up to the sale date in the form of bulk services and site leveling. Allowing for these improvements, the land in its greenfields state which sold in May 2003 at **\$340,000/ha**, would by late 2004 have been worth not less than **\$450,000/ha - \$500,000/ha**.

The Highbrook sale at **\$892,000/ha** was paid for a 107 hectare parcel of business zoned land proposed for a business park with water influence in a greenfields state. The purchaser is an Australian investment fund who intended to develop and hold the land over the longer term. The sale shows no discount for the size of the land parcel and compares to the Savill Drive sale in Otahuhu acquired by the same purchaser at a rate of **\$1,298,000/ha** for 26.5 hectares of partially leveled and serviced land suitable for industrial development with rail siding access. Both sales took place in 2004 and can therefore be viewed as being historic in the context of the continuing upward trend in land values over the past 18 months in Auckland.

With regard to block land having residential zoning, these sales illustrate that the market has paid prices in excess of business zoned land for equivalent sized parcels. This reflects the increasing residential densities which are now permitted on land located within the Auckland metropolitan area. The two residential sales ranging in size between 5.80 – 9.30 hectares have taken place at **\$1,610,000/ha** and **\$1,399,000/ha²** respectively within the Flat Bush area of Manukau City.

What is evident is that large tracts of land are more highly prized today and buyers appear to be departing from traditional purchaser models where discounts were made for size. This is because issues such as plottage and development controls mean larger sites offer flexibility to a developer.

Our research into more recent Business Zoned block land sales has concluded that with all other things being equal, incremental downwards adjustments for size are greatest for parcels ranging between 1 – 20 hectares. These adjustments however tend to reduce as the development parcels become larger supporting the view that the market is displaying an increasing appetite for larger development opportunities with longer term returns.

On a direct comparison basis, the analysed sales show that market conditions have improved markedly for development land over the last 2 years particularly for blocks over 10 hectares with some of the most significant movements in value involving blocks of between 20 and 50 hectares.

Having considered the foregoing market evidence we have proceeded to assess land values appropriate to the activities carried out in each of the identified land use areas on a zonal basis. These values have been detailed in the schedules in **Appendix 2** and summarised with supporting comments and rationale in the following section to this report.

10.2 Area 1 Land Values

10.2.1 Sub Area 1B: Airfield Land (excluding reclamation)

(i) Value Based on Direct Comparison Approach

Based upon the foregoing discussion we would place the existing airfield land excluding the reclamation area, in a range between **\$550,000 - \$650,000/ha** at the valuation date in its 'greenfield' state.

This value assumes that the land is zoned and available for development to its next highest and best use which we have concluded would involve a mixture of Business Use land and alternative residential development within an integrated comprehensive development. This value also assumes that the land in its natural state would have comprised easy rolling contours extending up to the Manukau Harbour foreshore before site levelling works.

We consider that this value range falls well within the analysed market parameters of block land sales.

(ii) Value Based upon Notional Subdivision Approach

As a check approach however, we have also examined a notional development of the land within the airfield (outside the reclamation area) on a DCF basis. Due to the complexities and variation of greenfield subdivisions within the New Zealand market, there is a growing trend and acceptance for the use of discounted cashflow techniques to supplement the more traditional methods of valuation which include the Direct Sales Comparison approach.

In the DCF Approach we have applied a notional development model to the airfield land (170 hectares after allowing for reclamations, sea walls and small area of Wiroa Island) which has regard to the locational characteristics of the land on the southern Auckland Isthmus and the nature of urban development within the surrounding Mangere area.

The adopted subdivision model is predominantly a residential estate serviced by a local shopping centre, supermarket and an allocation of Business zoned land to complement the existing airport industrial park. The primary driver for a notional highest and best alternative use development would be as a large residential precinct in which regard we have assumed that the developer of the land would make available for sale serviced residential block land in the initial years of subdivision in order to recoup capital development costs and thereafter would subdivide the remaining residential land in stages.

An 8 year period has been adopted for the development and sale of this land.

Our development assumptions have been shown on the DCF statement set out in **Appendix 3** of this report. These assumptions which have been based upon reasoned judgements have included the following:

- The allocation of land uses within the subdivision
- The provisioning for roading and reserves including esplanade reserves
- The expected yield of serviced sites from the useable residential land
- The timing and value of land sales
- The estimated cost of subdividing and servicing the land
- Estimated financial contributions to the Local Authority
- The cost of marketing the subdivision
- The expected average growth rate in land values over the development period
- The expected rate of underlying inflation over the development period
- The required discount rate applied to the projected net cashflows throughout the investment period based on discount rates analysed from the sale of comparable land acquired for subdivision and development.

Development costs and their timing have been programmed over the initial six years of the development at prices which are in line with subdivision development costs in Auckland. We have made provision for the vesting of Esplanade Reserves and have allowed for Financial Contributions based upon stated District Planning policy including where appropriate the provision of open space for passive and active recreation within the residential precincts.

Given the length of the investment period required to develop this land, the DCF model adopted has incorporated a projected growth rate in land values of 3.5% per annum and expected inflation rate of 3.5% per annum for development costs over the development period. Based upon these growth and inflation assumptions, we have applied discount rates to the cashflows in a range between 22.5% and 27.5% per annum. These discount rates reflect the nature and size of the development and the range of analysed returns from the sale of comparable block land purchased for development purposes in the Auckland market over the past two years. The valuation parameters indicated by the DCF approach for this portion of the Airfield land are summarised in the following table:

SENSITIVITY ANALYSIS		
(Discounted monthly in advance)		
Disc.Rate	Present Value	\$/ha
22.50%	\$113,092,642	\$662,129/ha
25.00%	\$104,885,372	\$614,078/ha
27.50%	\$97,527,851	\$571,001/ha
Adopt Value	\$104,900,000	\$614,164/ha

(iii) Reconciliation of Valuation Approaches

The DCF outcomes support a value for the airfield land within the earlier concluded range indicated by the Direct Sales Comparison Approach, that is, **\$550,000 - \$650,000/hectare**.

Accordingly, based on the foregoing calculations and analysis of sales, we have concluded on a base value for the airfield land at **\$600,000/ha** being at the midpoint of the indicated value range for zoned land in its next highest and best alternative use.

(iv) Market Value of Airfield Land for its Existing Use

In order to achieve the same utility as the airport land now enjoys, a lengthy planning and construction process would have to be undertaken following acquisition to arrive at the current service potential of the land in airfield use.

We have concluded based on advice available to us that the period required to achieve the appropriate consents for airport development through normal but not unduly delayed consent processes, would lie in the order of 5 years. The estimated costs of planning and resource consents has been based upon recent experience with the planning process surrounding the second runway including the initial planning application, responding to objections and submissions and the likelihood of Environment Court hearings. The estimate of these costs incurred over a 4 – 5 year period is in the order of \$4.5M plus GST.

During this period there would be a further cost to AIAL associated with holding the land through the consent and development period. The recovery of these additional costs would represent the current position of AIAL's land holding which has all the necessary approvals for airport use in place, and on which an airport is then able to be developed.

We have adopted an opportunity cost of capital of **8.95%** per annum over this period. This rate falls within the expected cost of capital associated with holding urban development block land in the Auckland market.

These holding costs would be incurred progressively over the five year holding period and not just at the outset. Accordingly, if the land were to be acquired today, then it is appropriate that only the present value of the future holding costs be brought into this existing use assessment. We have discounted these future holding costs to present day value at the rate of **10.00%** per annum.

To this figure has been added site levelling costs to arrive at an existing use value as the land in its existing state has benefited from the bulk earth works to create levelled runways, taxiways etc which are improvements to the land not reflected in the comparable sales. This work has been valued at a rate of **\$35,000/ha** being the estimated cost of the work provided by Opus International Consultants Limited.

Proceeding on this basis we have valued the airfield land contained in sub-area 1B in its existing use by applying the following calculations.

Table 3 – Market Value of Airfield Land in Existing Use

	Land Area	2006 Value \$/ha	2006 Values
Airfield Land (excluding reclamation and seawall)	164.5374 ha	\$600,000 ha	\$98,722,419
<u>Add</u>			
Present Value of Holding Costs for 5 years at 8.95% pa discounted at 10.00%		\$204,000 ha	\$33,565,622
Present Value of Expected Planning Costs over 5 years discounted at 10.00%		\$22,654 ha	\$3,727,434
Site Levelling Costs at		\$35,000 ha	\$5,758,808
Market Value Existing Use		\$861,654 ha	\$141,774,283

As can be seen when holding costs and civil works in the form of site leveling are added to the market value of the land in its highest and best alternative use, we have assessed a market value for the land in existing use at a figure of **\$861,654/ha**. We are satisfied that a value at this level is supportable for the land in airport use and represents the cost of acquiring that land and obtaining all necessary consents to enable its use for airport at the relevant date.

We reiterate that this approach does not take into account the value of reclaimed land at Auckland Airport which has been assessed on the basis of depreciated replacement cost.

Based on these conclusions, we have then considered the value of the various land areas within the sub areas of Area 1.

10.2.2 Sub Area 1A Wiroa Island

We have valued Wiroa Island (Sub Area 1A) at a rate of **\$150,000/ha** approximating 20% of the airfield land value excluding planning and levelling costs. This assessment reflects its utility and inter-dependence with the operational airport land.

10.2.3 Sub Area 1C and 1D Southern Airfield

For Sub Area 1C designated as Southern Airfield Restricted Use land or formerly Eastern Approaches, after recognising its shape, relationship with the airfield land and underlying zoning, we have adopted a rate of **\$100,000/ha** which falls below the indicated range for sales close to that area but again reflects its substantial size of almost 113 hectares and restricted uses. We have adopted the same rate for Sub Area 1D Southern Airfield REPA (Runway End Protection Areas) and PSZ (Public Safety Zones).

10.2.4 Sub Areas 1E, 1F and 1G Northern Airfield

Sub Area 1E is the northern airfield land having harbour frontage at its western end and an area of 239ha. This land has a Consent for the development of Auckland Airport's second runway and based on current traffic growth forecasts construction on this runway is expected to commence during the next five years.

The highest and best alternative use for development of this land other than in airport use would lie in comprehensive future urban development, and is similar to the existing airport land though not as valuable due to its more inland position.

Adopting a similar valuation approach we have assessed the value of this land on today's market at **\$500,256/ha**. This reflects a significant discount when compared to the existing airfield land in its current operational use.

The Sub Areas 1F and 1G are land located to the east of the proposed second runway. This land relates to both Public Safety Zones, Runway Protection Areas and Restricted Use Areas and has been accorded values ranging between **\$100,000/ ha** to **\$150,000/ha** which reflect the limited permitted activities on this land.

10.2.5 Sub Areas 1H -1M Seabeds

The seabeds are characterised by shallow mudflats which provide both support and protection to the adjacent land and have provided a platform for past reclamations carried out by the Airport Company. The value of the seabeds surrounding the airfield land and beneath the airfield reclamation has been assessed based upon the inter-dependence between the seabed and adjacent land. This inter-dependence is apparent both in the ability to undertake reclamation to both extend and optimise runway length and also in the protection of the western approaches to the runway which contain navigation lighting systems.

The relationship of seabed to land value can vary significantly depending upon the level of inter-dependence between the two, these relationships being higher where the activities carried out on the water are of equivalent intensity to the land and lower where the land has little alternative use other than for deepening or reclamation.

Because title to seabed is generally held by the Crown, seabed freeholds are rarely traded in the open market. There have however been examples where areas of seabed have been acquired by adjacent land owners for various purposes including reclamation or for the erection of structures. In most instances however, seabeds are licensed for occupation and rentals have been established by applying a return on a notional seabed value which in turn has been based upon a percentage of the adjacent land value. This methodology has been applied in Port locations in New Zealand and America where the percentage has ranged between **35%** and **50%** of adjacent land value depending upon the degree of inter-dependence shown by the occupation.

In one instance we are aware of (a seabed licence fee established by Arbitration), this relationship has exceeded 50% where the activities between the adjoining land and seabed were deemed to be of similar intensity.

The following is a table of transactions containing both freeholdings and licence fees where the relationship between the seabed and the adjoining land has been established in the Auckland market. The majority of these comparisons are drawn from the Auckland waterfront.

Seabed / Land Value Relationship

Date	Licensee	Location	% Ratio	Purpose Acquired For
1995	Pride of Auckland	Viaduct Basin	25.0%	Seabed for Proposed Marina.
1997	Ferguson Container Terminal	Mechanics Bay	17.5%	Seabed for Proposed Port Reclamation.
1997	Outboard Boating Club	Hobson Bay	26.7%	Seabed Prior to Reclamation.
1997	ARST – Syndicate Yacht Bases	Viaduct Basin	20% - 25%	Seabed For Reclamation.
1999	Adstream	St Mary's Bay	50.0%	Seabed for Loading Dock and Wharf adjacent to Industrial Port Land.
2000	Seabar Holdings	St Mary's Bay	50.0%	Seabed Used for Ship Building / Repair Slipway adjacent to Industrial Port Land.
1998	Orams Marine	St Mary's Bay	46.6%	Seabed Used for Ship Building / Repair Slipway and Marina adjacent to Port Industrial Land.

Of the above examples perhaps the most comparable to the subject seabeds is the purchase of 9.6 hectares of seabed adjacent to the Fergusson Container Terminal by the Port of Auckland from Department of Conservation, where the purchase was made to allow the reclamation necessary to extend the present container terminal into Mechanics Bay. Negotiations resulted in a purchase price which can be analysed to 17.5% of the adjacent freehold land contained within the existing Fergusson container port.

The seabed in question was of considerable depth and requiring significant reclamation costs and this was a factor taken into account in the pricing of the seabed. The agreed price was \$2,327,000 for the 9.6 hectares reflecting a rate of **\$242,395/ha**. The adjoining Container Terminal land was agreed to have a value in the order of **\$1,150,000/ha** as at the relevant date in 1997.

At Auckland Airport the inter-dependence between the seabed adjacent to the airfield runway and the original foreshore land has largely surrounded the opportunity for reclamation in the development of the airport runway and taxiways. The location and configuration of the seabed titles is such that they will continue to provide the flexibility to widen or extend the runway approaches if required in the future.

By comparison, those seabeds located within the western approach fan and Pukaki Creek offer more limited utility both in terms of reclamation potential and operational assistance to the airport.

After consideration of these factors we have applied varying rates to the seabed areas. The most valuable seabed area being directly to the south and west of the runway has been valued at **\$64,624/ha**. This rate equates to **7.50%** of the airfield land value which we consider to be well supported by the available evidence and is at the lowest range of inter-dependence ratios.

The remaining areas of seabed have been valued at a lesser rate of **\$25,000/ha**.

We have not ascribed a value to the seabed situated beneath the seabed reclamation. The rationale for this decision is that the value potential in this seabed has now been incorporated into the reclamation and no longer offers an option value for future use.

10.2.6 Value of Reclamation Land and Sea Walls

The value of the reclaimed land at Auckland Airport can justifiably be determined by the replacement cost of the civil works carried out to create that land. This is referred to in this report as the Replacement Cost Approach. The circumstance that justifies this approach is that the market evidence of land values relates to uses that are sub optimal relative to the use the land was created for.

NZ IAS 16 provides clear support for the use of this approach in the same circumstances that are present at Auckland Airport.

“An airport company acquires a section of seabed, fills it in and builds a seawall in order to produce flat land for airport use. The reclaimed land is in the precise location where the airport company requires the land. Market evidence may exist for other land of the same size and in the same general vicinity as the reclaimed land, but that other land is not suitable for airport use. Thus the market evidence on the fair value of that other land is not relevant to the reclaimed land and the best indicator of the fair value of the reclaimed land is the replacement cost of that land”.

The key condition for this to be applicable is that the other land is not suitable for the use intended by the entity. In other words, the created land must represent optimal location and size for the intended airport use and this is the case at Auckland Airport.

The original site study undertaken for the airport investigated a number of sites with a myriad of variables surrounding the size, location and orientation options. The current Mangere site was chosen as the best option with reclamation shown to be necessary to attain the required clearances and conditions to permit a 24 hour operation of the airport runway. The siting study prepared by Leigh Fisher identified that the substantial advantages of the Mangere site included unlimited and reasonably economical expansion area for runways on tidal flats and a comparatively low cost of construction for such runways being anticipated because the area was already level and the tidal flats were relatively stable.

The development of Auckland Airport proceeded to incorporate the construction of a substantial reclamation in order to extend the international runway into the Manukau Harbour. Subsequent reclamations have extended the runway and taxiways with seawalls having been constructed to encompass these reclamations.

Accordingly we have formed the view that the land areas at Auckland Airport which have been constructed by a process of reclamation should be valued in terms of their replacement cost.

It is acknowledged that the seawall is required to retain the airfield runway and BECA Valuations Limited has previously confirmed that, without it, a considerably larger area of land extending into the seabed would have been required to be reclaimed in order to ensure the integrity of the runway improvements. As with the reclamation, the seawall including the land occupied by it, has been valued on the basis of depreciated replacement cost at the date of valuation.

In the current 2006 year **Opus International Consultants Limited** have been instructed by AIAL to assess the fair value of the reclamations and seawall contained within the airport runway, taxiways and aprons. The basis Opus have applied in assessing the fair value of the reclaimed land and seawalls at Auckland Airport is by a depreciated replacement cost assessment of these civil works. The rationale to this assessment and valuation figures are contained within the extracts at **Appendix 4** to this report for inclusion within the Asset Valuation for financial reporting purposes. Responsibility for the accuracy of these figures remains with Opus International Consultants Limited and Seagar & Partners accepts no responsibility nor liability for these assessments.

The Opus assessments of the fair value for these civil works are summarised as follows:

Seawalls

Replacement Cost	Depreciated Replacement Cost	Land Area Occupied	Per Hectare Value
\$26,725,000	\$22,993,000	5.3255 ha	\$4,317,528/ha

Reclamation Land

Replacement Cost	Land Area Occupied	Per Hectare Value
\$123,220,000	141.5000 ha	\$870,813/ha

10.2.7 Summary of Area 1 Values

Land Use Area	Sub Area	Land Areas	Average Rate	Sub Area Value	Overall Value	
1	1a	33.6157 ha	\$150,000 /ha	\$5,042,351		
	1b	164.5374 ha	\$861,654 /ha	\$141,774,283		
	1c	37.7116 ha	\$100,000 /ha	\$3,771,161		
	1d	27.4564 ha	\$100,000 /ha	\$2,745,641		
	1e	238.7914 ha	\$500,256 /ha	\$119,456,903		
	1f	36.5819 ha	\$100,000 /ha	\$3,658,189		
	1g	22.6836 ha	\$150,000 /ha	\$3,402,546		
	1h	9.8178 ha	\$615,927 /ha	\$6,047,029		
	1j	81.8690 ha	\$26,139 /ha	\$2,140,008		
	1k	71.9213 ha	\$25,000 /ha	\$1,798,034		
	1m	74.9519 ha	\$64,624 /ha	\$4,843,694		
	Sub Total		799.9380 ha			\$294,679,838
		Reclamation Land			\$120,219,422	
	Seawalls			\$22,993,000		
Total		943.3178 ha	\$464,204 /ha		\$437,892,261	

10.3 Land Use Area 2: Aircraft and Freight Use

After comparing the land that falls within these land use areas and recognising existing activities and its relationship to the main airfield land, we are of the opinion that any base land assessment for these parcels is incrementally the same as that indicated by sales of Business zone industrial land in an around the Auckland Region. As a general overview, the evidence indicates rates between **\$200/m² - \$300/m²** excluding outliers but with parcels in the general Wiri and Mangere areas between **\$200/m² - \$250/m²**.

We have adopted a band of values between **\$125/m² - \$275/m²** for these sites based upon location within the airport and having regard to site size. This equates to hectare rates of **\$1,250,000 - \$2,750,000/ha**.

By comparison the larger parcels of future development land in this area including land to the north of the proposed second runway have been valued at a significantly lower rate of **\$400,000/ha** reflecting the undeveloped and unserviced nature of this land at the present time.

Summary of Values in Land Use Area 2

Land Use Area	Sub Area	Land Areas	Average Rate	Sub Area Value	Overall Value
2	2a	27.4751 ha	\$1,515,412 /ha	\$41,636,158	
	2b	65.5293 ha	\$400,000 /ha	\$26,211,717	
Total		93.0044 ha	\$729,512 /ha		\$67,847,875
	Reclamation Land	0.7020 ha		\$611,277	
Total		93.7064 ha	\$730,571 /ha		\$68,459,152

10.4 Area 3 ITB and DTB Footprints

For the ITB footprint we believe one of the key transactions is the Albany Centre Sale at an overall rate of **\$5,030,000/ha** for 44 hectares. This price was paid for land having commercial and residential potential within a developing regional centre on Auckland's North Shore. A comparison can be made to the international terminal building which offers strong commercial drivers in the form of retail rents and pedestrian flows. We have accordingly adopted a rate of **\$8,000,000/ha** for the ITB footprint and a somewhat lesser rate of **\$6,000,000/ha** for the DTB footprint to reflect the less intensive commercial activities carried out on the domestic terminal land.

To the balance areas, we have adopted rates commensurate with Business 5 or similar zoned holdings reflecting either any airside or non-airside activities including adjustments for size.

The vehicle forecourts in front of each terminal building have been included within each footprint but are developed to a much lesser intensity. For this reason, we have adopted rates for the ITB and DTB forecourts of **\$1,250,000/ha**. For the ITB eastern forecourt, we have adopted **\$1,000,000/ha** and for the western forecourt (PSVL Transport Licence area) to reflect the future terminal expansion plans over this land together with its present income earning activities, we have ascribed a higher value of **\$2,000,000/ha**.

Summary of Values in Land Use Area 3

Land Use Area	Sub Area	Land Areas	Average Rate	Sub Area Value	Overall Value
3	3a	9.2735 ha	\$4,904,681 /ha	\$45,483,722	
	3b	3.4826 ha	\$3,225,942 /ha	\$11,234,774	
Total		12.7562 ha	\$4,446,359 /ha		\$56,718,496

10.5 Area 6 Pooled Infrastructure

Again, the rates chosen here reflect existing utility and contour and shape of the land concerned which comprises a combination of stormwater detention ponds, infrastructure facilities and maintenance depot. Having regard to the utility of these various areas, land values ranging from **\$15/m²** through to **\$150/m²**. Obviously a heavy discount has been applied to a number of these sites despite the fact that they may have a potential commercial use otherwise.

Summary of Values in Land Use Area 6

Land Use Area	Sub Area	Land Areas	Average Rate	Sub Area Value	Overall Value
6		7.4929 ha	\$445,368 /ha	\$3,337,087	\$3,337,087
	Reclamation Land			\$2,389,301	\$2,389,301
Total		10.2366 ha	\$559,402 /ha		\$5,726,388

10.6 Area 8 Roadways

For the roadways, we have adopted a land value which reflects the “as is” use of this land for vehicle access requirements and to accommodate bulk services. This valuation includes roads which are used to provide access to aeronautical, aeronautical related, and non aeronautical land based activities.

Summary of Values in Land Use Area 8

Land Use Area	Sub Area	Land Areas	Average Rate	Sub Area Value	Overall Value
8		35.6396 ha	\$300,000 /ha	\$10,691,866	\$10,691,866

11.0 Valuation Summary

In accordance with the foregoing methodology and background, and the analysis outlined in this report we have set down our valuations in the schedules contained within **Appendix 2** to this report. A summary of these valuations based upon the land use areas is provided in the following table.

Valuation Area	Description	Land Use Value	Land Areas
Land Use Area 1	International airport runways, taxiways, aprons and approaches, including seabeds and other land used for specialist activities.	\$294,679,838	799.9380 ha
	Reclamation land	\$120,219,422	138.0543 ha
	Seawalls	\$22,993,000	5.3255 ha
Land Use Area 2	Identified Aircraft & Freight uses	\$67,847,875	93.0044 ha
	Reclamation land	\$611,277	0.7020 ha
Land Use Area 3	International Terminal and Domestic Terminal Buildings (ITB and DTB) footprints including associated land and roadways/breezeways.	\$56,718,496	12.7562 ha
Land Use Area 6	Land associated with pooled infrastructure excludes stormwater pond in reclamation	\$3,337,087	7.4929 ha
	Reclamation land	\$2,389,301	2.7438 ha
Land Use Area 8	Roadways excluding breezeways and roads specifically included with the ITB and DTB	\$10,691,866	35.6396 ha
Aeronautical and Aeronautical Related Land		\$579,488,162	1,095.6566 ha

The above figures are plus GST.

12.0 Concluding Remarks

The assessment of value as at 30 June 2006 represents a substantial increase over and above the land values at our last general review of AIAL assets in June 2002. There are a number of reasons for this, foremost of which is the quantum shift which has taken place in land values located within the Auckland urban land market over the past four years.

Contributing factors have also included the increasingly intensive development of land-based commercial activities at the Airport over the past three years and the reassessment of the land in reclamation and seawalls on a depreciated replacement cost approach at levels well in excess of similar assessments made in 2002.

The airfield land in particular has risen from the 2002 Market Value Existing Use (MVEU) of \$435,000/ha to a comparable level at \$861,796/ha as at 30 June 2006. The rationale for the current assessment has been set down in our report and essentially reflects the substantial increase in the value of this land for its next highest and best use. This value for urban development purposes has risen from a level of \$305,477/ha in June 2002 to \$600,000/ha as at June 2006.

The approach to the aggregation of holding costs over the period of time required to achieve land use consents at the airport is generally in line with our approach in 2002 however in this review we have excluded from the 5 year holding period the additional time required to construct and commission the international runway.

The two-fold approach to assessing airfield land has included a comparable block sales approach supported by a DCF analysis of this land in its next highest and best use with holding costs added to enable a reconciliation between these two approaches. When aggregated to the value of the reclamation and seawalls the total value of the airfield land in Area 1 (including the second runway land) has risen to **\$437.89M** for the **943 hectares** of land encompassed by these activities (refer to Table 10.2.7). This represents an average per hectare rate of **\$464,204/ha** including runway approaches, Wiroa Island and seabeds.

On a Zonal basis this does not appear to be unreasonable, notwithstanding that the value is weighted somewhat by the higher per hectare rate accorded to the reclamation and seawalls in this zone. For example, the reclamation land on a DRC basis equates to **\$870,813/ha** excluding seawalls in comparison to the **\$861,654/ha** assessed to the airfield land on a MVEU basis (refer to Table 10.2.7).

As a further check to this assessment we have undertaken a notional redevelopment approach to all of the airfield land including the reclamation land over some 314 hectares and have added holding costs and levelling improvements as before (**Appendix 5**). Based upon stated development assumptions appropriate to a 314 hectare development the DCF approach would indicate an affordable value for the existing airfield land in its undeveloped state at or around **\$550,000/ha**. That is a discount of approximately 10% relative to the value accorded the smaller 170 hectare parcel in our report which is not unexpected.

If we were to then apply the **\$550,000/ha** to the 314 hectares of land including the reclamation within the Area 1 Airfield and add holding, planning and levelling costs at the same rates, the indicated value for the airfield land is **\$783,864/ha** or **\$246.28M**.

By comparison the assessment made in our report based upon the civil works approach to the reclamation has resulted in a value for the same airfield land at **\$266.88M**. Accordingly, applying the civil works approach to the reclamation and valuing the remainder of the airfield land at MVEU has resulted in a value which is higher by **\$20.60M** than if all the land were valued as unreclaimed.

In closing, we would comment that the 2006 revaluation of the airport land has reflected the land use activities identified on the land use plan. This plan has enabled a more accurate identification of land use areas within the Airport which in turn has resulted in a more intensive Zonal approach to the land based activities.

13.0 Statement of General Valuation Policies

While we acknowledge that parties other than AIAL may seek to rely upon our report, our responsibility is limited to AIAL and its Directors, to whom this report is addressed and to them alone. We disclaim all responsibility and will accept no liability to any other party.

We would also refer readers to our general conditions of valuation, a copy of which has been attached to this report.

We trust this report has been of assistance to you and take this opportunity to thank you for your instructions. Should you require any additional information or if we can assist further please do not hesitate to contact the writer.

Yours faithfully

SEAGAR AND PARTNERS

A handwritten signature in black ink, appearing to read 'C N Seagar', written in a cursive style.

C N Seagar, FNZIV, FNZPI
Registered Valuer
Director

Email: chriss@seagars.co.nz

Statement of General Valuation Principles and Policies Adopted in the Preparation of Valuation Reports

1. 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.

2. 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.

3. 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.

Appendices

Appendix 1

Schedule of Computer Land Register References for AIAL Land

Appendix 2

Schedule of Land Use Areas and Land Values Based on Land Use Plan

Appendix 3

Supporting DCF to Airfield Land Excluding Reclamation (170 hectares)

Appendix 4

Opus International Assessment of Reclamation and Seawalls

Appendix 5

DCF Approach to Airfield Land Including Reclamation (314 hectares)

Appendix 1

Schedule of Computer Land Register References for AIAL Land

AIAL Index	Title Certific	Prior Ref	CT Area (ha)	Location	Legal Description	Comments
A 1	950/9	802/277	0.0825	31 Atkinson Ave, Papatoetoe	Lot 196 DP 18037	
A 2	1136/218	337/105	0.0868	105 Westney Rd	Lot 1 DP 38767	
A 3	78D/179	1136/219	0.1922	103 Westney Rd	Part Lot 1 DP 38767	
A 4a	105D/359	105B/284	19.7400	W of GBMD incl stopped road	Lot 1 DP 144042	
A 4b	105D/359		0.6565	W of GBMD incl stopped road	SEC 1 SO 67433	
A 5	11C/663	528/123	25.2830	N cnr Ihumatao Rd / GBMD exc church	Part Lot 1 DP 57642	part cancelled for GBMD widening
A 6	78D/193	569074.1	70.4026	W of GBMD & N of lagoon	Allotment 504 Parish of Manurewa	
A 7	78D/194	448027.1	0.6085	W of GBMD & W of stopped roads	Allotment 492 Parish of Manurewa	
A 8	78D/195	569074.1	36.4260	E of GBMD and S of Nixon Rd	Allotment 508 PoM	
A 9	78D/199	569074.1	0.5975	E of GBMD (closed old road)	Allotment 505 PoM	
A 10	78D/206	810665.1	0.3792	part of GBMD S of Manu Tapu roundabout	Allotment 543 PoM	
A 11	24A/830	17D/777	37.8887	SW cnr of Renton / Ihumatao Rd	Lot 2 DP 62092	Raupatu clause
A 12	366/26	-	31.6464	N of Ihumatao Rd	Part Allotment 89 PoM DP 13716	
A 13a	586/220	-	44.6885	S of Ihumatao Rd	Part Allotment 89 PoM	
A 13b	586/220		0.2316	S of Ihumatao Rd	Lot 2 part allotment PoM DP 125742	
A 14	586/221	9A.220	40.4686	S of Ihumatao Rd	Part Allotment 89 PoM	
A 15	58D/290	50D/587	10.0219	S of Ihumatao Rd	Lot 1 DP 94420	
A 16	62C/558	53B/1201	0.5094	S of Ihumatao Rd	Lot 1 DP 111094	
A 17	73B/518	586/220 or	0.5566	S of Ihumatao Rd	Lot 1 DP 125742	
A 18	1691/38	768/72	0.6533	S of Ihumatao Rd	Part Allotment 163	Raupatu clause
A 19	78D/183	768/11	0.2024	N of Ihumatao Rd	Part Allotment 179 PoM	
A 20	78D/185	B708261.1	2.6133	N of Ihumatao Rd	Part Allotment 179 PoM	
A 21	78D/191	1634/56	36.6342	S of Ihumatao Rd	Lot 1 DP 46409	
A 22	78D/192	894241.1	36.6089	S of Ihumatao Rd	Lot 2 DP 46409	
A 23	78D/204	569074.1	0.4047	S of Ihumatao Rd	Part Lot 2 DP 38518	
A 24	78D/207	B442992.1	54.2300	N of Ihumatao Rd	Allotment 565 PoM/ SOP 60283	
A 25	82C/672	62C/559	37.6418	S cnr Ihumatao Rd / GBMD (exc A27)	Part Lot 2 DP 111094	land reduced?? Refer also A27
A 26	985/62	586/222 or	38.5463	NW of Ihumatao Rd	Lot 1 DP 28940	
A 27	1675/15	1005/22	0.9105	S cnr Ihumatao / GBMD	Lot 3 DP 38518	land reduced?? Refer A25 surrender of land
A 28	78D/190	6C/256	0.0675	22 Kohinoor Ave	Lot 14 DP 54496	
A 29a	78D/186	432737.1	163.5300	Seabed incl extended runway in 70's	Allotments 474 PoM	
A 29b	78D/186		6.5300	Seabed incl extended runway in 70's	Allotments 476 PoM	
A 30	78D/201	448027.1	2.7290	N of lagoon (N of A31)	Allotment 494 PoM	
A 31	109D/595	B066781.1	8.1360	N of Lagoon causeway	Lot 1 DP 178161	
B 1	109D/596	B066781.1	2.4980	S of Lagoon causeway	Lot 2 DP 178161	
B 2	78D/198	080116	313.9000	Main Airport land	Allotment 470 PoM / SOP 49515	
B 3	1008/207	337/105	0.5233	17 Montgomerie Rd	Lot 2 DP 38767	
B 4	1120/171	1014/81	0.0969	37 Montgomerie Rd	Lot 2 DP 41238	
B 5	1121/14	1014/81	0.1563	33 Montgomerie Rd	Lot 4 DP 41238	
B 6	1126/224	1014/81	0.0893	27 Montgomerie Rd	Lot 7 DP 41238	
B 7	1138/48	1014/81	0.0943	35 Montgomerie Rd	Lot 3 DP 41238	
B 8	1152/13	1014/81	0.0900	29 Montgomerie Rd	Lot 6 DP 41238	
B 9	1189/51	1014/81	0.0878	39 Montgomerie Rd	Lot 1 DP 41238	
B 10	1309/70	1014/81	0.0883	25 Montgomerie Rd	Lot 8 DP 41238	
B 11	1317/3	1014/81	0.1571	23 Montgomerie Rd	Lot 9 DP 41238	
B 12	21B/248	PR1356/77	0.1004	21 Montgomerie Rd	Lot 10 DP 41238	
B 13	305/113	290/32	1.4698	41 Montgomerie Rd	Lot 15 DP 13141	part cancelled for GBMD widening
B 14	924/202	337/105	0.1012	19 Montgomerie Rd	Lot 1 DP 36246	
B 15	56B/945	496/170	24.7847	S of Nixon Rd exc B16	Part Lot 2 DP 12194	
B 16	56D/993	496/170	3.7408	S cnr Nixon Rd / GBMD	Lot 1 DP 103178	
B 17	78D/196	569074.1	54.6326	E of Nixon Rd (mainly golf course)	Allotment 506 PoM	
B 18	78D/205	448027.1	19.6273	N of Nixon Rd	Part Lot 1 DP 13104	
B 19	78D/208	B495889.1	19.8400	N cnr of Nixon Rd/GBMD	Allotment 561 PoM	
B 20	106B/643	805/141	37.5882	SW cnr Puhinui / Price Rd	Lot 1 DP 173452	
B 21	798/163	657/145	1.4460	S of Puhinui Rd	Lot 1 DP 31279	
B 22a	78D/203	448027.1	20.2343	NW crn Puhinui / Orrs Rd	Allotments 182 PoM	Raupatu clause
B 22b	78D/203		10.9265	NW crn Puhinui / Orrs Rd	Allotments 183 PoM	Raupatu clause
B 22c	78D/203		18.6155	NW crn Puhinui / Orrs Rd	Allotments 184 PoM	Raupatu clause
B 22d	78D/203		10.5218	NW crn Puhinui / Orrs Rd	Allotments 185 PoM	Raupatu clause
B 23	867/2	797/65	22.3083	S of Puhinui Rd	Lot 7 DP 24346	
B 24	902/21	797/65	43.7060	S of Puhinui Rd opposite airfield	Lot 8 DP 24346	
B 25a	78D/188	432737.1	9.7500	Seabed Pukaki Creek SE of golf course	Allotments 482 PoM	

Appendix 2

Schedule of Land Use Areas and Land Values Based on Land Use Plan

BU	Land Use Zone	Description		Valuation Rate \$/ha	Totals
2000	1a	Grass Area Wiroa Is 1	3.1936 ha	\$150,000 ha	\$479,034
2000	1a	Grass Area Wiroa Is 2	25.7673 ha	\$150,000 ha	\$3,865,097
2000	1a	Grass Area Wiroa Is 3	0.6791 ha	\$150,000 ha	\$101,858
2000	1a	Grass Area Wiroa Is 4	0.4016 ha	\$150,000 ha	\$60,242
2000	1a	Grass Area Wiroa Is 5	0.1055 ha	\$150,000 ha	\$15,827
2000	1a	Grass Area Wiroa Is 6	1.9754 ha	\$150,000 ha	\$296,306
2000	1a	Grass Area Wiroa Is 7	0.1211 ha	\$150,000 ha	\$18,165
2000	1a	Grass Area Wiroa Is 8	0.6449 ha	\$150,000 ha	\$96,736
2000	1a	Grass Area Wiroa Is 9	0.0878 ha	\$150,000 ha	\$13,166
2000	1a	Meteorological Radar Station	0.0992 ha	\$150,000 ha	\$14,881
2000	1a	PSR Building	0.0501 ha	\$150,000 ha	\$7,510
2000	1a	Transmitter Building	0.2074 ha	\$150,000 ha	\$31,105
4015	1a	Airways Building	0.2828 ha	\$150,000 ha	\$42,424
			33.6157 ha		\$5,042,351
2000	1b	Airfield Central & West	27.2652 ha	\$861,654 ha	\$23,493,177
2000	1b	Airfield East	52.8091 ha	\$861,654 ha	\$45,503,213
2000	1b	Apron	70.9172 ha	\$861,654 ha	\$61,106,119
2000	1b	GA Park	0.2374 ha	\$861,654 ha	\$204,558
2000	1b	Grass Area Hape Drive East	2.8361 ha	\$861,654 ha	\$2,443,754
2000	1b	Grass Area Hape Drive South	6.0527 ha	\$861,654 ha	\$5,215,334
2000	1b	Helicopter Pad	0.7341 ha	\$861,654 ha	\$632,550
2000	1b	Village Store	0.1412 ha	\$861,654 ha	\$121,663
2000	1b	Weather Station	0.0212 ha	\$861,654 ha	\$18,271
2150	1b	Rescue Fire	0.9480 ha	\$861,654 ha	\$816,836
2150	1b	Rescue Fire Training Ground Hape Drive	0.1515 ha	\$861,654 ha	\$130,542
2150	1b	Rescue Fire Training Ground Wiroa Is	1.3480 ha	\$861,654 ha	\$1,161,521
4015	1b	GP 23 Building	0.0048 ha	\$861,654 ha	\$4,116
4015	1b	GP Mast	0.0462 ha	\$861,654 ha	\$39,827
4015	1b	Localiser Building	0.0406 ha	\$861,654 ha	\$34,991
4015	1b	Old GP 23 Building	0.0166 ha	\$861,654 ha	\$14,321
4015	1b	PC 2	0.1257 ha	\$861,654 ha	\$108,270
4020	1b	Airways Corporation	0.8417 ha	\$861,654 ha	\$725,219
			164.5374 ha		\$141,774,283
2000	1c	REPA South Runway	0.9661 ha	\$100,000 ha	\$96,611
2000	1c	REPA South Runway	4.1712 ha	\$100,000 ha	\$417,119
2000	1c	REPA South Runway	12.5693 ha	\$100,000 ha	\$1,256,930
2000	1c	REPA South Runway	3.7538 ha	\$100,000 ha	\$375,382
2000	1c	REPA South Runway	9.1463 ha	\$100,000 ha	\$914,628
2000	1c	REPA South Runway	6.9991 ha	\$100,000 ha	\$699,910
2000	1c	REPA South Runway	0.1058 ha	\$100,000 ha	\$10,580
			37.7116 ha		\$3,771,161
2000	1d	Airfield Restricted Land	12.8348 ha	\$100,000 ha	\$1,283,483
2000	1d	Airfield Restricted Land	1.0834 ha	\$100,000 ha	\$108,337
2000	1d	Airfield Restricted Land	0.4209 ha	\$100,000 ha	\$42,089
2000	1d	Airfield Restricted Land	12.6726 ha	\$100,000 ha	\$1,267,258
2000	1d	Airfield Restricted Land	0.0021 ha	\$100,000 ha	\$208
2000	1d	Airfield Restricted Land	0.0568 ha	\$100,000 ha	\$5,685
3290	1d	North Viewing Area	0.2448 ha	\$100,000 ha	\$24,477
3290	1d	South Viewing Area	0.1410 ha	\$100,000 ha	\$14,103
			27.4564 ha		\$2,745,641
2030	1e	Second Runway	14.7422 ha	\$500,256 ha	\$7,374,904
2030	1e	Second Runway	223.0093 ha	\$500,256 ha	\$111,561,838
4400	1e	Contractors Yard	1.0398 ha	\$500,256 ha	\$520,161
			238.7914 ha		\$119,456,903
2030	1f	REPA North Runway	2.7378 ha	\$100,000 ha	\$273,775
2030	1f	REPA North Runway	1.0468 ha	\$100,000 ha	\$104,683
2030	1f	REPA North Runway	0.2187 ha	\$100,000 ha	\$21,865
2030	1f	REPA North Runway	0.0367 ha	\$100,000 ha	\$3,665
2030	1f	REPA North Runway	25.6856 ha	\$100,000 ha	\$2,568,559
2030	1f	REPA North Runway	6.8564 ha	\$100,000 ha	\$685,641
			36.5819 ha		\$3,658,189
2030	1g	Airfield Restricted Land Second Runway	4.1017 ha	\$150,000 ha	\$615,259
2030	1g	Airfield Restricted Land Second Runway	5.6989 ha	\$150,000 ha	\$854,829
2030	1g	Airfield Restricted Land Second Runway	0.9158 ha	\$150,000 ha	\$137,366
2030	1g	Airfield Restricted Land Second Runway	0.1825 ha	\$150,000 ha	\$27,377
2030	1g	Airfield Restricted Land Second Runway	11.7848 ha	\$150,000 ha	\$1,767,715
			22.6836 ha		\$3,402,546
5520	1h	Airfield Road	0.2518 ha	\$861,654 ha	\$216,978
5520	1h	Airfield Road	1.2671 ha	\$200,000 ha	\$253,412
5520	1h	Airfield Road	0.3508 ha	\$200,000 ha	\$70,154
5520	1h	Airfield Road	0.5848 ha	\$861,654 ha	\$503,854
5520	1h	Airfield Road Section 1	0.7380 ha	\$861,654 ha	\$635,862
5520	1h	Airfield Road Section 2	2.6621 ha	\$861,654 ha	\$2,293,812
5520	1h	Airfield Road Section 3	2.0775 ha	\$861,654 ha	\$1,790,086
5520	1h	Reclamation Area			
5520	1h	Reclamation Area			
5520	1h	Reclamation Area			
5520	1h	Airfield Road Wiroa Is	1.8858 ha	\$150,000 ha	\$282,871
			9.8178 ha		\$6,047,029
2001	1j	Sea Area	19.3039 ha	\$25,000 ha	\$482,597
2001	1j	Sea Area	8.5493 ha	\$25,000 ha	\$213,732
2001	1j	Sea Area	1.3525 ha	\$25,000 ha	\$33,813
2001	1j	Sea Area	1.0726 ha	\$25,000 ha	\$26,815
2001	1j	Sea Area	3.2936 ha	\$25,000 ha	\$82,341
2001	1j	Sea Area	8.5048 ha	\$25,000 ha	\$212,621
2001	1j	Sea Area	2.3542 ha	\$64,624 ha	\$152,136
2001	1j	Sea Area	36.1941 ha	\$25,000 ha	\$904,853
2001	1j	Sea Area	1.2440 ha	\$25,000 ha	\$31,100
			81.8690 ha		\$2,140,008

BU	Land Use Zone	Description		Valuation Rate \$/ha		Totals
2001	1k	Sea Area Lagoon	71.9213 ha	71.9213 ha	\$25,000 ha	\$1,798,034
2001	1m	Airfield Restricted Sea Area	49.6139 ha		\$64,624 ha	\$3,206,254
2001	1m	Sea Area Adj Sea Wall	25.3379 ha		\$64,624 ha	\$1,637,441
				74.9519 ha		\$4,843,694
Total excluding Land Comprising Reclamation and Seawalls - Area 1			799.9380 ha		\$294,679,838	\$294,679,838
		Reclamation Land	138.0543 ha			\$120,219,422
		Seawalls	5.3255 ha			\$22,993,000
						\$143,212,422
Total including Land Comprising Reclamation and Seawalls - Area 1			943.3178 ha		\$430,441,500	\$437,892,261
4025	2a	Airwork	0.2372 ha		\$2,500,000 ha	\$593,086
2120	2a	Livestock Handling Area	0.2537 ha		\$2,750,000 ha	\$697,780
4180	2a	NZ Post Hangar	0.2878 ha		\$2,000,000 ha	\$575,643
4001	2a	Hangar 4	0.3152 ha		\$2,000,000 ha	\$630,315
4002	2a	Hangar 6	0.3271 ha		\$2,000,000 ha	\$654,242
4235	2a	Hangar Number 2	0.4526 ha		\$2,000,000 ha	\$905,233
4140	2a	Hangar Number 1	0.5733 ha		\$2,000,000 ha	\$1,146,544
4035	2a	See Reclamation Cost Below				
4080	2a	Bulk Fuel Depot	0.8121 ha		\$2,500,000 ha	\$2,030,197
4105	2a	Air Cargo 4	0.9459 ha		\$2,250,000 ha	\$2,128,281
4040	2a	Air NZ Container Park	0.9647 ha		\$2,500,000 ha	\$2,411,834
4095	2a	Air Cargo 1	1.1210 ha		\$2,000,000 ha	\$2,241,927
4005	2a	Air New Zealand Facilities	2.2809 ha		\$1,750,000 ha	\$3,991,549
4005	2a	Caterair	4.1522 ha		\$1,250,000 ha	\$5,190,307
4005	2a	Air NZ Facilities	14.7514 ha		\$1,250,000 ha	\$18,439,222
				27.4751 ha		\$41,636,158
2030	2b	Aircraft and freight	18.6852 ha		\$400,000 ha	\$7,474,062
2030	2b	Aircraft and freight	46.8441 ha		\$400,000 ha	\$18,737,655
				65.5293 ha		\$26,211,717
Total Area 2			93.0044 ha		\$67,847,875	\$67,847,875
4035		Reclamation Land	0.7020 ha			\$611,277
						\$611,277
						\$611,277
Total including Land Comprising Reclamation - Area 2			93.7064 ha		\$68,459,152	\$68,459,152
4060	3a	Aviation Security Service	0.0688 ha		\$3,000,000 ha	\$206,364
2810	3a	Honey Pot	0.2009 ha		\$2,750,000 ha	\$552,452
2960	3a	ITB Eastern Forecourt	0.8963 ha		\$1,500,000 ha	\$1,344,443
5520	3a	ITB Forecourt	1.3036 ha		\$1,500,000 ha	\$1,955,405
2930	3a	ITB Western Forecourt	2.3648 ha		\$2,500,000 ha	\$5,912,086
2960	3a	ITB	4.4391 ha		\$8,000,000 ha	\$35,512,973
				9.2735 ha		\$45,483,722
4225	3b	Vacant Building	0.0505 ha		\$3,750,000 ha	\$189,270
4225	3b	Origin Pacific	0.0636 ha		\$3,750,000 ha	\$238,566
3590	3b	Qantas	0.2307 ha		\$3,750,000 ha	\$865,124
3590	3b	DTB Building	1.2673 ha		\$6,000,000 ha	\$7,603,589
5520	3b	DTB Forecourt	1.8706 ha		\$1,250,000 ha	\$2,338,225
				3.4826 ha		\$11,234,774
Total Area 3			12.7562 ha		\$56,718,496	\$56,718,496
5580	6	DFS Transformer	0.0090 ha		\$1,000,000 ha	\$9,050
6330	6	Engineering Information Centre	0.0514 ha		\$1,000,000 ha	\$51,354
5520	6	PumpStation	0.2177 ha		\$1,000,000 ha	\$217,667
5580	6	Intake Power Center	0.2460 ha		\$1,000,000 ha	\$246,021
5600	6	Water Tanks and PC 8	0.3509 ha		\$1,000,000 ha	\$350,934
5640	6	Pond	0.4518 ha		\$150,000 ha	\$67,772
5640	6	Pond	0.7440 ha		\$150,000 ha	\$111,593
5640	6	Pond	0.8791 ha		\$150,000 ha	\$131,865
5640	6	Pond	0.9275 ha		\$150,000 ha	\$139,118
6320	6	Facilities Maintenance Depot	1.0884 ha		\$1,500,000 ha	\$1,632,650
5640	6	Pond	2.5271 ha		\$150,000 ha	\$379,064
5640	6	See Reclamation Cost Below				
				7.4929 ha		\$3,337,087
Total Area 6			7.4929 ha		\$3,337,087	\$3,337,087
5640		Reclamation Land	2.7438 ha			\$2,389,301
						\$2,389,301
						\$2,389,301
Total including Land Comprising Reclamation - Area 6			10.2366 ha		\$5,726,388	\$5,726,388

BU	Land Use Zone	Description		Valuation Rate \$/ha	Totals
5520	8	Access Road	0.9597 ha	\$300,000 ha	\$287,900
5520	8	Andrew McKee Avenue	0.6996 ha	\$300,000 ha	\$209,882
5520	8	Ansett Place	0.8303 ha	\$300,000 ha	\$249,095
5520	8	Cyril Kay Road	0.5873 ha	\$300,000 ha	\$176,199
5520	8	Domestic Apron Access Road	0.3986 ha	\$300,000 ha	\$119,575
5520	8	Fred Ladd Way	0.3297 ha	\$300,000 ha	\$98,920
5520	8	Geoffry Roberts Road North	0.5397 ha	\$300,000 ha	\$161,909
5520	8	Geoffry Roberts Road South	1.0387 ha	\$300,000 ha	\$311,610
5520	8	George Bolt Memorial Drive Central North	1.8286 ha	\$300,000 ha	\$548,576
5520	8	George Bolt Memorial Drive Central South	1.1795 ha	\$300,000 ha	\$353,860
5520	8	George Bolt Memorial Drive North	0.9354 ha	\$300,000 ha	\$280,610
5520	8	George Bolt Memorial Drive South	0.3573 ha	\$300,000 ha	\$107,187
5520	8	Golf Course Road	0.5670 ha	\$300,000 ha	\$170,090
5520	8	Hangar Access Road	0.7670 ha	\$300,000 ha	\$230,098
5520	8	Hape Drive	0.6967 ha	\$300,000 ha	\$209,012
5520	8	ITB Access Road	0.2204 ha	\$300,000 ha	\$66,114
5520	8	Inter-Terminal Pathway	0.4176 ha	\$300,000 ha	\$125,293
5520	8	International Apron Access Road	0.6373 ha	\$300,000 ha	\$191,187
5520	8	John Goulter Drive	0.7991 ha	\$300,000 ha	\$239,743
5520	8	Joseph Hammond Place	0.8838 ha	\$300,000 ha	\$265,134
5520	8	Laurence Stevens Drive East	2.2066 ha	\$300,000 ha	\$661,970
5520	8	Laurence Stevens Drive West	1.2342 ha	\$300,000 ha	\$370,271
5520	8	Leonard Isitt Drive	1.4620 ha	\$300,000 ha	\$438,593
5520	8	Manu Tapu Drive	1.9824 ha	\$300,000 ha	\$594,710
5520	8	Ogvie Crescent	0.9466 ha	\$300,000 ha	\$283,988
5520	8	Percival Gull Pl	0.8737 ha	\$300,000 ha	\$262,118
5520	8	Puhinui Road East	2.1447 ha	\$300,000 ha	\$643,410
5520	8	Puhinui Road West	1.3784 ha	\$300,000 ha	\$413,528
5520	8	Ray Emery Drive	1.2601 ha	\$300,000 ha	\$378,023
5520	8	Tahinga Lane	0.6623 ha	\$300,000 ha	\$198,688
5520	8	Tom Pearce Drive Central East	1.7070 ha	\$300,000 ha	\$512,107
5520	8	Tom Pearce Drive Central West	1.9972 ha	\$300,000 ha	\$599,161
5520	8	Tom Pearce Drive East	1.0534 ha	\$300,000 ha	\$316,009
5520	8	Tom Pearce Drive West	1.7775 ha	\$300,000 ha	\$533,254
5520	8	Walsh Bros Place	0.2801 ha	\$300,000 ha	\$84,043
			35.6396 ha		\$10,691,866
Total	Area 8		35.6396 ha		\$10,691,866
Total for All Aeronautical and Aeronautical Related Land Areas			1,095.6566 ha		\$579,488,162
					\$579,488,162

Appendix 3

**Supporting DCF to Airfield Land
Excluding Reclamation (170 hectares)**

AIAL
Hypothetical Subdivision of Aeronautical Land (170 hectares excluding Reclamation)
DISCOUNTED CASHFLOW ANALYSIS

SUMMARY OF CASHFLOWS																
Cashflow:	Yr 0 ending 30-Jun-06	Yr 1 ending 30-Jun-07	Yr 2 ending 29-Jun-08	Yr 3 ending 29-Jun-09	Yr 4 ending 30-Jun-10	Yr 5 ending 30-Jun-11	Yr 6 ending 29-Jun-12	Yr 7 ending 29-Jun-13	Yr 8 ending 30-Jun-14	Yr 9 ending 30-Jun-15	Yr 10 ending 29-Jun-16	Yr 11 ending 29-Jun-17	Yr 12 ending 30-Jun-18	Yr 13 ending 30-Jun-19	Yr 14 ending 29-Jun-20	Yr 15 ending 29-Jun-21
Average growth:	3.5%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Residential Section Sales pa:	1417	0	115	221	221	217	215	214	214	0	0	0	0	0	0	0
Gross Realisation																
Stage 1: Residential	84 ha	1,392 Sites	\$0	\$20,246,175	\$41,552,227	\$43,006,554	\$44,511,784	\$46,069,696	\$47,682,136	\$49,351,010	\$0	\$0	\$0	\$0	\$0	\$0
Stage 2: Business Sites	20 ha	20 Sites	\$0	\$13,218,857	\$13,681,517	\$14,160,370	\$7,264,970	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Stage 3: Res. Block	10 ha	1 Sites	\$0	\$13,455,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Stage 4: Shopping Centre	10 ha	1 Sites	\$0	\$0	\$26,780,625	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Stage 5: Res. Block	10 ha	1 Sites	\$0	\$0	\$0	\$14,413,332	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Stage 6: Res. Block	10 ha	1 Sites	\$0	\$0	\$0	\$0	\$0	\$15,439,922	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Stage 7: Supermarket Site	2.5 ha	1 Sites	\$0	\$9,056,250	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less: GST			\$0	(\$2,249,575)	(\$4,616,914)	(\$4,778,506)	(\$4,945,754)	(\$5,118,855)	(\$5,298,015)	(\$5,483,446)	\$0	\$0	\$0	\$0	\$0	\$0
Gross Realisation excluding GST			\$0	\$53,726,707	\$77,397,455	\$66,801,751	\$46,831,000	\$56,390,763	\$42,384,121	\$43,867,565	\$0	\$0	\$0	\$0	\$0	\$0
Less: Selling Expenses																
Expenses Inflation	3.50% average	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Selling Costs:			\$0	(\$1,119,526)	(\$1,640,287)	(\$1,431,605)	(\$1,035,535)	(\$1,230,192)	(\$953,643)	(\$987,020)	\$0	\$0	\$0	\$0	\$0	\$0
Legal:			\$0	(\$121,987)	(\$241,044)	(\$249,481)	(\$253,693)	(\$260,335)	(\$268,214)	(\$277,602)	\$0	\$0	\$0	\$0	\$0	\$0
Promotion:			\$0	(\$73,192)	(\$144,627)	(\$149,689)	(\$152,216)	(\$156,201)	(\$160,929)	(\$166,561)	\$0	\$0	\$0	\$0	\$0	\$0
Net Realisation			\$0	\$52,412,001	\$75,371,496	\$64,970,977	\$45,389,557	\$54,744,034	\$41,001,335	\$42,436,382	\$0	\$0	\$0	\$0	\$0	\$0
Less: Subdivision Expenses																
Subdivision Cost:			(\$11,105,557)	(\$11,494,252)	(\$11,896,550)	(\$12,312,930)	(\$12,743,882)	(\$13,189,918)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Contingency on Costs:			(\$2,221,111)	(\$1,724,138)	(\$1,189,655)	(\$615,646)	(\$637,194)	(\$659,496)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Professional Fees:			(\$1,332,667)	(\$1,321,839)	(\$1,308,621)	(\$1,292,858)	(\$1,338,108)	(\$1,384,941)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Legal & Survey:			\$0	(\$182,457)	(\$360,531)	(\$373,150)	(\$379,450)	(\$389,385)	(\$401,170)	(\$415,211)	\$0	\$0	\$0	\$0	\$0	\$0
Holding Charges:			(\$287,918)	(\$292,307)	(\$261,169)	(\$220,553)	(\$177,129)	(\$131,227)	(\$82,310)	(\$29,830)	\$0	\$0	\$0	\$0	\$0	\$0
Financial Contributions			\$0	(\$3,358,577)	(\$4,920,862)	(\$4,294,815)	(\$3,106,605)	(\$3,690,577)	(\$2,860,928)	(\$2,961,061)	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Price/Reversion	\$0															
Net Cashflow:	\$0	(\$14,947,253)	\$34,038,431	\$55,434,108	\$45,861,024	\$27,007,189	\$35,298,489	\$37,656,927	\$39,030,281	\$0	\$0	\$0	\$0	\$0	\$0	\$0

ASSUMPTIONS	
DCF Start Date:	1-Jul-06
Rental growth and inflation:	See above
Purchase Price (for IRR):	\$0
Effective Average Growth Rate pa:	3.50%
Term of Development:	
Development Period before selldown:	1.0 yrs
Selling Costs:	2.0%
Legal Costs:	\$1,000 /site
Promotion:	\$600 /site
Construction Term:	6.0 yrs
Subdivision Costs:	\$40 /m ²
Contingency on Costs Year 1:	20.0%
Contingency on Costs Year 2:	15.0%
Contingency on Costs Year 3:	10.0%
Contingency on Costs Yr 4-15:	5.0%
Professional Fees:	10.0%
Legal & Survey:	\$1,500 /site
Holding Charges:	\$200 /site
Financial Contributions	6.0%

SENSITIVITY ANALYSIS (Discounted monthly in advance)		
Disc.Rate	Present Value	\$/ha
22.50%	\$113,092,642	\$662,129/ha
25.00%	\$104,885,372	\$614,078/ha
27.50%	\$97,527,851	\$571,001/ha
Adopt Value	\$104,900,000	\$614,164/ha

Appendix 4

Opus International Assessment of Reclamation and Seawalls

10.3.8 Info Tech Systems (6500)

The value of the info tech system assets has increased by \$5.5M, 121% higher than the 2002 value. The components of this increase are tabulated below.

Table 22: Increase in Value of Info Tech System Assets (6500)

Component	Optimised Depreciated Replacement Cost			
	2006	2002	Difference (\$)	Difference (%)
Cable	\$3,524,000	\$4,529,900	-\$1,005,900	-22%
Duct	\$2,246,900		\$2,246,900	
Conduit	\$3,155,000		\$3,155,000	
Nodes	\$1,089,800		\$1,089,800	
TOTAL	\$10,015,700	\$4,529,900	\$5,485,800	121%

Ducting was previously valued as a separate business unit and hence its inclusion under electrical services artificially inflates this year's value in comparison to 2002.

10.4 Reclamation & Seawalls

The 2002 and 2006 valuations for the seawalls and reclaimed land are tabulated below.

Table 23: 2002-2006 Valuation Comparison for Reclamation & Seawalls (\$)

Asset	Replacement Cost	Depreciated Replacement Cost		% Increase
		2006	2002	
Reclaimed land	\$123,220,000	\$123,220,000	\$92,181,000	34%
Seawalls	\$26,725,000	\$22,993,000	\$14,683,000	56%
TOTAL	\$149,945,000	\$146,214,000	\$106,864,000	37%

The increase in the valuation is principally price driven, but also an increase in the financial holding costs.

The combined value of seawalls and reclamation equate to a unit rate of \$106/m², based on replacement cost and \$103/m², based on depreciated replacement cost. (This compares with a rate of \$58/m² cited for the reclamation undertaken in 1998. The difference in unit cost is due to:

Appendix 5

**DCF Approach to Airfield Land
Including Reclamation (314 hectares)**

AIAL
Hypothetical Subdivision of Aeronautical Land (314 hectares)
DISCOUNTED CASHFLOW ANALYSIS

		SUMMARY OF CASHFLOWS															
Cashflow:		Yr 0 ending 30-Jun-06	Yr 1 ending 30-Jun-07	Yr 2 ending 29-Jun-08	Yr 3 ending 29-Jun-09	Yr 4 ending 30-Jun-10	Yr 5 ending 30-Jun-11	Yr 6 ending 29-Jun-12	Yr 7 ending 29-Jun-13	Yr 8 ending 30-Jun-14	Yr 9 ending 30-Jun-15	Yr 10 ending 29-Jun-16	Yr 11 ending 29-Jun-17	Yr 12 ending 30-Jun-18	Yr 13 ending 30-Jun-19	Yr 14 ending 29-Jun-20	Yr 15 ending 29-Jun-21
	Average growth:	3.5%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
	Residential Section Sales pa:	2555	0	125	242	241	241	241	240	233	233	233	233	233	58	0	0
Gross Realisation																	
Stage 1:	Residential	152 ha	2,508 Sites	\$0	\$21,146,735	\$43,400,491	\$44,919,508	\$46,491,691	\$48,118,900	\$49,803,062	\$51,546,169	\$53,350,285	\$55,217,545	\$57,150,159	\$59,150,415	\$15,108,295	\$0
Stage 2:	Business Sites	40 ha	40 Sites	\$0	\$15,422,000	\$15,961,770	\$16,520,432	\$17,098,647	\$17,697,100	\$18,316,498	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Stage 3:	Res. Block	10 ha	1 Sites	\$0	\$13,455,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Stage 4:	Shopping Centre	10 ha	1 Sites	\$0	\$0	\$26,780,625	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Stage 5:	Res. Block	10 ha	1 Sites	\$0	\$0	\$13,925,925	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Stage 6:	Res. Block	10 ha	1 Sites	\$0	\$0	\$0	\$14,413,332	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Stage 7:	Res. Block	10 ha	1 Sites	\$0	\$0	\$0	\$0	\$14,917,799	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Stage 8:	Res. Block	10 ha	1 Sites	\$0	\$0	\$0	\$0	\$0	\$15,439,922	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Stage 9:	Supermarket Site	2.5 ha	1 Sites	\$0	\$9,056,250	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Stage 10:			0 Sites	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less: GST				\$0	(\$2,349,637)	(\$4,822,277)	(\$4,991,056)	(\$5,165,743)	(\$5,346,544)	(\$5,533,674)	(\$5,727,352)	(\$5,927,809)	(\$6,135,283)	(\$6,350,018)	(\$6,572,268)	(\$1,678,699)	\$0
Gross Realisation excluding GST				\$0	\$56,730,348	\$95,246,534	\$70,862,216	\$73,342,394	\$75,909,378	\$62,585,887	\$45,818,817	\$47,422,476	\$49,082,262	\$50,800,141	\$52,578,146	\$13,429,595	\$0
Less: Selling Expenses		Expenses Inflation	3.50% average	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
		Selling Costs:		\$0	(\$1,181,600)	(\$2,001,376)	(\$1,517,065)	(\$1,570,163)	(\$1,625,118)	(\$1,362,391)	(\$1,030,923)	(\$1,067,006)	(\$1,104,351)	(\$1,143,003)	(\$1,183,008)	(\$302,166)	\$0
		Legal:		\$0	(\$133,175)	(\$264,057)	(\$272,187)	(\$281,714)	(\$291,574)	(\$300,546)	(\$302,423)	(\$313,008)	(\$323,964)	(\$335,302)	(\$347,038)	(\$88,641)	\$0
		Promotion:		\$0	(\$79,905)	(\$158,434)	(\$163,312)	(\$169,028)	(\$174,944)	(\$180,328)	(\$181,454)	(\$187,805)	(\$194,378)	(\$201,181)	(\$208,223)	(\$53,185)	\$0
Net Realisation				\$0	\$55,335,668	\$92,822,667	\$68,909,651	\$71,321,489	\$73,817,741	\$60,742,622	\$44,304,016	\$45,854,657	\$47,459,570	\$49,120,655	\$50,839,878	\$12,985,604	\$0
Less: Subdivision Expenses																	
		Subdivision Cost:		(\$9,401,594)	(\$9,730,650)	(\$10,071,222)	(\$10,423,715)	(\$10,788,545)	(\$11,166,144)	(\$11,556,959)	(\$11,961,453)	(\$12,380,104)	(\$12,813,407)	(\$13,261,877)	\$0	\$0	\$0
		Contingency on Costs:		(\$1,880,319)	(\$1,459,597)	(\$1,007,122)	(\$521,186)	(\$539,427)	(\$558,307)	(\$577,848)	(\$598,073)	(\$619,005)	(\$640,670)	(\$663,094)	\$0	\$0	\$0
		Professional Fees:		(\$1,128,191)	(\$1,119,025)	(\$1,107,834)	(\$1,094,490)	(\$1,132,797)	(\$1,172,445)	(\$1,213,481)	(\$1,255,953)	(\$1,299,911)	(\$1,345,408)	(\$1,392,497)	\$0	\$0	\$0
		Legal & Survey:		\$0	(\$199,190)	(\$394,952)	(\$407,112)	(\$421,361)	(\$436,109)	(\$449,529)	(\$452,337)	(\$468,168)	(\$484,554)	(\$501,514)	(\$519,067)	(\$132,581)	\$0
		Holding Charges:		(\$519,146)	(\$531,112)	(\$504,358)	(\$467,707)	(\$427,891)	(\$384,716)	(\$338,223)	(\$288,821)	(\$236,507)	(\$180,178)	(\$119,616)	(\$54,593)	(\$2,943)	\$0
		Financial Contribution		\$0	(\$2,363,199)	(\$4,002,752)	(\$3,034,131)	(\$3,140,325)	(\$3,250,237)	(\$2,724,782)	(\$2,061,847)	(\$2,134,011)	(\$2,208,702)	(\$2,286,006)	(\$2,366,017)	(\$604,332)	\$0
Purchase Price/Reversion			\$0														
Net Cashflow:			\$0	(\$12,929,250)	\$39,932,895	\$75,734,425	\$52,961,310	\$54,871,141	\$56,849,783	\$43,881,799	\$27,685,534	\$28,716,950	\$29,786,650	\$30,896,051	\$47,900,201	\$12,245,748	\$0

ASSUMPTIONS	
DCF Start Date:	1-Jul-06
Rental growth and inflation:	See above
Purchase Price (for IRR):	\$0
Effective Average Growth Rate pa:	3.50%
Term of Development:	
Development Period before sell-down:	1.0 yrs
Selling Costs:	2.0%
Legal Costs:	\$1,000 /site
Promotion:	\$600 /site
Construction Term:	11.0 yrs
Subdivision Costs:	\$40 /m ²
Contingency on Costs Year 1:	20.0%
Contingency on Costs Year 2:	15.0%
Contingency on Costs Year 3:	10.0%
Contingency on Costs Yr 4-15:	5.0%
Professional Fees:	10.0%
Legal & Survey:	\$1,500 /site
Holding Charges:	\$200 /site
Financial Contribution	4.0%

SENSITIVITY ANALYSIS		
(Discounted monthly in advance)		
Disc. Rate	Present Value	/ha
20.00%	\$189,281,856	\$602,461/ha
22.50%	\$172,984,840	\$550,589/ha
25.00%	\$158,808,853	\$505,469/ha
Adopted Present Value	\$173,000,000	\$550,638/ha
Calc. mthly in adv.:		