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Specified Airport Services Information Disclosure Requirements Information Templates for Schedules 1–17, 23

Company Name	Wellington International Airport Limited
Disclosure Date	31 March 2012
Disclosure Year (year ended)	31 March 2011
Pricing period starting year (year ended) ¹	31 March 2008

¹ Pricing period starting year of the pricing period in place at the end of the disclosure year. Is used in clause b schedule 6.

Templates for schedules 1–17 & 23 (Annual Disclosure)
Version 2.0. Prepared 25 January 2012

Table of Contents

Schedule	Description
1	REPORT ON RETURN ON INVESTMENT
2	REPORT ON THE REGULATORY PROFIT
3	REPORT ON THE REGULATORY TAX ALLOWANCE
4	REPORT ON REGULATORY ASSET BASE ROLL FORWARD
5	REPORT ON RELATED PARTY TRANSACTIONS
6	REPORT ON ACTUAL TO FORECAST EXPENDITURE
7	REPORT ON SEGMENTED INFORMATION
8	CONSOLIDATION STATEMENT
9	REPORT ON ASSET ALLOCATIONS
9	REPORT ON ASSET ALLOCATIONS (2010)
9	REPORT ON ASSET ALLOCATIONS (2009)
10	REPORT ON COST ALLOCATIONS
11	REPORT ON RELIABILITY MEASURES
12	REPORT ON CAPACITY UTILISATION INDICATORS FOR AIRCRAFT AND FREIGHT ACTIVITIES AND AIRFIELD ACTIVITIES
13	REPORT ON CAPACITY UTILISATION INDICATORS FOR SPECIFIED PASSENGER TERMINAL ACTIVITIES
14	REPORT ON PASSENGER SATISFACTION INDICATORS
15	REPORT ON OPERATIONAL IMPROVEMENT PROCESSES
16	REPORT ON ASSOCIATED STATISTICS
17	REPORT ON PRICING STATISTICS
23	REPORT ON INITIAL REGULATORY ASSET BASE VALUE

Disclosure Template Guidelines for Information Entry

Internal consistency check

OK

Templates

The templates contained in this workbook are intended to reflect the specified airport disclosure requirements set out in Schedules 1–17 inclusive and Schedule 23 of Commerce Commission decision 715 (Commerce Act (Specified Airport Services Information Disclosure) Determination 2010).

Data entry cells and calculated cells

Data entered into this workbook may be entered only into the data entry cells. Data entry cells are the bordered, unshaded areas in each template. Under no circumstances should data be entered into the workbook outside a data entry cell. In some cases, where the information for disclosure is able to be ascertained from disclosures elsewhere in the workbook, such information is disclosed in a calculated cell. Under no circumstances should the formulas in a calculated cell be overwritten. All cells that are not data entry cells may be locked using worksheet protection to ensure they are not overwritten.

Validation settings on data entry cells

To maintain a consistency of format and to guard against errors in data entry, some data entry cells test entries for validity and accept only a limited range of values. For example, entries may be limited to a list of category names or to values between 0% and 100%.

Data entry cells for text entries

Data input cells that display the data validation input message "Short text entry cell" have a maximum text length of 253 characters. Because of page layout constraints, this text length is unlikely to be approached. The amount of text that may be entered in the comment boxes is restricted only by the capacity of the spreadsheet program and page layout constraints. Should a comment box within a template be inadequate to fully present the disclosed comments, comments may be continued outside the template. The comment box must then contain a reference to identify where in the disclosure the comment is continued. Row widths can be adjusted to increase the viewable size of text entries.

A paragraph feed may be inserted in an entry cell by holding down both the {alt} and the {shift} keys.

Data entry cells that contain conditional formatting

A limited number of data entry cells may change colour or disappear from view in response to data entries (including date entries) made in the workbook. This feature has been implemented to highlight data being entered that is not internally consistent with other data currently entered, and to hide data entry cells for conditionally disclosed information when the determination does not require the data be disclosed.

a) Internal consistency checks

To assist with data entry, the shading of the following data entry cells will change if the cell content becomes inconsistent with data elsewhere in the template:

Schedule 4, cells N110:N118, J30;

Schedule 7, cells K8:K14, K16:K18, K20, K22, K24, K26, K28, K30, K32.

Should such inconsistency be identified, the shading of the internal consistency check cell C4 at the top of the Guidelines worksheet will also change and the check cell will show "Error" instead of "OK".

b) Conditionally disclosed information

The determination allows in some circumstances that data do not need to be disclosed. Accordingly, the following cells are conditionally formatted to disappear from view (the borders are removed and the interior of the cells takes on the colour of the template background) in some circumstances:

Schedule 1, cells F9:F12, F14:F15, F17:F18, G9:G12, G14:G15, G17:G18;

In schedule 1, the column F cells listed above disappear if the determination does not require Part 4 disclosure in respect of year CY – 2 (CY is the current disclosure year). Similarly, the column G cells disappear if disclosure is not required in respect of year CY – 1.

Schedule 6 comparison of actual and forecast expenditures

Clause 6a of schedule 6 compares actual expenditures with expenditures forecast in respect of the most recent price setting event.

The calculated cells G10:G11, G14:G16, G19:G28 determine, from clause 6b, the forecast expenditure for the current disclosure year.

The calculated cells M10:M11, M14:M16, M19:M28 determine, from clause 6b, the forecast expenditure to date.

The formulas in the calculated cells assume that the current disclosure falls within the five year pricing period. Cell C65 notes which of the pricing period years disclosed in clause 6b coincides with the current disclosure year.

Regulated Airport
For Year Ended

Wellington International Airport Limited
31 March 2011

SCHEDULE 1: REPORT ON RETURN ON INVESTMENT

ref Version 2.0

(\$000 unless otherwise specified)

1a: Return on Investment

		CY-2 *	CY-1 *	Current Year CY
	for year ended			31 Mar 11
8	Return on Investment (ROI)			
9	Regulatory profit / (loss)			25,985
10	less Notional interest tax shield			1,396
11	Adjusted regulatory profit			24,589
12	Regulatory investment value			398,873
14	ROI—comparable to a post tax WACC (%)			6.16%
15	Post tax WACC (%)			8.19%
17	ROI—comparable to a vanilla WACC (%)			6.51%
18	Vanilla WACC (%)			8.54%

Commentary on Return on Investment

No comment.

* Return on Investment disclosure is not required for years ended prior to 2011.

Page 1

Regulated Airport
For Year EndedWellington International Airport Limited
31 March 2011

SCHEDULE 1: REPORT ON RETURN ON INVESTMENT (cont)

ref Version 2.0

(\$000 unless otherwise specified)

1b: Notes to the Report

1b(i): Deductible Interest and Interest Tax Shield

RAB value - previous year	379,566
Debt leverage assumption (%)	17%
Cost of debt assumption (%)	7.21%
Notional deductible interest	4,652
Tax rate (%)	30.00%
Notional interest tax shield	1,396

1b(ii): Regulatory Investment Value

Regulatory asset base value - previous year	379,566
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	Assets Commissioned— RAB Value (\$000)	Proportion of Year Available (%)	Proportionate Regulatory Value
Commissioned Projects			
South Runway End Safety Area	—	0%	—
North Runway End Safety Area	—	0%	—
North Pier Eastern Gate Expansion	34,284	42%	14,285
Northern Pier Terminal and Western Gate Expansion	—	0%	—
Airfield Pavement Maintenance Programme	5,031	99%	4,999
[Commissioned Project 6]			—
[Commissioned Project 7]			—
[Commissioned Project 8]			—
[Commissioned Project 9]			—
plus Other assets commissioned	1,896	50%	948
plus Adjustment for merger, acquisition or sale activity			—
less Asset disposals	1,849	50%	925
RAB investment	39,361		
RAB proportionate investment			19,308

Regulatory investment value	398,873
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Page 2

Regulated Airport
For Year Ended

Wellington International Airport Limited
31 March 2011

SCHEDULE 2: REPORT ON THE REGULATORY PROFIT

ref Version 2.0

6	2a: Regulatory Profit		
7	Income		(\$000)
8	Passenger service charge	45,369	
9	MCTOW charge	386	
10	International departure fee	6,746	
11	Counter charges	453	
12	Lease, rental and concession income	4,102	
13	Other operating revenue	—	
14	Net operating revenue		57,055
15			
16	Gains / (losses) on sale of assets	2	
17	Other income	—	
18	Total regulatory income		57,057
19	Expenses		
20	Operational expenditure:		
21	Corporate overheads	4,272	
22	Asset management and airport operations	8,391	
23	Asset maintenance	1,986	
24	Total operational expenditure		14,648
25			
26	Operating surplus / (deficit)		42,409
27			
28	Regulatory depreciation		12,105
29			
30	plus Indexed revaluation	6,215	
31	plus Non-indexed revaluation	(1,760)	
32	Total revaluations		4,455
33			
34	Regulatory Profit / (Loss) before tax & allowance for long term credit spread		34,759
35			
36	less Allowance for long term credit spread		(3)
37			
38	Regulatory Profit / (Loss) before tax		34,762
39			
40	less Regulatory tax allowance		8,777
41			
42	Regulatory Profit / (Loss)		25,985
43	Commentary on Regulatory Profit		
44	No comment.		
45			
46			
47			
48			
49			
50			
51			
52			
53			
54			

Page 3

Regulated Airport
For Year EndedWellington International Airport Limited
31 March 2011**SCHEDULE 2: REPORT ON THE REGULATORY PROFIT (cont)**

ref Version 2.0

(\$000 unless otherwise specified)

2b: Notes to the Report**2b(i): Allowance for Long Term Credit Spread**

Schedule 2b(i) is only to be completed if at the end of the disclosure year the weighted average original tenor of the airport's qualifying debt and non-qualifying debt is greater than five years.

Qualifying debt	Issue date	Pricing date	Original tenor (in years)	Coupon rate (%)	Book value	Term Credit Spread Difference	Execution cost of an interest rate swap	Notional debt issue cost readjustment
WIAL wholesale bonds	1/08/2007	1/08/2007	10.0	8.81%	150,000	225	28	(263)
						225	28	(263)

(10)

Attribution Rate (%) 26.0%

Allowance for long term credit spread (3)

2b(ii): Financial Incentives

(\$000)

Pricing incentives

192

Other incentives

11

Total financial incentives

203

2b(iii): Rates and Levy Costs

(\$000)

Rates and levy costs

1,072

2b(iv): Merger and Acquisition Expenses

(\$000)

Merger and acquisition expenses

-

Justification for Merger and Acquisition Expenses

No merger and acquisition expenses.

Regulated Airport
For Year EndedWellington International Airport Limited
31 March 2011

SCHEDULE 3: REPORT ON THE REGULATORY TAX ALLOWANCE

ref Version 2.0

6 3a: Regulatory Tax Allowance

(\$000)

7	Regulatory profit / (loss) before tax		34,762
8			
9	plus Regulatory depreciation	12,105	
10	Other permanent differences—not deductible	17	*
11	Other temporary adjustments—current period	651	*
12			12,773
13			
14	less Total revaluations	4,455	
15	Tax depreciation	8,671	
16	Notional deductible interest	4,652	
17	Other permanent differences—non taxable	—	*
18	Other temporary adjustments—prior period	499	*
19			18,278
20			
21	Regulatory taxable income (loss)		29,257
22			
23	less Tax losses used	—	
24	Net taxable income		29,257
25			
26	Statutory tax rate (%)	30.0%	
27	Regulatory tax allowance		8,777

* Workings to be provided

29 3b: Notes to the Report

30 3b(i): Disclosure of Permanent Differences and Temporary Adjustments

The Airport Business is to provide descriptions and workings of items recorded in the four "other" categories above (explanatory notes can be provided in a separate note if necessary).

The tax differences detailed in the schedule above were determined as follows:

- Permanent difference non-deductible - 50% of entertainment expenditure is non-deductible expenditure for tax purposes and this adjustment represents the allocated share of the total not deductible in WIAL's 2011 tax return. Entertainment expenditure was allocated to the regulated cost base following application of the cost allocation processes detailed in Schedule 10. The aeronautical share of entertainment expenses was applied to the tax adjustment in WIAL's tax calculation schedule for the 2011 financial year - comprising a company adjustment of \$23,300 times 73.7% aeronautical share of this expense.
- Temporary adjustments current period - these comprise human resources year end accruals (annual leave, bonus provision and ACC levies) that are not deductible in the year they are accrued. These amounts represent the amounts allocated to the regulated business cost base - comprising a company accrual of \$862,000 times 75.5% aeronautical share of this expense.
- Temporary adjustments prior period - these comprise the human resources year end accruals as described above for the previous year - total company accruals of \$661,000 times 75.5% aeronautical share of this expense.

The Determination defines "other temporary adjustments - prior period" to include depreciation. The Commission has confirmed that depreciation should be excluded from this adjustment and on 22 March 2012 provided WIAL with an exemption from the requirement in the determination.

43 3b(ii): Tax Depreciation Roll-Forward

(\$000)

45	Opening RAB (Tax Value)	150,624	
46	plus Regulatory tax asset value of additions	37,533	
47	less Regulatory tax asset value of disposals	(7)	
48	plus Regulatory tax asset value of assets transferred from/(to) unregulated asset base	—	
49	less Tax depreciation	8,671	
50	plus Other adjustments to the RAB tax value	(0)	
51	Closing RAB (tax value)		179,492

52 3b(iii): Reconciliation of Tax Losses (Airport Business)

(\$000)

54	Tax losses (regulated business)—prior period	—	
55	plus Current year tax losses	—	
56	less Tax losses used	—	
57			
58	Tax losses (regulated business)		—

Page 5

Regulated Airport
For Year EndedWellington International Airport Limited
31 March 2011

SCHEDULE 4: REPORT ON REGULATORY ASSET BASE ROLL FORWARD

ref Version 2.0

		Unallocated RAB *		RAB
		(\$000)	(\$000)	(\$000)
	RAB value—previous disclosure year		392,872	379,566
	<i>less</i>			
	Regulatory depreciation		12,751	12,105
	<i>plus</i>			
	Indexed revaluations	6,482		6,215
	Non-indexed revaluations	(1,799)		(1,760)
	Total revaluations		4,683	4,455
	<i>plus</i>			
	Assets commissioned (other than below)	42,387		41,079
	Assets acquired from a regulated supplier	—		—
	Assets acquired from a related party	132		132
	Assets commissioned		42,519	41,211
	<i>less</i>			
	Asset disposals (other)	23		23
	Asset disposals to a regulated supplier	—		—
	Asset disposals to a related party	1,914		1,826
	Asset disposals		1,938	1,849
	<i>plus</i> Lost and found assets adjustment		—	—
	Adjustment resulting from cost allocation			(4,136)
	RAB value [†]		425,385	407,142

Commentary

No comment

* The 'unallocated RAB' is the total value of those assets used wholly or partially to provide specified services without any allowance being made for the allocation of costs to non-specified services. The RAB value represents the value of these assets after applying this cost allocation. Neither value includes land held for future use or works under construction.

[†] RAB to correspond with the total assets value disclosed in schedule 9 Asset Allocations.

4b: Notes to the Report

4b(i): Regulatory Depreciation

	Unallocated RAB	RAB
	(\$000)	(\$000)
Standard depreciation	12,751	12,105
Non-standard depreciation	—	—
Regulatory depreciation	12,751	12,105

Page 6

Regulated Airport
For Year EndedWellington International Airport Limited
31 March 2011

SCHEDULE 4: REPORT ON REGULATORY ASSET BASE ROLL FORWARD (cont)

ref Version 2.0

(\$000 unless otherwise specified)

4b(ii): Non-Standard Depreciation Disclosure

Non-standard Depreciation Methodology	Depreciation charge for the period (RAB)	Year change made (year ended)	RAB value under 'non-standard' depreciation	RAB value under 'standard' depreciation
N/A				

4b(iii): Non-Standard Depreciation Disclosure for Year of Change

Summary of Change	Justification for change in depreciation methodology	Extent of customer disagreement and supplier response

4b(iv): Calculation of Revaluation Rate and Indexed Revaluation of Fixed Assets

CPI at CPI reference date—previous year (index value)	1,119
CPI at CPI reference date—current year (index value)	1,146
Revaluation rate (%)	2.42%

	Unallocated RAB	RAB
RAB value—previous disclosure year	392,872	379,566
less Revalued land	122,687	120,621
less Assets with nil physical asset life	222	109
less Asset disposals	1,938	1,849
less Lost asset adjustment	—	—
Indexed revaluation	6,482	6,215

4b(v): Works Under Construction

	Unallocated works under construction	Allocated works under construction
Works under construction—previous disclosure year	31,009	30,059
plus Capital expenditure	14,249	14,139
less Asset commissioned	42,519	41,211
less Offsetting revenue	—	—
plus Adjustment resulting from cost allocation		(303)
Works under construction	2,739	2,684

Page 7

Regulated Airport
For Year Ended**Wellington International Airport Limited**
31 March 2011**SCHEDULE 4: REPORT ON REGULATORY ASSET BASE ROLL FORWARD (cont)**

ref Version 2.0

4b(vi): Capital Expenditure by Primary Purpose

Capacity growth	18,529	
plus Asset replacement and renewal	2,502	
Total capital expenditure		21,031

4b(vii): Asset Classes

	Land	Sealed Surfaces	Infrastructure & Buildings	Vehicles, Plant & Equipment	Total *
RAB value—previous disclosure year	120,621	121,679	127,790	9,475	379,566
less Regulatory depreciation	—	5,693	5,000	1,411	12,105
plus Indexed revaluations	—	2,941	3,047	227	6,215
plus Non-indexed revaluations	(1,760)				(1,760)
plus Assets commissioned	340	10,442	26,171	4,258	41,211
less Asset disposals	—	88	1,762	—	1,849
plus Lost and found assets adjustment	—	—	—	—	—
plus Adjustment resulting from cost allocation	74	(48)	(4,129)	(32)	(4,136)
RAB value	119,275	129,233	146,117	12,516	407,142

* Corresponds to values in RAB roll forward calculation.

4b(viii): Assets Held for Future Use

	Base Value	Holding Costs	Net Revenues	Tracking Revaluations	Total
Assets held for future use—previous disclosure year	6,639	43	38	9	6,653
plus Assets held for future use—additions ¹	450	632	24	(61)	996
less Transfer to works under construction	—	—	—	—	—
less Assets held for future use—disposals	—	—	—	—	—
Assets held for future use ²	7,088	675	62	(52)	7,649

¹ Holding Costs, Net Revenues, and Tracking Revaluations entries in the 'Assets held for future use—additions' line relate to the value incurred during the disclosure year.² Each category value shown in the 'Assets held for future use' line (Base Value, Holding Costs, Net Revenues, and Tracking Revaluations) is carried forward into the following year's disclosure as 'Assets held for future use—previous disclosure year'.

Highest rate of finance applied (%)	7.03%
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Page 8

Regulated Airport
For Year EndedWellington International Airport Limited
31 March 2011

SCHEDULE 5: REPORT ON RELATED PARTY TRANSACTIONS

ref Version 2.0

5(i): Related Party Transactions

(\$000)

Net operating revenue	6
Operational expenditure	2,298
Related party capital expenditure	132
Market value of asset disposals	1,643
Other related party transactions	—

5(ii): Entities Involved in Related Party Transactions

Entity Name	Related Party Relationship
NZ Airports Limited	Shareholder (66%) and company that employs 1 WIAL Director
Wellington City Council	Shareholder (34%)
Infratil Limited	Owner of NZ Airports Limited
HRL Morrison & Co	Company that employs 2 WIAL Directors
Z Energy Limited	50% owned by Infratil Limited
Wellington International Airport Limited	Unregulated activities of the Airport
Other	Key management personnel

5(iii): Related Party Transactions

Entity Name	Description of Transaction	Average Unit Price (\$)	Value (\$000)
NZ Airports Limited	Executive management services	407,608	408
Wellington City Council	Property rates	0.0062	784
Z Energy Limited	Lease of land and property	6,000	6
Wellington International Airport Limited	Asset transfers from unregulated activities to regulated activities	N/A	132
Wellington International Airport Limited	Asset transfers from regulated activities to unregulated activities	N/A	1,643
Wellington International Airport Limited Key Management Personnel	Short term employee benefits for the allocation of key management personnel disclosed in 2011 Annual Report - includes directors and executive management as detailed below:	103,667	933
	- director fees	34,600	173
	- executive management	158,333	760

Commentary on Related Party Transactions

The average unit price for rates is the average local authority rates charge per dollar of rating capital value for WIAL's properties.

Averages have not been shown for several of the other transaction categories because there is no base for calculating an average unit price for those transacted items.

Regulated Airport
For Year EndedWellington International Airport Limited
31 March 2011

SCHEDULE 6: REPORT ON ACTUAL TO FORECAST EXPENDITURE

ref Version 2.0

6a: Actual to Forecast Expenditure

(\$000)

	Actual for Current Disclosure Year (a)	Forecast for Current Disclosure Year* (b)	% Variance (a)/(b)-1	Actual for Period to Date (a)	Forecast for Period to Date* (b)	% Variance (a)/(b)-1
Expenditure by Category						
Capacity growth	18,529	—	Not defined	50,027	46,489	7.6%
Asset replacement and renewal	2,502	6,343	(60.6%)	46,798	24,520	90.9%
Total capital expenditure	21,031	6,343	231.6%	96,825	71,010	36.4%
Corporate overheads	4,272	N/A	Not defined	N/A	N/A	Not defined
Asset management and airport operations	8,391	N/A	Not defined	N/A	N/A	Not defined
Asset maintenance	1,986	N/A	Not defined	N/A	N/A	Not defined
Total operational expenditure	14,648	12,153	20.5%	51,851	44,591	16.3%
Key Capital Expenditure Projects						
South Runway End Safety Area	289	—	Not defined	1,760	2,625	(32.9%)
North Runway End Safety Area	502	—	Not defined	7,720	5,670	36.2%
Northern Pier Eastern Gate Expansion	—	—	Not defined	5,702	4,513	26.4%
Northern Pier Terminal and Western Gate Expansion	17,739	—	Not defined	34,845	33,682	3.5%
Airfield Pavement Maintenance Programme	2,057	2,094	(1.8%)	15,217	13,011	17.0%
[Project 6]	—	—	Not defined	—	—	Not defined
[Project 7]	—	—	Not defined	—	—	Not defined
[Project 8]	—	—	Not defined	—	—	Not defined
[Project 9]	—	—	Not defined	—	—	Not defined
Other capital expenditure	444	4,249	(89.5%)	31,581	11,509	174.4%
Total capital expenditure	21,031	6,343	231.6%	96,825	71,010	36.4%

Explanation of Variances

Capacity Growth Capital Expenditure

Capacity growth capital expenditure comprises the Runway End Safety Areas and the Northern Pier expansion projects.

- Current year (2011) variance – the terminal expansion project was forecast to be completed in the 2009 financial year but was not completed until 2011.
- Period to date variance – total variance is below 10% however variances for the individual key capital expenditure projects areas follows:
 - Southern End Runway Safety Area – a total of \$25.6m was capitalised for South RESA compared to the project forecast of \$23.6m. The construction was further advanced at the commencement of the pricing period than was expected in the 2007 consultation forecast.
 - Northern End Runway Safety Area – the 2007 consultation forecast included an expected \$2m in capital WIP at the commencement of the period, and an expected total cost of \$7.7m. The actual amount capitalised for the project was \$9.3m.
 - Northern Pier Eastern Gate Expansion – the 2007 consultation forecast included an expected \$8.4m in capital WIP at the commencement of the period, and an expected total cost of \$12.7m. The actual amount capitalised for the project was \$9.1m.

Asset Replacement and Renewal Expenditure

- Current year (2011) variance – below forecast in 2011 due to a focus of resource on project expenditure and completion of the Northern Pier Terminal project during the year.
- Period to date variance – the variance comprises variances for the Pavement Maintenance Programme and other capital expenditure.
 - Pavement Maintenance Programme – runway overlay was forecast to cost \$5.8m. Actual amount capitalised was \$11.3m over 2010 and 2011 years. Some other forecast works were deferred to partially offset this increased cost.
 - Other Capital Expenditure – the actual period to date other capital expenditure comprises capital expenditure of \$4.4m (forecast \$11.5m) and asset transfers from the unregulated business activity of \$27.1m (not forecast). The main contributors to the reduced expenditure of \$4.4m from forecast \$11.5m were deferral of the upgrade of the airport service vehicles (\$2.3m) and lower spending on acquisition of Bridge Street properties as these were not offered for sale by their owners (\$2.2m).

The main asset transfers occurred in 2008 and 2010. The key assets included in the 2010 transfers were:

The Air NZ Hangar – this is used for aircraft maintenance on occasion and consequently has been reclassified to the regulated asset base (\$3.3m). This is recorded as aircraft and freight revenue and therefore this transfer has no impact on revenue from landing and terminal charges.

Terminal leased areas to airlines and Government agencies were excluded in error from the disclosure financial statements prior to 2010. These were reclassified to the regulated asset base in 2010 (\$15.3m). This is recorded as leased revenue and therefore this transfer has no impact on revenue from landing and terminal charges.

During the 2007 pricing consultation WIAL reclassified a significant part of the common use of the main terminal building from common areas to non-regulated areas as part of a commercial concession. These areas have been reclassified as common use assets in the regulated asset base in 2010 (\$11.0m).

Operating Expenditure

Operating expenditure was not previously recorded by WIAL in the categories required by the Information Disclosure Determinations. Clause 2.10 (5)(d) of the Determination contains transitional provisions that do not require the disclosure of operating expenditure by category. As a result, WIAL has disclosed total operational expenditure for the period to date.

The variance in total operating costs is primarily due to the same cost items (other compensating variances exist) for both the current year (2011) and the period to date. The composition of the variances is set out below:

Cost Item	2011 Variance (\$000)	2011 Variance %	Period to Date Variance (\$000)	Period to Date %
Consultation and Commerce Act regulation costs	346	125	2,877	365
Employee remuneration	879	18	2,023	11
Building utility costs (cleaning, energy, rates and insurance)	1,359	60	3,128	37

Total	2,583	21	8,028	18
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The variances in these costs were due to the following factors:

- Consultation and Commerce Act regulation costs – the forecast for the pricing period allowed for the pricing consultation to occur but did not anticipate the inclusion of airports within the Commerce Act and the subsequent introduction of the new information disclosure regime. The costs incurred by WIAL commenced with participation in the Select Committee consideration of the Commerce Act changes in 2008, participation in the Commerce Commission's consultation on the new airport regime in predominantly 2009 and 2010, and more recently costs required to prepare the disclosures required by the new regime.
- Employee remuneration – WIAL's staff numbers have been greater than forecast for the pricing period, primarily due to an increase in company staff costs over the pricing period and allocation of aeronautical positions and costs. Additional aeronautical functions not forecast include - airside planning, airside operational process management, safety management and regulatory reporting. Average remuneration levels were close to those included in the consultation forecast. In the 2011 year WIAL also restructured several areas within the company, which resulted in one off redundancy and recruitment costs (\$0.2m).
- Building utility costs – the variance is due to an increase in the share of these costs allocated to the regulated business over the pricing period. In the consultation forecast for the pricing period WIAL allocated these costs across all buildings it owns based on the share of building value. However, this significantly understated the aeronautical share because the greatest proportion of these costs is incurred for the terminal building, with tenants of other buildings responsible for these costs directly or offset through operating cost recoveries. In the historic disclosure financial statements and in this information disclosure WIAL has more accurately allocated utility costs to each building.

Airport Companies must provide a brief explanation for any line item variance of more than 10%

** Disclosure year coincides with Pricing Period Starting Year + 3.*

Regulated Airport
For Year EndedWellington International Airport Limited
31 March 2011

SCHEDULE 6: REPORT ON ACTUAL TO FORECAST EXPENDITURE (cont)

ref Version 2.0

106 6b: Forecast Expenditure

107 From most recent disclosure following a price setting event
Starting year of current pricing period (year ended)

31 March 2008

		Pricing Period Starting Year 31 Mar 08	Pricing Period Starting Year + 1 31 Mar 09	Pricing Period Starting Year + 2 31 Mar 10	Pricing Period Starting Year + 3 31 Mar 11	Pricing Period Starting Year + 4 31 Mar 12
109	Expenditure by Category					
110		for year ended				
111	Capacity growth	27,395	19,094	—	—	—
112	Asset replacement and renewal	3,599	3,565	11,013	6,343	3,279
113	Total forecast capital expenditure	30,994	22,660	11,013	6,343	3,279
114						
115	Corporate overheads	N/A	N/A	N/A	N/A	N/A
116	Asset management and airport operations	N/A	N/A	N/A	N/A	N/A
117	Asset maintenance	N/A	N/A	N/A	N/A	N/A
118	Total forecast operational expenditure	10,684	10,816	10,937	12,153	13,357
119						
120	Key Capital Expenditure Projects					
121		for year ended				
122	South Runway End Safety Area	2,625	—	—	—	—
123	North Runway End Safety Area	5,670	—	—	—	—
124	Northern Pier Eastern Gate Expansion	4,513	—	—	—	—
125	Northern Pier Terminal and Western Gate Expansion	14,588	19,094	—	—	—
126	Airfield Pavement Maintenance Programme	1,872	1,707	7,338	2,094	923
127	[Project 7]					
128	[Project 8]					
129	[Project 9]					
130	[Project 10]					
131	Other capital expenditure	1,727	1,858	3,675	4,249	2,356
132	Total forecast capital expenditure	30,994	22,660	11,013	6,343	3,279

Page 11

Regulated Airport
For Year EndedWellington International Airport Limited
31 March 2011

SCHEDULE 7: REPORT ON SEGMENTED INFORMATION

ref Version 2.0

(\$000)

	Specified Passenger Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business*
Passenger service charge	19,680	25,689	—	45,369
MCTOW charge	—	386	—	386
International departure fee	6,746	—	—	6,746
Counter charges	453	—	—	453
Lease, rental and concession income	2,089	676	1,336	4,102
Other operating revenue	—	—	—	—
Net operating revenue	28,967	26,751	1,336	57,055
Gains / (losses) on asset sales	2	0	—	2
Other income	—	—	—	—
Total regulatory income	28,969	26,751	1,336	57,057
Total operational expenditure	6,008	8,209	431	14,648
Regulatory depreciation	5,808	6,232	65	12,105
Total revaluations	2,995	1,504	(43)	4,455
Allowance for long term credit spread	(1)	(2)	(0)	(3)
Regulatory tax allowance	5,021	3,516	240	8,777
Regulatory profit/ loss	15,128	10,300	557	25,985
Regulatory investment value	140,097	253,315	5,461	398,873

* Corresponds to values reported in the Report on Regulatory Profit and the Report on Return on Investment.

Commentary on Segmented Information

Specified Passenger Terminal and Airfield Activities

The segmented outcomes above produce ROI's of 10.8% for the specified passenger terminal activity and 4.1% for the airfield activity. The former is above the total regulated business ROI while the latter is below the total return for 2011. These offsetting returns are consistent with the forecast outcome from the price setting approach taken by WIAL for the pricing period commencing on 1 July 2007. This is explained further in WIAL's Price Setting Event Disclosure for the Pricing Period 1 July 2007 to 31 March 2012 available on WIAL's website (www.wellingtonairport.co.nz).

Aircraft & Freight Activities

WIAL provides a landlord function for aircraft and freight activities with all revenues received from commercially negotiated agreements. Rental levels for individual tenants are established following receipt of advice from valuers and negotiations with tenants or prospective tenants. Valuers in forming their advice establish commercial valuations of the properties which reflect their expectation of market rental levels. The Commission's input methodology to value land at its "Market Value Alternative Use" (MVAU) is inconsistent with the competitive market approach adopted by WIAL's valuers and produces land values that are below the market rates used to establish rental levels.

The consequence of the lower MVAU land values is the higher level of property return (10.2%) resulting from the rentals referred to above.

Regulated Airport
For Year EndedWellington International Airport Limited
31 March 2011

SCHEDULE 8: CONSOLIDATION STATEMENT

ref Version 2.0

8a: CONSOLIDATION STATEMENT

	Airport Businesses	Regulatory/ GAAP Adjustments	Airport Business– GAAP	Unregulated Activities– GAAP	(\$000) Airport Company– GAAP
Net income	57,057	–	57,057	34,855	91,911
Total operational expenditure	14,648	–	14,648	6,858	21,606
Operating surplus / (deficit) before interest, depreciation, revaluations and tax	42,408	–	42,408	27,997	70,305
Depreciation	12,105	(895)	11,344	3,059	14,403
Revaluations	4,455	6,834	11,289	9,213	20,502
Tax expense	8,777	2,336	11,059	7,251	18,310
Net operating surplus / (deficit) before interest	25,982	5,393	31,294	26,900	58,094
Property plant and equipment	407,142	25,337	435,962	204,195	640,157

8b: NOTES TO CONSOLIDATION STATEMENT

8b(i): REGULATORY / GAAP ADJUSTMENTS

Description of Regulatory / GAAP Adjustment	Affected Line Item	Regulatory / GAAP Adjustments *
Reduction of regulatory depreciation to align with GAAP treatment.	Depreciation	(895)
Recognition of difference between WIAL ODRC valuation of non land assets on 31 March 2011, which incorporates valuation changes for a two year period since the previous valuation on 31 March 2009, versus the Input Methodology annual indexing approach.	Revaluations	6,834
The regulatory tax calculation excludes consideration of deferred tax which is included in the GAAP financial statements. In the 2011 financial year WIAL was required to recognise the discontinuance of a tax allowance for depreciation of building structures. This resulted in a one off increase in the GAAP tax expense as the deferred tax provision in respect of buildings was eliminated.	Tax expense	2,336
Difference arising from valuation approaches required by the Asset Valuation Input Methodology and GAAP.	Property plant & equipment	25,337
	[Select one]	
	[Select one]	
	[Select one]	

* To correspond with the clause 8a column Regulatory/GAAP adjustments

Commentary on the Consolidation Statement

Depreciation

The difference in the regulatory and GAAP depreciation comprises three factors:

- Regulatory depreciation for civil works assets is determined from asset lives recommended from WIAL's valuers. These updated lives were not adopted in WIAL's GAAP accounts until the year ending 31 March 2012. This produces greater regulatory depreciation of approximately \$0.8m.
- WIAL recognises salvage values for a number of assets in its depreciation calculations meaning these proportions of assets will not be depreciation in WIAL's accounts. The Input Methodology depreciation formula does not recognise salvage values and consequently this produces higher regulatory depreciation of approximately \$0.5m.
- GAAP requires that assets are depreciated from their commissioning date so that new assets are depreciated for part years. The Input Methodology does not provide for new assets to be depreciated in the year they are commissioned. The GAAP depreciation is therefore greater than assets in the year of acquisition.

Revaluations

The regulatory asset base includes CPI indexing of WIAL's non land assets at 31 March 2011. WIAL undertook a revaluation of its non-land assets in 2011, two years after the previous revaluation of WIAL's assets. The GAAP accounts therefore include a valuation adjustment for two years compared to one year for the regulatory disclosure.

Tax Expense

A tax deduction for depreciation of building structure assets is not permitted from tax years commencing 1 April 2011. WIAL is required to recognise deferred tax in its GAAP financial reporting and consequently the future tax impact of the depreciation of buildings was included within WIAL's deferred tax calculations. Following the announcement by the Government that this tax deduction would not be permitted after 1 April 2011, WIAL was required to reverse the deferred tax provision within the 2011 financial year. This results in a significant increase in the 2011 deferred tax expense and is the primary reason for the difference between the regulatory and GAAP tax expense.

Property, Plant and Equipment

Differences in the PP&E values between the regulatory and GAAP approaches arise from variations in valuation approaches, treatment of future use assets, revaluation timing and depreciation. The first two factors provide the material reasons for the difference between the regulatory and GAAP disclosures as follows:

- Land valuation - land valuation at MVAU in the RAB resulting in a difference of \$35.8m (refer Schedule 23)
- Future use assets excluded from RAB resulting in a difference of \$7.1m (refer Schedule 4)

Regulated Airport
For Year EndedWellington International Airport Limited
31 March 2011

SCHEDULE 9: REPORT ON ASSET ALLOCATIONS

ref Version 2.0

6 9a: Asset Allocations

(\$000)

	Specified Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business	Unregulated Component	Total
Land						
Directly attributable assets	86	109,516	4,124	113,726		113,726
Assets not directly attributable	1,614	3,781	154	5,549	1,952	7,501
Total value land				119,275		
Sealed Surfaces						
Directly attributable assets	383	126,205	813	127,401		127,401
Assets not directly attributable	703	1,088	42	1,832	1,027	2,859
Total value sealed surfaces				129,233		
Infrastructure and Buildings						
Directly attributable assets	89,092	7,752	857	97,701		97,701
Assets not directly attributable	45,651	2,663	102	48,417	15,000	63,416
Total value infrastructure and buildings				146,117		
Vehicles, Plant and Equipment						
Directly attributable assets	10,729	1,217	1	11,947		11,947
Assets not directly attributable	341	221	8	570	265	834
Total value vehicles, plant and equipment				12,516		
Total directly attributable assets	100,289	244,690	5,794	350,774		350,774
Total assets not directly attributable	48,309	7,752	307	56,368	18,243	74,611
Total assets	148,598	252,443	6,101	407,142	18,243	425,385

Asset Allocators

Asset Category	Allocator*	Allocator Type	Rationale	Asset Line Items
Shared land	Value of directly allocated land	Proxy Cost Allocator	Direct usage of land are considered a reasonable indicator of the use of shared land	Land beneath roads surrounding the airport available to all airport
Non land shared assets	Value of directly allocated assets	Proxy Cost Allocator	Direct usage of other assets is considered a reasonable indicator of the use of shared assets	Sealed surfaces for roads and assets utilised by WIAL corporate and operations staff for benefit of all users of the airport
Shared terminal land	Floor area for terminal activities	Causal Relationship	Floor areas utilised by regulated and unregulated activities are considered an indicator of land use	Land occupied by the terminal building structures
Shared terminal non land assets	Value of directly allocated terminal assets	Causal Relationship	Value of investment in regulated and unregulated terminal facilities are considered a suitable driver for allocation of shared terminal facilities	Non land building and fit out assets for areas of the terminal designated as being used by regulated and unregulated activities
		[Select one]		
		[Select one]		
		[Select one]		
		[Select one]		

Page 14

Regulated Airport
For Year Ended

Wellington International Airport Limited
31 March 2011

SCHEDULE 9: REPORT ON ASSET ALLOCATIONS (cont)

ref Version 2.0

Asset Allocators (cont)

Asset Category	Allocator*	Allocator Type	Rationale	Asset Line Items
		[Select one]		
		[Select one]		
		[Select one]		

* A description of the metric used for allocation, e.g. floor space.

Page 15

Regulated Airport
For Year EndedWellington International Airport Limited
31 March 2011**SCHEDULE 9: REPORT ON ASSET ALLOCATIONS (cont)**

ref Version 2.0

9b: Notes to the Report**9b(i): Changes in Asset Allocators**

(\$'000)

Effect of Change

Current Year

CY-1

31 Mar 10

(CY)

31 Mar 11

CY+1

31 Mar 12

Asset category

Original allocator or components

New allocator or components

Rationale

Original

New

Difference

Asset category

Original allocator or components

New allocator or components

Rationale

Original

New

Difference

Asset category

Original allocator or components

New allocator or components

Rationale

Original

New

Difference

Asset category

Original allocator or components

New allocator or components

Rationale

Original

New

Difference

Commentary on Asset Allocations

No comment.

Page 16

Regulated Airport
For Year EndedWellington International Airport Limited
31 March 2010

SCHEDULE 9: REPORT ON ASSET ALLOCATIONS (2010)

ref Version 2.0

9a: Asset Allocations

(\$000)

	Specified Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business	Unregulated Component	Total
Land						
Directly attributable assets	88	110,691	4,255	115,033		115,033
Assets not directly attributable	1,577	3,847	164	5,588	2,065	7,653
Total value land				120,621		
Sealed Surfaces						
Directly attributable assets	280	118,491	923	119,694		119,694
Assets not directly attributable	752	1,186	47	1,985	967	2,952
Total value sealed surfaces				121,680		
Infrastructure and Buildings						
Directly attributable assets	73,113	6,001	803	79,917		79,917
Assets not directly attributable	44,950	2,813	111	47,873	10,119	57,992
Total value infrastructure and buildings				127,790		
Vehicles, Plant and Equipment						
Directly attributable assets	7,658	1,335	2	8,995		8,995
Assets not directly attributable	340	135	5	480	156	636
Total value vehicles, plant and equipment				9,475		
Total directly attributable assets	81,139	236,518	5,983	323,639		323,639
Total assets not directly attributable	47,619	7,981	327	55,927	13,307	69,234
Total assets	128,757	244,499	6,310	379,566	13,307	392,873

Asset Allocators

Asset Category	Allocator*	Allocator Type	Rationale	Asset Line Items
Shared land	Value of directly allocated land	Proxy Cost Allocator	Direct usage of land are considered a reasonable indicator of the use of shared land	Land beneath roads surrounding the airport available to all airport
Non land shared assets	Value of directly allocated assets	Proxy Cost Allocator	Direct usage of other assets is considered a reasonable indicator of the use of shared assets	Sealed surfaces for roads and assets utilised by WIAL corporate and operations staff for benefit of all users of the airport
Shared terminal land	Floor area for terminal activities	Causal Relationship	Floor areas utilised by regulated and unregulated activities are considered an indicator of land use	Land occupied by the terminal building structures
Shared terminal non land assets	Value of directly allocated terminal assets	Causal Relationship	Value of investment in regulated and unregulated terminal facilities are considered a suitable driver for allocation of shared terminal facilities	Non land building and fit out assets for areas of the terminal designated as being used by regulated and unregulated activities
		[Select one]		
		[Select one]		
		[Select one]		
		[Select one]		

Page 17

Regulated Airport
For Year Ended

Wellington International Airport Limited
31 March 2010

SCHEDULE 9: REPORT ON ASSET ALLOCATIONS (2010) (cont)

ref Version 2.0

Asset Allocators (cont)

Asset Category	Allocator*	Allocator Type	Rationale	Asset Line Items
		[Select one]		
		[Select one]		
		[Select one]		

* A description of the metric used for allocation, e.g. floor space.

Page 18

Regulated Airport
For Year EndedWellington International Airport Limited
31 March 2010

SCHEDULE 9: REPORT ON ASSET ALLOCATIONS (2010) (cont)

ref Version 2.0

9b: Notes to the Report

9b(i): Changes in Asset Allocators

(\$000)

Effect of Change

Current Year

CY-1

31 Mar 09

(CY)

31 Mar 10

CY+1

31 Mar 11

Asset category

Original allocator or components

New allocator or components

Rationale

Original

New

Difference

Asset category

Original allocator or components

New allocator or components

Rationale

Original

New

Difference

Asset category

Original allocator or components

New allocator or components

Rationale

Original

New

Difference

Asset category

Original allocator or components

New allocator or components

Rationale

Original

New

Difference

Commentary on Asset Allocations

Regulated Airport
For Year EndedWellington International Airport Limited
31 March 2009

SCHEDULE 9: REPORT ON ASSET ALLOCATIONS (2009)

ref Version 2.0

6

9a: Asset Allocations

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(\$000)

Specified
Terminal
Activities

Airfield
Activities

Aircraft and
Freight
Activities

Airport
Business

Unregulated
Component

Total

Land

Directly attributable assets

Assets not directly attributable

Total value land

Sealed Surfaces

Directly attributable assets

Assets not directly attributable

Total value sealed surfaces

Infrastructure and Buildings

Directly attributable assets

Assets not directly attributable

Total value infrastructure and buildings

Vehicles, Plant and Equipment

Directly attributable assets

Assets not directly attributable

Total value vehicles, plant and equipment

Total directly attributable assets

Total assets not directly attributable

Total assets

Asset Allocators

Asset Category

Allocator*

Allocator
Type

Rationale

Asset Line Items

Shared land

Value directly allocated land

Proxy Cost
Allocator

Direct usage of land are considered a reasonable
indicator of the use of shared land

Land beneath roads surrounding
the airport available to all airport

Non land shared assets

Value of directly allocated
assets

Proxy Cost
Allocator

Direct usage of other assets is considered a
reasonable indicator of the use of shared assets

Sealed surfaces for roads and
assets utilised by WIAL corporate
and operations staff for benefit of
all users of the airport

Shared terminal land

Floor area for terminal
activities

Causal
Relationship

Floor areas utilised by regulated and unregulated
activities are considered an indicator of land use

Land occupied by the terminal
building structures

Shared terminal non land assets

Value of directly allocated
terminal assets

Causal
Relationship

Value of investment in regulated and unregulated
terminal facilities are considered a suitable driver for
allocation of shared terminal facilities

Non land building and fit out
assets for areas of the terminal
designated as being used
regulated and unregulated
activities

[Select one]

[Select one]

[Select one]

[Select one]

Page 20

Page 20

Regulated Airport
For Year Ended

Wellington International Airport Limited
31 March 2009

SCHEDULE 9: REPORT ON ASSET ALLOCATIONS (2009) (cont)

ref Version 2.0

Asset Allocators (cont)

Asset Category	Allocator*	Allocator Type	Rationale	Asset Line Items
		[Select one]		
		[Select one]		
		[Select one]		

* A description of the metric used for allocation, e.g. floor space.

Page 21

Regulated Airport For Year Ended		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center; padding: 2px;">Wellington International Airport Limited</td> </tr> <tr> <td style="text-align: center; padding: 2px;">31 March 2009</td> </tr> </table>	Wellington International Airport Limited	31 March 2009
Wellington International Airport Limited				
31 March 2009				
SCHEDULE 9: REPORT ON ASSET ALLOCATIONS (2009) (cont)				
ref	Version 2.0			
58	9b: Notes to the Report			
59	Commentary on Asset Allocations			
60				
61				
62				
63				
64				
65	Page 22			

Regulated Airport
For Year EndedWellington International Airport Limited
31 March 2011

SCHEDULE 10: REPORT ON COST ALLOCATIONS

ref Version 2.0

10a: Cost Allocations

(\$'000)

	Specified Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business	Unregulated Component	Total
Corporate Overheads						
Directly attributable operating costs	—	—	—	—	—	—
Costs not directly attributable	1,651	2,480	141	4,272	1,596	5,868
Asset Management and Airport Operations						
Directly attributable operating costs	—	3,993	128	4,121	—	4,121
Costs not directly attributable	3,599	606	65	4,270	2,249	6,519
Asset Maintenance						
Directly attributable operating costs	104	1,065	14	1,183	—	1,183
Costs not directly attributable	654	65	83	802	267	1,069
Total directly attributable costs	104	5,058	143	5,304	—	5,304
Total costs not directly attributable	5,905	3,151	288	9,344	4,112	13,456
Total operating costs	6,008	8,209	431	14,648	4,112	18,760

Cost Allocators

Operating Cost Category	Allocator*	Allocator Type	Rationale	Operating Cost Line Items
Terminal building costs	Building value	Causal Relationship	Building value considered to be an appropriate indicator of the share of use of the terminal building by regulated and unregulated activities.	All utility and maintenance associated costs for the terminal building.
Operations	Staff time	Causal Relationship	Operations staff operate 24 hour facility overseeing the entire airport and undertake daily facilitation of activities for passengers and other visitors to airport.	Employee remuneration and ancillary costs for airport operations staff.
Airport planning costs	Staff time	Causal Relationship	Airport planning costs are dependent on staff hours therefore this is seen as the most appropriate allocator.	Employee remuneration and ancillary costs for airport planning staff and external consulting costs required for planning activity.
SQA costs	Staff time	Causal Relationship	Service quality assurance costs are dependent on staff hours therefore this is seen as the most appropriate allocator.	Employee remuneration and ancillary costs for airport service quality assurance staff.
Westside 1 property costs	Rental revenue	Causal Relationship	Property is occupied by a mix of tenants for regulated and unregulated activities. Rental revenue considered an appropriate indicator of the use of the building.	All utility and maintenance associated costs for the Westside 1 building.
Other Western properties	Rental revenue	Causal Relationship	Properties are occupied by a mix of tenants for regulated and unregulated activities. Rental revenue considered an appropriate indicator of the use of the buildings.	All utility and maintenance associated costs for the other Western properties.
Residential houses	Rental revenue	Causal Relationship	Houses comprise those compulsorily acquired due to aeronautical activity and other properties purchased for commercial purposes. Rental revenue considered an appropriate indicator of the use of the houses.	All R & M, rates and property administration costs for the houses.
Other Eastern properties	Rental revenue	Causal Relationship	Properties are occupied by a mix of tenants for regulated and unregulated activities. Rental revenue considered an appropriate indicator of the use of the buildings.	All utility and maintenance associated costs for the other Eastern properties.
Property administration	Staff time	Causal Relationship	WIAL property staff undertake property administration functions including communication with tenants, lease negotiations and renewals, and oversight of properties.	Employee remuneration and ancillary costs for airport property staff.
Maintenance	Repairs and maintenance expenditure	Causal Relationship	WIAL maintenance team overseeing maintenance of all WIAL facilities. External maintenance costs allocated to facilities throughout the year is considered appropriate basis for the allocation of WIAL maintenance staff and associated costs.	Employee remuneration and ancillary costs for airport maintenance staff.
Pricing consultation and regulation	Aeronautical revenue	Causal Relationship	Share of revenue for each regulated activity appropriate to allocate these costs.	External professional advice and support services required to meet consultation and Airport Authorities/ Commerce Act requirements.
Corporate marketing	Directly allocated marketing costs	Causal Relationship	Marketing costs directly allocated to business activities considered appropriate indicator of concentration of marketing activity in reporting year.	Employee remuneration and ancillary costs for corporate marketing staff and general corporate advertising not attributable to a specific activity.
Corporate salaries	Staff time	Causal Relationship	Estimate of staff time spent on regulated and unregulated activities.	Employee remuneration and ancillary costs for corporate management, finance, human relations and information technology staff.
Other corporate administration costs	Costs previously allocated to activities	Proxy Cost Allocator	In proportion to direct and causal costs allocated to regulated and unregulated activities. Level of costs incurred in a particular year considered appropriate indicator for the activities undertaken in that year.	Non employee costs incurred for operation of the corporate office.

Page 23

Regulated Airport
For Year Ended

Wellington International Airport Limited
31 March 2011

SCHEDULE 10: REPORT ON COST ALLOCATIONS (cont)

ref Version 2.0

Cost Allocators (cont)

Operating Cost Category	Allocator*	Allocator Type	Rationale	Operating Cost Line Items
		[Select one]		
		[Select one]		
		[Select one]		

* A description of the metric used for allocation, e.g. floor space.

Page 24

S10.Cost Allocation

Regulated Airport
For Year EndedWellington International Airport Limited
31 March 2011**SCHEDULE 11: REPORT ON RELIABILITY MEASURES**

ref Version 2.0

		Number	Total Duration	
			Hours	Minutes
6	Runway			
7	The number and duration of interruptions to runway(s) during disclosure year by party primarily responsible			
8	Airports	N/A	N/A	N/A
9	Airlines/Other	N/A	N/A	N/A
10	Undetermined reasons	1	—	39
11	Total	1	—	39
12	Taxiway			
13	The number and duration of interruptions to taxiway(s) during disclosure year by party primarily responsible			
14	Airports	N/A	N/A	N/A
15	Airlines/Other	N/A	N/A	N/A
16	Undetermined reasons	—	—	—
17	Total	—	—	—
18	Remote stands and means of embarkation/disembarkation			
19	The number and duration of interruptions to remote stands and means of embarkation/disembarkation during disclosure year by party primarily responsible			
20	Airports	N/A	N/A	N/A
21	Airlines/Other	N/A	N/A	N/A
22	Undetermined reasons	—	—	—
23	Total	—	—	—
24	Contact stands and airbridges			
25	The number and duration of interruptions to contact stands during disclosure year by party primarily responsible			
26	Airports	N/A	N/A	N/A
27	Airlines/Other	N/A	N/A	N/A
28	Undetermined reasons	18	55	27
29	Total	18	55	27
30	Baggage sortation system on departures			
31	The number and duration of interruptions to baggage sortation system on departures during disclosure year by party primarily responsible			
32	Airports	N/A	N/A	N/A
33	Airlines/Other	N/A	N/A	N/A
34	Undetermined reasons	7	23	46
35	Total	7	23	46
36	Baggage reclaim belts			
37	The number and duration of interruptions to baggage reclaim belts during disclosure year by party primarily responsible			
38	Airports	N/A	N/A	N/A
39	Airlines/Other	N/A	N/A	N/A
40	Undetermined reasons	—	—	—
41	Total	—	—	—
42	On-time departure delay			
43	The total number of flights affected by on time departure delay and the total duration of the delay during disclosure year by party primarily responsible			
44	Airports	N/A	N/A	N/A
45	Airlines/Other	N/A	N/A	N/A
46	Undetermined reasons	N/A	N/A	N/A
47	Total	—	—	—

Page 26

Regulated Airport
For Year Ended

Wellington International Airport Limited
31 March 2011

SCHEDULE 11: REPORT ON RELIABILITY MEASURES (cont)

ref Version 2.0

Fixed electrical ground power availability (if applicable)

The percentage of time that FEGP is unavailable due to interruptions*

N/A

* Disclosure of FEGP information applies only to airports where fixed electrical ground power is available.

Commentary concerning reliability measures

Required Reporting for Year Ended 2011

Clause 2.10 of the Information Disclosure Determination contains transitional provisions that exclude some of the information in this Schedule from the reporting requirements for 2011. Information not required to be published for 2011 is:

- The party responsible for interruptions. The Determination requires WIAL to show all interruptions as occurring for Underdetermined Reasons;
- On time departure delay information;
- Fixed electrical ground power availability.

Additional Constraint on 2011 Reporting

Appendix C to the Commerce Commission Information Disclosure (Airport Services) Reasons Paper 22 December 2010 prescribes the manner in which service interruptions must be evaluated to determine whether a reportable interruption has occurred. One determinant of whether an interruption has occurred is if an aircraft was on schedule other than for the interruption to the WIAL facility. For the 2011 year WIAL has not received any information from airlines in respect of on time performance and therefore cannot assess whether aircraft were delayed by the interruptions to WIAL's services. WIAL has therefore disclosed all interruptions that meet the other assessment criteria in Appendix C as undetermined reasons.

Process for Reporting in 2012

WIAL has established a process for the year ended 31 March 2012 that requires each interruption to be evaluated by WIAL's Airport Managers' as they occur. The interruptions are then discussed with participants at the Operational Process Improvement Forum (refer Schedule 15) to confirm responsibility for the interruptions and discuss whether any process improvements are required. WIAL is currently still progressing to obtain on time departure delay information from all its airline customers to enable this aspect of the interruptions reporting to be implemented for the 2012 year.

Must include information on how the responsibility for interruptions is determined and the processes the Airport has put in place for undertaking any operational improvement in respect of reliability. If interruptions are categorised as "occurring for undetermined reasons", the reasons for inclusion in this category must be disclosed.

Page 27

Regulated Airport
For Year EndedWellington International Airport Limited
31 March 2011

SCHEDULE 12: REPORT ON CAPACITY UTILISATION INDICATORS FOR AIRCRAFT AND FREIGHT ACTIVITIES AND AIRFIELD ACTIVITIES

ref Version 2.0

Runway

		Runway #1	Runway #2	Runway #3
Description of runway(s)	Designations	16-34		
	Length of pavement (m)	1,945		
	Width (m)	45		
	Shoulder width (m)	7.5		
	Runway code	4E		
	ILS category	Category I	[Select one]	[Select one]
Declared runway capacity for specified meteorological condition	VMC (movements per hour)	38-36		
	IMC (movements per hour)	29-26		

Taxiway

		Taxiway #1	Taxiway #2	Taxiway #3
Description of main taxiway(s)	Name	Main		
	Length (m)	1,900		
	Width (m)	23		
	Status	Full length	[Select one]	[Select one]
	Number of links	11		

Aircraft parking stands

Number of apron stands available during the runway busy day categorised by stand description and primary flight category

		Contact stand—airbridge	Contact stand—walking	Remote stand—bus
Air passenger services	International	8	—	—
	Domestic jet	12	—	—
	Domestic turboprop	—	13	3
Total parking stands		12	13	3

Busy periods for runway movements

		Date
Runway busy day		11 November 2010
Runway busy hour start time (day/month/year hour)		11 Nov 2010 8 a.m.

Aircraft movements

Number of aircraft runway movements during the runway busy day with air passenger service flights categorised by stand description and flight category

		Contact stand—airbridge	Contact stand—walking	Remote stand—bus	Total
Air passenger services	International	15	—	—	15
	Domestic jet	76	—	—	76
	Domestic turboprop	—	160	—	160
	Total	91	160	—	251
Other (including General Aviation)					88
Total aircraft movements during the runway busy day					339
Number of aircraft runway movements during the runway busy hour		32			

Commentary concerning capacity utilisation indicators for aircraft and freight activities and airfield activities

Advice on Technical and Busy Day and Hour Information

WIAL commission Airbiz Limited to provide advice on the technical information required to be disclosed by WIAL. Airbiz were also provided with information WIAL received from Airways Corporation and airlines during the disclosure year and were requested to determine the required busy hour and busy day information to be reported by WIAL.

Runway

WIAL's runway capacity varies depending on the direction of use of the runway (16 or 34) and weather conditions. Aircraft busy hour demand of 32 movements per hour occurred 28 times during the year. The 32 movements is below available capacity in clear weather conditions but exceeds available capacity when weather conditions are poor.

WIAL anticipates that congestion of its runway will increase in the future as aircraft movements grow to accommodate the forecast increase in passengers although WIAL also anticipates that aircraft movements should not increase at the same growth rate as passengers because WIAL expects airlines to increase the average size of aircraft in their fleet. WIAL is seeking to implement measures to manage the prospective congestion by working with airlines and Airways Corporation to ensure appropriate changes to facilities that could increase runway movement capacity are identified and implemented. In addition, WIAL has capital initiatives in place that are intended to assist with runway movement capacity. WIAL is also implementing a new price structure that over the next five year pricing period is intended to incentivise aircraft operators to utilise runway slots in peak periods for the greatest number of passengers possible. Details of WIAL's pricing schedule and the rationale for this approach are available in the pricing consultation material provided on WIAL's website (www.wellingtonairport.co.nz).

Aircraft Parking Stands

WIAL has 12 aircraft stands available with air bridge services. WIAL's recent development of the North Pier has resulted in all 8 parking stands with air bridges on this pier being available for international aircraft, and for domestic use when not required for international services. As the parking stand capacity data above is for a busy day period we have included the North Pier aircraft gates as being available for both international and domestic aircraft. Outside of the daily international periods of 6am to 8am and 2pm to 4pm the stands are usually available for domestic operations.

Regulated Airport
For Year EndedWellington International Airport Limited
31 March 2011

SCHEDULE 13: REPORT ON CAPACITY UTILISATION INDICATORS FOR SPECIFIED PASSENGER TERMINAL ACTIVITIES

ref Version 2.0

		International terminal	Domestic terminal	Common area [†]
6	Outbound (Departing) Passengers			
7	Landside circulation (outbound)			
8	Passenger busy hour for landside circulation (outbound)—start time (day/month/year hour)	N/A	N/A	20 Feb 2011 3 p.m.
9	Floor space (m ²)	N/A	N/A	4,388
10	Passenger throughput during the passenger busy hour (passengers/hour)	N/A	N/A	1,119
11	Utilisation (busy hour passengers per 100m ²)	N/A	N/A	26
12				
13	Check-in			
14	Passenger busy hour for check-in—start time (day/month/year hour)	N/A	N/A	20 Feb 2011 3 p.m.
15	Floor space (m ²)	N/A	N/A	1,283
16	Passenger throughput during the passenger busy hour (passengers/hour)	N/A	N/A	1,119
17	Utilisation (busy hour passengers per 100m ²)	N/A	N/A	87
18	Baggage (outbound)			
19	Passenger busy hour for baggage (outbound)—start time (day/month/year hour)	N/A	N/A	20 Feb 2011 3 p.m.
20	Make-up area floor space (m ²)	N/A	N/A	2,791
21	Notional capacity during the passenger busy hour (bags/hour)*	N/A	N/A	2,430
22	Bags processed during the passenger busy hour (bags/hour)*	N/A	N/A	529
23	Passenger throughput during the passenger busy hour (passengers/hour)	N/A	N/A	1,119
24	Utilisation (% of processing capacity)	N/A	N/A	22%
25	* Please describe in the capacity utilisation indicators commentary box how notional capacity and bags throughput have been assessed.			
26	Passport control (outbound)			
27	Passenger busy hour for passport control (outbound)—start time (day/month/year hour)	31 Oct 2010 3 p.m.		
28	Floor space (m ²)	263		
29	Number of emigration booths and kiosks	4		
30	Notional capacity during the passenger busy hour (passengers/hour) *	411		
31	Passenger throughput during the passenger busy hour (passengers/hour)	508		
32	Utilisation (busy hour passengers per 100m ²)	193		
33	Utilisation (% of processing capacity)	124%		
34	* Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.			
35				
36	Security screening			
37	Passenger busy hour for security screening—start time (day/month/year hour)	31 Oct 2010 3 p.m.	28 Jul 2010 4 p.m.	
38	Facilities for passengers excluding international transit & transfer			
39	Floor space (m ²)	263	182	
40	Number of screening points	3	4	
41	Notional capacity during the passenger busy hour (passengers/hour) *	660	1,100	
42	Passenger throughput during the passenger busy hour (passengers/hour)	508	709	
43	Utilisation (busy hour passengers per 100m ²)	193	390	
44	Utilisation (% of processing capacity)	77%	64%	
45	Facilities for international transit & transfer passengers			
46	Floor space (m ²)	N/A		
47	Number of screening points	N/A		
48	Notional capacity during the passenger busy hour (passengers/hour)*	N/A		
49	Estimated passenger throughput during the passenger busy hour (passengers/hour)			
50		N/A		
51	Utilisation (busy hour passengers per 100m ²)	N/A		
52	Utilisation (% of processing capacity)	N/A		
53	* Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.			
54				

Page 29

Regulated Airport
For Year EndedWellington International Airport Limited
31 March 2011

SCHEDULE 13: REPORT ON CAPACITY UTILISATION INDICATORS FOR SPECIFIED PASSENGER TERMINAL ACTIVITIES (cont 1)

ref Version 2.0

	International terminal	Domestic terminal	Common area †
Airside circulation (outbound)			
Passenger busy hour for airside circulation (outbound)—start time (day/month/year hour)	31 Oct 2010 3 p.m.	26 Nov 2010 4 p.m.	
Floor space (m ²)	1,463	369	
Passenger throughput during the passenger busy hour (passengers/hour)	508	954	
Utilisation (busy hour passengers per 100m ²)	35	259	
Departure lounges			
Passenger busy hour for departure lounges—start time (day/month/year hour)	31 Oct 2010 3 p.m.	26 Nov 2010 4 p.m.	
Floor space (m ²)	1,349	1,371	
Number of seats	469	521	
Passenger throughput during the passenger busy hour (passengers/hour)	508	954	
Utilisation (busy hour passengers per 100m ²)	38	70	
Utilisation (passengers per seat)	1.1	1.8	
Inbound (Arriving) Passengers			
Airside circulation (inbound)			
Passenger busy hour for airside circulation (inbound)—start time (day/month/year hour)	9 Dec 2010 2 p.m.	13 Feb 2011 6 p.m.	N/A
Floor space (m ²)	1,904	369	N/A
Passenger throughput during the passenger busy hour (passengers/hour)	452	943	N/A
Utilisation (busy hour passengers per 100m ²)	24	256	N/A
Passport control (inbound)			
Passenger busy hour for passport control (inbound)—start time (day/month/year hour)	9 Dec 2010 2 p.m.		
Floor space (m ²)	329		
Number of immigration booths and kiosks	6		
Notional capacity during the passenger busy hour (passengers/hour) *	487		
Passenger throughput during the passenger busy hour (passengers/hour)	452		
Utilisation (busy hour passengers per 100m ²)	137		
Utilisation (% of processing capacity)	93%		
* Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.			
Landside circulation (inbound)			
Passenger busy hour for landside circulation (inbound)—start time (day/month/year hour)	N/A	N/A	9 Dec 2010 6 p.m.
Floor space (m ²)	N/A	N/A	4,458
Passenger throughput during the passenger busy hour (passengers/hour)	N/A	N/A	1,051
Utilisation (busy hour passengers per 100m ²)	N/A	N/A	24
Baggage reclaim			
Passenger busy hour for baggage reclaim—start time (day/month/year hour)	9 Dec 2010 2 p.m.	13 Feb 2011 6 p.m.	
Floor space (m ²)	536	1,085	
Number of reclaim units	1	2	
Notional reclaim unit capacity during the passenger busy hour (bags/hour)*	1,800	3,600	
Bags processed during the passenger busy hour (bags/hour)*	678	726	
Passenger throughput during the passenger busy hour (passengers/hour)	452	943	
Utilisation (% of processing capacity)	38%	20%	
Utilisation (busy hour passengers per 100m ²)	84	87	
* Please describe in the capacity utilisation indicators commentary box how notional capacity and bags throughput have been assessed.			
Bio-security screening and inspection and customs secondary inspection			
Passenger busy hour for bio-security screening and inspection and customs secondary inspection—start time (day/month/year hour)	9 Dec 2010 2 p.m.		
Floor space (m ²)	550		
Notional MAF secondary screening capacity during the passenger busy hour (passengers/hour)*	750		
Passenger throughput during the passenger busy hour (passengers/hour)	452		
Utilisation (% of processing capacity)	60%		
Utilisation (busy hour passengers per 100m ²)	82		
* Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.			
Arrivals concourse			
Passenger busy hour for arrivals concourse—start time (day/month/year hour)	N/A	N/A	9 Dec 2010 6 p.m.
Floor space (m ²)	N/A	N/A	962
Passenger throughput during the passenger busy hour (passengers/hour)	N/A	N/A	1,051
Utilisation (busy hour passengers per 100m ²)	N/A	N/A	109

Page 30

Regulated Airport
For Year EndedWellington International Airport Limited
31 March 2011**SCHEDULE 13: REPORT ON CAPACITY UTILISATION INDICATORS FOR SPECIFIED PASSENGER TERMINAL ACTIVITIES (cont 2)**

ref Version 2.0

	International terminal	Domestic terminal	Common area [†]
Total terminal functional areas providing facilities and service directly for passengers			
Floor space (m ²)	N/A	N/A	23,786
Number of working baggage trolleys available for passenger use at end of disclosure year	N/A	N/A	550

Commentary concerning capacity utilisation indicators for Passenger Terminal Activities

WIAL operates a common use terminal facility with areas only discretely provided to international or domestic passengers where required by Government agency border processing or security requirements. The utilisation data above reflects the use of the terminal by common use, international or domestic passengers as appropriate.

WIAL commissioned Airbiz Limited to provide assistance in compiling the information above. Airbiz were provided with aircraft movement and passenger data WIAL received from Airways Corporation and its airlines. Airbiz were requested to advise WIAL of the passenger busy hour and day information required to be reported in this Schedule.

Baggage Reclaim Bags Processed in Busy Hour

WIAL does not have the technical capacity at present to count bags processed onto the baggage reclaim units. WIAL has therefore sought advice from Airbiz Limited on appropriate assumptions for the number of bags carried per passenger. Airbiz advised:

For international passengers - an average of 1.5 bags for each international passenger;
For domestic passengers - 70% of passengers travel with checked in baggage and carry an average of 1.1 bags.

WIAL has applied this advice in estimating the bags processed during the passenger busy hour.

Determination of Capacities

- Airbiz were engaged to provide advice on all floor areas in 2010. Alterations to the terminal in 2011 were advised by Studio Pacific and the floor area capacity data was calculated from these inputs.
- Baggage (outbound) - capacities advised by the system manufacturer, Glidepath, for the two baggage outbound units operated by WIAL and Avsec for X-ray machine process limitations.
- Passport control (outbound) - advised by Airbiz following the receipt of Customs comment by Airbiz. Calculated as 30 seconds per passenger processing time plus 5 seconds per passenger allowance to move from queue to counter.
- Security screening - advised by Airbiz. Determined from number of screening stations multiplied by passengers per hour advised by Aviation Security. International - 3 stations at 220 pax/hour. Domestic 4 stations at 275 pax/hour.
- Departure lounges number of seats - determined from physical count at time disclosures completed.
- Passport control (inbound) - advised by Airbiz following Customs advice. Calculated for a conventional counter as 50 seconds per passenger processing time plus 5 seconds per passenger allowance to move from queue to counter and for a smart gate biometric gate 27 seconds per passenger processing time plus 5 seconds per passenger allowance to move from queue to gate.
- Baggage reclaim - the baggage system manufacturers, Glidepath, advise that the technical capacity of each baggage reclaim belt is 1,800 bags per hour derived from one bag per metre loaded onto the belt and a belt speed of 0.5m/s. The practical capacity is likely to be lower with baggage handlers unlikely to be able to load bags to this capacity and recirculating bags reducing available capacity for new bags to be loaded.
- Biosecurity screening and inspection and customs secondary inspection - advised by Airbiz. Based on practical capacity of 300 pax per hour per screening station.

Comment on Baggage (outbound) Utilisation

The utilisation statistic of 22% represented above provides the proportion of technical capacity that is utilised by bags loaded on the outbound baggage belts. WIAL is experiencing congestion in other parts of the process to handle outbound baggage that mean practical capacity is below the technical capacity. Limiting factors include a lack of storage space in the baggage sortation hall to hold bags taken off the baggage belt and possible limitations in airline resources to take bags off the baggage belts. WIAL is consulting with airlines on enhancement of the baggage hall and associated facilities. This enhancement may also be required because the current facilities may not be able to accommodate new Aviation Security screening machines.

Commentary must include an assessment of the accuracy of the passenger data used to prepare the utilisation indicators.

[†] For functional components which are normally shared by passengers on international and domestic aircraft.

Regulated Airport
For Year EndedWellington International Airport Limited
31 March 2011

SCHEDULE 14: REPORT ON PASSENGER SATISFACTION INDICATORS

ref Version 2.0

Survey organisation

Survey organisation used

If "Other", please specify

ACI

ASQ programme manager DKMA

Passenger satisfaction survey score

(average quarterly rating by service item)

Domestic terminal

Quarter	1	2	3	4	
for year ended	30 Jun 10	30 Sep 10	31 Dec 10	31 Mar 11	Annual average
Ease of finding your way through an airport	4.3	4.2	4.3	4.3	4.3
Ease of making connections with other flights	3.9	4.1	4.2	4.2	4.1
Flight information display screens	4.1	4.0	4.2	4.2	4.1
Walking distance within and/or between terminals	4.0	4.0	4.1	4.2	4.1
Availability of baggage carts/trolleys	3.9	3.9	3.9	4.0	3.9
Courtesy, helpfulness of airport staff (excluding check-in and security)	4.2	4.2	4.2	4.2	4.2
Availability of washrooms/toilets	3.8	3.8	3.9	3.9	3.9
Cleanliness of washrooms/toilets	3.8	3.9	3.9	3.9	3.9
Comfort of waiting/gate areas	3.4	3.5	3.5	3.5	3.5
Cleanliness of airport terminal	4.1	4.2	4.1	4.1	4.1
Ambience of the airport	3.9	3.9	3.9	4.0	3.9
Security inspection waiting time	4.1	4.2	4.2	4.2	4.1
Check-in waiting time	4.4	4.5	4.4	4.4	4.4
Feeling of being safe and secure	4.2	4.2	4.3	4.3	4.2
Average survey score	4.0	4.0	4.1	4.1	4.1

International terminal

Quarter	1	2	3	4	
for year ended	30 Jun 10	30 Sep 10	31 Dec 10	31 Mar 11	Annual average
Ease of finding your way through an airport	3.5	3.9	4.0	4.2	3.9
Ease of making connections with other flights	N/A	N/A	N/A	N/A	N/A
Flight information display screens	3.4	3.8	4.1	4.0	3.8
Walking distance within and/or between terminals	4.0	4.1	4.2	4.4	4.2
Availability of baggage carts/trolleys	3.8	4.0	4.2	4.0	4.0
Courtesy, helpfulness of airport staff (excluding check-in and security)	4.1	4.2	4.2	4.2	4.2
Availability of washrooms/toilets	3.4	3.9	3.9	4.2	3.9
Cleanliness of washrooms/toilets	3.6	3.9	4.1	4.1	3.9
Comfort of waiting/gate areas	2.9	3.2	3.4	4.2	3.4
Cleanliness of airport terminal	3.8	4.0	4.2	4.5	4.1
Ambience of the airport	3.4	3.5	3.8	4.3	3.8
Passport and visa inspection waiting time	4.2	4.3	4.6	4.5	4.4
Security inspection waiting time	4.2	4.1	4.4	4.5	4.3
Check-in waiting time	3.5	4.3	4.3	4.3	4.1
Feeling of being safe and secure	4.3	4.4	4.4	4.5	4.4
Average survey score	3.7	4.0	4.1	4.3	4.0

The margin of error requirement specified in clause 2.4(3)(c) of the determination applies only to the combined quarterly survey results for the disclosure year. Quarterly results may not conform to the margin of error requirement.

Commentary concerning report on passenger satisfaction indicators

WIAL operates a common use terminal facility with most of the facilities used by both domestic and international passengers. The survey outcomes for these facilities therefore reflect the survey views of the category of passengers rather than reflecting the service outcomes for separate terminals. The survey measures are reported on a scale with a maximum of 5.

Service enhancements undertaken, or underway, that respond to some of the survey outcomes are detailed in Schedule 15.

Domestic

Initiatives are underway to address the lower rated areas particularly in respect of the washroom and comfort of waiting/gate areas. Refer to Schedule 15.

International

An improvement in the international passenger survey outcomes is evident as the year progressed. WIAL completed its enhancement of the North Pier during the year with "The Rock" opening in November 2010. This addition increased the quality of facilities available to passengers as well as substantially increasing the capacity of passenger waiting areas. These areas were congested prior to the development.

International passengers were asked to provide a score for "ease of making connections with other flights". There were insufficient responses for each of the quarterly surveys in the year ended 31 March 2011 to enable a statistically representative average score to be calculated by the ASQ programme manager DKMA. DKMA therefore did not provide an average score for this survey question.

Accuracy of Passenger Data to Prepare Utilisation Indicators

WIAL received detailed information by flight from the major airline operators for the disclosure year. This information was comprehensive and enabled allocation of passengers to market area and time of travel for busy day and busy hour analysis with the exception of one major carrier. Data for this carrier provided detailed flight information excluding the specific time of the flights. For the purposes of busy hour and busy day data the scheduled flight times were used as proxies for the actual flight times. This carrier is adding the flight time information to passenger data provided to WIAL for the 2012 disclosure year.

Information was only received on a monthly total basis for each of the small commuter airlines and therefore was excluded from the data used to consider utilisation indicators. These passengers account for approximately 1% of total passengers and therefore WIAL considers they do not materially impact the data shown in the utilisation schedules.

Location of Survey Fieldwork Documentation

The survey fieldwork documentation is available on WIAL's website (www.wellingtonairport.co.nz).

Commentary must include an assessment of the accuracy of the passenger data used to prepare the utilisation indicators and the internet location of fieldwork documentation.

Regulated Airport
For Year EndedWellington International Airport Limited
31 March 2011**SCHEDULE 15: REPORT ON OPERATIONAL IMPROVEMENT PROCESSES**

ref Version 2.0

Disclosure of the operational improvement process

During the 2011 year WIAL undertook a variety of meetings and communications with airlines and other parties to monitor the quality of WIAL's operations and to implement service improvements where these were identified. These improvements are described below.

Service Quality Monitoring Undertaken by WIAL

1. WIAL commissioned ASQ quarterly surveys of passengers for the period 1 April 2010 to 31 March 2011.
2. WIAL commissioned a Colmar Brunton survey "From Insights to Outstanding Customer Experiences". One of the stated outcomes of the survey was "to know their customers and their needs so that they can deliver better airport experiences". The results were presented to WIAL in February 2010.
3. Advice was sought and received from airlines and all Government agencies (during WIAL's Master Plan process) on fleet and operational changes requiring infrastructure improvements:
 - o Specifically the introduction of the Air NZ's new A320 aircraft on domestic routes, Qantas' introduction of B738's on international routes and Air NZ's and Jetstar's request for dual boarding (back and front doors) of aircraft to improve operational turn-around times.
 - o An airline also requested the creation of additional baggage handling facilities to accommodate higher passenger peaks due to greater numbers per aircraft and the utilisation of "canned" luggage by the A320's.
 - o Avsec's advice on the timing of the replacement of their hold Baggage Screening equipment.
4. Team Traffic Limited survey completed in April 2010. The survey reviewed traffic flow within the airport boundaries, including the drop off kerb, to determine the cause of traffic congestion and identify possible future solutions.
5. The SKIDATA car park system database was further enhanced to enable WIAL to better understand customer profiles, peak demand requirements and congestion. This system provides a data capture opportunity concerning all visitors to the airport as well as passengers.
6. The 2030 Master Plan was issued as a final document in January 2010 after over 18 months of consultation with airport stakeholders. The Master Plan identified that efficient use of WIAL's highly constrained site is imperative to accommodate forecast growth in passengers and aircraft movements. In the medium to long term forecast passenger growth is expected to be accommodated to the south of the existing terminal; which in turn would require non regular passenger transport (freight, charters etc.) to relocate to an upgraded Western Apron. Most corporate jet operations have now been transferred to the Western Apron following the upgrade of the apron and taxiway and the construction of the new hangar in October 2011.

Service Quality Enhancements Implemented following Surveys and Feedback from Customers

A number of specific initiatives were implemented during the year. These included:

1. The installation of stairs and vestibules to Gates 16 and 21 to enable dual boarding (back and front doors) for most operators and as requested by Air NZ and Jetstar for A320 operations. This also enhances gate efficiency by enabling more aircraft type to use what were previously exclusively jet gates by providing direct access from the terminal to the apron.
2. Expansion of the Baggage Handling System to accommodate the introduction of the domestic A320s and allow for forecast growth. This work was developed over a series of workshops with airlines, airline consultants and Government agencies. The first stage of the works was completed in November 2010. The second stage of the works was developed over the period commencing from mid 2010 with installation completed in September 2011.
3. Redesign of the aircraft apron layout to accommodate A320 aircraft on gates 10 and 11. This was developed with Air NZ and implemented in October 2011 to meet aircraft introduction.
4. Redesign and expansion of the South West Pier. This work will attend to the gate lounge and toilet amenities identified as below standard by the ASQ survey. It is also required as a result of the introduction of the A320's which increased gate lounge congestion in the South West Pier. The concept design (consistent with the 2030 Master Plan) for extension and the redesign of the South West Pier was circulated to stakeholders for comment in February 2011 and discussions are continuing with the airlines on this project with detailed feedback and alternatives returned from the airlines in November 2011. The cost of project is included in the 2013 capital forecasts.
5. Expansion of the Main Terminal Building (MTB) to the south to meet Aviation Security's holdstow baggage screening replacement requirements, meet forecast growth demands, and respond to poor lounge and toilet amenities identified in surveys. The concept design (consistent with the 2030 Master Plan) for extension of the MTB to the south was circulated to stakeholders for comment in February 2011 and discussions are continuing with the airlines and Avsec on this project.
6. Concepts to improve vehicle access to the terminal, achieve an increase in passenger drop off areas and to address non airport traffic congestion have been developed and evaluated with design and construction likely to occur in the 2013 financial year.
7. Enhancement of the Western Apron with a new Taxiway and further apron parking; promoting more intense non-regular passenger transport use and freeing up space on the Eastern Apron for regular passenger transport.
8. Commissioning of "The Rock" North Pier terminal enhancement (the last stage of the Terminal Development Project). This development included the expansion of aircraft gate and passenger lounge capacity and amenity with new toilets and expanded customer offerings while being designed to maximise long term efficiency. The enhancement ensures all North Pier facilities can be utilised for international and domestic operations.

Information Disclosure Determination

The Information Disclosure Determination requires WIAL to establish operational meetings with airlines to:

Identify measures available to either reduce the likelihood of service losses which have caused significant disruption or on time delays from reoccurring; or to better manage the impact of service losses so as to reduce their impact.

review quarterly passenger satisfaction surveys to identify where remedial action is required by the airport, airlines or border agencies.

The Determination was issued in December 2010 which was shortly before the end of this reporting period. WIAL therefore had not established this review forum during the 2011 disclosure year. The forum has been undertaken for the following disclosure year with the first meeting held during April 2011. The meetings were instituted on a quarterly basis however WIAL has increased the frequency to monthly in the first calendar quarter of 2012. The outcomes from these meetings will be detailed in the next annual information disclosure for the year ended 31 March 2012.

The process put in place by the Airport for it to meet regularly with airlines to improve the reliability and passenger satisfaction performance consistent with that reflected in the indicators.

Regulated Airport
For Year Ended

Wellington International Airport Limited
31 March 2011

SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS

ref Version 2.0

16a: Aircraft statistics

Disclosures are categorised by core aircraft types such as Boeing 737-400 or Airbus A320. Sub variants within these types need not be disclosed.

(i) International air passenger services—total number and MCTOW of landings by aircraft type during disclosure year

Aircraft type	Total number of landings	Total MCTOW (tonnes)
Airbus A320	1,129	82,173
Boeing 737-400	955	64,366
Boeing 737-800	672	52,627
Total	2,756	199,166

Page 34

Regulated Airport
For Year Ended**Wellington International Airport Limited**
31 March 2011**SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS (cont)**

ref Version 2.0

(ii) Domestic air passenger services—the total number and MCTOW of landings of flights by aircraft type during disclosure year

(1). Domestic air passenger services—aircraft 30 tonnes MCTOW or more

Aircraft type	Total number of landings	Total MCTOW (tonnes)
Airbus A320	1,906	140,091
Boeing 737-300	9,893	627,018
Boeing 777-200	2	595
Boeing 737-400	12	817
Boeing 737-800	831	65,666
Boeing 767-300	3	470
Boeing 777-300	2	689
Total	12,649	835,345

(2). Domestic air passenger services—aircraft 3 tonnes or more but less than 30 tonnes MCTOW

Aircraft type	Total number of landings	Total MCTOW (tonnes)
Aerospatiale ATR72	4,075	91,778
Cessna 208	3,547	12,780
Convair 580 CIB	202	4,874
Bombardier Q300	11,079	216,216
Piper PA-31	324	1,037
Beechcraft 1900D	9,260	72,012
Total	28,487	398,697

Page 35

Regulated Airport
For Year Ended**Wellington International Airport Limited**
31 March 2011**SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS (cont 2)**

ref Version 2.0

(iii) The total number and MCTOW of landings of aircraft not included in (i) and (ii) above during disclosure year

	Total number of landings	Total MCTOW (tonnes)
Air passenger service aircraft less than 3 tonnes MCTOW	400	563
Freight aircraft	649	7,068
Military and diplomatic aircraft	334	11,854
Other aircraft (including General Aviation)	5,073	15,445

(iv) The total number and MCTOW of landings during the disclosure year

	Total number of landings	Total MCTOW (tonnes)
Total	50,348	1,468,138

16b: Terminal access

Number of domestic jet and international air passenger service aircraft movements* during disclosure year categorised by the main form of passenger access to and from terminal

	Contact stand—airbridge	Contact stand—walking	Remote stand—bus	Total
International air passenger service movements	5,512	—	—	5,512
Domestic jet air passenger service movements	25,298	—	—	25,298

* NB. The terminal access disclosure figures do not include non-jet aircraft domestic air passenger service flights.

16c: Passenger statistics

	Domestic	International	Total
The total number of passengers during disclosure year			
Inbound passengers [†]	2,236,497	328,471	2,564,968
Outbound passengers [†]	2,243,493	326,355	2,569,848
Total (gross figure)	4,479,990	654,826	5,134,816
less estimated number of transfer and transit passengers		—	—
Total (net figure)			5,134,816

[†] Inbound and outbound passenger numbers include the number of transit and transfer passengers on the flight. The number of transit and transfer passengers can be subtracted from the total to estimate numbers that pass through the passenger terminal.

16d: Airline statistics

Name of each commercial carrier providing a regular air transport passenger service through the airport during disclosure year

Domestic	International
Air New Zealand Limited	Air New Zealand Limited
Jetstar Airways Limited	Qantas Airways Limited
Virgin Australia Airlines (NZ) Limited	Jetconnect Limited
Air Nelson Limited	Virgin Australia Airlines (NZ) Limited
Mount Cook Airline Limited	
Eagle Airways Limited	
air2there.com (2008) Limited	
Golden Bay Air Limited	
Air Chathams Limited	
Sounds Air Travel & Tourism Limited	

Page 36

Regulated Airport
For Year Ended

Wellington International Airport Limited
31 March 2011

SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS (cont 3)

ref Version 2.0

105

Airline statistics (cont)

106

Domestic

107

International

108

16e: Human Resource Statistics

109

Specified
Terminal
Activities

110

Airfield Activities

111

Aircraft and
Freight Activities

112

Total

113

Number of full-time equivalent employees

20

49

1

70.0

114

Human resource costs (\$000)

5,804

115

Commentary concerning the report on associated statistics

116

WIAL received monthly business volume data as follows:

117

- Aircraft movement data from Airways Corporation; and

118

- Passenger and flight details from major airlines operating scheduled services.

119

This information was used to calculate the landings, aircraft weight (MCTOW) and passenger statistics detailed above.

Page 37

Page 37

Regulated Airport
For Year EndedWellington International Airport Limited
31 March 2011

SCHEDULE 17: REPORT ON PRICING STATISTICS

ref Version 2.0

17a: Components of Pricing Statistics

	(\$000)
Net operating charges from airfield activities relating to domestic flights of 3 tonnes or more but less than 30 tonnes MCTOW	3,470
Net operating charges from airfield activities relating to domestic flights of 30 tonnes MCTOW or more	18,019
Net operating charges from airfield activities relating to international flights	4,148
Net operating charges from specified passenger terminal activities relating to domestic passengers	16,678
Net operating charges from specified passenger terminal activities relating to international passengers	10,201
	Number of passengers
Number of domestic passengers on flights of 3 tonnes or more but less than 30 tonnes MCTOW	1,574,815
Number of domestic passengers on flights of 30 tonnes MCTOW or more	2,902,901
Number of international passengers	654,826
	Total MCTOW (tonnes)
Total MCTOW of domestic flights of 3 tonnes or more but less than 30 tonnes MCTOW	417,107
Total MCTOW of domestic flights of 30 tonnes MCTOW or more	847,002
Total MCTOW of international flights	199,972

17b: Pricing Statistics

	Average charge (\$ per passenger)	Average charge (\$ per tonne MCTOW)
Average charge from airfield activities relating to domestic flights of 3 tonnes or more but less than 30 tonnes MCTOW	2.20	8.32
Average charge from airfield activities relating to domestic flights of 30 tonnes MCTOW or more	6.21	21.27
Average charge from airfield activities relating to international flights	6.33	20.74
	Average charge (\$ per domestic passenger)	Average charge (\$ per international passenger)
Average charge from specified passenger terminal activities	3.72	15.58
	Average charge (\$ per domestic passenger)	Average charge (\$ per international passenger)
Average charge from airfield activities and specified passenger terminal activities	8.52	21.91

Commentary on Pricing Statistics

WIAL's charges for the year are detailed in the Schedule of Charges published by WIAL for the period commencing from 1 July 2007.

The aircraft weight and passenger statistics were derived from the Airways Corporation and airline data provided to WIAL as described in Schedule 16.

WIAL's charges are levied on a per passenger basis for all airline operators of regular passenger services that use WIAL's passenger terminal and consequently charges are not levied to these airlines on an aircraft tonnage basis. Charges to these airline operators accounted for approximately 99% of WIAL's total revenue from landing and terminal charges for the year.


The average charges per passenger shown above are slightly below those detailed in WIAL's Schedule of Charges. This is because the Schedule of Charges contains several exempt categories of passengers (transiting passengers, transiting crews and infants) that are not charged. The calculations in this Schedule 17 does not recognise these exemptions.

Note that the average international passenger charge includes both the international passenger terminal charge and the international departure fee (which is halved to apportion to arriving and departing passengers).

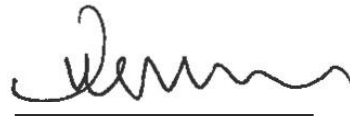
**Commerce Act (Specified Airport Services Information Disclosure) Determination
2010 dated 22 December 2010**

Schedule 20 – Certification for Disclosed Information

We, Keith Sutton and Tim Brown, being directors of Wellington International Airport Limited certify that, having made all reasonable enquiry, to the best of our knowledge, the following attached audited information of Wellington International Airport Limited prepared for the purpose of clauses 2.3(1) and 2.4(1) of the Commerce Act (Specified Airport Services Information Disclosure) Determination 2010 in all material respects complies with that determination.



Keith Sutton
Director
30 March 2012




David Newman
Director
30 March 2012


**Commerce Act (Specified Airport Services Information Disclosure) Determination
2010 dated 22 December 2010**

Schedule 22-Certification for Initial Regulatory Asset Value Disclosure

We, Keith Sutton and Tim Brown, being directors of Wellington International Airport Limited certify that, having made all reasonable enquiry, to the best of our knowledge the attached Report on Initial Regulatory Asset Value and Reports on Asset Allocations of Wellington International Airport Limited, prepared for the purpose of clause 2.10(1) of the Commerce Act (Specified Airport Services Information Disclosure) Determination 2010 in all material respects complies with that determination.



Keith Sutton
Director
30 March 2012



David Newman
Director
30 March 2012

Wellington Airport Limited

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New Zealand



Regulated Airport
For Year EndedWellington International Airport Limited
31 March 2011

SCHEDULE 23: REPORT ON INITIAL REGULATORY ASSET BASE VALUE

ref Version 2.0

23a: Regulatory Asset Base Value

	Unallocated RAB *		RAB
	(\$000)	(\$000)	(\$000)
Allocated non-current assets—year ended 2009		378,893	
Adjustment to reinstate unallocated 2009 asset values		31,601	
Non-current assets—year ended 2009		410,494	
<i>less</i>			
Assets held for future use—year ended 2009	(450)		
Works under construction—year ended 2009	(14,635)		
Excluded intangible assets	—		
Other excluded assets	—		
		(15,085)	
<i>plus</i>			
MVAU valuation adjustment		(35,770)	
Initial RAB value		359,640	337,302
<i>less</i>			
Regulatory depreciation		11,404	11,006
<i>plus</i>			
Indexed revaluations	7,303		6,847
Non-indexed revaluations	—		—
Total revaluations	7,303	7,303	6,847
<i>plus</i>			
Assets commissioned (other than below)	7,247		7,238
Assets acquired from a regulated supplier	—		—
Assets acquired from a related party	32,715		30,550
Assets commissioned	39,962	39,962	37,788
<i>less</i>			
Asset disposals (other)	—		—
Assets disposed of to a regulated supplier	—		—
Assets disposed of to a related party	2,628		2,589
Asset disposals	2,628	2,628	2,589
<i>plus</i>			
Lost and found assets adjustment	—	—	—
Adjustment resulting from cost allocation			11,223
RAB Value—year ended 2010		392,872	379,566

Commentary

Asset Transfers

WIAL transferred a number of assets from its unregulated to regulated asset base in the year ended 31 March 2010. The transfers arose from two primary sources:

- WIAL considered the current and future uses of airport land, as indicated in its updated 2030 Master Plan, and transferred several properties to the aeronautical asset base.
- WIAL had incorrectly excluded some terminal aeronautical leased properties from its 2009 disclosure financial statements. These were reclassified into the regulated assets base in 2010.

Adjustment Resulting from Cost Allocation

WIAL's methodology to allocate common or shared assets is to allocate these in proportion to the value of assets directly allocated to activities. A consequence of the asset transfers explained above is that the value of assets allocated directly to the regulated activities increased and consequently so too did the proportion of directly allocated regulated assets. This resulted in an increase in the share of common assets allocated to the regulated asset base in 2010.

* The 'unallocated RAB' is the total value of those assets used wholly or partially to provide specified services without any allowance being made for the allocation of costs to non-specified services. The RAB value represents the value of these assets after applying this cost allocation. Neither value includes land held for future use or works under construction.

Regulated Airport
For Year EndedWellington International Airport Limited
31 March 2011**SCHEDULE 23: INITIAL REGULATORY ASSET BASE VALUE (cont)**

ref Version 2.0

23b: Notes to the Report

(\$000 unless otherwise specified)

23b(i): Calculation of Revaluation Rate and Indexed Revaluation

CPI at CPI reference date—2009	1,097
CPI at CPI reference date—2010	1,119
Revaluation rate (%)	2.05%

		Unallocated RAB		RAB
Initial RAB value		359,640		337,302
less Revalued land	—		—	
less Assets with nil physical asset life	166		127	
less Asset disposals	2,628		2,589	
less Lost asset adjustment	—		—	
Indexed revaluation		7,303		6,847

23b(ii): Works Under Construction

	Unallocated works under construction (\$000)	Allocated works under construction (\$000)
Works under construction—year ended 2009	(14,635)	
plus MVAU valuation adjustment	—	
Works under construction adjusted—year ended 2009	(14,635)	12,357
plus Capital expenditure	56,337	55,490
less Assets commissioned	39,962	37,788
less Offsetting revenue	—	—
plus Adjustment resulting from cost allocation		0
Works under construction—year ended 2010	1,741	30,059

23b(iii): Assets Held for Future Use

	Base Value (\$000)	Holding Costs (\$000)	Net Revenues (\$000)	Tracking Revaluations (\$000)	Total (\$000)
Assets held for future use—year ended 2009	450	—	—	—	450
plus Assets held for future use—additions ¹	6,189	43	38	9	6,203
less Transfer to works under construction	—	—	—	—	—
less Assets held for future use—disposals	—	—	—	—	—
Assets held for future use—year ended 2010 ²	6,639	43	38	9	6,653

¹ Holding Costs, Net Revenues, and Tracking Revaluations entries in the 'Assets held for future use—additions' line relate to the value incurred during the disclosure year.² Each category value shown in the 'Assets held for future use—year ended 2010' line (Base Value, Holding Costs, Net Revenues, and Tracking Revaluations) is carried forward into the following year's disclosure as 'Assets held for future use—previous disclosure year'.**23b(iv): Asset Lives & Asset Uses****Land**

Description of Land	RAB value year end	Description of use (land)
Runway and taxiway	73,365	Accommodate arrival and departure of aircraft
Aprons	18,557	Manoeuvring areas for aircraft
Aircraft gates	8,423	Parking areas for aircraft
Terminal	1,606	Provision for facilities for passengers and visitors
WIAL Operational Facilities	732	Provision of airport fire and maintenance services
Leased properties	7,993	Facilities for commercial tenants associated with identified airport activities
Residential properties	5,398	Properties owned by WIAL following an acquisition process established by the Environment Court
Roading	4,548	A share of roading used for public access to the airport and airside roads providing access to secure facilities
[Asset 9]		
[Asset 10]		
[Asset 11]		
[Asset 12]		
[Asset 13]		
[Asset 14]		
[Asset 15]		
Total value land	120,621	

Regulated Airport
For Year Ended

Wellington International Airport Limited
31 March 2011

SCHEDULE 23: INITIAL REGULATORY ASSET BASE VALUE (cont 2)

ref Version 2.0

129	Sealed Surfaces:			
		RAB value		
130	Significant asset	year end	Description of use (significant assets)	Asset life (years)
131	Runway and taxiway	52,187	Accommodate arrival and departure of aircraft	15
132	Aprons	18,094	Manoeuvring areas for aircraft	25
133	Aircraft gates	12,218	Parking areas for aircraft	19
134	North RESA	9,232	90m runway safety area required by CAA rules	31
135	South RESA	24,104	90m runway safety area required by CAA rules	52
	Roading	2,007	A share of roading used for public access to the airport and airside roads providing access to secure facilities	20
136				
137	[Asset 7]			
138				
139	Other assets sealed surfaces	3,837		
140				
141	Total value sealed surfaces	121,679		
142	23b(iv): Asset Lives & Asset Uses (cont)			
143	Infrastructure and Buildings			
		RAB value		
144	Significant asset	year end	Description of use (significant assets)	Asset life (years)
145	Main terminal	64,209	Provision of facilities for passengers and visitors	23
146	North Pier	32,502	Provision of facilities for passengers and visitors	27
147	South Pier	1,247	Provision of facilities for passengers and visitors	17
148	South West Pier	13,118	Provision of facilities for passengers and visitors	21
	Terminal link	4,527	Provision of facilities for passengers and visitors	25
	Elevated road	5,475	Provision of facilities for passengers and visitors	38
	WIAL operational facilities	862	Provision of airport fire and maintenance services	43
	Engine test bay		Specialised facility providing noise mitigation for propeller aircraft engine tests	19
152		276		
	Leased Properties	1,455	Facilities for commercial tenants associated with identified airport activities	32
153	Residential properties		Properties owned by WIAL following an acquisition process established by the Environment Court	31
154		4,117		
155				
156	Other assets infrastructure and buildings	-		
157				
158	Total value infrastructure and buildings	127,790		
159	Vehicles, Plant and Equipment			
		RAB value		
160	Significant asset	year end	Description of use (significant assets)	Asset life (years)
161	Air bridges	4,389	Accommodate parking of aircraft	10
162	Airport fire service appliances	1,126	Provision of airport rescue and fire response services	6
163	Baggage system	2,749	Processing of passenger baggage	9
164	[Asset 4]			
165	[Asset 5]			
166	[Asset 6]			
167	[Asset 7]			
168				
169	Other assets vehicles, plant and equipment	1,210		
170				
171	Total value vehicles, plant and equipment	9,475		
172				

Page 41



Independent reasonable assurance report

To the directors of Wellington International Airport Limited

We have performed an engagement to provide reasonable assurance in relation to Schedules 1 to 17 and 23 for the regulatory year ended 31 March 2011 ('the Airport Disclosure Schedules'), prepared by Wellington International Airport Limited ('the company') in accordance with the Commerce Act (Specified Airport Services Information Disclosure) Determination 2010 (the 'Determination').

Directors' responsibility for the Airport Disclosure Schedules

The directors of the company are responsible for preparation of the Airport Disclosure Schedules in accordance with the Determination, and for such internal controls as the directors determine is necessary to enable the preparation of Airport Disclosure Schedules that are free from material misstatement.

Auditor's responsibility

Our responsibility is to express an opinion to the directors on the preparation and presentation of the Airport Disclosure Schedules prepared in accordance with the Determination. In accordance with the Determination we owe a duty of care to the Commerce Commission and our engagement has been planned and performed in recognition of this duty of care.

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE (NZ) 3000) and Standard on Assurance Engagements 3100 Compliance Engagements (SAE 3100) issued by the New Zealand Institute of Chartered Accountants. These standards require that we comply with ethical requirements and plan and perform our engagement to provide reasonable assurance about whether the Airport Disclosure Schedules have been prepared in all material respects in accordance with the Determination.

An engagement to provide reasonable assurance involves performing procedures to obtain evidence about the amounts and disclosures in the Airport Disclosure Schedules. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Airport Disclosure Schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the company's preparation of the Airport Disclosure Schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Use of this report

This report has been prepared for the directors for the purpose of complying with the Commerce Act (Specified Airport Services Information Disclosure) Determination 2010 – Section 2.6. We disclaim any assumption of responsibility for any reliance on this report to any person other than the Directors, or for any other purpose than that for which it was prepared.



Scope and inherent limitations

Because of the inherent limitations of a reasonable assurance engagement, and the test basis of the procedures performed, it is possible that fraud, error or non-compliance may occur and not be detected. The opinion expressed in this report has been formed on the above basis.

As permitted by Clause 2.6(3) of the Determination we have relied on records that have been sourced from a third party in respect of certain non-financial information. For these items, our procedures were limited to confirming that the information in the Airport Disclosure Schedules agreed to the third party records provided to us.

Our reasonable assurance engagement provides assurance that the forecast information included in the disclosures required by Schedule 6 of the Determination was the forecast information prepared by WIAL and required to be included in that disclosure. However, to avoid doubt, it does not provide assurance that forecast information was accurate or reasonable at the time it was prepared, or that it subsequently proved to be accurate.

Independence

When carrying out the engagement we followed the Independence Requirements of the New Zealand Institute of Chartered Accountants *Code of Ethics* and the *Code of Ethics: Independence in Assurance Engagements* to the circumstances of the compliance engagement.

Partners and employees of our firm may deal with the company on normal terms within the ordinary course of trading activities of the company. We have provided financial statement audit services, other assurance services and taxation advice to the company. These matters have not impaired our independence as defined in the Determination as auditors of the company for this engagement. The firm has no other relationship with, or interest in, the company.

Opinion

In our opinion:

- Subject to clause 2.6(3) and as far as appears from an examination of them, proper records to enable the complete and accurate compilation of the Airport Disclosure Schedules have been kept by the company and the Airport Disclosure Schedules are based on these records;
- The disclosure information in Schedules 1 to 17 and 23 complies, in all material respects, with the Determination;
- The historical financial information in Schedules 1 to 10 pursuant to clause 2.3(1) of the Determination has been prepared, in all material respects, in accordance with the Determination;
- Subject to clause 2.6(3), the non-financial information in Schedules 11 to 17 pursuant to clause 2.4(1) of the Determination complies, in all material respects, with the Determination; and
- The information in Schedule 23 (the Report on the Initial Regulatory Asset Value) pursuant to clause 2.10(1) has been prepared, in all material respects, in accordance with the Determination.

We have obtained all the information and explanations we have required.

Our engagement was completed on 23 March 2012 and our opinion is expressed as at that date.

Wellington

MVAU Land Valuation

Wellington International Airport Limited

Effective Date: 31 March 2011

Issued: 17 November 2011

**TelferYoung (Canterbury) Ltd
Valuers - Property Advisors**

17 November 2011

The Chief Financial Officer
Wellington International Airport Limited
P O Box 14 - 175
WELLINGTON 6241

Attention: Mr Martin Harrington

Dear Sir

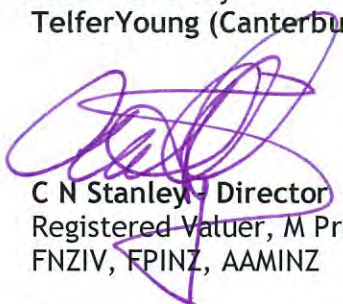
**Re: Wellington International Airport Limited
Market Value Alternative Use Land Valuation**

Thank you for your instructions requesting we provide you with a market Value Alternative Use (MVAU) Land Valuation for the Wellington Airport land holding.

This report must be read in conjunction with the formal valuation report and with TelferYoung (Canterbury) Limited's Statement of Limiting Conditions and Valuation Policy.

This report has been prepared for the purpose stated and solely for the benefit of Wellington International Airport Limited and may not be used for any other purpose or by any other party without first obtaining our written consent. It is acknowledged that this report is being provided to the Airlines for consultation.

Yours faithfully
TelferYoung (Canterbury) Limited



C N Stanley - Director
Registered Valuer, M Prop Stud (Distn)
FNZIV, FPINZ, AAMINZ

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+ Chris Stanley + John Tappenden + Mark Beatson + Mark Dunbar +Victoria Murdoch





Table of Contents

Executive Summary	1
Instructing Party	1
Instructions	1
Effective Date of Valuation.....	1
Basis of Valuation	1
Valuation Methodology	2
Value Reconciliation.....	2
Valuation	2
MVAU Valuation	3
1.0 Instructions.....	3
2.0 Effective Date of Valuation.....	3
3.0 Market Value Alternative Use.....	3
4.0 Professional Valuation Standards	4
5.0 Applicable MVAU Valuation Methods	5
6.0 Practical Valuation Requirements	6
7.0 MVAU Valuation Steps	7
8.0 Professional Expert Input	8
9.0 Property Overview	8
10.0 Location	9
11.0 Legal Description.....	10
11.1 General.....	10
11.2 Title Summary.....	10
12.0 The Land.....	12
13.0 Resource Management.....	14
14.0 The Practical Valuation Process.....	16
15.0 Potential Land Use Master Plan	17
15.1 Introduction	17
15.2 Site Coverage.....	19
15.3 Transportation	19
16.0 Wellington City Council Urban Development Strategy	20
16.1 Overview	20
16.2 Key long term outcomes.....	20
17.0 Supply and Demand and Market Absorption	21
17.1 Overview	21
17.2 Residential Sections	22
17.3 Bulk Retail/Business Park/Retail	23
17.4 Conclusions	24
18.0 Development Costs.....	25
18.1 Introduction	25
18.2 Detailed Costs.....	25





19.0	Market Sales Data	26
19.1	Introduction	26
19.2	Residential Sales	26
19.3	Commercial Development	27
19.4	Block/Zonal Basis	28
20.0	MVAU Land Valuation - Block/Zonal Approach	30
20.1	Overview	30
20.2	Valuation on Block Comparison	30
21.0	MVAU Valuation - Traditional Hypothetical Subdivision	31
21.1	Introduction	31
21.2	Gross Realisation	31
21.3	Costs of Sale	31
21.4	Development Costs	32
21.5	Realisation Period	32
21.6	Profit and Risk	32
21.7	Interest Holding Charges	32
21.8	Valuation Summary	33
22.0	MVAU Valuation - DCF Hypothetical Subdivision	34
22.1	Introduction	34
22.2	Costs	34
22.3	Income	35
22.4	DCF Summary	35
23.0	Value Reconciliation	36
24.0	MVAU Land Valuation	36
25.0	Disclosures	36





Executive Summary



Executive Summary

Instructing Party

Wellington International Airport Limited (WIAL).

Instructions

To assess the Market Value Alternative Use Land Value for Wellington Airport land holdings.

Effective Date of Valuation

31 March 2011.

Basis of Valuation

The Commerce Commission (ComCom) released its decision on 22 December 2010 in relation to the Commerce Act (Specified Airport Services Input Methodologies).

The determination relates to Specified Airport Services as defined in the Commerce Act 1986.

Schedule A to the determination, entitled Airport Land Valuation Methodology, sets out the mandatory requirements for a valuer to apply when undertaking a valuation of land held by an Airport for the purposes of the determination.

The valuation is required to be performed as if the land were to be put to its Highest and Best Alternative Use (H&BAU). This is termed Market Value Alternative Use (MVAU).

Land Area

The MVAU valuation relates to a land area of **103.2 hectares**. It excludes the following:

- + Airport Retail Park
- + Residential East and West
- + Investment Property - North and South
- + Moa Point

These properties have been excluded as they have been valued on an H&BAU basis and need to be added to the MVAU valuation.



Valuation Methodology

MVAU must, where reasonably practical, be determined by application of the following valuation methods:

- + Direct Sales Comparison Approach;
- + Notional Subdivision/Residual Value Approaches; and
- + Discounted Cashflow Approach (using cashflows from Alternative Use).

The following valuation methodologies have been utilised:

- + Direct Sales Comparison Approach - Area Basis/Zonal Basis
- + Notional Subdivision - Traditional Hypothetical Subdivision Model
- + Notional Subdivision - Discounted Cashflow Hypothetical Subdivision Approach

Value Reconciliation

Approach	Value
Direct Market Comparison	\$153,000,000
Subdivision - Traditional	\$130,000,000
Subdivision - DCF	\$141,000,000
Adopt	\$141,000,000

Valuation

We establish the Market Value Alternative Use for the Wellington International Airport Land Holding effective 31 March 2011 at **ONE HUNDRED AND FORTY ONE MILLION DOLLARS (\$141,000,000)** plus GST (if any).

Yours faithfully
TelferYoung (Canterbury) Limited

C N Stanley - Director
Registered Valuer, M Prop Stud (Distn)
FNZIV, FPINZ, AAMINZ

CNS:AJS
chris.stanley@canterbury.telferyoung.com





MVAU Valuation

1.0 Instructions

TelferYoung (Canterbury) Limited has been engaged by Wellington International Airport Ltd (WIAL) to establish the Market Value Alternative Use (MVAU) of the WIAL Land Holding.

The MVAU valuation is required to meet the requirements of Part 4 of the Commerce Act 1986 relative to Specified Airport Services should WIAL choose to revalue its land for regulatory information disclosures.

2.0 Effective Date of Valuation

31 March 2011.

3.0 Market Value Alternative Use

MVAU is specified as the value of the land at its H&BAU, which is equal to the likely market price paid for the land by a developer or investor and is determined in accordance with the formula:

“gross realisation or estimated value of the land minus allowance for applicable development costs”.

The development costs include all relevant construction costs, holding costs and the developers or investors profit and risk, and exclude the value of costs required to convert the land for the supply of the Specified Airport Services and any allowance for remediation.

To establish the gross realisation our estimated value of the land ComCom consider that it is best assessed using reliable evidence of the proceeds that would be obtained on the open market for an orderly sale of the land (in economically manageable parcels). Reliable market based evidence for estimating eventual gross realisations or estimated value of the land would usually be drawn from comparable market sales for land in a similar use which is ideally located adjacent (or in close proximity) to the land being valued to the extent that the use is unaffected by the supply of Specified Airport Services.

The ComCom considered that it is likely that the H&BAU will be limited to a predictable set of alternative uses due to existing and possible zoning and District Plan requirements, contour and land area, surrounding land uses, as well as the existing linkages and current market supply and demand.





4.0 Professional Valuation Standards

Valuers are required to undertake an MVAU valuation in accordance with the following Valuation Standards:

- + IVS 2 - Bases Other Than Market Value
- + IVS 3 - Valuation Reporting
- + IVGN 1- Real Property Valuation
- + ANZVGN 1 - Valuation Procedures - Real Property

IVS 2 requires the valuer to ensure:

- + The estimated value is based on data and circumstances appropriate to the valuation;
- + The estimated value is undertaken using appropriate methods and techniques; and
- + The valuation is developed on the basis of sufficient information to support the analysis and conclusions.

IVS 3 relates to valuation reporting and requires the valuer to produce:

- + A valuation report in the manner that will not be misleading.
- + Define the basis of value and state the purpose intended using the valuation and effective date.
- + Clearly identify and describe the property and property rights interest valued.
- + Specify all assumptions and limiting conditions.
- + Clearly distinguish the assumptions that are different from or in addition to those underlying an estimate of Market Value.
- + Fully explain the valuation approaches and procedures that have been applied.

IVGN 1 further expands on fundamental valuation principles, valuation process and rationale.

ANZVGN 1 provides information, commentary, advice and recommendations in relation to the valuation of real property.





5.0 Applicable MVAU Valuation Methods

The determination requires that the assessment of MVAU must where reasonably practical, be determined by application of the following valuation methods:

- + Direct Sales Comparison Approach;
- + Notional Subdivision/Residual Value Approaches; and
- + Discounted Cashflow Approach (using cashflows from an alternative use).

Principle methods of valuing block land are:

- + Direct Sales Comparison Approach; and
- + Notional Subdivision/Residual Value Approaches.

The ComCom has stated that the direct sales comparison approach may be analysed and assessed on an **area basis** or **zonal basis**. Notional subdivision/residual value approaches may utilise discounted cashflow techniques given the size of the land holding and the likely assumptions around a staged sell down of post development sections or properties.

ComCom requires that both the Direct sales Comparison and the Notional Subdivision/Residual Value Approach be utilised where practicable.



6.0 Practical Valuation Requirements

In undertaking an MVAU the valuer must:

- + Value land as aggregated and notionally vacant.
- + Have regard to designation, zoning and other District Plan and legal requirements applying to the land;
- + Rely on evidence of sales of land as comparable market based data only to the extent the sales were unaffected by the supply of specified airport services;
- + Exclude airport conversion costs; and
- + Exclude allowances for remediation expenditure.

The land is required to be valued as an aggregated parcel with the valuer assuming an orderly sale of the aggregated land in economically manageable parcels over such time as would likely be needed to achieve the H&BAU of the land.

Consideration should be given to the physical characteristics of the land, existing title and easement arrangements, zoning and enduring land uses, all of which will likely influence the likely alternative uses. This will maximise the value of the land in the alternative use.

The valuer is required to consider the likelihood of any designation being uplifted or the land rezoned.

Specialised planning and legal advice may be required to assist the valuer in considering likely rezoning and the impact of any restrictions or easements.

In establishing the MVAU comparable sales must be drawn from transactions that are unaffected by existing airport influences.

Comparable sales land should ideally be located adjacent or in close proximity to the land being valued.

Costs incurred in conversion of the land for airport use are unlikely to be required for the development land in its H&BAU. The MVAU valuation must exclude costs required specifically to convert the land for the supply of specified airport activities.

The MVAU valuation can include costs of sea walls or other coastal protection systems necessary for the alternative use.

When establishing the MVAU the valuer must assume the site is vacant and unencumbered by any airport related improvements. There are no deductions to be made for remediation or demolition costs which includes removal of runways, taxiways, buildings, above and below ground utilities and contamination.



7.0 MVAU Valuation Steps

The valuer is required to:

- (a) Complete a schedule of the land parcels that are to be included in the MVAU valuation.
- (b) Confirm ownership, tenure and aggregated land area.
- (c) Determine the existing or underlying zoning of the land or designations and the likely zoning of the land for the highest and best alternative use including the likelihood of zoning change or uplifting of designations.
- (d) In establishing H&BAU it must be:
 - + Physically possible;
 - + Appropriately justified;
 - + Legally permissible; and
 - + Financially feasible.
- (e) Consider resource management (including reserve) requirements, amenities in the area and access to services.
- (f) For notional subdivision/residual value approaches:
 - + Prepare a land development plan based on the H&BAU of the land and provide evidence for the assessment of inputs into the notional subdivision/residual value approaches;
 - + Determine market demand for the proposed development and realisation.
 - + Establish direct costs of developing the land including costs such as roading, services, legal and sales costs.
 - + Establish indirect costs of developing the land such as developers holding costs
- (g) Undertake market research and obtain comparable sales information to support the alternative land uses selected including both block sales and development land sales.
- (h) Apply suitable adjusted market evidence to airport land as required and taking into account whether a direct sales comparison or notional subdivision approach are to be used.
- (i) Reconcile the results of the valuation approaches used in determining a final value for the H&BAU.
- (j) Prepare a valuation report incorporating all disclosures required by the relevant valuation standards.



8.0 Professional Expert Input

Professional Expert Input has been provided in establishing the MVAU.

As identified by ComCom we have obtained expert advice relative to:

- + Potential planning and land development potential.
- + Development costs.

Boffa Miskell Ltd have provided expert advice in developing a master plan for future land use options for the land holding.

Opus International Consultants Ltd have provided expert advice on development costs.

9.0 Property Overview

Wellington International Airport (WIA) is located in Wellington, the capital city of New Zealand. The airport services the greater Wellington region and is the major airport hub for domestic passenger travel throughout New Zealand.

In the year to 31 December 2010, WIA handled **5,158,813** million passengers comprising **4,513,525** million domestic and **645,238** international passengers.

Wellington Airport encompasses a total land holding of approximately 111.6 hectares extending from Cobham Drive in the north to Moa Point Road to the south, east to Calabar Road and west to Tirangi Road.

The airport provides a single runway on a north south axis with associated taxiways and aprons. The main terminal building is located to the east of the runway. To the southeast there is an industrial area servicing the aviation industry. To the west there are further hangars together with the Airport Retail Park.



10.0 Location

The airport is located approximately nine kilometres southeast of the Central Business District in the eastern suburb of Rongotai. The airport extends from Evans Bay in the north to Lyall Bay in the south. To the east it is adjoined by the Miramar Golf Club and to the west by mixed-use light industrial and residential properties.

The following location map identifies the property in relation to adjoining land.

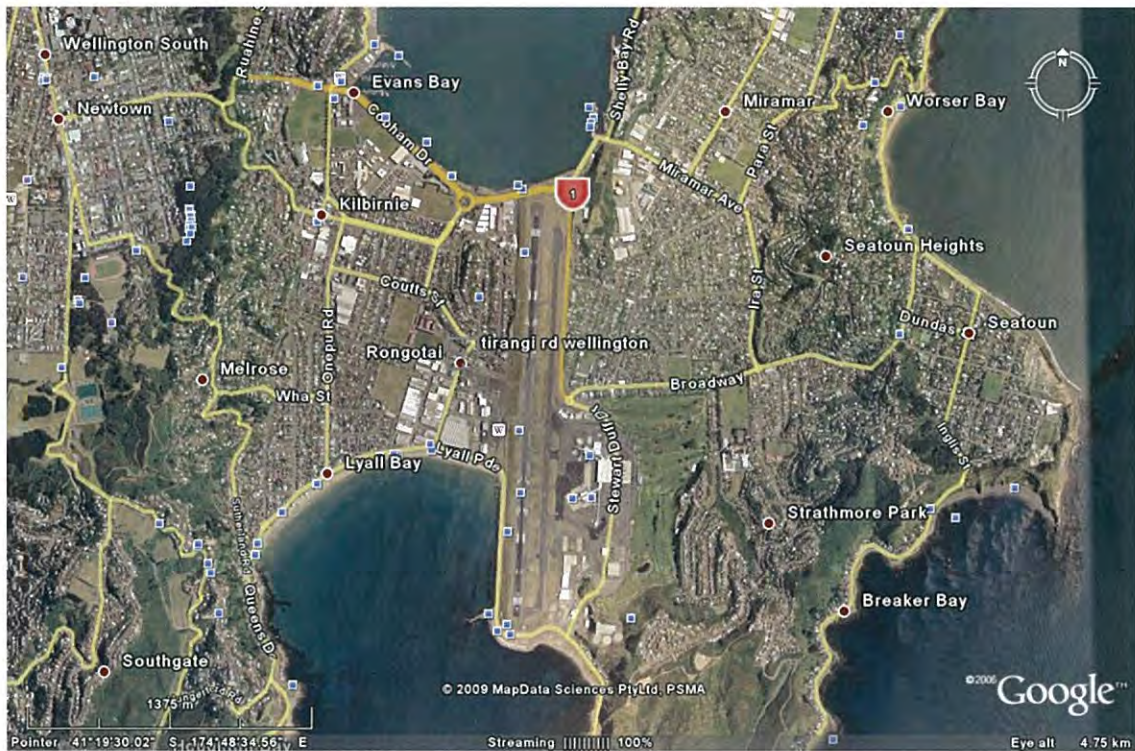


Figure 1 Location Map

Wellington Airport is the major focal point in this sector of the city with associated traffic linkages through to the Central Business District.



11.0 Legal Description

11.1 General

We have been provided with a summary of title information by management of WIAL. We are aware that a number of the titles contain Memorials of Encumbrances.

11.2 Title Summary

Location	Title Reference	Land Area
Stewart Duff Drive	51A/720	969,984m ²
Stewart Duff Drive	45A/74	19,042m ²
Wexford Road	36D/925	57,668m ²
Tirangi Road, 113-117	113/117 46C/667	4,323m ²
George Bolt Street, 1-5	46C/668	8,339m ²
George Bolt Street, 2-16	46C/672	18,715m ²
George Bolt/Cochrane Street	62499	5,684m ²
Bridge Street, 3	56A/908	443m ²
Bridge Street, 15	WN294190	446m ²
Bridge Street, 19	270/154	445m ²
Bridge Street, 21	270/158	446m ²
Bridge Street, 25	258/187	668m ²
Bridge Street, 31	16AW/186	724m ²
Bridge Street, 33	260/101	724m ²
Bridge Street, 35	260/101	723m ²
Bridge Street, 39	262/61	725m ²
Bridge Street, 41	265/297	716m ²
Bridge Street, 43	9C/1416	711m ²
Bridge Street, 45	245/70	692m ²
Bridge Street, 49	272/241	597m ²
Bridge Street, 51	267/78	490m ²
Bridge Street, 53	266/102	894m ²
Bridge Street, 55	B2/184	424m ²
Bridge Street, 57	29D/826	395m ²
Bridge Street, 59	320/105	393m ²
Bridge Street, 61	320/104	399m ²
Bridge Street, 67	322/108	318m ²
Bridge Street, 73	297/248	459m ²
Broadway Street, 321	287/266	210m ²
Broadway, 335	42B/707	506m ²
Broadway, 337	42B/708	506m ²
Broadway, 341	42B/710	506m ²
Broadway, 343	42B/709	506m ²
Broadway, 360	317/104	269m ²



Location	Title Reference	Land Area
Broadway, 364	374/298	460m ²
Broadway, 363	47D/260	488m ²
Broadway, 366	327110	504m ²
Broadway, 338	357/296	506m ²
Broadway, 370	356/267	506m ²
Broadway, 372	379/249	506m ²
Coutts Street, 234	370/155	402m ²
Coutts Street, 238	454/120	402m ²
Coutts Street, 240	409/112	402m ²
Coutts Street, 242	357/174	402m ²
Coutts Street, 244	340/142	402m ²
Coutts Street, 250	10B/942	718m ²
Coutts Street, 252	355/113	573m ²
Coutts Street, 254	358/16	534m ²
Miro Street, 2/353 Broadway	295/38	506m ²
Miro Street, 3	305/266	165m ²
Miro Street, 7	35A/78	3267m ²
Miro Street, 9	45A/77	321m ²
Miro Street, 11	896/19	312m ²
Miro Street, 13	863/60	488m ²
Miro Street, 15	300/140	450m ²
Miro Street, 17	298/224	451m ²
Miro Street, 19	298/135	487m ²
South Res A	454/75	6959m ²
Total Land Area		111.6065 Hectares

The titles relate to the total WIAL land holdings.

12.0 The Land

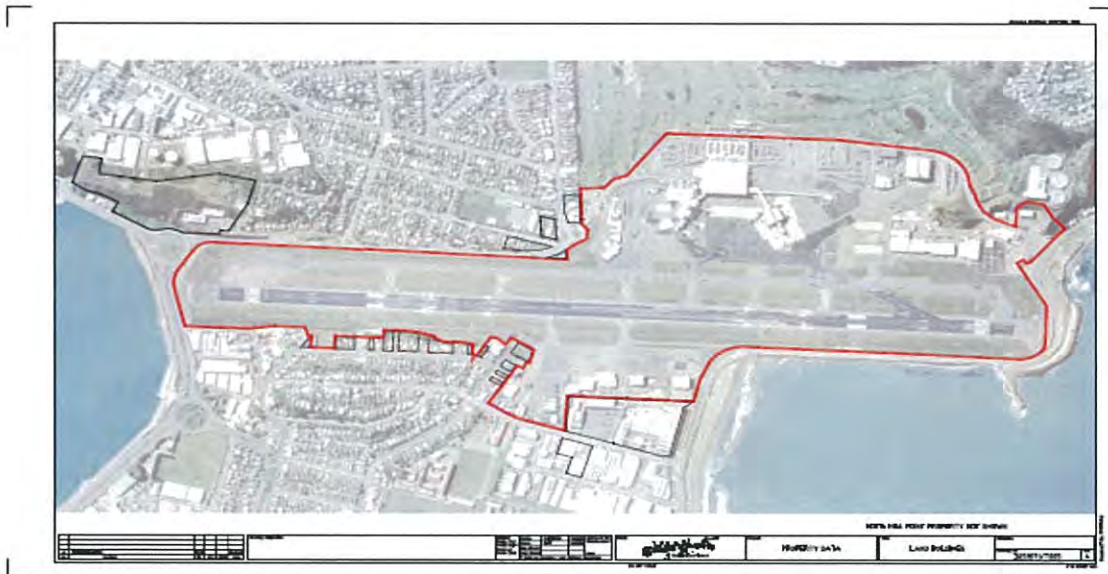
The Wellington International Airport land holding comprises a rather irregular shaped parcel of land extending Evans Bay in the north to Lyall Bay in the south. The primary access points are from Calabar Road on the eastern boundary and Moa Point Road on the western boundary.

The bulk of the land is held in one contiguous holding although there are a number of residential and commercial sites separated from the main holding in the east by Calabar Road and Stewart Duff Drive and to the south comprising the Moa Point holding. The Wexford Road property is situated above Cobham Drive and Calabar Road.

The land is generally level with the exception of the Wexford Road land holding in the northeastern corner and the Moa Point site in the south. In addition there are elevated areas known as the Southern Knoll and Southern Hillside in the main titles.

A significant proportion of the total land holding has been reclaimed and filled especially at the northern and southern ends of the runway.

The southern end of the site is protected by a substantial sea wall.



All Local Authority services are available to the land.



We have not undertaken an environmental audit of the site. We have been advised there are limited contaminated land issues on certain sites within the WIAL Holdings. Specifically these are localised hydrocarbon contamination issues resulting from the storage of fuel and oil. It is also an old domestic land fill site in the western apron (close proximity to the aeroclub site).

In accordance with the ComCom Determination costs of remediation, including contamination, are to be exclusive from the assessment of MVAU.

We have not obtained a Land Information Memorandum (LIM) for the property.

We have made no boundary survey of the property and assume no responsibility in connection with such matters. Unless otherwise stated it is assumed that all improvements will be within the Title boundaries.





13.0 Resource Management

Under the Wellington City District Plan, the vast majority of the Airport land is zoned Airport and Golf Course Recreation Precinct. There are some exceptions, being a small area comprising the Moa Point Land Holding (Zoned as Reserve); a number of residential holdings surrounding the Airport (Zoned as Outer Residential); and some leasehold properties on the Tirangi Road area (Zoned as Suburban Centre).

The Airport and Golf Course Recreation Precinct separates the activities of the Wellington Airport and the Miramar Golf Course into two distinct areas with rules allowing for the respective adjoining activities.

In November 2009 Plan Change 57 became operative. Operative extracts from the airport and Golf Course Recreation Precinct follow.

The Airport Area recognises the strategic importance of the Airport by providing for its continued use and development. The plan process also allows for activities that are ancillary to the primary function. These include:

- + Runway
- + Taxiways
- + Terminals
- + Air carrier facilities
- + Fuel storage
- + Refuelling
- + Aircraft maintenance
- + Support and commercial activities

The plan also contains provisions to manage non-airport activities and development.

Five different sub areas are provided:

- + Terminal Area - most of the land on eastern side
- + Rongatai Ridge - open space at the entrance to the airport
- + Broadway Areas - at the entrance to the airport
- + South Coast Area - south east of airport
- + West Side - adjacent to Rongatai Suburban Centre

The Terminal Area provides for the terminal building, carpark building and associated freight use. Provision is made for non airport related development to enable a range of complimentary services and facilities to be made available to the travelling public.

Rongatai Ridge provides an important visual reference point and has high visual amenity values. Any development must complement this amenity value.

Broadway is the primary gateway to the airport and development should seek to strengthen the visual and physical connection with the terminal building and carparking with high quality visual appealing building.



South Coast is the industrial area to the south of the terminal close to Lyall Bay. This area contains industrial development.

West Side contains large format retail with further development encouraged to provide high quality retail and non airport related activities to improve shopping and business for the public and workers.

The zoning recognises that Wellington Airport is one of the country's key air transport hub and domestic airports. The Plan provisions recognise the function of the Airport as a major arrival and departure point for people and cargo and also recognises the need for activities that are ancillary to this principle use.

Within the airport a range of uses is permitted that are essentially for the safe, efficient and economic operation of the airport. These include runways, taxiways, terminals, air carrier facilities, fuel storage, refuelling options, and aircraft maintenance as well as a number of support and commercial activities. Fuel storage and refuelling facilities are essential to the operation of the airport but are subject to hazardous substance rules due to the nature of the product.

The area provisions have been developed in recognition of the Master Plan for the Airport prepared for WIAL. The principle objectives of the airport precinct can be summarised as follows:

- + To promote the safe, efficient and effective operation of the Airport;
- + To provide for non-airport activities and developments within the Airport Precinct;
- + To protect the character and amenities of identified areas within the Airport Area from inappropriate non-airport related uses and development;
- + To prevent or mitigate any adverse effects of the storage, use, disposal, or transportation of hazardous substances; and
- + To avoid or mitigate the adverse effects of natural and technological hazards on people, property and the environment.



14.0 The Practical Valuation Process

The Practical Valuation Process is summarised as follows:

Step	Process
1	Establish land parcels, ownership, tenure and total land area.
2	Determine highest and best alternative use.
3	Prepare a development plan.
4	Obtain expert advice on development costs.
5	Consider market supply and demand.
6	Undertake sales analysis for block land.
7	Analyse sales smaller land parcels similar to proposed potential use of land.
8	Develop valuation models both of comparable sales and notional subdivision basis.
9	Reconcile values.
10	Conclude Value
11	Report



15.0 Potential Land Use Master Plan

15.1 Introduction

Boffa Miskell Limited have been commissioned to develop a master plan identifying future land use options for the WIAL land holding.

The development plan prepared is considered to represent the Highest and Best Alternative Use (H&BAU) and reflects the requirements of the ComCom in that it must be:

- + Physically possible;
- + Appropriately justified;
- + Legally permissible; and
- + Financially feasible.

Boffa Miskell have considered a range of issues in establishing the future land use options. These include consideration of:

- + Impact on the roading network
- + Provision of both passive and active recreation reserves
- + Complementing the amenity values of Lyall Bay, Evans Bay and the Golf Course.
- + Fit with the existing surrounding land use development.

A copy of the Boffa Miskell Master Plan and document is attached as **Appendix 1**.

The Boffa Miskell plan establishes 9 land uses comprising:

- + A new town centre located on the Coutts Street/Broadway connection.
- + A business park with large format commercial/office/business park/educational/clinic/research taking advantage of expansive coastal and golf course setting.
- + Large format retail being the extension of existing Airport Retail Park.
- + Medium density perimeter block housing development/retirement village development adjacent to the town centre.
- + 3 - 4 level apartment development towards Lyall Bay/Evans Bay.
- + Townhouses in Evans Bay/Lyall Bay coastal communities.
- + Detached family housing in the Evans Bay/Lyall Bay coastal communities.
- + Headland Park along the south coast to shelter coastal communities.
- + A number of neighbourhood open spaces to provide open space in the residential areas.



Proposed use and gross areas are summarised as follows:

Proposed Use	Area
Town Centre	7.50 ha
Business Park	13.68 ha
Large Format Retail	10.41 ha
Perimeter Block Apartments/Retirement Housing	4.38 ha
3 - 4 Storey Apartments	19.18 ha
Townhouses	15.37 ha
Detached Family Housing	8.64 ha
Headland Park	4.98 ha
Neighbourhood Open Space	4.58 ha
Roads	20.98 ha
Total	109.70 ha

The area excludes Moa Point Reserve.

These areas have been adjusted to exclude the following:

- + Airport Retail Park
- + Residential East and West
- + Investment North and South

The adjusted areas are as follows:

Proposed Use	Area
Town Centre	7.12 ha
Business Park	12.80 ha
Large Format Retail	7.14 ha
Perimeter Block Apartments/Retirement Housing	4.38 ha
3 - 4 Storey Apartments	19.18 ha
Townhouses	15.37 ha
Detached Family Housing	6.67 ha
Headland Park	4.98 ha
Neighbourhood Open Space	4.58 ha
Roads	20.98 ha
Total	103.20 ha



15.2 Site Coverage

Indicative site coverage in the “zones” are as follows:

Town Centre:	65%	to	75%
Business Park:	50%		
Large Format Retail:	50%		
Perimeter Block Apartments/Retirement Village:	Up to 65%		
3 - 4 Storey Townhouses:	Up to 65%		
Townhouses:	Up to 50%		
Detached Family Housing:	Up to 35%		

15.3 Transportation

The Boffa Miskell land provides a roading network to link with the existing roading system surrounding the airport. Major arterial links bisect the site on an east to west basis with Coutts Street linking with Broadway and Lyall Bay and extending into the subdivision and heading south towards the Headland Park. The major arterial route from north to south is the extension of Stewart Duff Drive extending from the intersection of Broadway through to Lyall Bay.





16.0 Wellington City Council Urban Development Strategy

16.1 Overview

In 2006 Wellington City Council released the Urban Development Strategy. Key aspects of the growth strategy are summarised as follows:

- + By 2026 33,000 more people are expected to live in the Wellington region than in 2001. Population growth is expected to peak around 2038 with the growth scenario for long term planning purposes being 50,000 more people by 2055.
- + Wellington households are getting smaller with the population ageing and becoming more ethnically diverse. The demand for high density dwellings is expected to steadily increase.
- + The growth strategy was designed to direct growth to where the benefits are greatest, where adverse effects are minimised and deliver on quality. For Wellington the benefits are considered to be greatest when notional growth was directed at areas that are already serviced by of a high level of amenity and have some (or all) of the supporting infrastructure.
- + It was considered these conditions existed around the central city, some suburban centres, key transport routes and specific parts of the city's northern suburbs.
- + The City Council established a 50 year growth concept plan identifying areas for intensification, employment growth, Greenfield development, new roading investment and public transport investment.
- + The plan identified a "growth spine" for transit orientated intensification of employment and housing. The plan also recognised the containment of the urban footprint of the city within the protected Greenbelts and also the protection of the rural coastline.

16.2 Key long term outcomes

- + To make Wellington more liveable with a high quality public environment.
- + More sustainable with efficient and sustainable use on natural resources.
- + Better connected with quality transport choices.
- + More prosperous with a flexible approach to land use planning to contribute to economic growth and prosperity.
- + More compact with contained urban form with intensification in appropriate areas structured around a vibrant city centre.
- + Safer with well designed buildings, spaces and connections.



The City Council put in place a 3 year priority being considered to be important stepping stones towards the long term goals comprising:

- + Improve the way infill development is managed in residential areas.
- + Improve the quality of the city's urban design.
- + Set in place a 50 year plan for the growth spine and develop concept plans for specific growth areas in the city.

The land associated with Wellington Airport was not considered when developing the Urban Growth Strategy. The proposed plan prepared by Boffa Miskell for potential development of the land fits with the core strategies of the Urban Growth Strategy providing for:

- + Infill housing
- + More intensification
- + Better traffic linkages
- + Safer environment
- + Economic prosperity

17.0 Supply and Demand and Market Absorption

17.1 Overview

Analysis has been undertaken of the Wellington market to establish the supply and demand and potential market absorption for all uses identified in the master plan document.

From a residential context we have examined sales volumes and sale prices in the overall Wellington region for building sites.

In relation to the bulk retail office and retail we have considered the availability of land within Wellington and its periphery areas and considered the potential end users for the proposed sites.





17.2 Residential Sections

Over the four year period from 1 April 2007 to 31 March 2011 there were a total of 1285 residential section sales in the Wellington region. On a year by year basis the sales volumes were as follows:

2007 - 2008	214
2008 - 2009	275
2009 - 2010	475
2010 - 2011	321

The average section sale price on a year by year basis is as follows:

Year	Average Sale Price
2007 - 2008	\$199,360
2008 - 2009	\$255,387
2009 - 2010	\$194,884
2010 - 2011	\$249,767

We have also considered REINZ stats over a full ten year period to derive the average uptake of residential sections in the Wellington region. The market was particularly active during the period 2005 - 2007 tailing off over the last two years.

On average market sales of vacant sections in the Wellington region average approximately 400 sections per annum.

The proposed development will provide a total of 523 sites ranging in area from 500m² to 1000m² including the Resthome land area. The valuation models adopted provide for a total realisation period of 7 years to absorb these sites.

In our opinion the airport land has a significant number of advantages whether developed as low density single unit residential through to more intensive apartment and townhouse development.

The land has excellent linkages with the Central Business District as well as the surrounding suburbs of Rongotai, Kilbirnie, Mirimar and Seatoun. It has significant amenity value due to the relationship with Lyall Bay, Evans Bay and the Golf Course.

It is situated in a developed area with existing support services far superior to a Greenfields location.

It provides a range of options for end users in this sector of Wellington as well as other areas to either develop/own a smaller apartment or construct a larger scale residence in an area where vacant land is almost unobtainable (especially for level sites).



17.3 Bulk Retail/Business Park/Retail

It is proposed to develop a total of 27.06 hectares of commercial land comprising:

+ Retail Town Centre	7.12 ha
+ Business Park	12.80 ha
+ Bulk Retail	7.14 ha

This sector of Wellington has already become a focal point for bulk retail. The Airport Retail Park is very successful and we consider there would be excellent opportunity to leverage off this to extend the bulk retail for complementary uses. The availability of larger tracts of land would also be very attractive to supermarket operators - either Foodstuffs or Progressive Enterprises.

We consider there would be strong uptake for the bulk retail land at, the commencement of the development with very little capital outlay required to extend the existing bulk retail development. Land could be sold immediately and we have allowed for this in the cashflow budget. We have allowed for a 7 year development period.

The suburban shopping centre will become a focal point for the low, medium and high density residential development as well as for a proposed rest home/aged care facility. The increase in the population catchment would encourage the development of the retail area. We have allowed this to be developed over 7 years.

With the office park this will be competing with the existing Central Business District office areas however has the advantage of providing a low density park-like environment with an attractive outlook over the golf course. Office business parks are becoming very popular due to the higher amenity value for occupants with less traffic congestion, greater provision of off-street parking and superior light and air.

In our opinion the office business park would be a long term development with absorption over a 7 year period. As with the bulk retail component areas of the office park could be sold immediately. We have allowed for this in the cashflow.



17.4 Conclusions

We consider there would be immediate demand for significant areas of the land holding.

There would certainly be strong interest from the supermarket chains as well as rest home/age care facilities and bulk retail.

The commercial component would be a long term development with absorption increasing as residential and supporting development occurs.

We refer you to **Appendix 2** to this report which shows our estimate of the absorption on a year by year basis. On a land area basis this can be summarised as follows:

Zone	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Suburban Shopping Centre			2.14	1.42	1.42	1.42	0.71
Office Park	1.28	1.28	3.20	3.20	1.28	1.28	1.28
Bulk Retail	1.43	1.43	1.43	1.43	0.71	0.36	0.36
Apartment/Retirement			2.19	2.19			
Apartments			5.75	4.80	3.84	2.88	1.92
Townhouses			4.61	3.84	3.07	2.31	1.54
Low Density Residential			2.67	2.00	1.33	0.67	
Total	2.71	2.71	21.99	18.88	11.66	8.91	5.80





18.0 Development Costs

18.1 Introduction

Opus International Consultants Limited (Opus) have been commissioned to provide cost estimates of the proposed subdivision as detailed on the Boffa Miskell plan.

Development costs include the following:

- + Physical construction
- + Preliminary and general costs
- + Contract/developers margins
- + Developer management
- + Planning costs for resource consent
- + Wellington City Council development levies
- + Survey and title issue
- + Professional fees
- + Contingencies

The costs exclude:

- + Costs of sale
- + Holding costs

18.2 Detailed Costs

Development costs estimated by Opus can be summarised as follows:

Item	Amount
Earthworks	\$9,676,343
Roads	\$24,106,277
Water/Stormwater/Sewer	\$28,956,816
Telecom/Gas/Power	\$7,391,484
Miscellaneous	\$1,144,469
Other	\$10,155,998
Resource Consent	\$2,142,931
Total	\$83,574,318

Development contribution/levies have been calculated by BM at \$8,824,240 for the residential component. Opus has allowed an offset of \$2,604,604 for reserve construction which have been included in the development cost. This gives a net development contribution/levy of **\$6,219,636**.

The costs include contingencies and professional fees.

The costs are exclusive of GST.



19.0 Market Sales Data

19.1 Introduction

We have undertaken extensive market research to establish a “basket” of sales evidence to utilise in establishing value parameters for the property both on a block/zonal basis and on the basis of the hypothetical subdivision model.

Obtaining truly comparable land sales is particularly difficult not only due to the relative scarcity of vacant land sales in Wellington but also due to the unique location of the airport land holding.

The geography of Wellington makes land development particularly difficult with a very limited amount of master plan development taking place within the established urban environment. The vast majority of land development relates to the peripheral areas of Wellington where bare land is available.

There have been some infill developments that are generally of a very small scale.

Land sales on the periphery are of limited validity when comparing proposed development at the airport. The airport site is situated in a fully developed suburb with all traffic linkages, community facilities and support services in place.

The location also has the significant amenity value provided by Lyall Bay, Evans Bay, the Miramar Golf Course and the backdrop of the surrounding hillside.

The locational advantages the airport land enjoys suggest that all forms of development envisaged under the master plan would achieve a premium over prices achieved in peripheral urban development.

19.2 Residential Sales

We refer you to **Appendix 3** which contains a cross section of residential sales which are of some assistance in establishing value parameters for the proposed low, medium and high density residential development at the airport.

The residential section sales quoted for properties in close proximity to the airport indicate land values ranging from \$360/m² to \$1,393/m². These sales prices are GST exclusive.

The land sales analysed range in size from 349m² to 5,151m².

For the medium and high density development we have concluded a land value rate of \$535/m² net of GST which is equivalent to approximately \$615/m² GST inclusive. We believe this is realistic reflecting the premium location in a developed area of Wellington with excellent supporting services and amenities.





For the medium and high density development we have adopted a “standard” site area of 1000m² although it is highly likely that larger blocks would be sold to individual developer/owners. Based on a standard 1000m² site we consider an appropriate land value would be **\$535,000** exclusive of GST or **\$615,250** GST inclusive.

For the low density residential sections we have adopted a similar rate of \$500/m² GST inclusive or approximately \$575/m² GST inclusive. Once again we believe the location of the property and the higher amenity value will create strong demand and the estimated sale prices would be readily achievable.

For the low density residential holdings we have adopted an average site area of 500m². Based on this land area we have established an average site value of **\$250,000** exclusive of GST or **\$287,500** GST (inclusive). This falls well within the range of the land sales analysed.

We have adopted land value rates for all residential uses that are considered to be conservative having regard to market observable transactions.

19.3 Commercial Development

We have apportioned the commercial development into the following average section sizes.

Retail Town Centre	1,000m ²
Office Business Park	2,000m ²
Bulk Retail	5,000m ²

As with the medium/high density residential development there is the very high likelihood that the land holdings would be sold in larger parcels.

The commercial sales quoted for small developed sites in Wellington show a range of \$225/m² for a site of peripheral location to in excess of \$2,000/m² for a development site in Miramar. Within the Central Business District land value rates are significantly higher ranging from \$1,080/m² to in excess of \$3,800/m².

For bulk retail properties a sale of relevance is for the supermarket site in Petone where a price of \$530/m² was paid for a site of 1.2 hectares.

Once again we believe the development land in the subdivision would attract higher overall prices reflecting the fact that this is a developed commercial location with a strong bulk retail influence and enjoying a close proximity to an established residential catchment.

Having regard to the sales evidence available and adjusting for the factors discussed we have adopted the following land value rates:

Suburban Shopping Centre	\$1,000/m ²
Office Park	\$650/m ²
Bulk Retail	\$650/m ²

Wellington International Airport Limited





The land values adopted fall in the middle of a realistic value range. We consider the rate to be conservatively based reflecting the scale of the development.

Based on the sales evidence available, and adjusting for the locational advantages the land holding enjoys, we have established individual site values as follows:

Retail Town Centre	\$1,000,000
Office Business Park	\$1,300,000
Bulk Retail	\$3,250,000

Commercial sales are shown in Appendix 4.

19.4 Block/Zonal Basis

As detailed earlier there are very few sales of larger land holdings available in the Wellington area.

We have given consideration to large scale development sites throughout New Zealand including Queenstown, Christchurch and Auckland.

Drawing direct comparison with the large block sales throughout New Zealand requires considerable subjective adjustment. The development of the airport land would have significant advantage over Greenfields locations due to the existing linkages with the transportation network and the ability to leverage off the existing established commercial business uses and the high amenity value the area provides. The block land values detailed in our report range from \$98/m² for a block of retail zoned land in Queenstown adjacent to the airport to \$707/m² for a large block of land in Albany zoned for mixed use.

Adjusting for the size of the airport land holding, but reflecting the significant benefits the site enjoys, we consider land values for the individual property components on a block/zonal basis would fall within the following range:

Zone	Value Range
Retail Town Centre	\$400/m ² to \$500/m ²
Office Business Park	\$175/m ² to \$225/m ²
Bulk Retail	\$400/m ² to \$500/m ²
Apartment/Retirement	\$175/m ² to \$225/m ²
Medium Density Apartments	\$125/m ² to \$175/m ²
Medium Density Townhouses	\$125/m ² to \$175/m ²
Low Density Residential	\$100/m ² to \$150/m ²

The land value rates are supported by the sale evidence quoted.



Having regard to this land sales evidence and allowing for the locational attributes the airport land holding enjoys we have adopted the following land value rates:

Zone	Land Value Rate
Retail Town Centre	\$450/m ²
Office Business Park	\$200/m ²
Bulk Retail	\$450/m ²
Apartment/Retirement	\$200/m ²
Medium Density Apartments	\$135/m ²
Medium Density Townhouses	\$135/m ²
Low Density Residential	\$115/m ²

The land value rate reflects the fact that the land “zones” are net areas with reserves provided and roading. This is a significant advantage over “normal” block sales where land would be lost for roading and reserves or a capital contribution required.

We have adopted a conservative approach when selecting the appropriate land value rates for the “zones”.

In the Boffa Miskell development plan of the 103.20 hectare of land, 20.98 hectares or 20.3% is required for roading. Reserves total 9.56 hectares or 9.3%.



20.0 MVAU Land Valuation - Block/Zonal Approach

20.1 Overview

The ComCom determination provides that one of the primary methods of valuing the land on an MVAU basis is by direct sales comparison.

“The direct sales comparison approach may be analysed and assessed on an area basis or zonal basis”.

We refer you to **Appendix 5** which contains a cross section of land sales evidence which has formed the basis for our direct sales comparison approach on an area/zonal basis.

We have commenced with the base land value rates analysed from sales and have then made a range of subjective adjustments to arrive at an appropriate block value basis for the airport land holding based upon the proposed uses (zones).

Subjective adjustments have been made for elements such as:

- + Scale
- + Location
- + Linkages with surrounding development

20.2 Valuation on Block Comparison

Zone	Area	Rate	Value
Town Centre	71,196m ²	\$450/m ²	\$32,038,200
Business Park	127,929m ²	\$200/m ²	\$25,585,800
Large Format Retail	71,392m ²	\$450/m ²	\$32,126,400
Apartment./Retirement	43,800m ²	\$200/m ²	\$8,760,000
Apartments	191,800m ²	\$135/m ²	\$25,893,000
Townhouses	153,700m ²	\$135/m ²	\$20,749,500
Detached Family Housing	66.748m ²	\$115/m ²	\$7,676,020
Total			\$152,828,920
Adopt			\$153,000,000

This is equivalent to an average rate of **\$211/m²** on the net land area available for development or **\$148/m²** on the total gross area of 103.20 hectares.



21.0 MVAU Valuation - Traditional Hypothetical Subdivision

21.1 Introduction

The Commerce Commission determination provides that one of the principle land valuation methods is notional subdivision/residual value approach.

The notional subdivision/residual value approach may utilise discounted cashflow techniques given the size of the land holding and likely assumptions around a staged cell down (all values in the case of an investor) of post development sections or property.

With both the traditional hypothetical subdivision model and the DCF subdivision model we have utilised identical inputs in terms of:

- + Gross realisation
- + Realisation period
- + Development costs
- + Costs of sale
- + Holding costs

With the traditional hypothetical development we have also made allowance for profit and risk and interest holding charges.

21.2 Gross Realisation

The gross realisation has been calculated as follows:

Use/Type	Area	Rate	Value
Suburban Shopping Centre	71,196m ²	\$1,000/m ²	\$71,196,000
Office Park	127,929m ²	\$650/m ²	\$83,153,850
Bulk Retail	71,392m ²	\$650/m ²	\$46,404,800
Apartment./Retirement	43,800m ²	\$535/m ²	\$23,433,000
Apartments	191,800m ²	\$535/m ²	\$102,613,000
Townhouses	153,700m ²	\$535/m ²	\$82,229,500
Low Density Residential	66,748m ²	\$500/m ²	\$33,374,000
Total			\$442,404,150

21.3 Costs of Sale

Costs of sale have been allowed as follows:

Real Estate Commissions	3.75%
Legal Fees	\$1,000/site



21.4 Development Costs

Development costs have been allowed as follows:

Construction	\$83,574,318
Development Levies	\$6,219,636
Marketing	\$1,352,000
Management	\$840,000
Local Authority Rates	\$10,500,000

21.5 Realisation Period

We have allowed a total realisation period of 7 years.

We have allowed for a 9 month planning process and 15 month construction. Titles to be issued for the first stage towards the end of Year 2. We consider the total development would be very attractive to purchasers and there is a strong possibility large land areas could be sold very early on in the development. This includes both the commercial and residential areas.

In view of the scale of the development we have adopted a conservative approach allowing a total period of 7 years from commencement to sale of the final land holdings.

21.6 Profit and Risk

We have allowed profit and risk at 25% of the outlay. This is an accepted profit and risk allowance for block land subdivision and reflects the complexities and scale of the proposed development. This is supported by legal precedent.

21.7 Interest Holding Charges

Interest holding charges have been laid at 9.00% on outlay for half the realisation period. The interest holding charge reflects a cost of capital rather than a true cost of funding. This is based upon accepted legal precedent.

Interest is allowed for half the realisation period to reflect the balance between initial expenditure and income from sales later in the realisation period.



21.8 Valuation Summary

Gross Realisation		\$442,404,150
Costs of Sale:		
Commissions	\$16,590,156	
Legal Fees	\$676,000	\$17,266,156
		<hr/>
Net Realisation		\$425,137,994
Profit and Risk	25%	\$85,027,599
		<hr/>
Outlay		\$340,110,395
Development Costs:		
Construction	\$83,574,318	
Development Levies	\$6,219,636	
Management	\$840,000	
Rates	\$10,500,000	
Marketing	\$1,352,000	
Interest Holding Charges	\$107,134,775	
		<hr/>
		\$209,620,729
		<hr/>
Block Value		\$130,489,666
Adopt		\$130,000,000

This is equivalent on the net land area to \$179m² and \$126/m² on the gross land area of 103.20 hectares.





22.0 MVAU Valuation - DCF Hypothetical Subdivision

22.1 Introduction

The DCF hypothetical subdivision model is a refinement of the traditional static hypothetical subdivision model.

The DCF subdivision model attempts to mirror the timing of cashflows over the total realisation period. It recognises that there is significant upfront costs in terms of development and planning with income from sales occurring later in the realisation period.

Identical inputs are adopted utilising the traditional approach however there is no allowance for a profit and risk or interest holding charges.

Cashflows are discounted at a rate analysed from block sales. The discount rate analysed is all risks inclusive and reflects the analysis undertaken by developers at the date of purchasing block land rather than the ultimate cashflows achieved.

As discussed previously we consider there would be a very strong possibility that large areas could be sold very early in the development process consequently substantially reducing the risk to a developer and the required discount rate.

Notwithstanding this we have taken a conservative approach and utilised discount rates ranging from 22.50% to 27.50%.

22.2 Costs

In terms of cashflows costs have been allocated as follows:

Years	Costs	Percentage	Cumulative Percentage
1	\$7,446,750	6%	6%
2	\$24,176,750	20%	26%
3	\$28,789,632	24%	50%
4	\$27,985,815	23%	74%
5	\$16,509,681	14%	88%
6	\$10,833,172	9%	97%
7	\$4,010,308	3%	100%
Total	\$119,752,109	100%	

74% of the costs are incurred in the first 4 years of the development period which reflects the upfront costs in terms of physical subdivisional construction.





22.3 Income

Income from sales is summarised as follows:

Years	Sales	Percentage	Cumulative Percentage
1	\$17,596,345	4%	4%
2	\$17,596,345	4%	8%
3	\$131,947,073	30%	38%
4	\$112,247,948	25%	63%
5	\$70,888,365	16%	79%
6	\$55,938,600	13%	92%
7	\$36,239,475	8%	100%
Total	\$442,404,150	100%	

We have allowed for some income during Years 1 and 2 as planning and construction is undertaken to reflect the fact that areas in the Bulk Retail Park and Office Park could be sold immediately. In Year 3 there is allowance for a significant sale which reflects the fact that large tracts of land would be available for immediate sale being the land immediately adjacent to the existing bulk retail centre and around the periphery of the site.

With the new subdivision there is normally a strong demand prior to issues of title with many pre-sales.

Accordingly when titles are issued there is a substantial income achieved. Subsequent to this time, as the staged development occurs, cashflows tend to reduce.

22.4 DCF Summary

We refer you to **Appendix 6** which contains our DCF subdivision worksheets. We have adopted a discount rate ranging from 22.5% to 27.5%. The results are summarised as follows:

Discount Rate	Value
22.50%	\$151,000,000
25.00%	\$141,000,000
27.50%	\$131,000,000
Adopted Value	\$141,000,000





23.0 Value Reconciliation

Approach	Value Estimate
Direct Market Comparison	\$153,000,000
Subdivision - Traditional	\$130,000,000
Subdivision - DCF	\$141,000,000
Adopt	\$141,000,000

This is equivalent to an average land value of **\$137m²** for the Main Airport Campus of 103.20 hectares.

24.0 MVAU Land Valuation

We establish the Market Value Alternative Use Land Value at **ONE HUNDRED AND FORTY ONE MILLION DOLLARS (\$141,000,000)** plus GST (if any) effective 31 March 2011.

25.0 Disclosures

Experience

Chris Stanley has in excess of 26 years experience in valuing and 10 years experience valuing this class of property, has all appropriate qualifications and registration enabling Chris to practice as a valuer and has not been subject, at any stage, to disciplinary action by the governing professional body.

It is hereby declared that Chris Stanley is a Registered Valuer within the meaning of the Valuers Act 1948, and he holds an Annual Practising Certificate No. 233 and that in preparation of this report he has acted in an independent capacity.

Chris Stanley is a Fellow of the New Zealand Institute of Valuers and a fellow of the Property Institute of New Zealand.

Independence

Chris Stanley has no direct or indirect pecuniary or other interest in the property being valued. He is not aware of any potential conflicts of interest.



Compliance Statement & Disclosures

This valuation has been prepared having regard to International Valuation Standard 3 of the Australia and New Zealand Valuation and Property Standards. We confirm the following:

- + To the best of our knowledge the statements of fact presented in this report are correct;
- + The analysis and conclusions in the report are limited only by the reported assumptions and conditions;
- + We have no interest in the subject property being valued;
- + Our fee is not contingent upon any aspect of the report;
- + The valuation has been prepared in accordance with the Property Institute of New Zealand/New Zealand Institute of Valuers Code of Ethics, Rules of Conduct and Valuation Standards;
- + The Valuer has satisfied professional education requirements;
- + The Valuer has experience in the location and category of the property being valued;
- + The Valuer has made a personal inspection of the property;
- + No one, except those specified in the report, has provided professional assistance in preparing the report. Expert advice has been provided by Boffa Miskell Limited (Planning) and Opus International Consultants Limited (Development Costs).

Statement of Limiting Conditions and Valuation Policy

This report must be read, where appropriate, in conjunction with TelferYoung (Canterbury) Limited's Statement of Limiting Conditions and Valuation Policy, which is as follows:

Purpose

This valuation report has been completed for the specific purpose stated. No responsibility is accepted in the event that this report is used for any other purpose.

Responsibility To Third Party

Our responsibility in connection with this valuation is limited to the client to whom the report is addressed and to that client only. We disclaim all responsibility and will accept no liability to any other party without first obtaining the written consent of TelferYoung (Canterbury) Limited and the author of the report. TelferYoung (Canterbury) Limited reserves the right to alter, amend, explain or limit any further information given to any other party.

Reproduction Of Report

Neither the whole nor any part of this valuation and report or any reference to it may be included in any published document, circular or statement without first obtaining our written approval of the form and context in which it may appear. Our report is only valid when bearing an original signature.

Wellington International Airport Limited





Date Of Valuation

Unless otherwise stated, the effective date of the valuation is the date of the inspection of the property. This valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value.

Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where this valuation is relied upon after the expiration of 3 months from the date of the valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.

Legislation

We have not obtained a Land Information Memorandum (LIM) or Property Information Memorandum (PIM) for this property which unless otherwise stated is assumed to conform to all requirements of the Resource Management Act 1991, the New Zealand Building Code contained in the First Schedule to the Building Regulations 1992, the Building Act 1991, the Building Act 2004 and any Historic Places Trust registration. Our valuation reports are prepared on the basis that properties comply with all relevant legislation and regulations and that there is no adverse or beneficial information recorded on the Territorial Local Authority (TLA) property file, unless otherwise stated. Legislation that may be of importance in this regard includes Health & Safety in Employment Act 1992, the Fire Safety and Evacuation of Buildings Regulation 1992, and the Disabled Persons Community Welfare Act 1975.

Registrations

Unless otherwise stated, our valuation is subject to there being no detrimental or beneficial registrations affecting the value of the property other than those appearing on the title. Such registrations may include Waahi Tapu and Historic Places Trust registrations.

Reliability Of Data

The data and statistical information contained herein was gathered for valuation purposes from reliable sources and is believed to be correct. All reasonable attempts have been made to verify the authenticity of this information but we cannot guarantee its accuracy.

Assumptions

This report contains assumptions believed to be fair and reasonable at the date of valuation. In the event that assumptions made based on information relied upon is later proven incorrect, or known by the recipient to be incorrect at the date of reporting, TelferYoung (Canterbury) Ltd reserves the right to reconsider the report, and if necessary, reassess values.

GST

When analysing the sales and/or leasing evidence relied upon for this valuation, it is noted that we have attempted to ascertain whether or not the sale price/rental is inclusive or exclusive of Goods and Services Tax (GST). The national property database of sales evidence does not always identify whether or not the sale price is inclusive or exclusive of GST. Where we have not been able to verify the matter of GST, we have assumed that the national property database record of sale price is inclusive of GST (if any) for residential properties and plus GST (if any) for non residential properties. Should this not be the case for any particular sale or rental used as evidence, we reserve the right to reconsider our valuation.



Land Survey

We have made no survey of the property and assume no responsibility in connection with these matters. Unless otherwise stated, it is assumed all improvements lie within the title boundaries.

Unless otherwise stated, we have not undertaken investigations or been supplied with geotechnical reports with respect to the nature of the underlying land. Unless otherwise stated, we have assumed the land to be firm and suitable ground for the existing and/or potential development without the need for additional and expensive foundation and retaining work or drainage systems.

Contamination

We have not undertaken an environmental audit of the property. Unless otherwise stated our valuation and report assume that the land and buildings are unaffected by harmful contaminants or noxious materials which may impact on value. Verification that the property is free from contamination and has not been affected by noxious materials should be obtained from a suitably qualified environmental expert.

Yours faithfully
TelferYoung (Canterbury) Limited

C N Stanley - Director
 Registered Valuer, M Prop Stud (Distn)
 FNZIV, FPINZ, AAMINZ

CNS:AJS
chris.stanley@canterbury.telferyoung.com

Appendix 1	Boffa Miskell Master Plan
Appendix 2	Absorption
Appendix 3	Residential Land Sales
Appendix 4	Commercial Land Sales
Appendix 5	Block Land Sales
Appendix 6	DCF Valuation





Wellington International Airport Limited

Appendix 1

Boffa Miskell Master Plan

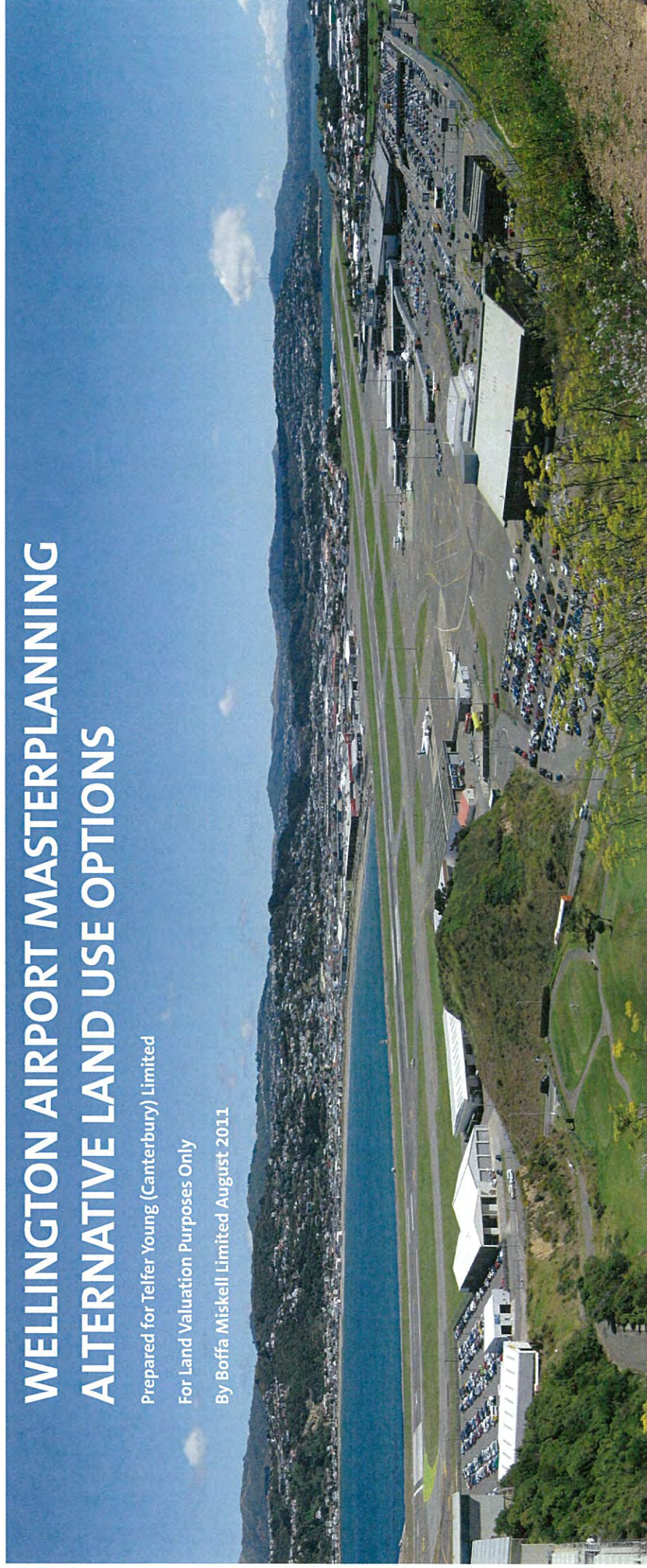


WELLINGTON AIRPORT MASTERPLANNING ALTERNATIVE LAND USE OPTIONS

Prepared for Telfer Young (Canterbury) Limited

For Land Valuation Purposes Only

By Boffa Miskell Limited August 2011



Introduction

Boffa Miskell were engaged by Telfer Young (Canterbury) Limited (TY) to prepare a masterplan for the airport area, following the release of the Commerce Act (Specific Airport Services Input Methodologies) Determination on 22 December 2010 ('the determination'). The masterplan is intended to describe alternative uses for the airport area assuming the airport was not on the site.

The purpose of the masterplan is to assist with the process of establishing a "Highest and Best Alternative Landuse", and follows the process set out in Schedule A of the determination for establishing the alternative use component of the Maximum Value Alternative Use (MVAU).

The process of preparing the masterplan was to:

- 1) Review the site and its context to understand the opportunities and constraints (such as existing and possible zoning and district plan requirements, contour and land area, surrounding land uses, as well as existing linkages) to alternative land use options;
- 2) Consider a range of land use options and provide preliminary options that describe road patterns, open space and density of development for those;
- 3) Workshop options with representatives from TY and Wellington International Airport Limited;
- 4) Complete and present the preferred masterplan option in a form that allows valuation.
- 5) Review responses from the airlines and their expert advisers regarding the master plan option.
- 6) Evaluate the responses received and amend the master plan as appropriate.

It is noted that the master plan was amended in response to the feedback in respect of the area provided for business park (large format commercial in a campus setting). The amendment resulted in an approximate halving of the area identified for the business park use and its replacement with residential uses. The reasons for the amendment were (a) to provide an increased opportunity for residential activities close to the golf course amenity; (b) to recognise that the business park use, while a significant opportunity for the city given no other similar offerings in the market currently given flat serviced urban land shortages with quality amenity settings, was a larger extent of area than was likely to be readily taken up in the market; and (c) residential activities are a well known market offering and can further supplement the other uses of the plan including the town centre and its amenities.

Note

The masterplan has been prepared by Boffa Miskell Limited on the basis of the information provided by TY and involves no detailed investigations as to services, infrastructure, hazards or risks associated with the area, or the commercial conditions in the market.

Boffa Miskell Limited provides this report as advice and accepts no commercial liability for the purposes to which it is put to use.



Aerial photograph of the current Wellington International Airport

Urban Planning Context

URBAN DEVELOPMENT STRATEGY (2006)

This WCC strategy defines a long term direction (30-50 years) for urban development in Wellington. It proposes to direct growth to where the benefits are greatest, where adverse effects are minimised and improve the quality of development. The growth scenario for long term planning purposes is 50,000 more people in the city by 2055. One of the key features of the strategy is a proposed 'Growth Spine' from Ngauranga to Wellington Airport defined as 'transit orientated intensification of employment and housing along a spine of growth'.

The two key implications for the airport area from this strategy are:

1. Improved transport connections to the airport. The location of the airport as the end point of a growth spine which is supported by a core public transport link and some road improvements implies the likelihood of enhanced accessibility from within the city to the airport and its surroundings. The transport implications are discussed in greater depth in the Ngauranga to Wellington Airport Corridor Plan below.

2. Future growth along the spine. Both residential and employment growth is proposed to be directed along the growth spine providing opportunities to intensify current land uses around the airport area.

NGAURANGA TO WELLINGTON AIRPORT CORRIDOR PLAN (2008)

This plan is connected directly to the Wellington Regional Land Transport Strategy (RLTS 2007-2016) which guides the long term development of the region's transport system. The plan outlines the current and ongoing activities and initiatives within the corridor then sets out proposed improvements and actions. The area of Kilbirnie is highlighted as a growth node in the plan.

HOW AND WHERE WILL WELLINGTON GROW? DISCUSSION PAPER (2008)

As part of the implementation of the Urban Development Strategy, Council initiated a major review of infill housing opportunities. This discussion document forms part of this review. The main initiative outlined in this discussion document is a targeted approach to infill housing - encouraging growth in and around key centres with good infrastructure and public transport, while restricting growth in areas of 'special' character (refer to Infill Housing Policy above). The paper lists 'areas of change' (growth areas) and 'areas of character protection'. Kilbirnie, Miramar and L'Yall Bay Parade are listed as areas of change in the paper. These are areas where comprehensive redevelopment of housing would be encouraged and facilitated, resulting in moderate to significant increases in residential density and changes to the character of the areas. It is noted that following public feedback on this strategy, Council has changed its plan to concentrate only on three centres in the near future: Kilbirnie, Johnsonville and Adelaide Road. Kilbirnie is most proximate to the airport area.

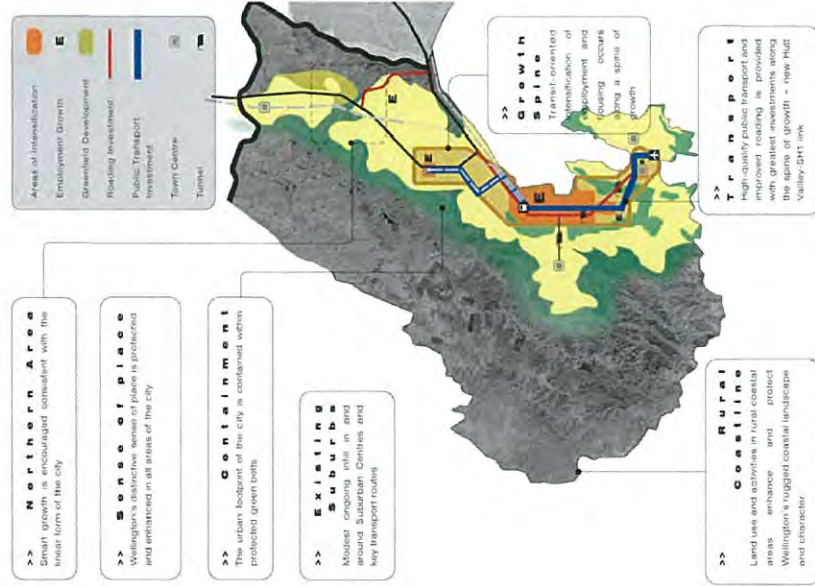


Elevation of airport and surrounding context highlighting the flat low lying topography of the reclaimed airport land



Analysis of the airport site in the context of surrounding communities & the primary movement routes

Our 50-year growth concept



Wellington City Council 50 Year Growth Concept

Preliminary Land Use Options

Four preliminary land use options were investigated with a mix of residential and commercial land uses.

Options 1-2 worked within the existing line of reclamation and essentially differ in the balance of commercial versus residential land, with Option 1 predominantly commercial and Option 2 providing greater residential development in the middle blocks.

Options 3-4 investigated the potential for wider ranging transformation involving declamation of the coast providing both recreational opportunities for the community generally and a setting and views for new residential development beside. The old bay line provided a reference for the recovery of the historical and more natural coastal landforms. Declamation fill was utilised to create elevated residential land in the middle blocks to recreate former dune landforms in a way that would provide greater shelter and afford coastal views to the north and south.

All four options included the provision of a new headland park on the South Coast and new road connection between Rongotai and Seatoun by connecting Coutts Street and Broadway. In all cases provision is made for a new town centre on this route where the passing traffic can generate commercial opportunities.

Evaluation

Options 3-4 were not preferred on the basis that the technical and economic feasibility of declamation is unknown and as such may be considered too large an assumption in terms of its impact upon future land valuation.

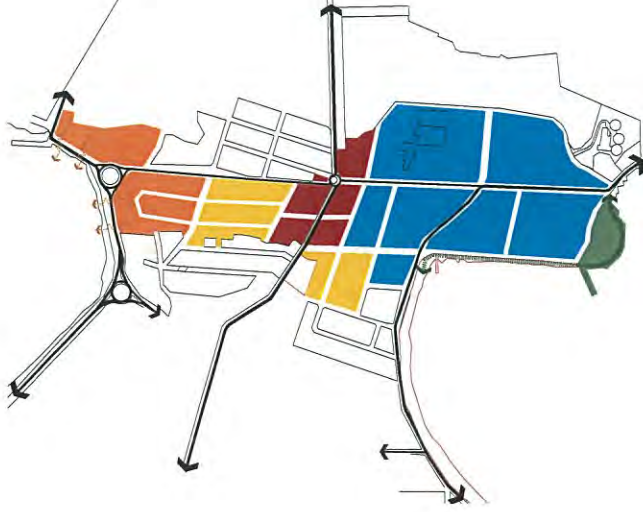
Option 2 was selected for further development and refinement with the need for further provision of residential land in the middle of the landholding, and greater refinement and distinction made between higher value business park land and lower end commercial and large format retail land.

The preferred plan was advanced to a further stage of masterplanning and development involving greater detail of local street network and finer grain of development of both commercial and residential lands and the types of development anticipated across the site.

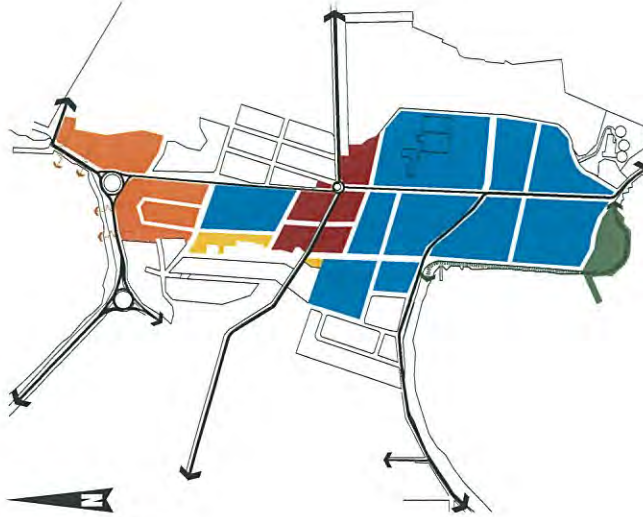
The final masterplan is depicted in the two sheets that follow.

Key

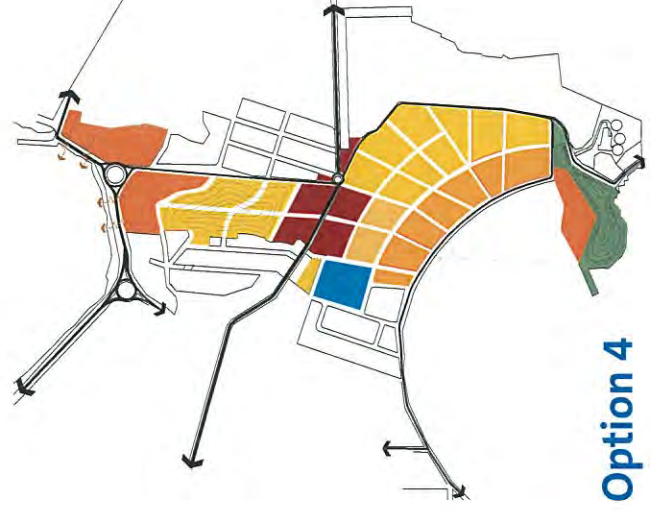
- New town centre on Coutts/Broadway connection
- Higher density residential development with a mix of apartments, townhouses and detached family dwellings
- Detached single family dwellings
- Large format commercial/business park uses
- South Coast headland park
- Arterial Street Network



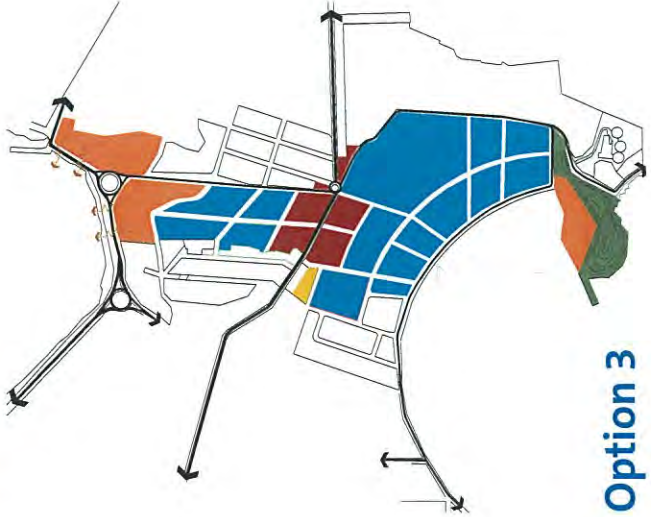
Option 1



Option 2



Option 3



Option 4



Key	Typology	Gross Area (Ha.)
	Town Centre (incl public square)	7.50
	Business Park	13.68
	Large Format Retail	10.41
	Perimeter Block Apartments/Retirement Housing	4.38
	3-4 Storey Apartments	19.18
	Townhouses	15.37
	Detached Family Housing	8.64
	Headland Park	4.98
	Neighbourhood Open Space	4.58
	Roads	20.98
	TOTAL	109.70

NOTE: Moa Point Road Reserve property (1.90 ha) not mapped



Medium density perimeter block housing development/retirement village development adjacent to town centre



New town centre on Courty/Broadway connection



Large format commercial providing opportunity for high value business park/educational/research or other campus-style developments taking advantage of expansive coastal and golf course setting



Evans Bay coastal communities with a mix of apartments, townhouses and detached family dwellings set within communal open spaces and designed to maximise connections to coast and open space surrounds



Detached single family dwellings within Seatoun-style neighbourhoods offering flat sections, offstreet parking and easy walk to foreshore and town centre



Large format retail extension of existing retail park development

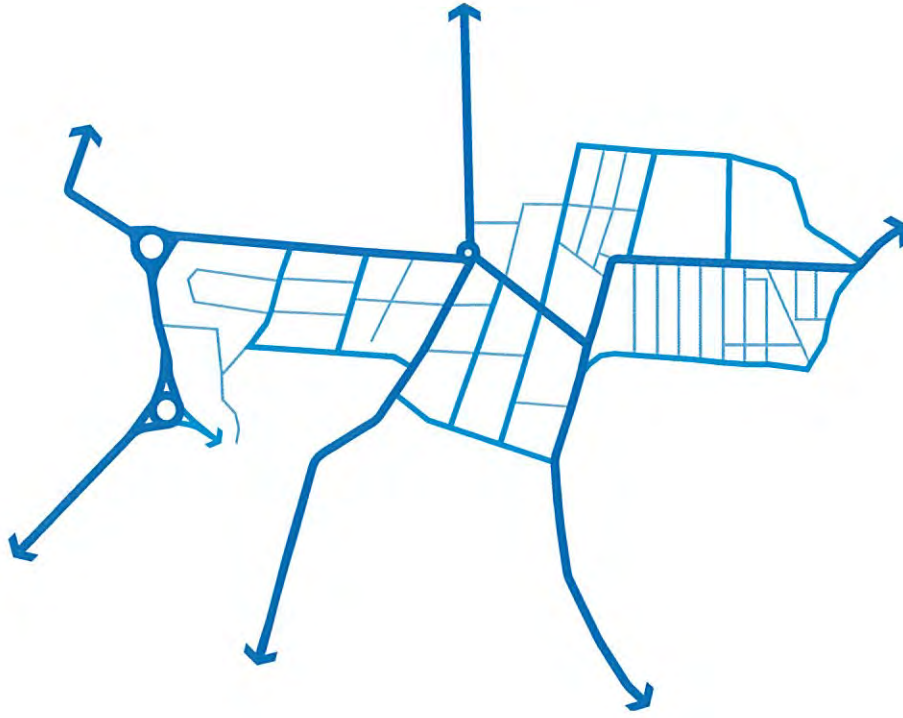


Lyall Bay coastal and golf course communities with a mix of apartments, townhouses and detached family dwellings set within communal open spaces and designed to maximise connections to coast and open space surrounds

South Coast Headland Park sheltering coastal community defining end of restored Lyall Bay Foreshore

Developed Option

WELLINGTON AIRPORT MASTERPLANNING: ALTERNATIVE LAND USE OPTIONS
FOR LAND VALUATION PURPOSES ONLY

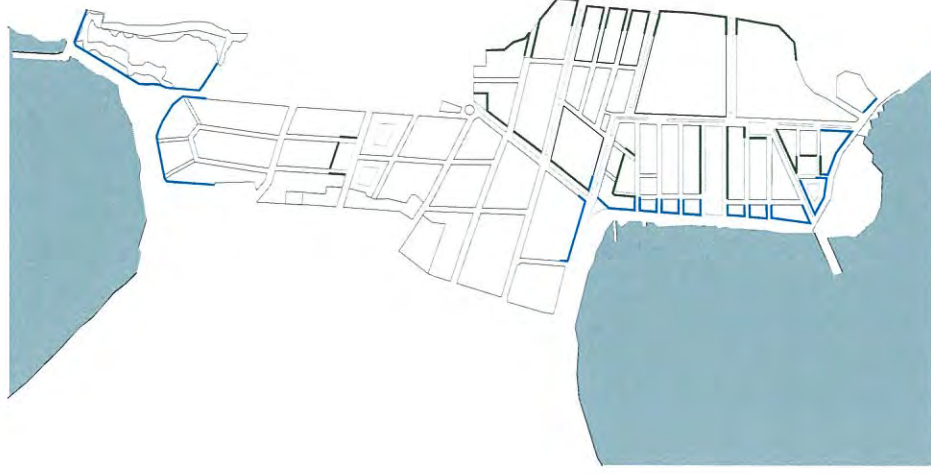


STREET HIERARCHY

- Arterial (30.0 metres)
- Collector (20.0 metres)
- Local (15.0 metres)



GREEN INFRASTRUCTURE



HIGHER AMENITY FRONTAGES

- Waterfront Frontage
- Open Space Frontage



Wellington International Airport Limited

Appendix 2

Absorption





Wellington International Airport Limited - Absorption Analysis

Use Type	Hectares	m2	Average	Sites	Adopt	Rate Net GST	Ave Site	Value
Suburban Shopping Centre	7.12	71196	1000	71.20	71	\$ 1,000	\$ 1,000,000	\$ 71,196,000
Office Park	12.79	127929	2000	63.96	68	\$ 650	\$ 1,300,000	\$ 83,153,850
Extn ARP	7.14	71392	5000	14.28	14	\$ 650	\$ 3,250,000	\$ 46,404,800
3 -4 level apartment / retirement	4.38	43800	1000	43.80	44	\$ 535	\$ 535,000	\$ 23,433,000
Apartment	19.18	191800	1000	191.80	191	\$ 535	\$ 535,000	\$ 102,613,000
2 - 3 level in blocks of 6	15.37	153700	1000	153.70	154	\$ 535	\$ 535,000	\$ 82,229,500
Low density Res	6.67	66748	500	133.50	134	\$ 500	\$ 250,000	\$ 33,374,000
	72.66	726565			676	Average Sale Price	\$ 654,444	\$ 442,404,150

Year	1	2	3	4	5	6	7	Total
Absorption By Use	Plan	Construct	Sales					
Suburban Shopping Centre	0%	0%	30%	20%	20%	20%	10%	100%
Office Park	10%	10%	25%	25%	10%	10%	10%	100%
Extn ARP	20%	20%	20%	20%	10%	5%	5%	100%
3 -4 level apartment / retirement	0%	0%	50%	50%	0%	0%	0%	100%
Apartment	0%	0%	30%	25%	20%	15%	10%	100%
2 - 3 level in blocks of 6	0%	0%	30%	25%	20%	15%	10%	100%
Low density Res	0%	0%	40%	30%	20%	10%	0%	100%

By Area

Suburban Shopping Centre	0.00	0.00	2.14	1.42	1.42	1.42	0.71	7.12
Office Park	1.28	1.28	3.20	3.20	1.28	1.28	1.28	12.79
Extn ARP	1.43	1.43	1.43	1.43	0.71	0.36	0.36	7.14
3 -4 level apartment / retirement	0.00	0.00	2.19	2.19	0.00	0.00	0.00	4.38
Apartment	0.00	0.00	5.75	4.80	3.84	2.88	1.92	19.18
2 - 3 level in blocks of 6	0.00	0.00	4.61	3.84	3.07	2.31	1.54	15.37
Low density Res	0.00	0.00	2.67	2.00	1.33	0.67	0.00	6.67
	2.71	2.71	21.99	18.88	11.66	8.91	5.80	72.66

By Value

Use Type																
Suburban Shopping Centre	\$	-	\$	-	\$	21,358,800	\$	14,239,200	\$	14,239,200	\$	14,239,200	\$	7,119,600	\$	71,196,000
Office Park	\$	8,315,385	\$	8,315,385	\$	20,788,463	\$	20,788,463	\$	8,315,385	\$	8,315,385	\$	8,315,385	\$	83,153,850
Extn ARP	\$	9,280,960	\$	9,280,960	\$	9,280,960	\$	9,280,960	\$	4,640,480	\$	2,320,240	\$	2,320,240	\$	46,404,800
3 - 4 level apartment / retirement	\$	-	\$	-	\$	11,716,500	\$	11,716,500	\$	-	\$	-	\$	-	\$	23,433,000
	\$	-	\$	-	\$	30,783,900	\$	25,653,250	\$	20,522,600	\$	15,391,950	\$	10,261,300	\$	102,613,000
2 - 3 level in blocks of 6	\$	-	\$	-	\$	24,668,850	\$	20,557,375	\$	16,445,900	\$	12,334,425	\$	8,222,950	\$	82,229,500
Low density Res	\$	-	\$	-	\$	13,349,600	\$	10,012,200	\$	6,674,800	\$	3,337,400	\$	-	\$	33,374,000
	\$	17,596,345	\$	17,596,345	\$	131,947,073	\$	112,247,948	\$	70,838,365	\$	55,938,600	\$	36,239,475	\$	442,404,150

	1	2	3	4	5	6	7	Total
Month	Settlements							
1		\$ 1,466,362	\$ 10,995,589	\$ 9,353,996	\$ 5,903,197	\$ 4,661,550	\$ 3,019,956	\$ 35,400,650
2		\$ 1,466,362	\$ 10,995,589	\$ 9,353,996	\$ 5,903,197	\$ 4,661,550	\$ 3,019,956	\$ 35,400,650
3		\$ 1,466,362	\$ 10,995,589	\$ 9,353,996	\$ 5,903,197	\$ 4,661,550	\$ 3,019,956	\$ 35,400,650
4		\$ 1,466,362	\$ 10,995,589	\$ 9,353,996	\$ 5,903,197	\$ 4,661,550	\$ 3,019,956	\$ 35,400,650
5		\$ 1,466,362	\$ 10,995,589	\$ 9,353,996	\$ 5,903,197	\$ 4,661,550	\$ 3,019,956	\$ 35,400,650
6		\$ 1,466,362	\$ 10,995,589	\$ 9,353,996	\$ 5,903,197	\$ 4,661,550	\$ 3,019,956	\$ 35,400,650
7	\$ 2,932,724	\$ 1,466,362	\$ 10,995,589	\$ 9,353,996	\$ 5,903,197	\$ 4,661,550	\$ 3,019,956	\$ 38,333,375
8	\$ 2,932,724	\$ 1,466,362	\$ 10,995,589	\$ 9,353,996	\$ 5,903,197	\$ 4,661,550	\$ 3,019,956	\$ 38,333,375
9	\$ 2,932,724	\$ 1,466,362	\$ 10,995,589	\$ 9,353,996	\$ 5,903,197	\$ 4,661,550	\$ 3,019,956	\$ 38,333,375
10	\$ 2,932,724	\$ 1,466,362	\$ 10,995,589	\$ 9,353,996	\$ 5,903,197	\$ 4,661,550	\$ 3,019,956	\$ 38,333,375
11	\$ 2,932,724	\$ 1,466,362	\$ 10,995,589	\$ 9,353,996	\$ 5,903,197	\$ 4,661,550	\$ 3,019,956	\$ 38,333,375
12	\$ 2,932,724	\$ 1,466,362	\$ 10,995,589	\$ 9,353,996	\$ 5,903,197	\$ 4,661,550	\$ 3,019,956	\$ 38,333,375
	\$ 17,596,345	\$ 17,596,345	\$ 131,947,073	\$ 112,247,948	\$ 70,838,365	\$ 55,938,600	\$ 36,239,475	\$ 442,404,150





Wellington International Airport Limited

Appendix 3

Residential Land Sales





Wellington International Airport 2011
Residential Sales

Address	Location	Sale Date	Sale Price	Land Area	\$/m2 Rate	\$/m2 Net GST	Zoning
5 Salmont Pl	Kelburn	1/04/2009	\$ 320,000	281	\$ 1,139	\$ 990	Residential
15 Seaview Tce	Northland	1/04/2009	\$ 691,000	759	\$ 910	\$ 792	Residential
123 The Parade	Island Bay	1/05/2009	\$ 660,000	698	\$ 946	\$ 822	Residential
Steeple Lane	Seatoun	1/08/2009	\$ 440,000	439	\$ 1,002	\$ 872	Residential
Steeple Lane	Seatoun	1/09/2009	\$ 435,000	468	\$ 929	\$ 808	Residential
4 Brasch Way	Khandallah	1/09/2009	\$ 425,000	464	\$ 916	\$ 796	Residential
Bunker Way	Miramar	1/09/2009	\$ 276,000	349	\$ 791	\$ 688	Residential
29 Miramar Ave	Miramar	1/10/2009	\$ 1,600,000	2,489	\$ 643	\$ 559	Residential
74 Riddiford St	Newtown	1/11/2009	\$ 1,650,000	1,386	\$ 1,190	\$ 1,035	Residential
194 Adelaide Rd	Newtown	1/11/2009	\$ 8,250,000	5,151	\$ 1,602	\$ 1,393	Residential
135 Miramar Ave	Miramar	1/11/2009	\$ 680,000	1,378	\$ 493	\$ 429	Residential
85 Seatoun Heights	Seatoun	1/11/2009	\$ 245,000	591	\$ 415	\$ 360	Residential
Steeple Lane	Seatoun	1/01/2010	\$ 430,000	428	\$ 1,005	\$ 874	Residential
68 Dundas St	Seatoun	1/02/2010	\$ 850,000	809	\$ 1,051	\$ 914	Residential
Steeple Lane	Seatoun	1/03/2010	\$ 445,000	483	\$ 921	\$ 801	Residential
135 Miramar Ave	Miramar	1/05/2010	\$ 620,000	1,378	\$ 450	\$ 391	Residential
11 Gordon Pl	Newtown	1/06/2010	\$ 804,000	1,525	\$ 527	\$ 458	Residential
Steeple Lane	Seatoun	1/08/2010	\$ 565,000	509	\$ 1,110	\$ 965	Residential
85 Seatoun Heights	Seatoun	1/10/2010	\$ 250,000	591	\$ 423	\$ 368	Residential
Steeple Lane	Seatoun	1/10/2010	\$ 690,000	501	\$ 1,377	\$ 1,198	Residential





Wellington International Airport Limited

Appendix 4

Commercial Land Sales





**Wellington International Airport 2011
Commercial Land Sales**

Address	Location	Sale Date	Sale Price	Land Area	\$/m2 Rate	Zoning
Wigan St	Te Aro	1/03/2006	\$ 775,000	405	\$ 1,914	Commercial
Wigan St	Te Aro	1/10/2007	\$ 951,000	405	\$ 2,348	Commercial
Abel Smith St	Te Aro	1/04/2008	\$ 1,675,000	819	\$ 2,045	Commercial
Wigan St	Te Aro	1/10/2008	\$ 437,500	405	\$ 1,080	Commercial
Pipitea St	Thornton	1/12/2008	\$ 7,325,000	1,927	\$ 3,801	Commercial
Abel Smith St	Te Aro	1/12/2008	\$ 1,050,000	819	\$ 1,282	Commercial
Abel Smith St	Te Aro	1/08/2009	\$ 4,800,000	3,688	\$ 1,302	Commercial
Abel Smith St	Te Aro	1/12/2009	\$ 1,280,000	819	\$ 1,563	Commercial
Torrens Tce	Mount Cook	1/01/2010	\$ 567,000	293	\$ 1,935	Commercial





**Wellington International Airport 2011
Suburban Industrial Sales**

Address	Location	Sale Date	Sale Price	Land Area	\$/m2 Rate	Zoning
Wareham Pl	Seaview	1/06/2006	\$ 490,000	1,016	\$ 482	Suburban Centre
125 Wexford Rd	Miramar	1/10/2006	\$ 6,650,000	10,277	\$ 647	Suburban Centre
Wareham Pl	Seaview	1/10/2006	\$ 375,000	835	\$ 449	Suburban Centre
232 Rongatai Rd	Rongotai	1/12/2006	\$ 615,000	750	\$ 820	Suburban Centre
146 Park Rd	Miramar	1/12/2006	\$ 1,250,000	596	\$ 2,097	Suburban Centre
Wareham Pl	Seaview	1/03/2007	\$ 416,500	835	\$ 499	Suburban Centre
24 Kingsford Smith	Rongotai	1/04/2007	\$ 3,300,000	2,169	\$ 1,521	Suburban Centre
5 Ropa Lane	Miramar	1/09/2007	\$ 1,100,000	1,288	\$ 854	Suburban Centre
29 Wigan St	Te Aro	1/10/2008	\$ 437,500	405	\$ 1,080	Commercial
24 Barnes St	Seaview	1/10/2008	\$ 300,000	576	\$ 521	Suburban Centre
42 Abel St	Te Aro	1/12/2008	\$ 1,050,000	819	\$ 1,282	Commercial
93 Eastern Hutt Rd	Wingate	1/01/2009	\$ 700,000	3,113	\$ 225	Suburban Centre
8 Sydney St	Petone	1/02/2009	\$ 305,000	556	\$ 549	Commercial
367 High St	L Hutt	1/06/2009	\$ 4,000,000	5,372	\$ 745	Commercial
94 Nelson St	Petone	1/07/2009	\$ 702,000	1,115	\$ 630	Commercial
110 Gracefield Rd	Seaview	1/07/2009	\$ 275,000	820	\$ 335	Suburban Centre
7 Ropa Lane	Miramar	1/09/2009	\$ 177,777	360	\$ 494	Suburban Centre
8 Wareham Pl	Seaview	1/04/2010	\$ 405,000	836	\$ 484	Suburban Centre



Wellington International Airport Limited

Appendix 5

Block Land Sales





**Wellington International Airport 2011
Large Block Sales - NZ Wide**

Address	Location	Sale Date	Sale Price	Land Area	\$/m2 Rate	Zoning
Halswell Junction Rd	Hornby	1/09/2006	\$ 12,500,000	67,325	\$ 186	Business 5
Peer St	Riccarton	1/07/2007	\$ 15,500,000	40,000	\$ 388	Business 4
Portage Rd	New Lynn	1/07/2007	\$ 4,600,000	17,342	\$ 265	Working
Ormiston Rd	East Tamaki	1/10/2007	\$ 45,000,000	175,400	\$ 257	Mixed
Ormiston Rd	East Tamaki	1/11/2007	\$ 55,114,290	167,000	\$ 330	Business 5
Lincoln Rd	Henderson	1/12/2007	\$ 26,200,000	53,011	\$ 494	Working
Radcliffe Rd	Belfast	1/03/2008	\$ 25,800,000	92,000	\$ 280	Rural
Rosedale Rd	Albany	1/04/2008	\$ 16,700,000	23,621	\$ 707	Mixed
Ferry Rd	Ferrymead	1/06/2008	\$ 9,500,000	20,800	\$ 457	Business 4
Blenheim Rd	Riccarton	1/06/2008	\$ 7,250,000	25,394	\$ 286	Business 4
Peer St	Riccarton	1/06/2008	\$ 5,030,000	13,385	\$ 376	Business
Rosebank Rd	Avondale	1/11/2008	\$ 11,111,111	100,120	\$ 139	Business 5
Chappie Place	Hornby	1/12/2008	\$ 14,500,000	38,916	\$ 373	Business 4
7 Peterkin St	Wingate	1/07/2009	\$ 2,140,000	15,320	\$ 140	Industrial
16 Makaro St	Porirua	1/04/2010	\$ 3,275,000	25,026	\$ 131	Industrial
Shotover Park	Queenstown	1/06/2010	\$ 7,826,000	22,000	\$ 356	Business
Grant Rd	Queenstown	1/06/2010	\$ 21,000,000	78,270	\$ 268	Mixed
Jackson St	Petone	1/08/2010	\$ 6,454,500	12,174	\$ 530	Commercial
11 Ulric St	Plimmerton	1/10/2010	\$ 2,050,000	15,553	\$ 132	Industrial
Grant Rd	Queenstown	1/10/2010	\$ 23,000,000	233,650	\$ 98	Rural
Shands Rd	Christchurch	1/10/2010	\$ 22,500,000	130,000	\$ 173	Business





Wellington International Airport Limited

Appendix 6

DCF Valuation



Wellington International Airport
Market Value Alternative Use - DCF Summary

31/03/2011

	Hectares Sold p.a.						
	Year 1	2	3	4	5	6	7
Retail	0.00	0.00	2.14	1.42	1.42	1.42	0.71
Office Park	1.28	1.28	3.20	3.20	1.28	1.28	1.28
Bulk Retail	1.43	1.43	1.43	1.43	0.71	0.36	0.36
Rest Home / Apartment	0.00	0.00	2.19	2.19	0.00	0.00	0.00
Apartment	0.00	0.00	5.75	4.80	3.84	2.88	1.92
Apartment	0.00	0.00	4.61	3.84	3.07	2.31	1.54
Residential	0.00	0.00	2.67	2.00	1.33	0.67	0.00
	2.71	2.71	21.99	18.88	11.66	8.91	5.80
							72.66

Gross Realisation							
Retail	\$ -	\$ -	\$ 21,358,800	\$ 14,239,200	\$ 14,239,200	\$ 14,239,200	\$ 7,119,600
Office Park	\$ 8,315,385	\$ 8,315,385	\$ 20,788,463	\$ 20,788,463	\$ 8,315,385	\$ 8,315,385	\$ 83,153,850
Bulk Retail	\$ 9,280,960	\$ 9,280,960	\$ 9,280,960	\$ 9,280,960	\$ 4,640,480	\$ 2,320,240	\$ 46,404,800
Rest Home / Apartment	\$ -	\$ -	\$ 11,716,500	\$ 11,716,500	\$ -	\$ -	\$ 23,433,000
Apartment	\$ -	\$ -	\$ 30,783,900	\$ 25,653,250	\$ 20,522,600	\$ 15,391,950	\$ 10,261,300
Apartment	\$ -	\$ -	\$ 24,668,850	\$ 20,557,375	\$ 16,445,900	\$ 12,334,425	\$ 8,222,950
Residential	\$ -	\$ -	\$ 13,349,600	\$ 10,012,200	\$ 6,674,800	\$ 3,337,400	\$ -
	\$ 17,596,345	\$ 17,596,345	\$ 131,947,073	\$ 112,247,948	\$ 70,838,365	\$ 55,938,600	\$ 36,239,475
							\$ 442,404,150

Gross Realisation Excl GST

Legal Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Realisation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Development Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Marketing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Management	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rates	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flows	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Land Area Apportionment Assumptions

General Assumptions		Type	% Land Area	Area ha	Ave. Size s.m.	No. Lots	Sales/month Average	Pricelot Ave.	Total
Date of Valuation	31-Mar-11	Retail	9.8%	7.12	1000	71	0.8	\$ 1,000,000	\$ 71,196,000
		Office Park	17.6%	12.79	2000	64	0.8	\$ 1,300,000	\$ 83,153,850
		Bulk Retail	9.8%	7.14	5000	14	0.2	\$ 3,250,000	\$ 46,404,800
		Rest Home / Apartment	6.0%	4.38	1000	44	0.5	\$ 535,000	\$ 23,433,000
		Apartment	26.4%	19.18	1000	192	2.3	\$ 535,000	\$ 102,613,000
		Apartment	21.2%	15.37	1000	154	1.8	\$ 535,000	\$ 82,229,500
		Residential	9.2%	6.67	500	133	1.6	\$ 250,000	\$ 33,374,000
		Total	100.0%	72.66		672			\$ 442,404,150

DCF Sensitivity	Discount Rate	Value
22.50%		\$151,379,308
25.00%		\$140,996,322
27.50%		\$131,604,599

Adopted Value	\$ 141,000,000
----------------------	-----------------------



Discounted Cashflow Wellington International Airport - MVAU

Date Prepared : 15/11/2011 Valuation Date : 31/03/2011 Property : Wellington Airport Land Area : 27.50%

NPV ANALYSIS	
Discount Rate	22.50%
NPV	\$151,379,308
Adopt	\$141,000,000
Hectare Rate	\$137

Period	0	1	2	3	4	5	6	7	8	9	10	11
Month	April 2011	May	June	July 2011	August	September	October	November	December	January 2012	February	March
Income												
Section Sales												
Gross Income												
Expenses												
Sales Costs												
Commissions												
Legal (Sale / Title)												
Development												
Construction/Planning/Leases/Fee												
Marketing												
Rates												
Management												
Reserves												
Total Expenditure												
Net Income Exc GST												

Absorption		Value	Area	Approx #	Total GR
Town Centre		\$ 1,000,000	1000	71	\$ 71,196,000
Business Park		\$ 1,300,000	2000	68	\$ 83,153,850
Large Format Retail		\$ 3,250,000	5000	14	\$ 46,404,800
Perimeter Block Apartments		\$ 535,000	1000	44	\$ 23,433,000
Town House		\$ 535,000	1000	191	\$ 102,613,000
Town Houses		\$ 535,000	1000	154	\$ 82,229,500
Detached Family Housing		\$ 250,000	500	134	\$ 33,374,000
				676	\$ 442,404,150
					\$ 654,444

Costs - all exc GST		Value	Area	Approx #	Total GR
Sales Comm		\$ 3,75% gross		16,590,156	
Legal		\$ 1,000 per sale		676,000	
Marketing		\$ 2,000 per site		1,352,000	
Management		\$ 120,000 pa		840,000	
Rates		\$ 1,500,000 pa		10,500,000	
Development Costs		\$ 89,793,953		89,793,953	
Reserves		\$ 89,793,953 in land			
				\$ 119,752,109	

Year	1	2	3	4	5	6	7	Total
Sales	\$ 17,596,345	\$ 17,596,345	\$ 131,947,073	\$ 112,247,948	\$ 70,838,365	\$ 55,938,600	\$ 36,239,475	\$ 442,404,150
%	4%	4%	30%	25%	16%	13%	8%	100%
Cumulative %	4%	8%	38%	63%	79%	92%	100%	

Year	1	2	3	4	5	6	7	Total
Costs	\$ 7,446,750	\$ 24,176,750	\$ 28,789,632	\$ 27,985,815	\$ 16,509,681	\$ 10,833,172	\$ 4,010,308	\$ 119,752,109
%	6%	20%	24%	23%	14%	9%	3%	100%
Cumulative %	6%	26%	50%	74%	88%	97%	100%	

Costs - all exc GST	1	2	3	4	5	6	7	8	9	10	11
Sales Comm	\$ 24,176,750	\$ 28,789,632	\$ 27,985,815	\$ 16,509,681	\$ 10,833,172	\$ 4,010,308	\$ 119,752,109	\$ 119,752,109	\$ 119,752,109	\$ 119,752,109	\$ 119,752,109
Legal	6%	20%	24%	23%	14%	9%	3%	100%	100%	100%	100%
Marketing											
Management											
Rates											
Development Costs											
Reserves											
Total	\$ 119,752,109	\$ 119,752,109	\$ 119,752,109	\$ 119,752,109	\$ 119,752,109	\$ 119,752,109	\$ 119,752,109	\$ 119,752,109	\$ 119,752,109	\$ 119,752,109	\$ 119,752,109



[illegible]

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27	28	29	30	31	32	33	34	35	36	37	38	39	40	41
July 2013	August	September	October	November	December	January 2014	February	March	April	May	June	July 2014	August	September
\$ 10,995,589	\$ 10,995,589	\$ 10,995,589	\$ 10,995,589	\$ 10,995,589	\$ 10,995,589	\$ 10,995,589	\$ 10,995,589	\$ 10,995,589	\$ 9,353,996	\$ 9,353,996	\$ 9,353,996	\$ 9,353,996	\$ 9,353,996	\$ 9,353,996
\$ 131,947,073														
\$ 412,335	\$ 412,335	\$ 412,335	\$ 412,335	\$ 412,335	\$ 412,335	\$ 412,335	\$ 412,335	\$ 412,335	\$ 350,775	\$ 350,775	\$ 350,775	\$ 350,775	\$ 350,775	\$ 350,775
\$ 16,801	\$ 16,801	\$ 16,801	\$ 16,801	\$ 16,801	\$ 16,801	\$ 16,801	\$ 16,801	\$ 16,801	\$ 14,293	\$ 14,293	\$ 14,293	\$ 14,293	\$ 14,293	\$ 14,293
\$ 1,825,000	\$ 1,825,000	\$ 1,825,000	\$ 1,825,000	\$ 1,825,000	\$ 1,825,000	\$ 1,825,000	\$ 1,825,000	\$ 1,825,000	\$ 1,825,000	\$ 1,825,000	\$ 1,825,000	\$ 1,825,000	\$ 1,825,000	\$ 1,825,000
\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000
\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
\$ 28,789,632														
\$ 2,649,136	\$ 2,274,136	\$ 2,274,136	\$ 2,649,136	\$ 2,274,136	\$ 2,274,136	\$ 2,649,136	\$ 2,274,136	\$ 2,274,136	\$ 2,585,068	\$ 2,210,068	\$ 2,210,068	\$ 2,585,068	\$ 2,210,068	\$ 2,205,068
\$ 8,346,453	\$ 8,721,453	\$ 8,721,453	\$ 8,346,453	\$ 8,721,453	\$ 8,721,453	\$ 8,346,453	\$ 8,721,453	\$ 8,721,453	\$ 6,768,928	\$ 7,143,928	\$ 7,143,928	\$ 6,768,928	\$ 7,143,928	\$ 7,148,928





5

42	43	44	45	46	47	48	49	50	51	52	53	54	55	56
October	November	December	January 2015	February	March	April	May	June	July 2015	August	September	October	November	December
\$ 9,353,996	\$ 9,353,996	\$ 9,353,996	\$ 9,353,996	\$ 9,353,996	\$ 9,353,996	\$ 112,247,948	\$ 9,353,996	\$ 9,353,996	\$ 9,353,996	\$ 9,353,996	\$ 9,353,996	\$ 9,353,996	\$ 9,353,996	\$ 9,353,996
\$ 350,775	\$ 350,775	\$ 350,775	\$ 350,775	\$ 350,775	\$ 350,775	\$ 350,775	\$ 350,775	\$ 350,775	\$ 350,775	\$ 350,775	\$ 350,775	\$ 350,775	\$ 350,775	\$ 350,775
\$ 14,293	\$ 14,293	\$ 14,293	\$ 14,293	\$ 14,293	\$ 14,293	\$ 14,293	\$ 14,293	\$ 14,293	\$ 14,293	\$ 14,293	\$ 14,293	\$ 14,293	\$ 14,293	\$ 14,293
\$ 1,825,000	\$ 1,825,000	\$ 1,825,000	\$ 1,825,000	\$ 1,825,000	\$ 1,825,000	\$ 1,825,000	\$ 1,825,000	\$ 1,825,000	\$ 1,825,000	\$ 1,825,000	\$ 1,825,000	\$ 1,825,000	\$ 1,825,000	\$ 1,825,000
\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000
\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
\$ 2,580,068	\$ 2,205,068	\$ 2,205,068	\$ 2,580,068	\$ 2,205,068	\$ 2,205,068	\$ 2,445,390	\$ 1,245,390	\$ 1,245,390	\$ 1,620,390	\$ 1,245,390	\$ 1,245,390	\$ 1,620,390	\$ 1,245,390	\$ 1,240,390
\$ 6,773,928	\$ 7,148,928	\$ 7,148,928	\$ 6,773,928	\$ 7,148,928	\$ 7,148,928	\$ 3,457,807	\$ 4,657,807	\$ 4,657,807	\$ 4,282,807	\$ 4,657,807	\$ 4,657,807	\$ 4,282,807	\$ 4,657,807	\$ 4,662,807





6											
57	58	59	60	61	62	63	64	65	66	67	68
January 2016	February	March	April	May	June	July 2016	August	September	October	November	December
2017											
69	70	71									
January 2017	February	March									
\$ 5,903,197	\$ 5,903,197	\$ 5,903,197	\$ 4,661,550	\$ 4,661,550	\$ 4,661,550	\$ 4,661,550	\$ 4,661,550	\$ 4,661,550	\$ 4,661,550	\$ 4,661,550	\$ 4,661,550
\$ 70,838,365											
\$ 221,370	\$ 221,370	\$ 221,370	\$ 174,808	\$ 174,808	\$ 174,808	\$ 174,808	\$ 174,808	\$ 174,808	\$ 174,808	\$ 174,808	\$ 174,808
\$ 9,020	\$ 9,020	\$ 9,020	\$ 7,123	\$ 7,123	\$ 7,123	\$ 7,123	\$ 7,123	\$ 7,123	\$ 7,123	\$ 7,123	\$ 7,123
\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000
\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
\$ 16,509,681											
\$ 1,370,390	\$ 990,390	\$ 995,390	\$ 1,316,931	\$ 946,931	\$ 941,931	\$ 1,321,931	\$ 691,931	\$ 696,931	\$ 1,066,931	\$ 696,931	\$ 691,931
\$ 4,532,807	\$ 4,912,807	\$ 4,907,807	\$ 3,344,619	\$ 3,714,619	\$ 3,719,619	\$ 3,339,619	\$ 3,969,619	\$ 3,964,619	\$ 3,594,619	\$ 3,964,619	\$ 3,969,619



7	72	73	74	75	76	77	78	79	80	81	82	83	TOTAL
	April	May	June	July	August	September	October	November	December	January	February	March	
				2017						2018			
\$	3,019,956	\$ 3,019,956	\$ 3,019,956	\$ 3,019,956	\$ 3,019,956	\$ 3,019,956	\$ 3,019,956	\$ 3,019,956	\$ 3,019,956	\$ 3,019,956	\$ 3,019,956	\$ 3,019,956	\$ 442,404,150
\$	3,019,956	\$ 3,019,956	\$ 3,019,956	\$ 3,019,956	\$ 3,019,956	\$ 3,019,956	\$ 3,019,956	\$ 3,019,956	\$ 3,019,956	\$ 3,019,956	\$ 3,019,956	\$ 3,019,956	\$ 442,404,150
\$	113,248	\$ 113,248	\$ 113,248	\$ 113,248	\$ 113,248	\$ 113,248	\$ 113,248	\$ 113,248	\$ 113,248	\$ 113,248	\$ 113,248	\$ 113,248	\$ 16,590,156
\$	4,615	\$ 4,615	\$ 4,615	\$ 4,615	\$ 4,615	\$ 4,615	\$ 4,615	\$ 4,615	\$ 4,615	\$ 4,615	\$ 4,615	\$ 4,615	\$ 676,000
\$	500,000	\$ 468,953	\$	\$ 2,000	\$	\$ 2,000	\$	\$	\$	\$ 375,000	\$	\$	\$ 89,793,953
\$	375,000	\$ 3,000	\$	\$ 375,000	\$	\$	\$ 375,000	\$	\$	\$	\$ 10,000	\$ 10,000	\$ 1,352,000
\$	10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,500,000
\$	10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 840,000
\$	1,002,863	\$ 599,816	\$ 127,863	\$ 504,863	\$ 127,863	\$ 129,863	\$ 502,863	\$ 127,863	\$ 127,863	\$ 502,863	\$ 127,863	\$ 127,863	\$ 119,752,109
\$	2,017,093	\$ 2,420,140	\$ 2,892,093	\$ 2,515,093	\$ 2,892,093	\$ 2,890,093	\$ 2,517,093	\$ 2,892,093	\$ 2,892,093	\$ 2,517,093	\$ 2,892,093	\$ 2,892,093	\$ 322,652,041

