

24 July 2006

Value of AIAL's assets increases \$1.4 billion

Auckland International Airport Limited (AIAL) has completed a revaluation of its property, plant and equipment and investment properties in accordance with applicable financial reporting standards. The last revaluation of AIAL's property, plant and equipment was undertaken in 2002. AIAL's investment property portfolio is revalued annually.

The revaluation, which has been undertaken by independent professional valuers, has resulted in an increase of \$1,399 million in the value of AIAL's non-current assets. Total non-current assets as at 30 June 2006, excluding work-in-progress at that date, are now estimated to be \$2,698 million. The new asset values, compared with the present book values, are summarised as follows:

Summary of 30 June 2006 asset valuations			
	Revaluation \$	Present Book Value \$	Change \$
Property, plant and equipment			
Freehold land			
Airfield land	437,892,261	247,896,701	189,995,560
Other land	316,435,177	109,850,556	206,584,621
Terminal retail land	709,765,425	463,983	709,301,442
Car parking land	180,947,276	99,149,844	81,797,432
	1,645,040,139	457,361,084	1,187,679,055
Buildings and services			
International Terminal	348,823,708	288,954,526	59,869,182
Domestic Terminals	12,296,840	8,891,215	3,405,625
Car parking buildings	23,833,933	19,880,608	3,953,325
Other buildings	24,937,204	16,686,939	8,250,265
	409,891,685	334,413,288	75,478,397
Infrastructure			
Car parking infrastructure	7,349,668	11,592,601	(4,242,933)
Other infrastructure	182,913,885	130,032,847	52,881,038
	190,263,553	141,625,448	48,638,105
Runways, taxiways and aprons			
	251,960,936	178,039,034	73,921,902
Vehicles, plant and equipment			
Plant	8,680,397	8,680,397	0
Vehicles	2,470,578	2,470,578	0
	11,150,975	11,150,975	0
	2,508,307,288	1,122,589,829	1,385,717,459
Investment properties			
Investment properties	189,577,250	175,961,202	13,616,048
Total	2,697,884,538	1,298,551,031	1,399,333,507
Note: Excludes work-in-progress as at 30 June 2006			

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The valuations include asset values in respect of AIAL's terminal retail assets and carparking assets. These valuations have been determined on a discounted cash flow basis and allocated among land, buildings, infrastructure and other improvements. A discounted cashflow valuation of AIAL's terminal retail assets has not previously been adopted in AIAL's financial statements.

AIAL will adopt the New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS") for the first time in its financial statements for the year ending 30 June 2008. The new asset values will therefore be used as the opening asset values for AIAL's first comparative period under NZ IFRS commencing on 1 July 2006. The valuation methodologies adopted, including the approach to the retail assets, are consistent with the applicable NZ IFRS standards.

Robert Sinclair, chief financial officer, said "The uplift in the value of AIAL's asset base reflects the significant increase in land values and construction costs over the last four years, the increase in income generated from our assets and AIAL's comprehensive capital expenditure and maintenance programme. The new asset values will now reflect more closely the market value of AIAL."

The new asset values will be adopted by AIAL in its 30 June 2006 financial statements. In addition, the valuations will provide important inputs into the current aeronautical pricing consultation process. It should be noted, however, that there are a number of other considerations, such as appropriate valuation methodologies, asset optimisation and the treatment of revaluation gains, which are relevant in the context of aeronautical pricing. AIAL will consider these issues in conjunction with the airlines and BARNZ as part of the on-going aeronautical pricing consultation process.

The revaluation of AIAL's assets is not expected to materially increase depreciation expense.

AIAL appointed Opus International Consultants Limited to undertake the valuation of its reclaimed land and seawalls; runways, taxiways and aprons; infrastructure; specialised buildings and car parking facilities. Seagar & Partners (Auckland) Limited was appointed to undertake the valuation of AIAL's land assets, commercial properties, lessor's interests, investment property portfolio and retail and car parking assets. Graeme Horsley, a senior valuation expert, was engaged to oversee and co-ordinate the asset revaluation process.

The new asset values will be incorporated in AIAL's annual financial statements which will be released on 24 August 2006.

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