

Presentation

Henricus Wilhelmus van der Heyden

Former Chairman of the Board

Okay, I'd like to bring the meeting to order, please.

Good morning everybody, and welcome everybody here to our 18th Annual Meeting since Auckland International Airport has been listed. Thank you very much for making yourself available. We have changed the time of the annual meeting. So as you're aware, it is a 10:00 start. Over the last couple of annual meetings, it has been commented that our annual meeting runs at the same time as other listed entities' annual meeting so we have shifted this one. We just hope there are not too many people turn up at 2:00 this afternoon.

For those who don't know me, my name is Henry Van der Heyden, and I am Chairman of the Board. I've been Chairman of the Board just coming up 2 years. As I said, I have declared the annual meeting open. And we have a quorum. I think the quorum is 50 people, and I can assure you there's more than 50 people here.

Later on in the meeting, we will open up to the floor for questions, comments or any points of discussion. What I'd like you to do is just say who you are, let us know whether you're a shareholder or a proxy holder. We have got roaming microphones here. So before you speak, if you could get the attention of those people that are carrying the roving microphones so when you ask a question, you've got a microphone in your hand.

All the resolutions today will be by the way of poll, so it won't be by a show of hands. So everything will be voted on. And in that way, all the votes can be accurately counted. We have our share registry here, which is Link Market Services. And our scrutineers are our auditors which are Deloitte.

Before I go into the formal addresses, how I propose to run the agenda, I will give the Chairman's address, then I'll ask our Chief Executive, Adrian Littlewood to come up and give his address. Then we'll go through the resolutions. At the end of all the resolutions, we will vote the resolutions and then, we'll actually open up for questions, comments from the floor.

So I'd like to firstly introduce the front table here. So I'm going to start on my right-hand side, which is your left-hand side, and I'm going to move across. So firstly, our Chief Executive, Adrian Littlewood. Then, we'll go to the directors, Michelle Guthrie; Brett Godfrey; Richard Didsbury; and John Brabazon. Now if I move to my left, your right, acting Company Secretary, Justine Hollows; James Miller; Justine Smyth; and Christine Spring. Also with us today, we have our legal advisers from, Russell McVeagh, company auditors, Deloitte. And Adrian has his full management team here. I won't introduce them all. They may be called on as we go through the meeting, but they're all here in attendance.

So what I'd like to do now is move into the agenda, and I'd like to go through my address, and that will be followed by Adrian. So again, good morning.

Shareholders, it is once again my pleasure to report to you. Over the past 12 months, we've continued to see the New Zealand tourism industry grow. Indeed, many commentators expect it will soon take over from the dairy industry as our largest export earner. This is partly a result of more high-value tourists coming here, and it's partly due to strong growth in international visitors from China. Those positive trends are obviously great news for Auckland Airport.

In FY '15, total passenger numbers were up by 5% to 15.8 million. International passengers were up 5.7%. International transit passengers were up 6.7%. And domestic passengers were up 4.2%. Because we directly benefit from a booming tourism industry, we are committed to playing our part. Be it innovative marketing campaigns or rewarding industry excellence, or advocating on behalf of smaller players, we'll do our bit to ensure New Zealand tourism prospers. Why? First and foremost, because it's

good for New Zealand. Secondly, because a strong tourism industry has a direct and positive impact on our financial results, as seen in FY '15.

Our revenue was up 6.9%. Operating EBITDAFI was up 7%. As a result, total profit was up 3.5%, and our underlying profit was up 3.8% to \$176.4 million. This strong performance underpinned by strong tourism growth, enabled us to deliver a total dividend of \$0.146 per share. Underlying earnings per share also increased to 12.9% -- by 12.9% to \$0.148. And our average shareholder return over 5 years now stands at 23.9%, an excellent result.

So FY '15 delivered an increase in company value and had delivered outstanding returns to our shareholders. This excellent performance was also underpinned by the ongoing implementation of our business strategy, faster, higher and stronger.

The strategy has delivered immediate benefits, including technology, retail and aeronautical infrastructure. It has also seen outstanding results in our property development business. These benefits position us well to take advantage of future opportunities. FY '15 really was a busy year for the airport. There were new airline routes, services and capacity. We introduced 2 new Duty Free operators and exciting fashion, food and beverage retailers. We continue to work closely with others at the airport, improving the efficiency of our operations and further improving the passenger experience.

We also started the task of implementing our 30-year infrastructure vision to build the airport of the future, and we continue to focus on being a good neighbor, one of the most important investments we can make in our future.

In FY '15, we continued to engage openly with Aucklanders and the Council on how we operate and what long-term plans we have. We believe in being up-front and free and frank when communicating with stakeholders and communities. That way, they know exactly what we have planned and provide us with valuable feedback.

We've also continued to build closer relationships with local iwi, mindful we operate on their whenua, which is their land that was once theirs and a whenua which they care greatly about. We also continued to invest in our community, providing financial support where it is most needed.

In FY '15, we gave \$327,000 to the Auckland Airport community trust for valuable projects in parts of South Auckland. We also established scholarship programs to provide local students with tertiary education support and summer employment. These and many other community projects are evidence of our commitment of being a good neighbor. It is and will remain at the heart of everything we do at Auckland Airport.

Another important investment we can make is in our people. FY '15 was a big year and I want to thank Adrian, his leadership team and all staff for their efforts. Whenever I pop into the airport offices and wander around the terminals, I see how focused our team is. They're 100% committed to the task at hand. They work hard and on our behalf, I want to thank them publicly. As Chairman, I'm pleased to tell you that the board is working well.

In FY '15, we increased our oversight of infrastructure investment and maintained our strong focus on health and safety. Next month, we will take the opportunity to meet in Singapore. This will enable us to meet with those who operate the amazing Changi Airport. In March, Changi was voted by air travelers as the best airport in the world for the third year in a row. And it has now won the prestigious Skytrax Awards 6 times, a remarkable achievement. This will be our first overseas board meeting. And I hope it shows our commitment to excellence and learning from the very best.

Since we met last year, our board has reviewed the long-term incentive plan for executives, in light of the company's strong performance and growth in share price. As a result, we introduced a new plan to provide greater cost certainty and market alignment. We also capped potential rewards under previous plans. Adrian and his leadership team have agreed to this change, which is an appropriate way to reward them for increasing shareholder returns in the long term.

During FY '15, we once again participated in the future Director program. The board valued Shelley Cave's contribution, and we know that she will have a leading role in New Zealand's corporate governance in the future. Our future director for FY '16 is Nicola Greer. She's with us here this afternoon -- sorry, this morning, and we look forward to her active participation in our meetings.

I want to take this opportunity to thank my fellow directors for their hard work and commitment to the company. I enjoy working with each of you. I have to say I'm heartened by the strength of the skill sets on the board. Also we are a diverse lot in both knowledge, experience, expertise, age, gender and backgrounds. That is just as it should be for a board. I am proud of the rejuvenation the board has undergone in recent years. The process continues today, with John Brabazon retiring after 8 years as a director, in line with the board's policy on tenure. I will have much more to say about John and his outstanding contribution later in the meeting.

Directors have unanimously endorsed the nomination of Dr. Patrick Strange for election to the board to fill the vacancy created by John's departure. Patrick's significant experience in New Zealand governance and infrastructure, and including his involvement in workplace, health and safety will greatly assist us. This is especially true as we continue to focus on implementation of our 30-year vision. Ladies and gentlemen, before I conclude my remarks, can I thank you for your support? There are many companies you could choose to invest in. Thank you for choosing Auckland International Airport. The board and management believe FY '16 will be another great year.

As previously signaled, capital expenditure this financial year is lifting as a result of our aeronautical development plans firming up, especially the international departure area project. FY '16 capital expenditure is now expected to increase to between \$230 million and \$260 million, and Adrian will provide some more information about this during his address shortly. That said, we still expect an underlying net profit after-tax of between \$183 million and \$191 million. We are confident that the company will continue to deliver for New Zealand, for Auckland, our customers, our passengers and for our investors. Thank you very much.

Now I will ask Adrian to address you.

Adrian Littlewood
Chief Executive Officer

Thanks, Henry, and good morning, everyone. It's my pleasure again to stand before you and report on the company's performance. I'm going to expand a little on some of the things that Henry mentioned today and give you a bit more color and detail behind it. But obviously, I want to start by just affirming what Henry said about our achievements during the year. It's been an incredibly busy 12 months, and we are delighted that we both managed to grow the business but also position ourselves well while investing for the future. Pleasing -- the most pleasing thing about the year, well, I think, was the performance was strong across the business with very few soft spots, really under -- or powering our performance across that year was the excellent growth as Henry mentioned in both domestic and international passenger numbers.

In international, all but one of our markets was up last year across those 20 top markets and our 4 core arrivals markets of New Zealand, Australia, United States and China, all delivered excellent growth. China continued to be our standout market with a better 29% increase in the year off a much higher base than last year. But obviously more important, I think for us in our country was the very positive shift in passenger mix to more higher value passengers. Indeed, those independent travelers, those high value independent travelers comprised about 50% of our Chinese market in the last year, up from about 28% 4 years ago, which is a fantastic sign for our country's prospects.

For Auckland airport and the airport of Auckland, the past year has probably also been one of the most significant in terms of the range of new carriers, routes and services launched or announced as Henry mentioned. I'd like to start by first acknowledging the hard work of the airlines and each of our partners and their commitment to growing air services at Auckland. I just wanted to touch quickly on some of those just to give you a sense of the scale of the change.

Air New Zealand has obviously announced their new services to Houston and Buenos Aires from December this year. They also added a daily Singapore service in January and added 20% more capacity for Los Angeles. China Eastern, after having a very significant seasonal service last Christmas has moved to a permanent service just recently started this month. Air China has announced a new direct service from Beijing to Auckland, and Philippine Airlines has, for the first time, come to Auckland with a service over Cairns Airport to Manila.

China Southern has continued its growth path with its attention to go double daily to Guangzhou from next week. And Singapore Airlines introduced an A380 service on its daily summer peak program to Auckland. So we now have 4 A380 airbus planes a day.

And this momentum has carried into this financial year, with the recent confirmation, many of you will be aware, that United Airlines will return to Auckland in July 2016 after an absence of 13 years. On top of that, in the past year, Jetstar had announced -- made a very important announcement about expanding its low-cost carrier model to the regional parts of New Zealand with its primary base in Auckland. And I know there will be many in the regions who will be celebrating that fact.

Each of these new services is further strengthening Auckland Airport's position as the national hub airport for this country, and our team and the team represented down here has played a really important role at almost every one of those announcements, whether it's detailed route analysis, trade partnerships, building new infrastructure, extending operations or providing marketing support. But beyond that, we've also gone well beyond the ordinary.

Our Four Seasons, Five Senses marketing program which is a partnership with our government to grow tourism throughout the whole year rather than just in the summer peak, has seen us develop seasonal itineraries targeting high value passengers initially from China, anchored around New Zealand's fantastic food and wine regions. Similarly, our great partnership with Chef Al Brown shown on the slide here and China Southern is both improving the airline's onboard food service and helping promote New Zealand's excellent food and wine products at the same time. If I just digress for a second, that man in the photo here is President Tan, the President of the third largest airline in the world which is China Southern. That is him tasting his first ever oyster with Chef Al Brown and he proclaimed that the best thing he'd ever tasted. So we're very pleased to be able to help with that experience.

And look, this is a job we see as core to our role in New Zealand tourism as Henry mentioned. It's a change for us over the last few years, but we see this as something that we will continue to do to look for new and innovative ways to grow markets for New Zealand.

In March last year, you'll be familiar with the announcement of our 30-year plan for the growth of Auckland Airport and what we call the airport of the future. Since that time, it's been full steam ahead with more detailed planning and implementation of a wide range of new capacity additions to improve airport performance and the customer experience.

By last Christmas, we had extended the international baggage haul by an additional baggage belt, and the second one, another new one, will open by this Christmas. Combined, these will add about 40% to our baggage haul capacity at the international terminal. We've also been working very hard on the development of an additional 1.7 hectares of hardstand for aircraft parking and layover use which is capable of parking 2 A380 planes side by side. And we're also constructing a new bus lounge for the international terminal Pier B to help us accommodate the summer peak demand. And as you may have read in our latest annual report, we're also looking very closely at the extension of those, that international pier to accommodate more airplanes on the gates which will effectively double the airport's A380 capacity over time.

All that said, our infrastructure priority in the last 12 months has been very much, as Henry said, on the very detailed planning to expand the international departure areas at Auckland and to significantly increase our ability to accommodate new passenger growth and new border processes, and at the same time, deliver a fantastic new international passenger experience. This project is one of the largest and most complex projects we've undertaken for some time as we are materially expanding the public area of

the international terminal, and we're digging into parts of the international terminal which had literally not been touched since the initial development in the '70s.

We're also taking this opportunity through this project to reform and expand our international departure's retail zone, and I can tell you we'll need that space. In February of the past year, we selected 2 innovative and world-leading Duty Free operators, as Henry mentioned, known as The Loop and Aelia, both global operators, one out of Ireland base and one based in France. They're now operating and in the process of expanding and enhancing their product range in their current stores, which they've just carried over from the previous operators but have big plans when their new stores are opened up as part of that redevelopment. And when combined with a new and exciting range of specialty stores like Victoria's Secret, Casio G-Shock Factory and Ruby, a New Zealand brand, Auckland Airport is now genuinely able to provide passengers with a great shopping experience and a fantastic range of global and New Zealand brands.

Like our retail business, our investment property business has also went from strength to strength last year through a range of new deals and re-leasing our property team grew rent roll by 20% this year, a significant step up.

We also saw an exciting range of businesses decide to relocate to the airport, brands such as Coca-Cola Amatil and Fuji Xerox, bringing a range of different and exciting new facilities to the airport.

The ongoing development of The Landing business park means we brought on another 9.5 hectares of high-quality serviced land ready for commercial development. And I'd encourage you to go and have a look when you can.

But the interest in our property portfolio remains very, very strong, and we are committed to meet the demand arising from this latest Auckland growth cycle.

Finally, just turning to our investment in other airports, our profit share from Queenstown Airport was up almost 26% to \$2.1 million on the back of very strong passenger growth. That continues to be an outstanding airport. However, North Queensland Airports was softer. Their result is down 9.8% to \$7.2 million on the back of the softening Australian economy.

But as a direct result of the strong growth across our business, but in particular what we are seeing from tourism and property, the company, as Henry said, is increasing its capital expenditure guidance for FY '16 to be between \$230 million and \$260 million. An updated guidance is an increase of around about 12% to 27% on the top end of our guidance range from last time which we announced earlier this year. This guidance includes about \$135 million of aeronautical expenditure, focused on upgrading and expanding our terminal and aviation capacity for passengers and airlines. This will deliver real benefits for passengers and make us an even more appealing hub for global aviation connecting different markets. I am confident our investment program means we are catering to both our short-term capacity needs and our longer-term requirements over the next 30 years and beyond.

I've now had the privilege to work at Auckland Airport for 6 years, 3 years as General Manager, retail and commercial and 3 now as Chief Executive. I thought I'd conclude this last part of my address by briefly reflecting on what we achieved in the last 3 years. Back in 2012, my view coming into this role was we had a fantastic business which is outstanding, built very strongly on a legacy of quality infrastructure and long-term planning. We're very lucky. We also shifted our view on the role of the airport will play. We were much more dynamic, and we are more than just a developer and an operator of infrastructure but an active leader in driving economic wealth for our country.

So 3 years ago, we set out our aspirational targets for growth over a 5-year period as part of our Faster, Higher, Stronger strategy that Henry mentioned. The strategy was focused around growing energy on tourism markets after what had been a fairly modest 10 years of tourism growth; resetting that 30-year development plan for the airport at Auckland; becoming a major player in commercial property in New Zealand; boosting our consumer business in retail, hotels and parking and being innovative in the way we run Auckland Airport.

I think across each of those areas, we've made great strides forward and we can point to major progress, whether it's exceptional performance of tourism in the last few years, expansion of our property portfolio or the growth of retail. But I can still see a lot of change ahead of us. Some of it will continue the path that we are on, whether it's building new airport capacity, like the new domestic terminal we're building or doing new property deals. But much of that change will come in how we engage with our customers, how we run the airport and how we bring those elements together.

We are in the process of shifting from what I call our traditional or current mode of operation to a future mode, enabling us to take advantage of the advances in technology to build stronger and more direct relationships with customers through mobile and online channels, through managing our operations using much more granular and realtime data and by sharing that with partners at the airport through a highly collaborative work model. Some of this was simply not possible in the past because the technology there -- was not there or the relationships between the organizations at the airport were not strong enough to support the change required. But I'm happy to report that we are well underway in this shift to this future mode.

Our investments in systems and technology, like our new airport operating system, our new mobile apps, our online channels or our partnership with Silicon Valley, travel technology company TripIt on the screen here are already starting to pay dividends for the airport, our partners and customers. As a result, our airport is more productive as a whole and increasingly responsive and more personalized, whether you are a Kiwi traveling abroad or a first-time visitor from China. Based on what we've seen around the world and we are, as Henry said, going to visit with Changi, our approach is up there with the best. But we may be able to take it further because of that uniquely New Zealand willingness to work together.

We remain, as a team, committed to developing an operating world leading airport that justifies your ongoing support and earns the title of being your favorite airport. So ladies and gentlemen, I'd like to conclude my address this morning by acknowledging and thanking the leadership team who are down here today as I said and the whole airport team for their efforts over the past year. Everyone at Auckland Airport works incredibly hard and is very committed to the company and we want to play our part for Auckland and New Zealand. I also wanted to publicly acknowledge and thank Sir Henry and the board for the support they provided our team and also acknowledge John Brabazon who's been here for 8 years and a really committed and passionate member of the board. And lastly, I wanted to thank you, our shareholders, as Henry said, you have choices in where you choose to invest and we're very pleased for your support. Thank you.

Henricus Wilhelmus van der Heyden

Former Chairman of the Board

Thank you, Adrian. What I'd like to do now is move into the resolutions. For absolute transparency, the number of proxies that we have received is 902. And those 902 proxies represent 816,860,237 shares so those were the proxies that have been received over the last 10 days. So the first part of the resolution is the reelection of directors.

So resolution #1 is the reelection of Richard Didsbury. Richard was first appointed as a Director of Auckland International Airport in 2007. Presently, he chairs our Safety and Operational Committee, a very important committee of the board. Also presently, we've gotten an ad hoc committee running around master planning, around capital infrastructure. So he also chairs that, which is more than appropriate with his background. So the board unanimously recommends that shareholders vote in favor of Richard's reelection. And before we make those decisions, we do confirm -- have a discussion to make certain that directors are independent, so I can confirm to you that Richard is an Independent Non-Executive Director. So before I open up to any questions, I might just call Richard to the podium and he'd like to speak to you for a few minutes. Thank you, Richard.

Richard John Didsbury

Thank you, Henry, and thank you, everybody. Well, it's a privilege to be able to stand before you this morning and offer myself to you to be able to represent you on the board for another term. I think the strength of board is in the diversity of experience that they bring. And as many of you know, I've had a

lifetime experience particularly in property. The role of a Director is to provide and share with the CEO and his colleagues around the board some thoughts about the risk profiles that the company is moving into. And property is risky. All of us -- there's a bit of gray hair around the room and a lot of you have been through the cycles that, of course, young people can forget that property can go up and down on value. So as a company though, we are in a remarkable bull cycle, bullish cycle, and we have been able to surround ourselves with a fantastic team led by Mark Thompson who's in front row here. But we are not developers, we are investors. Now there's a big difference in the approach because the quality of assets that we're developing in our estate is of a very high-quality. We're not there to expediently develop buildings at a low price and to sell them tomorrow. We're building up a very long-term income stream that this company will benefit for generations to come. And mark -- and the quality of the work that we're doing is unparalleled in the Auckland environment. In fact, we've been getting architectural awards and international architectural awards for the work that we're doing. And not only is it in the build form, but it's in the landscaping and lakes. And unless you go and drive around our estate, you probably won't see it. But please, I do encourage you all. I mean a small point, but in the last couple of years, we've planted 200,000 trees. And so and those in themselves, that external amenity is the attraction that will bring people to this area and provide longevity for the occupancy of the buildings, we put in place leases for 10 and 20 years at points of course they expire. But if staff enjoy the amenities that's around them, then the business leaders that are seeking to establish the businesses will continue to place their faith in this as a key location.

I'm a passionate Aucklander. And here we are with an amazing asset that is growing rapidly. But we call -- but there are issues of course with infrastructure as we all know around us. So as part of the board conversation, we are acutely aware of our role of growing assets and the connectivity that we have with the city, whether at the moment is of course and of our private transport, but we have continuing discussions about the public transport interfaces and potentially the role that rail might play with connectivity to the airport.

In tourism, the -- as both the Chair and the CEO have indicated, we're moving into a very proactive approach to attracting tourism to New Zealand. And wearing my Auckland hat and other directors' hats we see this as a key economic driver to the whole of the Auckland area. And also some of you may know that I have some interest in North Auckland, MetaCarta [ph]. And so in the conversations we have about the types of tourists we want and the value they can add to both Auckland and the New Zealand economy, I do have some perspectives that I can add into the conversation. So I would seek your support for another term, and I look forward to representing your interests. Thank you very much.

Henricus Wilhelmus van der Heyden
Former Chairman of the Board

Thank you, Richard. So I move that Richard Didsbury be reelected as a director of the company. May I have a seconder, please?

Unknown Attendee

[indiscernible]

Henricus Wilhelmus van der Heyden
Former Chairman of the Board

Thank you. Thank you. Okay. So the appropriate thing to do here as it's been moved and seconded, so is there any questions to Richard or is there any questions to me about Richard or is there any comments anybody wants to make about Richard?

Unknown Attendee

[indiscernible]

Henricus Wilhelmus van der Heyden
Former Chairman of the Board

Yes, you are. I'll get you to grab a microphone so everyone can hear. If I'm squinting, I've got these lights. So I feel like a possum on headlights so -- and it's very bright.

Unknown Shareholder

My name is [indiscernible]. I'm a shareholder. Richard, you're a very talented man, isn't it? Very talented. On a personal level, we've heard what you've done and what you're capable of doing and you seem to have plenty of other tasks that you are involved in. Like the shareholders, you are getting old and slower. What makes you want to stay on the airport board on a personal level?

Henricus Wilhelmus van der Heyden
Former Chairman of the Board

You can use that microphone there, Richard.

Richard John Didsbury

I'll speak here. Well, I mean, this is an amazing asset, and I think all -- I think I can speak on all of my colleagues on the airport board. This -- we feel that we are adding -- we can add a significant benefit to New Zealand and Auckland through this organization. And in my time, we've moved from minding a -- some concrete into being a proactive generator of economic growth in the country. And so to answer your question, it gives me immense satisfaction to be able to be one -- a voice around the table and to guide the direction of this company. And to share my -- and I get enjoyment out of sharing my experiences as you say, as you get older, you realize you don't have a monopoly on good ideas in fact, you don't have the answers but you've had some experience in issues. And if you can share those issues and war stories, that will help ground the discussion and with others create a consensus around the decision. So it is purely the -- it's the satisfaction I get in being able to watch the success and the growth and to share some experiences. But I am coming towards the end of my career, and my grandchildren are seeking more attention as they are with lots of you I think. I don't have a big portfolio of leadership and my time is very precious. So I do it simply because of the pleasure it gives me.

Henricus Wilhelmus van der Heyden
Former Chairman of the Board

Thank you. And I can assure you, Richard still brings plenty of energy, plenty of commitment and plenty of passion to the board. Okay. Are there any other comments or questions? There's one here -- oh, just if someone could bring a microphone. Thank you.

Unknown Shareholder

Mark Kelly [ph], shareholder. A question I asked before. Firstly, did I hear it correct that Sir Henry, you projected a net profit after-tax next year of between \$183 million and \$191 million.

Henricus Wilhelmus van der Heyden
Former Chairman of the Board

What I'd like to do -- can we just -- can you just hold that question?

Unknown Shareholder

It has relevance.

Henricus Wilhelmus van der Heyden
Former Chairman of the Board

That's got relevance? Okay. So what I've communicated that our guidance is between \$183 million to \$191 million for our financial year. Yes.

Unknown Shareholder

Okay. Then I'll carry on with my next question. Do you consider that to be a satisfactory return when we consider the fact that there's potentially a \$20 million decrease on current year around about 18%. And as a director, is that, in your view, satisfactory? And before I go to...

Henricus Wilhelmus van der Heyden

Former Chairman of the Board

Yes. What I'd like to do -- I understand your question. There is a level of detail on this that -- so we're talking about the underlying performance here that probably needs to be elaborated on. So I'll actually ask someone to elaborate on it later. But maybe just at the principal level, Richard, your view around the profitability of the company and the direction of the profitability, I think that we'll let you deal with the question at a principal level, and then I'll deal with the answer at a detailed level later.

Richard John Didsbury

Chairman, look, I mean, I can't -- I think the company is absolutely performing in a -- we're doing a really -- a pretty good job as an organization. But I think the big thing to me here is laying the foundation for a long and steady progression rather than some short-term profit. So the -- I mean we've got -- we've really got a long-term strategy for setting down income streams. And so -- and there's diverse income streams which are occurring and, obviously, I, again, participate in one of those. So -- but Henry, I think, in the comment I hear you say the conversation is -- I'm, obviously, supportive of all the board's decisions, and we can debate this in more detail, I think, rather than around my particular reelection. Thank you.

Henricus Wilhelmus van der Heyden

Former Chairman of the Board

Okay. Are there any other comments or questions? If not, the voting will be done by way of poll. You all have your papers in front of you. You can either vote now or vote once all the resolutions have been put. So I'd now like to move to resolution #2, which is the reelection of Brett Godfrey. Brett was appointed as a Director of the company in 2010. He is a member of the Human Resources Committee and also a member of the Safety and Operational and Risk Committee. Again, the board unanimously recommends to shareholders to vote in favor of Brett's reelection. And again, he is considered to be an independent non-Executive Director. I now call on Brett to the podium. Thank you, Brett.

Brett Alan Godfrey

Former Independent Non-Executive Director

Thanks, Sir Henry. Good morning, everyone. It's been a privilege to be a part of your board's governance structure over the past 5 years. And it's also been a wonderful group of people that I've been able to deal with, including the new management, which I consider to be exceptional.

I have had a long career in aviation and tourism, and I'm quite passionate about the sector. And I see great opportunities before us and in conjunction with the sector going forward. My career in aviation and tourism sort of culminated in running and leading and founding an airline in Australia and led it for its first 10 years. I found that thoroughly enjoyable.

I, furthermore, have a passion for marketing, and I reside or sit on the board of the Australian national tourism authority, Tourism Australia. I also remain in aviation through a directorship with the Canadian airline, WestJet. I think that experience and that opportunity offer me a set of skills that can continue to add value to your airport. And as a result, I do seek your support in giving me the opportunity to continue to participate on the board of Auckland Airport for another term. Thank you.

Henricus Wilhelmus van der Heyden

Former Chairman of the Board

Thank you, Brett. I will move Brett's reelection. Is there a seconder?

Unknown Attendee

[indiscernible]

Henricus Wilhelmus van der Heyden

Former Chairman of the Board

Thank you. Thank you. We'll open up for comments or discussions. Or any questions? Yes. Just wait for microphone, please.

Unknown Shareholder

John [ph] here, I'm a shareholder. You gave us what the proxies were at the beginning for these elections, but you never gave us what the for and against were as far as these elections are. And all we got was the total proxies that you told us that are being voted. Can we have a breakdown of it?

Henricus Wilhelmus van der Heyden

Former Chairman of the Board

I'll get them for you before the end of the meeting.

Unknown Shareholder

But we need to know what they are before we make a vote. [indiscernible] that we are voting or not voting for something that we have no choice of.

Henricus Wilhelmus van der Heyden

Former Chairman of the Board

Well, you always got a choice. You're a shareholder, so you're fully entitled to vote. I'll get you a breakdown before you vote, okay? So there's fors and againsts, and then there are also open ones. Yes, I'll get you the numbers before you vote.

Unknown Shareholder

Will they go up on the screen?

Henricus Wilhelmus van der Heyden

Former Chairman of the Board

I'll read them out, to what they've [ph] given them to me this morning.

Henricus Wilhelmus van der Heyden

Former Chairman of the Board

No problems. Okay, any other comments or questions? All right. Thank you. Well, now we move to resolution #3, and it's the election of Dr. Patrick Strange. So the board unanimously nominates Dr. Patrick Strange to hold office as a director following the annual meeting. And like I said in my address, so Patrick fills the vacancy that's left by John.

Just a couple of things about Patrick and the process that the board go through. Like I said, and also what Richard said, diversity is very, very important. We look at where the board -- sorry, where the organization or the airport is going in the next 3 to 5 years, what are the big challenges actually in front of us. And then we try to get people that have got the right skill sets that contribute around the board and with the experience in those areas. So the big things in front of us today, of course, the infrastructure that you've heard both Adrian and I actually talk about. We have regulation decisions to be made. Also, occupational health and safety is a big issue going forward. So Patrick fills all those criteria. And I think we're really fortunate that someone like Patrick has agreed, subject to shareholder approval, to join the board. Patrick has an outstanding career as an executive, as a Chief Executive, and also as a Governor of New Zealand. So Patrick, I will ask you to come to the podium and tell us a little bit more about yourself.

Patrick Strange

Thanks, everybody, and good morning. It's a privilege to be invited by the board to stand for nomination, for election today. My background is covered elsewhere, so I'll only touch on it briefly. I am an engineer. I've got my doctorate at Auckland University a long time ago, I won't say anymore. And I've been

spending about 13 years in Europe and U.S.A. Came back to New Zealand, joined Fletcher Energy, then went on to join Vector, which we knew those days as Mercury Energy, of course, and became CEO after the power crisis. Most recently, I was CEO of Transpower for 6 years and oversaw the \$3 billion reinvestment in the grid before I retired about 18 months ago. Currently, I'm chair of Chorus and on the boards of Mighty River and NZX Limited. I'm also a Director currently of WorkSafe and of the state-owned New South Wales Electricity lines companies, but those are finite appointments. I have retired from WorkSafe effective at the end of the year, and the New South Wales role will end when the current privatization is complete.

The airport is obviously a premium. I think many would say the premium company in New Zealand and it is an honor to be considered for the board. If elected, I'll certainly seek to use my infrastructure experience to assist the company through a period where relentless growth is going to require some capital reinvestment. I also have, I think it's a good thing, extensive experience on the interaction between regulation and infrastructure companies both in New Zealand and abroad. And of course, safety is a particular focus and passion of mine. But above all, the airport board must focus on delivering ongoing and sustainable value to you, its shareholders. And this must always be a central focus of the board and, certainly, will be for me. So thank you for your consideration. And if elected, I look forward to serving you, the airport shareholders.

Henricus Wilhelmus van der Heyden

Former Chairman of the Board

Thank you, Patrick. I might just leave you up here just in case if you get some questions. So I'll move that Patrick be nominated to the board. So can I have a seconder, please? Thank you.

Unknown Attendee

[indiscernible]

Henricus Wilhelmus van der Heyden

Former Chairman of the Board

Thank you. So we'll open up for discussion, questions or comments. A question?

Unknown Shareholder

Karen Evan [ph], a shareholder, and I'd like to endorse Mr. Strange's appointment to the board. I think you'll be very valuable.

Patrick Strange

Thank you.

Henricus Wilhelmus van der Heyden

Former Chairman of the Board

Thank you. I think there's another question in the middle there.

Unknown Attendee

What a brilliant group of people we've got. It's loaded. Have you ever applied for a position for which the remuneration for that position is not what you expect? In other words, you see, the next resolution talks about directors' remuneration, and we've got 3 people that everyone likes, are very talented, are moving, are quite happy obviously to come back on the same remuneration as they have received. I mean, they're intelligent people, honestly. And none of the board have resigned. But I'll have more about that later, if I may.

Patrick Strange

Look, it's important that New Zealander directors get compensated fairly and appropriately. We do need the best there, but I'm probably speaking for all my -- all the directors of the board. Currently,

it is not remuneration that drives you. You do it because of passion and do -- sometimes do things for nothing because of passion absolutely. And I can assure you, in jobs like WorkSafe, you certainly don't get compensated appropriately. But I do think it is important that companies like this, that the rem is appropriate. Directors carry a huge responsibility nowadays, a much higher workload than they ever did, and I'd like to point out a fair bit of risk. So thank you for the question.

Henricus Wilhelmus van der Heyden

Former Chairman of the Board

Yes, I guess the other comment that I will make, I totally endorse what Patrick is saying that I can assure you there's not one director on this board that does it because of money. You do it because you think you can add value to the entity, bring leadership, bring insights, bring knowledge and, ultimately, value to the shareholders. That's what drives us. But like Patrick said ultimately, you got to get remunerated somewhere near fair market. Okay, are there any other comments or questions to Patrick? Thank you. There's another one here.

Unknown Shareholder

Can I speak now?

Henricus Wilhelmus van der Heyden

Former Chairman of the Board

Yes.

Unknown Shareholder

I don't know if this is the most appropriate time, but why I came -- I'm a shareholder, but one of the reasons I came, I'd like to address the issue of footpath along the Puhinui Road. And I'm an engineer, so I've got my mate here, I'm going to put some pressure on him to sort that. My name is John Smith [ph], and I worked for the airport from 1983 and was involved with the change from the ARI [ph] to the company. And my job was an engineering manager and then service manager. And I don't want to spend too much time on that, but my highlights were the reconstruction of 2 ends of the runway and negotiating with the iwi over the new Puhinui bridge. And there was a great bit of controversy about that. But Julie White [ph] and I sat down and she said, "John [ph], could you shift [ph] it over there?" And I said, "Yes." So we shipped it there. Okay, we had an agreement within 15 minutes. But I've retired from the airport in 1993 at the age of 63. I'm 85 now, and I'm still doing work for various people. But I've been very keen -- a bit of a volunteer on the restoration of the Puhinui stream and the construction of pathway and working -- and with part of Te Araroa, the Long Pathway, which is an important tourist thing, and Manukau is the gateway to it. But it's -- and I really want to credit the airport with their developments, the landscaping and stuff they've done around the airport. But Manukau is the entry into New Zealand. I mean, Auckland -- people go. I picked up a couple of backpackers walking along the Puhinui Road, and it's dangerous. And it would not cost much to put a basic footpath...

Henricus Wilhelmus van der Heyden

Former Chairman of the Board

I'm just going to let him finish, okay? This question, this part of the meeting is around the nomination of Patrick Strange.

Unknown Shareholder

Yes, yes, okay.

Henricus Wilhelmus van der Heyden

Former Chairman of the Board

Yes, so I thought you might be leading into that, but it doesn't actually sound like it. So what I suggest you do, I've got your name, John [ph], so come to your question when we open up...

Unknown Shareholder

I think it's a great idea to have an engineer on the board, instead of just accountants.

Henricus Wilhelmus van der Heyden
Former Chairman of the Board

At least my judgment was right, he was leading to it. Thank you. So that's a comment and not a question. So there's one endorsement there for you, Patrick. Are there any other questions or comments around Patrick or the nomination of Patrick? Okay, if not, I'd now like to move to resolution #4, which is directors' remuneration. And I'll start off by saying this is one area where there is starting to be a lot more discussion and a lot more debate within annual meetings of companies.

So what I'd like to do, just to lay the foundation here on how your board recommends and the processes that we go through and what's actually really, really important for us. So there's probably 3 or 4 things here. One is that we always benchmark ourselves against the market. So we bring in independents. And this year, we brought in PricewaterhouseCoopers. So we go through a process of benchmarking Auckland International Airport directors' fees or honorarium based on companies', not exactly the same, but size, revenue, balance sheet, staff, et cetera.

And the benchmark for us at Auckland Airport is 75% quartile, so that's our benchmark. The next thing that is actually really important, and it is quite a discussion to have. You have some entities that do not move honoraria for a period of time and then take actually a big step-up. For us, our policy is small amounts every single year, benchmarked to fair market value, in such small amounts every year.

So what is being recommended this year is actually roughly 3%. But it is actually -- it needs to be linked to if the entity is actually performing, so performance and, actually, small amounts. And we benchmark that against a benchmark group. Like I said, the board has signed off on a policy around tenure. Our tenure policy is up. Our tenure policy is directors have the opportunity subject to the amounting value and shareholder endorsement, up to 9 years. So that's actually the framework and the way we actually make the decision or recommendations onto you.

So we are recommending to you that directors' fees be set at \$1,423,298, that's the maximum amount. That's an increase of \$42,699. But in percentage terms, 3%. So that just gives you a background on how we make the recommendation to you. So we get independent review, small amounts frequently, which normally means year-after-year based on as long as the company is performing. So I'm happy to move the resolution. Is somebody happy to second it?

Unknown Attendee

[indiscernible]

Henricus Wilhelmus van der Heyden
Former Chairman of the Board

Okay, thank you. So that's been moved and seconded. And we will open up for discussion.

Henricus Wilhelmus van der Heyden
Former Chairman of the Board

Yes?

Unknown Attendee

You made one short small error. You didn't increase your salary at all. You turned around and said \$1,423,000, et cetera, which is what it was last year.

Henricus Wilhelmus van der Heyden
Former Chairman of the Board

Can I just -- I want to check that. I'm just going by my notes. I'll come back to that, I'll just get that checked.

Unknown Attendee

[indiscernible]

Henricus Wilhelmus van der Heyden

Former Chairman of the Board

Yes. But I've got to make sure the numbers are right. So I'll come back to that before we close the discussion on this resolution. So just that I understand what you're saying, you're saying the number that I actually articulated was the same number as last year?

Unknown Attendee

Yes.

Henricus Wilhelmus van der Heyden

Former Chairman of the Board

I'll check that, okay? Are there any other questions? Okay. If there are no other questions, I will check that now. Oh, sorry. You again? Okay. Could you give a microphone to the gentleman again?

Unknown Attendee

You can never rely on words, but you can always count on numbers as someone's saying. 3% does not sound very much. I don't know what the lowest salary in your airport workforce is. But if that was \$20 an hour, they would get a small increase of about \$0.06 or something like that. I've got a funny -- I'm quite nervous, actually. I've got a funny idea that what happens is that there's a number of boards of equal standing and they go to someone like Pricewaterhouse and they say, "Well, it should be this value." Say if you've got, say, 3 companies: A, B, C, there's an average, there's above average and a below average. And the below average say, "Well, look, we are not up to the other, so we go up." And then, the others have AGM and their salaries go up. And then, the third one says, "Well, look, I was in the lead. I want to go back again." And so the average goes up each time. Wouldn't it be nice if instead of the board taking \$40,000 and spread amongst 8 to spread it amongst the lowest paid people and give them maybe \$10 a week extra, \$500 each, you'd get -- sort of got 80 or 90 people. You probably deserve it in the workforce. I've been out for 12 years, so I'm not sure what the salary is. 3% sounds small but in big figures, it's large if you get the idea.

Henricus Wilhelmus van der Heyden

Former Chairman of the Board

You're entitled to your comment. Okay, before I come back and answer that question, there's another gentleman down here. Thank you.

Unknown Attendee

Mr. Chairman, the fact of the matter is the liabilities of directors have today has significantly increased over the years. I have absolutely no problem with the way Auckland Airport treats the increase in directors' fees in small increments year-on-year, so I support it. However, I would've liked to -- had our remuneration address before we started talking about yours. Coming back to my previous questions, which I hope you will address shortly. The fact of the matter is, if the shareholders are going to take a hit in net profit aftertax in the coming year, I hope you'll address that and give us reasons why. And also if that's going to have any effect on the dividend payout. Thank you.

Henricus Wilhelmus van der Heyden

Former Chairman of the Board

Yes. But just standing up in front of you today, that dividend has actually been increased year-after-year. So at least your first comment, we can tick that off. Now just coming back to answer your question, I need to apologize, I actually had it stapled in my paper that actually covered the number for last year. So you are right, the number that I did communicate, \$1,423,298, so I'm asking for it to be increased from that amount to \$1,465,997. And that extra amount which is the \$42,699 that will be divided amongst

the directors as they deem appropriate. So you were right, thank you. Okay. Any other comments or questions? I don't see anyone. Okay. All right, thank you. What I'd like to do now is just move to the last resolution today, which is the company auditor. So Deloitte is automatically reappointed as the auditor of the company under Section 270 of the Companies Act 1993. And I move that the directors be authorized to fix the fees and expenses of the auditor. May I have a seconder?

Unknown Attendee

[indiscernible]

Henricus Wilhelmus van der Heyden
Former Chairman of the Board

Okay, thank you. Okay, is there any discussion? If not, I will get the proxy answer for you. All right, just for complete transparency again, so these are the proxies for each resolution. So I'll go through the fors and againsts and all [ph] and also the ones that are open. So people sitting on proxies that are open and are still -- they're open and still need to be voted on. So resolution 1, which is Richard Didsbury. So the for is 461,537,719, that's for; and against is 1,331,157. Brett Godfrey, for is 461,534,760 and against, 1,338,712; Patrick, for is 460,288,647 and against, 2,561,292. Directors' fees, which is resolution 4, 426,635,817 and against is 15,363,198; and the company auditor around fixing the remuneration of the auditors is 456,876,288 and against, 4,801,798. And those proxies that are open, which is averaged over the resolutions, are 770,479.

Okay. So what I'll get people to do is just actually vote. Your papers will be collected and they will actually open up for questions and discussions. And we'll come back to the first question that's been asked around the underlying performance of the company.

[Voting]

Henricus Wilhelmus van der Heyden
Former Chairman of the Board

All right, do you want to come up here? So we'll come to the question around the underlying performance of the company now. So I'll get Adrian to answer. Thank you.

Adrian Littlewood
Chief Executive Officer

I'll touch on that question raised earlier. Look, I guess from an acquisition point of view and returns to shareholders, I think you can look and see over the past 5 years, we've been incredibly focused on making sure we do our job incredibly well, but also focus on returns to shareholders. So you saw before our total shareholder returns nothing but 26% year-over-year, 25% year-over-year. I guess, as we look forward, our guidance is \$183 million to \$191 million. And I guess it reflects our view on how things might turn out. I guess we naturally like to keep a bit of conservatism in the focus because we don't know how the summer period will turn out in particular.

So look, our history has been to perform strongly against the guidance and we hope to continue to do that but we'll need to see how summer performs. As it relates the CapEx, look, there's no doubt this is probably one of the busiest periods for us that we've had probably in 10, 15 years-plus. It's being driven almost entirely by growth, growth in tourism, growth in investment property. And obviously, we're investing in this year for returns in this year, next year and well beyond. So I'll just give you an example. Last year, we -- our guidance on property investment, we beat it by \$18 million, so we had a much busier year than we expected. But at the same time, we lifted rent roll and property by 20%.

That's rent roll. That's obviously -- it doesn't all come into 1 year, that plays out over time. But for us and the way the board's focusing on this is looking at making sure we are delivering superior returns in everything we do. So I hope what you can see and read into the CapEx guidance is we are seeing growth and real opportunity, and we are making sure that we are investing for that opportunity now. And that dividend will play out over time, and we are committed to delivering fantastic returns to shareholders. As Henry mentioned, no change in dividend guidance at all. So I hope it gives you a sense of our objectives

and our aspirations. And this team remains very committed to continuing the path we've been on. So I want to quickly turn, if I could, if it's okay, to the question raised before about rewards to our employees. Look, we are very focused on that, making sure that our employees are fairly supported as well. This year, we actually paid all our employees, our permanent employees a one-off bonus. So we paid them all \$1,200 across the entire company, a one-off bonus to reflect the huge work they put in the last few years. That went down very well. And it's not about money, but I think that recognition was well received. Thank you.

Henricus Wilhelmus van der Heyden
Former Chairman of the Board

Okay. So this is when we actually open up for questions or comments around the accounts, around the operations of the business. But before I take questions, I just would like to give a little bit of framework around it. And once again, the board always want to learn. Now one of the things we'd like to suggest at this meeting is that, last year's meeting, we had a good number of questions come from the floor on around some people asking questions around Duty Free at a level of detail of the stuff that they actually bought. So what I'd like to do and what we've organized at this meeting, is that directors have got a red badge, Adrian and his management team have got a blue badge.

So if there's some experiences that you've had at the airport, positive or negative, that you'd like questions on at a level of detail around yourself, talk to those people at the end of the meeting. So if there's anything that you're not happy with personally, we're at the airport to talk to the appropriate person. So again, the ones with the blue badge, like Adrian's, is management. So if it's a level of detail, ask them. If it's around strategy and those sort of things, of course, you can ask through this part of the meeting. All right. Let's open up to questions and comments. Yes, we will just wait for a microphone, and just your name.

Unknown Shareholder

John Waters [ph], shareholder. I really appreciate the fact that this company has a long-term plan. One of the things I would like to ask you to consider in these plans is the impact on sea level rising. Our business is very much at sea level. And with the reports that I'm reading, suggesting that sea level rising is something that is increasingly a focus in the minds of scientists around the world, I think that this would be a good thing to consider.

Henricus Wilhelmus van der Heyden
Former Chairman of the Board

Thank you for the question. Look, you're absolutely right. And as part of the 30-year plan, the team have actually done a full innovation across the entire airport, looking at the impact of sea level rises over time. As you'll be aware of, obviously, part of the runway is built on reclaimed land. So it absolutely has been part of how we're thinking and it does affect, for example, how we think about utilities dimensioning for the future to make sure we take account of it. So yes, we have thought about that. And the good news is we can support -- I'll get the number wrong, but over 1 meter plus with no impact, we're quite well comfortable from that point of view. Thank you.

Henricus Wilhelmus van der Heyden
Former Chairman of the Board

Thank you. Yes, we'll come to the...

Unknown Shareholder

Can you hear me?

Henricus Wilhelmus van der Heyden
Former Chairman of the Board

Loud and clear.

Unknown Shareholder

Yes, you can. Karen Evan [ph], a shareholder. I've got 2 comments to make. One is I would like to congratulate you on your very attractive report to shareholders. It was very pleasant piece to look at, read, go through, and I think very informative.

Henricus Wilhelmus van der Heyden

Former Chairman of the Board

Thank you.

Unknown Shareholder

Now the next point is that I have, over the years, been very critical of the Auckland Airport's nonappearance -- and that may not be your fault, it may be just a fault of the reporters -- nonappearance in the news about the route to the airport. I consider it extremely important. I live roughly halfway between the city and the airport and there have, over the years, been several projects for housing which, fortunately, have fallen down because they would've created a tremendous amount of extra traffic. At the moment, there are extra housing being built on the corner of Greenlane and Manukau Road. And I wondered -- you say here in the book that you have contact with the Auckland Council. We don't hear of this. So I would like you, please, to comment a lot further, if you could possibly have something to tell us when you've been in touch with them, it would be helpful.

Adrian Littlewood

Chief Executive Officer

Sure. You're absolutely right. I guess I'd preface my comments by saying I think Auckland is growing significantly. In fact, just to prove our point, we had the senior planners from Auckland Transport in our executive team meeting on Tuesday. We continue the engagement. And they shared with us about the phenomenal growth. Literally, it's -- for the west, south and north of Auckland, it's like getting 3 Hamiltons to Auckland over the next sort of 30 or 40 years. Look, if I stand back and say, our 30-year plan actually has been incredibly useful for actually crystallizing some of these conversations. I think historically, Auckland Airport is somewhat seen as a little bit of an island, disconnected from the rest of the city, and in some ways the ports of Auckland was as well in terms of transport planning. I think where Auckland Transport has got to now, following the super city, is the ability to properly plan an entire city and they're doing that, working with NZTA and us now.

So we are deeply engaged with them and advocating hard for improvements to and from the airport. Of particular interest to us has been the Puhinui Road, the southern entrance to the airport, and we've been doing a lot of surveying ourselves to prove the case for greater investment and connectivity to State Highway 20 and to State Highway 1 beyond. I know that they now appreciate that plan at NZTA and are working on that. The other pieces of work we've been focused on obviously is on the George Bolt north road. So the Kirkbride Road upgrade, \$150 million NZTA investment will be significantly important and will make a big difference to access to and from the airport. But we are now working through what are the implications for the Auckland Airport network and the environment around there, including all the developments you mentioned out in that part of Auckland. The other parts of the discussion include rail fee for [ph] obviously, whether that's light or heavy rail and we're deep in the discussion with Auckland Transport around them and what the choices are on there. And lastly, the other big part for us is public transport more generally. We are strongly advocating for much greater public transport, particularly around bus networks. Rail, in whatever shape or form it takes, will take some time obviously to play out. We are supporting that, but we want more buses sooner. And so the work we've been doing with Auckland Transport and Auckland Transport's updated transport planning for the bus network has seen greater bus frequency, moving from 30 minutes to 15 minutes servicing Onehunga/Mangere Bridge coming through to Auckland and then out to Manukau. So we share your focus on it, and we put a lot of effort into it and it will continue to be important for us in the long term. Thank you.

Henricus Wilhelmus van der Heyden

Former Chairman of the Board

Thank you. Yes? Another question in the middle here and then halfway up on my left.

Guy King

My name is Guy King. I'm a shareholder in the airport. I just -- I want to ask a question, but I would just begin with 2 comments. One is congratulations to all of you, the board and all the airport team for the outstanding result yet again. The other thing that I want to congratulate you on, because I raised this some 3 or 4 years ago, about woman directors. And I just want to say congratulations. I don't know whether you listened to me or not, but it's a wonderful initiative that you've taken more women on the board and the fact that you're doing this wonderful program. And I know 1 or 2 people that are on it, up-and-coming directors, woman directors, and you ought to be congratulated to be very much part of that. Now to my question. The question is that here in Auckland, there are a number of factions that have been putting pressure on the Auckland Council that they should sell their shareholding in the airport rightly or wrongly. And there has been some publicity around it, as I would sure that many are aware. I would like to get your take on that. And if, if any, or if they did sell, what impact would it have if any?

Henricus Wilhelmus van der Heyden

Former Chairman of the Board

Okay. That's definitely a governance question. So firstly, to your first question around the diversity around gender, Guy, take the win around the diversity question. But more seriously, definitely your board, we really are committed and I think Richard had commented also in a few moments just how important diversity is around the board, around the experience, knowledge, background, gender, age, et cetera. Around your second question, firstly, it's a shareholder's discretion what he or she or entity actually does with what's on the share. So we have very little input or very little influence what shareholders actually do with their shares. But your point you raised is actually important. Now from a board perspective, our task, our duty is to protect the company and manage risk and of course, create value. So the very best thing that we can do is actually drive up the value as far as Auckland Airport is concerned. It is something that the board generally has an interest in. We don't actively tell shareholders what to do with their shareholding because in this case, Auckland City, they'll do what they consider appropriate with that on the shareholding. What I will say as far as engagement is concerned, I do meet with them here on rare occasions. The shares are held by an entity, which is ACIL, which is independent from the council, so we engage with them also. They are generally a very supportive shareholder. But ultimately, the council will make a decision themselves what they actually do with the shareholding. And so there's probably not much more than that, that I can actually comment on, Guy. So -- but our duty is let's try to make the shares worth as much as possible. I'll come back into the middle here -- sorry, I'll come to the side and then I'll come back to the middle.

Unknown Shareholder

Mr. Chairman. My name is Ben Freeman [ph]. I'm a shareholder, have been from the outset. I just want to ask a question about the history of the airport. Question to the directors, were either of them there at the opening day of the airport? So any of them have any interest in the history of the airport?

Henricus Wilhelmus van der Heyden

Former Chairman of the Board

Of course.

Unknown Shareholder

Of course, okay. One or two, maybe the lot. My question specifically is this. Some years ago, there used to be an excellent gallery of historical photographs up in the top lounge area. And I think at the time when the airport was under the management of a -- someone who rotated in from the telephone industry and scuffled off back there again, would've seem like that anyway, he wasn't around very long, I think it was during his tenure of office the photographs just disappeared. Now my question is, it may not be of significance to the operating profit or anything like that, but the personal enjoyment of going to the airport and not wasting your time looking at aimless shopping opportunities, which have no interest to me whatsoever, those photographs and display of -- any display of a like manner can be of some interest to

some people. Have those photographs been preserved? Or have they been burned? Or were they taken away by the previous Managing Director, who took a liking to them?

Adrian Littlewood
Chief Executive Officer

I think we've heard it all. I'll answer that one. Firstly, clearly we need some more shops and better shops that are suitable for you, which we'll work on. I should also acknowledge John Brabazon...

Unknown Shareholder

[indiscernible] probably shop. The rest of us mostly [indiscernible].

Adrian Littlewood
Chief Executive Officer

I can assure you that's not the case. About 70% of people who travel to the airport buy something. So -- but I do want to acknowledge John Brabazon, who actually was personally at the opening of the airport and was lost, apparently, by his parents. Look, fair point, and I'm personally quite interested in the history of the airport, and many of our team are actually, which you might not be aware of, it is the 50th anniversary of the airport next January. And so we are properly going to celebrate that. And as part of that process, there is an office right next door to mine which is full of old photos, which our team are collecting from different places to try and pull together and to some way recognize that history. There'll be other media and marketing information. There'll be some videos put together as well as a small celebration. So we do want to recognize the history of the airport because I think we often say that the current team here, board and managers, sit on the shoulders of those who've gone before us and we've inherited what our predecessor have put in place. And so we want to make sure we do the same for our successors in the future, so we want to properly recognize the history.

Unknown Shareholder

[indiscernible] in a special display room?

Adrian Littlewood
Chief Executive Officer

We actually run out of space.

Unknown Shareholder

[indiscernible]

Adrian Littlewood
Chief Executive Officer

Yes, look, we'll think about it. Look, we may take a more modern approach to this, not to disrespect your suggestion. To give the best coverage possible, the best way is to literally put that into an online presentation or some way that people can see those because that's the easiest way because there's only so much we can physically display at any one place. But look, we'll come up with some ideas around the 50th, and hopefully you'll be able to participate in that. Thank you.

Henricus Wilhelmus van der Heyden
Former Chairman of the Board

Yes, and I'll just reinforce Adrian's comment about just how important retail is to the airport and future earnings. And secondly, well, probably the most important is also the customer experience. So making sure that the customers, the passengers, they have a wonderful experience and retail plays a very, very important part of that. All right. There's a question in the middle.

Chris Curley

My name is Chris Curley. I'm a shareholder. I would suggest to the board that probably the most important issue that you are facing is the construction of your second runway. And given that the current aircraft movements have decreased last year and equate to about 400 a day, I would wonder how much time and effort is being put into, firstly, extending the capacity of your existing single runway so that you can take more flights. And if you are successful in doing this, would this, in fact, push out the construction of the second runway for years, if not decades?

Adrian Littlewood
Chief Executive Officer

Thank you for the question, Chris, and I know you know a bit about this. So listen -- look, you're right on many different fronts, but also there's a bunch of open questions we have. So there is no doubt that we have been in a flat sort of period in terms of the number of movements of aircraft at Auckland Airport. That's been quite a function of upgauging or the increased size of aircraft. So in fact, where the pressure has come, which you would remember from previous times would've been the number of aircraft pressuring the airport system, actually the pressure has come from passengers on larger aircraft. So that's why we are focusing so much on the terminal development and expansion. I do think we are probably going through cycles of upgauging, and then when you max out the upgauging, you're going to frequency growth. And really what matters, as you know, is not just the raw numbers about the number of movements a day or across a year. It's actually when they turn up on a day. Now being at the end of the world, often we are the advisers [ph] or the decision-makers of when the best time for those international airlines to arrive here are, but that will certainly affect the peak demand for runway movements. So just to put that in context, when we did our 30-year plan at about 2012, '13, we did a very, very in-depth study on our runway movement requirements that was supported by Massachusetts Institute of Technology, MIT. Some very complex runway mode analysis with airways, which looked at the physical and technical capacity of the aerospace and the runway. At that time, it said that demand will probably be about 2025, give or take 3 years. So as we go into our next pricing ramp and start to look ahead 5 and 10 years in terms of our development and investment plans, we will do that process again. It's far more detailed and sophisticated than simply looking at movements, although that has been the guide for the last sort of while. So yes, it's a key question that we're discussing and focusing on in the next sort of while, and we have been doing a lot of work in terms of preparing for the design of that future runway and protecting -- for the land use protections for that runway because ultimately, whenever year it is required, it will absolutely be needed at Auckland at some stage, so we must protect for the future. Thank you.

Chris Curley

You currently have no firm plan on timing?

Adrian Littlewood
Chief Executive Officer

So timing is still 2025, give or take 3 years. We're probably pushing the upper side of that time line at the moment. But again, we're not willing to call it at this stage because we haven't done the second round of that in-depth space and runway modeling at it will be improper to put a number on that. And frankly, things change. We probably knew -- thought that Jetstar would be turning up on regional this year. And in fact, regional planes, as you'll be aware, those 2- prop planes require a lot of separation and space so they don't get blown off the runway by the jets. So they actually consume, technically, a lot of capacity on the runway and apron. So that change is something we'll be plugging into our detailed assessment to work out how that affects runway timing for the future.

Chris Curley

Can I ask a second question?

Henricus Wilhelmus van der Heyden
Former Chairman of the Board

Of course.

Chris Curley

There's been a lot of talk about staff and your relationships with them. I went through the Annual Report. I could not find one reference that thank the staff for their contribution, or a reference to the number of employees you currently have. Can you just tell me what the number currently is?

Henricus Wilhelmus van der Heyden

Former Chairman of the Board

Adrian said 340, but I want to make it really, really clear. Any organization, people are the defining difference, and it's absolutely fundamental. And that's why I think both Adrian and I in our addresses today, we acknowledged it. It's very, very important.

Chris Curley

Can I also then follow up with, post 30th of June, 2 of your most senior executives left the company, which appeared to be at very short notice and these were both, as I understand it, long-serving, highly paid executives. Do you wish to comment on their departure at all?

Henricus Wilhelmus van der Heyden

Former Chairman of the Board

Yes. Look, thank you for the question. So this was all around the long-term incentive plan and I commented on that in my address. So just let me take you through it, firstly, at a principal level. So like any board, we run a Remuneration Committee chaired by Justine Smyth. And periodically, we reference our plans to the market. And as a consequence of, I guess, where our share price and where our earnings had gone over a period of time, we were out of sync with other schemes in the market. So to bring more certainty both around cost and market alignment, the board, through the rem committee, had decided to review our remuneration policy, particularly around the long-term incentive plans. So as a consequence of that, of course, there are contracts in place between the company management, chief executive. So first of all, led by the rem committee, we engage with Adrian. And Adrian engaged with his team. And then ultimately, everyone's actually going to make a decision. Now also as a consequence of that process, 2 people had decided to actually leave the company as a consequence of that process. But I will say, and I've put on record before, the 2 gentlemen you talk about, their contribution was hugely valued and they left the company with the full support of the company. So you are right, but that's a process that we went through. And where we are today, we actually have a new plan in place that has been agreed by the board and actually agreed by Adrian and his leadership team. It's much more aligned with the market because the long-term incentive plan. The old plan still has to play out for the next 3 years, and this is also communicated in the Annual Report. The old plan is part of an agreement going forward. The upper end of the plan is also being kept. Thank you. All right. Are there any other questions or comments? I'll come back here. I'll probably just take a couple more.

Unknown Shareholder

Sorry to hog the -- Ginny Meredith [ph], shareholder. Sorry to hog the microphone. I want to make a plug in support of the shopping. I came last year and really, I got to the airport and realized I've forgotten my grandchildren's present. "Oh my gosh, what I do now? Jesus Christ." And so anyway, I was able to buy them -- after I panicked, I thought, and I was able to get them things which were peculiar to New Zealand, very satisfactory to the recipients, including one copy, and it was the only one, of the book Whale Rider. So thank you for the good shops.

Henricus Wilhelmus van der Heyden

Former Chairman of the Board

I've got a gentleman I'd like you to speak to after the meeting, too. So all right. Thank you for those positive comments. I'll just take a couple more.

Unknown Shareholder

Okay. My name is Rick Wise [ph], and I'm a shareholder and Auckland born and bred. And what occurs to me in terms of long-term planning, what about the North Shore? Is there thought being given as to whether you should have an airport on the North Shore to at least service the local flights within New Zealand? It seems to me that, that must be an important part, otherwise you may find some oppositions set up in that way.

Adrian Littlewood
Chief Executive Officer

Yes, happy to talk to that. Listen, I think -- I know there was some work done around sort of by converting that into a commercial airport some time ago. I've spoken to the people who were involved in that at the time, and one of the key reasons that they thought that there would be a requirement for a second airport on the North Shore was that the traffic was so difficult to get from the North Shore to Auckland Airport. I think with the Waterview tunnel going in, that is going to materially change that access. I mean, that is going to make it a direct motorway connection all the way from west and north of Auckland directly to Auckland Airport with no off-ramp, no traffic lights through that way. So I think that is materially changing things. I think the other thing is scarcity of land in Auckland for residential. I think it is going to mean that large-scale land plots over time will find other and better uses over time. But the biggest issue is actually the cost of developing a commercial airport has not been significant. It's a multi, multibillion dollar asset when you think about not only the core airport infrastructure, but the connecting transport infrastructure that goes with it. And I think for a city of 1.5 million people, the reality is it's probably not the best investment for our city, particularly when there are other significant demands on infrastructure for Auckland. So I think those initial -- those drivers for commercial airport in the North Shore, they've probably gone away over time, but more specifically when Waterview comes into play.

Henricus Wilhelmus van der Heyden
Former Chairman of the Board

Okay. There's one at the top there. Thank you.

Unknown Shareholder

Michael Sharp [ph], shareholder. I sometimes take the Airbus to the airport. It's a great service, and I also see there are employees of the airport in New Zealand using it, which is good. Going forward, there is -- I mean, there are plans for the rail link, right? Will you be keeping the bus service going in tandem with the rail link? And when are things scheduled to pan out?

Adrian Littlewood
Chief Executive Officer

Look, on rail, we can't answer that question. That's really for Auckland Transport to determine. With the bus service, that's a commercially run service, run by SkyBus now. And just so you know, employees get a heavily discounted rate to use that service, so that improves connectivity for employees. So look, I think buses will be around for a very long time. I think Auckland, as a city, is growing. Its public transport infrastructure and buses will play an important part of that. So I would expect buses to continue to be part of the answer. It will continue to be part of our answer as well in terms of getting access from Park & Ride and remote parking services to the airport itself. So I don't see that bus service going anywhere soon, and we can't make that decision on when rail will happen. The city needs to make the decision.

Henricus Wilhelmus van der Heyden
Former Chairman of the Board

Okay. Are there any more questions? I can't see any more hands up. I'm happy to just take another one. Okay. I think there's another one at the back there. Yes?

Unknown Attendee

I just came back from overseas a week ago. And just to comment on the pickup, dropoff points, which are now virtually abandoned and it's always functioned perfectly well. I understand you want to maximize revenue, but let's have a user-friendly airport. It's just ridiculous how it's being policed out there. And

hardly anyone's using it, and you're trying to drive everyone into parking, I mean, there's nothing wrong with people being there for 10 minutes to pick up and drop off. And we were being harassed by these Parking Nazis. I mean, let's save money by getting rid of the parking nazis and just have a pickup, drop-off point like every other airport that works. It's -- I didn't even pay attention to how it's changed, but you're going to see how it's changed. And I just was laughing at them actually. They were trying to police the one car that was there, trying to tell me that it was so busy. It's not a good look for the airport to me.

Adrian Littlewood

Chief Executive Officer

So look, a couple of points there. One is, I'm not sure whether you're talking about international or domestic terminal. At the domestic terminal, we significantly increased the amount of space for public pickup and drop-off. At the international terminal, we still have plenty of space. But yes, we do manage it, and it is managed by a company that works for us. I think your description is probably a bit tough. Look, the reason that they do ask people to move on if they've been there for a significant time, there's a couple of things. One is some people do stay for a very long time and that constrains access for others who do want to drop off people. The second thing, there are very good security reasons why you cannot allow people to park and stay on the forecourt. And you see many examples around the world, like the Glasgow airport bombing where someone drive up a car to the front door of the airport and blow it up. Now those -- there are international rules about how we must operate and maintain a safe airport, and so we need to be cognizant of that. But I can guarantee you, we are focused on making sure that the engagement with customers is properly and respectfully done. So we wouldn't like to hear that they have been too aggressive and they are respectful.

Unknown Attendee

We were the only car there. We were there for 2 minutes and they're harassing us. And then they just tell us about this bomb threat thing. And then I look over to my left and less than 10 meters away is for the long-term carpark sitting there. If a bomb is going to go off, just put a bigger bomb in one of those. I don't think that's...

Adrian Littlewood

Chief Executive Officer

Certainly a good topic for later. Maybe we'll pick that up outside.

Henricus Wilhelmus van der Heyden

Former Chairman of the Board

All right. I'll take one more. Thank you.

Unknown Attendee

I want to know what your relationship with the taxi companies is now. There's been a few months back or something they were going to go on strike, and there was internal strife between various factions for the pick up from the airport. And you're going to provide a lot of extra -- because a lot of these or those waiting in the queue with their cabs. What's happened about that?

Adrian Littlewood

Chief Executive Officer

Yes, a good question. So you're right. There were some early reactions around some of the taxi companies. Look, I'm happy to say that's settled down. That's because our team has spent a lot of time talking to the taxi operators. I will just point out, there was a small group within a company that were the main agitators. And in fact, I think they might have left the company. They were asked to leave. And look, some of the taxi companies, some of them were new to the airport and some of them didn't quite have the right operating model and get that right. And we've had some sort of firm words with a few of them in terms of their performance from a customer point of view as well. We obviously don't control the taxi companies' performance or price. It's up to them. But we have also invested in facilities and services for the taxi company, so we've relocated and made a single site with cover with other facilities for them

when they're waiting and also made it far easier for them to get fares and so they're not waiting in queue nearly as long. We've also upgraded the system that allows access to and from the airport and accounting of that, so that management for them is far easier. So you won't be seeing -- you won't have heard any -- recently any of those issues and those are now 2 years past.

Henricus Wilhelmus van der Heyden

Former Chairman of the Board

Okay. Thank you. So just leaves one more item on the agenda, and that's actually to say thank you to John Brabazon, and wish him all the best.

So just before I ask John at the podium here, I'd just like to say a few words from my perspective and also from the board's perspective. John's been now on the board just coming up 8 years, standing down after our annual meeting today. So there's probably 3 things that I think define John as a person and as a director. So number one, and it's absolute his core -- his key and core skill set and that is very much around the financials. I've seen him on a number of occasions, and I've always been really impressed. And I know that he's a huge support for James Miller and the audit and finance committee, just his attention to detail around the numbers. And if you go through any due diligence, whether it's debt instruments or anything else around numbers and financials, I can guarantee you, if there's one number wrong in a document over hundred pages, John will actually find it. And if the number is actually different to the previous year, he'll also find it. So his attention to detail, understanding the accounts, understanding what actually makes that up, I actually think is second to none. And from that perspective, I'm sure John will be missed on the board.

And one of the other things about John around capability, usually, usually when someone has got such a fine mind around the numbers, their strategic thinking is not always there, but John's actually got the capability to actually do both. He's a very good strategic thinker, he's literal and he always comes with what I call out of the box thoughts and ideas. So it's because of those 2 skill sets is one of the key reasons John has made a huge contribution to the board.

Not only that, he's come to the board with an immense amount of commitment and passion. I don't think there's a week that goes by outside board meetings where John is not doing something to push the agenda as far as Auckland International Airport is concerned. Whether it's China Southern, whether it's Auckland City, he's very, very well connected and always pushes the agenda as far as Auckland Airport is concerned.

And probably lastly, he's a bloody good bloke. He's got a wicked sense of humor. You can always guarantee at least every board meeting, John will have a one-liner and everybody just erupts with laughter. And I'll just share one with you all about the last board meeting yesterday. We were actually going around the airport as part of the board meeting, just having a look at some of the infrastructure and with Jetstar, Qantas coming on to regional. We visited that area, and we're doing some development there. And the gentleman going through -- telling us all about it, it did look a little bit like he needed a little bit of work done on it and he's just saying, "Well, these are sort of things we are thinking about doing here." And John, just under his breath, "Just needs a bulldozer." So he made us all laugh. So he's got a wicked sense of humor, always brings some banter on to the board.

So John, your skill sets will be missed and also your banter and your humor will also be missed. And for me, as chair, I mean, you've been a huge support to me personally because you've been on the board longer than myself. So just on behalf of the board and behalf of everybody, again, thank you for your contribution for Auckland International Airport.

So I'll ask John to come to the podium. He'd probably rather do it from there because he's very, very unassuming, but I'll get you to come to the podium.

John Brabazon

Former Director

Thank you, Henry, for those kind words and my parents will be delighted I got lost as a 5-year old at the opening of the air show and they like to continue to remind me about it.

But look, shareholders, it's been an honor to serve on your board for the last 8 years. It's highlighted on the annual report and the presentations today: the company continues to go from strength to strength.

I think it's important to actually reflect and recognize though that often, today's successes are often the legacies of many former leaders. And I'd like to acknowledge many people who had the foresight to build this company into what it is today.

Whilst it's obviously impractical to try and name all of them, in particular, I'd like to acknowledge former civic leaders, such as Sir Barry Curtis. Sir Barry Curtis just [ph] over 1,500 hectares of freehold land over the decades and was instrumental in securing many of the permissions needed to build and operate the airport, including linking to road and networks. This land legacy allows Auckland Airport to cater for great for the next 50 years. So it's really quite a remarkable achievement.

I'd also like to acknowledge our dedicated and committed staff that operate the business 24 hours a day. In particular, I pay tribute to the late Glenn Wedlock who pioneered our international route development strategy. This route development strategy has been of enormous value both to the New Zealand economy and to you for the value of your investments.

I'd also like to acknowledge the 3 chairs whom I've served under as a director: Tony Frankham, Joan Withers and Sir Henry Van der Heyden, each of which has helped to change and grow the company for the better. And of course, I'd like to acknowledge my fellow directors over the years, including past directors such as Dr. Keith Turner and the late great Lloyd Morrison.

As a passenger and shareholder, I keenly await the expansion of the international patch area, including retail as a first stage towards a world-class, fully integrated international and domestic terminal. And the company can only undertake these projects with the support of our stakeholders and shareholders, and I thank you for the support that you have given the board.

Some of the highlights of my time on the board have been the airport with Adrian and his senior team taking leadership position and tourism with central and local government and other industry bodies. I think the focus on strengthening the company's relationships with airlines, the council and institutional investors and also having the courage to expand the property portfolio, including developing 2 highly successful hotels during the depths of the global financial crisis. And I trust the average compound shareholder return of circa 24% compound per annum over the last 5 years as clear evidence of the board's ongoing commitment to you as shareholders.

I have no doubt that the company's best days are ahead of us, and there's much to be excited about. The airport is a truly remarkable business, and I expect it to continue to grow significantly over the long term.

And lastly, thank you for allowing me to introduce your interest. I believe shareholders have a strong, balanced and committed board and management team that will serve you very well in the years to come. Thank you.

Henricus Wilhelmus van der Heyden
Former Chairman of the Board

Thank you, John, and you will be missed.

Okay. So just it leaves me to close the meeting. But as I do that, again, as mentioned at the start of the meeting, for those people who have actually voted, make certain you vote on your packs. And I must say every vote actually does count, and it's actually really important. It's part of -- it's actually part of the process. It will be administered by our share registry operator, which is Link Market Services and our auditors are the scrutineers. And once the voting is actually completed, counted, signed off by the scrutineers, it will be notified to the NZX and you'll find -- that's where you'll find other results. So again, in closing the meeting, thank you very, very much for coming along and it's genuinely appreciated. It's very important that you get the opportunity to ask questions of your board, of your management team and I look forward to seeing everyone next year. Thank you very much. I declare the meeting closed.