

31 January 2014

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Dear Ruth

SECTION 56G CHRISTCHURCH AIRPORT – IMPLICATIONS OF MERIT REVIEW

Thank you for your email of 6 January outlining the Commission's intention with respect to considering the finding by the Court; in that a materially better asset valuation input methodology would provide for the initial MVAU valuation for CIAL's land assets to be undertaken as at 1 July 2010.

In line with your comments CIAL concurs that there is no need to incorporate this change into your draft Section 56G report analysis for the practical reason that the change in the date of initial MVAU asset valuations to 30 June 2010 would not change the conclusions presented in your report. As you note, our use of a 2012 MVAU valuation as the opening asset base for our pricing decision makes this unnecessary. The 2012 valuation has in effect taken account of the market value alternate use valuation update and also incorporates any additions that have occurred from 1 July 2009 through to 30 June 2012.

We look forward to your updated information on how you propose to consult separately with respect to the Court's decision in relation to other matters including WACC.

If you have any queries please do not hesitate to contact me.

Yours sincerely



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