



**Auckland Regional
Holdings**

Level 3, 21 Pitt Street
PO Box 105 049
Auckland City
Auckland 1143
Telephone: 09 303 9460
Fax: 09 303 9461

Media release

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Regional investment body lifts profits

***Net Profit After Tax up for half year and ahead of budget
\$74.3 million paid in distributions to the ARC in the six month period***

A significantly improved performance of its investment portfolio allowed Auckland Regional Holdings to return a \$31.7 million net profit after tax for the half year ended 31 December 2009 - well ahead of its \$13.2 million budget.

ARH met its long-term funding plan commitment and paid \$74.3 million to the ARC during the six-month period. In the five and half years since inception, ARH has paid a total of \$570.7 million to the ARC. The largest annual distributions of \$141 million were made in 2008.

ARH committed to paying significant funds to ARC in its Long-term Funding Plan (LTFP) for the period 1 July 2005 to 30 June 2015.

Auckland Regional Holdings' Chair Judith Bassett said it was decided to "front-end load" the cash distributions to catch up with the large backlog of regional transport and stormwater works. Then gradually ease and reduce the annual payouts to allow the financial assets to recover and grow.

"The easing should have occurred in 2009 but with the removal of the regional fuel tax, high distributions were required to continue.

"Meeting these distributions in stressed economic times came at some cost, with 57% paid since inception, funded from ARH's capital and 43% from ARH's income."

ARH is the custodian of a \$1 billion portfolio of regional assets which includes Ports of Auckland, Wynyard Precinct waterfront investment property and diversified financial assets comprising global stocks, bonds and New Zealand cash.

The Diversified Financial Assets portfolio (DFA) achieved an 8.6% gross return to ARH in the six months to 31 December 2009 with a net profit of \$20.8 million.

Auckland Regional Holdings (ARH) is a statutory, council-controlled investment management organisation. Its role is to manage assets for the region and provide funds to the Auckland Regional Council (ARC), its sole beneficiary, for essential infrastructure - mainly transport and stormwater programmes.

Ports of Auckland

Ports of Auckland achieved a net profit after tax of \$13.9 million for the six months ended 31 December 2009 – a 49% improvement on the comparable period to 31 December 2008 of \$9.3 million. Port operations EBIT was up 4.6% despite revenue declining by 6.8% to \$82.5 million. Operating costs (excluding depreciation) were down \$6.6 million or 12.9%. The good result was largely as a result of significant and continuing productivity improvements and cost containment.

Auckland Regional Holdings reported in the last half of 2009 on its in-depth research on the long-term optimisation of the port sector.

ARH's research highlighted the need for efficient capital investment in both port and New Zealand transport infrastructure to make optimal use of existing investment and minimise unnecessary duplication of investment and non-productive assets.

The CEO of Auckland Regional Holdings Peter Casey said, "port sector optimisation doesn't mean a reduction in the number of ports, but how each port is best used to create value and an efficient supply chain for New Zealand."

Wynyard Waterfront

During the latter part of 2009, an encouraging lift in interest in the Wynyard precinct's potential culminated in a proposal for the first major commercial development on the site. Kiwi Income Property Trust announced an agreement in March 2010 to build the new ASB Bank headquarters in the precinct.

Concept plans for public space along North Wharf are firmly based on a working waterfront with public access, which will include the continuing presence of the fishing fleets and seafood markets. Plans also advanced to develop the western edge of Wynyard in a bigger push to position New Zealand as a world-class superyacht refit location.

The Wynyard facilities, which support existing marine industries, have the potential to earn an estimated \$200 million a year and create 1500 new jobs. They are part of the promised "working waterfront" character of the area.

Auckland Regional Holdings and the Auckland City Council have jointly committed \$211 million over ten years for the public works for the Wynyard waterfront urban renewal project.

"The continuity of this funding is a key factor in maintaining the current momentum," Peter Casey said.

Auckland Regional Holdings Half Year Report to December 2009 can be viewed on www.arh.co.nz. (latest documents).

For more information please contact:

ARH Chair, Judith Bassett, on 09 849 2267

ARH Chief Executive Officer, Peter Casey, on 09 303 9464 or 021 750 756 or

ARH Communications Advisor, Mary-Ann Crawford, 09 413 8362 or 021 633 384