



Auckland Regional  
Holdings

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# Media Statement

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## Auckland Regional Holdings 2009 Annual Report

### ARH results hit by recession but performance improves as year ends

Auckland Regional Holdings met its commitments to the Auckland Regional Council with a \$109.7 million payout during a turbulent financial year ended 30 June 2009.

ARH has paid \$496.4 million to the ARC over the five years since its inception. The funds are used for regional transport and infrastructure programmes.

ARH recorded a net loss after tax of \$80 million. This included \$66 million of unrealised property write-downs and declines on financial investments of \$29 million – the majority of which was also unrealised.

The value of global stocks and bonds included in ARH's investment portfolio fluctuated widely during the year but ended with an uplift in the last quarter – a recovery of \$16 million. The upward trend is continuing.

ARH's Chair Judith Bassett said, "while this was a disappointing result, it occurred during the most challenging economic situation in 60 years."

In its five years since formation in 2004, Auckland Regional Holdings has achieved a total gross annualised investment return of 5.3%.

Mrs Bassett cautioned that ARH's result must be viewed in the context of the local recession and international economic slowdown. She said: "Against a background of unprecedented change at many levels – financial, economic and governance – ARH maintained its long-term focus as the steward of intergenerational assets and delivered significant cash funding to the Auckland region.

"ARH's major focus is to ensure that, as custodian of a sustainable regional portfolio of assets, the investment base is secure and the portfolio remains sustainable."

### Major waterfront investor

ARH is a major investor in Auckland's waterfront, owning Ports of Auckland Limited (POAL), 16.4 hectares of waterfront land and water space in the Wynyard Precinct, and Sea+City Projects Limited, the special-purpose management services company set up to lead the Wynyard Precinct project development.

POAL, ARH's most significant investment, started the financial year positively with strong container volumes recorded in the first six months and with record volumes in the month of December 2008. However, POAL signalled that, as the full impact of the recession took hold, cargo and container volumes would fall quite sharply. Net profits fell by 75% for this financial year compared with the same period in the 2007/2008 year. POAL responded to a difficult year by further enhancing its cost and operational efficiency drive in readiness for improved trading conditions. There are already early signs of a recovery with increased container volumes.

ARH's equity investment in Ports of Auckland increased by \$10 million (2%) during the year.

The ARH Chair said that it is in the long-term interests and to the benefit of the Auckland region and New Zealand to have an efficiently operating deepwater port. "Ports of Auckland's customers and stakeholders need certainty that it can deliver long-term functionality for the Auckland and national supply chain."

ARH's large-scale urban waterfront renewal project within the Wynyard Quarter (Tank Farm) progressed with ratification of the necessary approvals for Precinct Plan 1 comprising Jellicoe Street, North Wharf and Silo Park. This project includes developments for the fishing industry and design and planning for restaurants, bars and public spaces - some of which will be ready in time for the 2011 Rugby World Cup.

Successful proposals for a marine cluster on the western edge of Wynyard Quarter are taking shape including a proposed major expansion of the area's superyacht refit capacity. Physical work could start in the first half of next year.

ARH is rebalancing and adjusting its portfolio to maintain its core investment base – POAL and waterfront investment property – while meeting the ARC's short-term transport infrastructure funding needs.

## **ENDS**

Editors' note

Auckland Regional Holdings has dual statutory objectives: to manage its assets prudently and to act in the long-term interests and for the benefit of the Auckland region

Auckland Regional Holdings is a statutory investment management entity which is accountable to the Auckland Regional Council.

Its role is to manage assets for the region and provide funds to the ARC for essential infrastructure - mainly for transport and stormwater programmes.

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