

Media Statement – *Strictly embargoed until midnight Monday 27 July 2009*

Tainui Group Holdings Ltd 2009 annual results release

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Tainui Group Holdings Ltd (TGH) and Waikato Tainui Fisheries (WTF) recorded a net operating profit after tax (NOPAT) of \$14.7m for the year ended 31 March 2009, down from \$18.5m for the prior year.

The drop in NOPAT was due largely to a reduction in sales of residential sections, and higher interest costs from recent acquisitions. The operating cash flow for 2009 was \$15.8m compared to \$14.5m in 2008.

TGH and WTF recorded a combined net deficit of \$26.7M for the year, down from a net surplus of \$52.4m in 2008 bringing to an end six years of successive surpluses.

“The unrealised deficit is largely due to declining property values which were foreshadowed last year, a fall in the net worth of managed funds and equity investments, and the fact that there were no one-off gains as had been the case in the previous year’ said Chairman John Spencer.

“The write-down in asset values shows we were not immune from the global recession,” he said.

“Despite this, TGH lived within its means, continued to maintain investment levels in its core property business and also paid a dividend to the tribe consistent with recent years,” he said.

“Our operating profit and cash flows are healthy. In the end that’s more important than fluctuating asset values, and under the circumstances, and compared to many other property companies, we are not unhappy with a fall in value of TGH’s assets of 8%. Despite a tough year good progress was made on The Base, TGH’s flagship investment.

Construction was started on a new mall at The Base.

“When The Mall is complete, The Base will be positioned in the very top tier of retail destinations in New Zealand. On completion, the fully enclosed 26,000 square metre Mall will take the total gross floor area of The Base to 73,000 square metres, complemented by 2,100 car parks.”

“The Mall alone will inject \$100m into the Waikato community and up to 300 people are employed on its construction.

Last week TGH, Auckland International Airport Ltd and Accor also announced plans to build a four star hotel at the airport to be open in time for the 2011 Rugby World Cup.

“This is a significant development opportunity for Tainui which we believe will complement our existing successful hotel investments in Hamilton.”

TGH also successfully negotiated a \$50m debt facility from the BNZ during the year.

BNZ and Westpac are now the Group’s core funding providers, and the new agreement extends the total debt facility to \$150m.

Mr Spencer said the group had however maintained its conservative policy with respect to debt.

“Borrowings at balance date are the same as last year, at 15% of total assets.”

TGH has also sold down all its managed funds. Asian equities were sold during the year and the New Zealand and Australian equities soon after balance date,

Mr Spencer noted that the outlook for the next few years was a different one from that the Company has experienced in recent times.

“For TGH, having completed all its major 5-yearly rent reviews in 2008, and with earnings from its major developments still some years away, the group faces a period of flat net earnings until about 2012/13, regardless of any uplift in the economy.

“As for the balance sheet, we do not see much prospect of a market-driven uplift in asset values for at least the next two years which means the combined net surplus will either be low, or potentially remain in deficit, next year.

“However, our investments in The Mall at The Base and the Novotel Auckland Airport will increase the value of our assets, and keeps TGH on target with its growth strategy,” he said.

Ends

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Note to Editors:

The TGH annual report will be available on the TGH website from 9am on 28 July 2009 at [www.tgh.co.nz](http://www.tgh.co.nz)

### Surplus (Deficit) 2009

TGH & WTF	2009 - \$M	2009 - \$M
Net Operating Profit After Tax	14.7	18.5
Property & Equity Revaluations	(40.0)	19.6
Fisheries Settlement (Revaluation)	(1.3)	14.2
<b>Net Surplus (deficit)</b>	<b>(26.7)</b>	<b>52.4</b>

### Key Financial Results 2009

TGH & WTF	2009 - \$M	2009 - \$M
Operating Cash flow	15.8	14.5
Total Assets	497.0	536.0
Dividend Paid to Shareholders	10.0	10.5