

Media Statement – Embargoed until 11.00 PM, Wednesday 28 July 2010

Tainui Group Holdings – 2010 results announced

- **Net profit and total assets increase**
- **Economic benefits for Waikato and Auckland**
- **Future focus on inland port at Ruakura**

Tainui Group Holdings Ltd (TGH) and Waikato Tainui Fisheries (WTF) have recorded a net profit of \$34.1 million for the year ended 31 March 2010, a \$61.1M turnaround from the \$27M loss in 2009. The operating profit of \$15.6M for 2010 was a rise of \$3.7M from 2009.

The operating cash flow for 2010 was just over \$21M, up from the \$16M recorded in the previous year.

In its annual report the company says the results were achieved because of the strong cash flows generated by its investment properties, and tight control of costs. An increase in residential section sales and dividends from its investment in Ryman Healthcare also contributed.

“We’re very pleased. We’ve made substantial progress on our key development projects, and finished the year in a strong financial position,” said TGH Chairman John Spencer.

The net deficit of \$26.7M in 2009 had been caused by a write-down in asset values. This year, total assets have increased 6.5% to nearly \$530M.

The company has again paid its Waikato-Tainui shareholder a \$10M dividend.

“Being able to maintain a consistent dividend is sacrosanct, but the wider community also benefits from our activities,” said Mr Spencer.

“Our two main projects underway this year are good examples. The new mall at The Base retail centre in Hamilton will see a total injection of nearly \$120M into the Waikato economy.

“And the new Tainui Hotel at Auckland International Airport is a \$65M investment.

Mr Spencer said the Mall, which has been named Te Awa (The River), opens for business tomorrow, and will have given construction work to 500 people by the time it’s finished.

“And the Base as a whole will be one of New Zealand’s largest employers when it’s completed, with 770 full-time and 760 part-time jobs.

Mr Spencer said the Group expected a relatively steady outlook for both earnings and asset values.

“Our next major 5-yearly rent reviews are not due to start until 2012 and 2013, and revenues from our recent developments will take time to filter through. We also think current market conditions will remain subdued for a while yet.”

TGH Chief Executive Mike Pohio said the company’s next big focus would be on the 500 ha of land it owns around the Ag Research campus at Ruakura, for which it is exploring the possibility of an inland port and commercial hub.

“Like The Base, it would be a regional facility. Both Auckland and Tauranga are going to run out of space next to rail and highways over the next decade trying to cope with the flow of exports and imports in the upper North Island.

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“With Ruakura, Hamilton not only has the space and the workforce, but can also capitalise on its rail link through the site and the planned Waikato Expressway down its eastern border.

“We see the potential to provide buildings and services for light industry, distribution centres and other commercial activity. We know that our major primary industries would be interested in such a facility, especially one that combined physical resources with a full customs and border service.

Mr Pohio said that the concept made good strategic sense for the Waikato.

“It would bring important diversification and a boost to the area, which until now has relied largely on dairy farming and residential housing to create an economic base.

“It can provide a new source of rating income for the city, jobs for local residents, spin-off potential for light industry and contracts for a wide variety of services.

Mr Pohio said that in the past six months TGH had visited a number of relevant sites in Australia and the USA to examine potential models.

“We’ve also commissioned a detailed economic study into the concept, and gathered data on all trade flows into and out of the upper North Island.

“A full business case now needs to be developed, so the next 3-4 years will see intensive planning for Ruakura,” he said.

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