

The Chief Executive
Timaru District Council
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11 February 2025

Dear Nigel

Report for period 1 July 2024 to 31 December 2024

Please find attached the TDHL half yearly report for the period 1 July 2024 to 31 December 2024. The report is prepared in accordance with the 2024/2025 Statement of Intent which can be found [here](#) and contains the financial statements, activity updates and commentary for the financial year to 31 December 2024.

The statements show that as at 31 December, TDHL's operational performance is tracking ahead of budget. However, forecast year end EBITA is negative to budget due to moving the Showgrounds settlement into the next financial year.

Further to this, it is now anticipated that incorporated Alpine Energy Ltd surplus will be negative to budget. This is a non-cash incorporation but impacts on the Net Profit and carries through to the financial performance targets, which are now forecast not to be met.

From an activity perspective, LGFA accession was completed in December 2024, representing a significant enabler to TDHL's diversification pathway and ability to pursue new investment opportunities.

Regards



Frazer Munro
General Manager

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2024/25 Half Yearly Report

Report for the period 1 July 2023 to 31 December 2024

Activity and Performance Targets

The specific 2024/25 Activity and Performance Targets for TDHL are set annually in the **Statement of Intent** and are designed to support the higher-level Strategic Priorities and Outcomes. An assessment of TDHL's achievement against the activity targets is set out below:


<p>Intergenerational Investments</p> <p>Annually undertake at least one workshop with each associate on Board skills matrix, succession planning, strategic outlook and financial performance.</p> <p>Complete and ongoing. Workshops undertaken December 2024 and February 2025.</p>	<p>Property Portfolio</p> <p>Achieve a three-year rolling average return on investment of 7% or greater for Port property held for investment purposes.</p> <p>To be calculated at the end of the 2024/25 year.</p>	<p>New Investments and Diversification</p> <ul style="list-style-type: none"> Complete construction of Stage 1 of Lyndon Street. Review Capital Structure <p>On track. Lyndon construction commenced, Capital review complete.</p>	<p>Shareholder Return</p> <ul style="list-style-type: none"> Pay a dividend to TDC of \$1.2m. Hold at least one workshop with Council per annum. Achieve statutory compliance <p>Dividend to be considered at the end of financial year. Workshop held 27 Aug. 2024 compliance achieved</p>
<p>Relationships + Partnerships</p>	<p>That the TDHL Chair and/or GM presents the quarterly reports to Council. That TDHL undertakes an external Board Review</p> <p>On track. Chair and GM presented reports at 1 July, 17 September and 10 December Council meetings. Workshop held 27 August. Achieved - external Board review completed and shared with Council.</p>		

Timaru District Council




- TDHL would like to thank the Mayor and Councillors for their attendance at the December AGM.
- LGFA accession was successfully completed in Dec.
- Engagement continues with Council, officers and Venture Timaru on opportunities and matters of joint interest.
- The Chair, deputy Chair and General Manager will provided Councillors with a Strategic update in February 2025.

Alpine Energy



- The TDHL Board and new LineTrust Trustees meet in December to discuss further collaboration.
- Aaron Bethune was appointed as an Alpine director in late Dec, effective 1 January.
- The Shareholders issued a collective Letter of Expectations to Alpine in February.
- Alpine continues to engage with the Commerce Commission to remedy the price path correction.

PrimePort Timaru



- A collective TDHL and Port of Tauranga Letter of Expectations was sent to PrimePort in November.
- The PrimePort Chair presented to the February TDHL Board meeting.
- Work on the joint District Plan Review submission and attendance at hearings continues.

Property Portfolio



- In November construction works were completed on the restoration works at 117 Stafford St - the Union Bank building.
- Lyndon Street extension construction commenced in January with expected completion date of March / April 2025.

Financial Performance Targets

An assessment of TDHL's achievement against the performance targets is set out to the right.

The financial statements for the six months ending 31 December 2024 are below.

Measure	2024/25 SOI Target	Forecast
EBITA	\$2,341,051	⊗ \$2,078,252
Net Profit to S/H funds	6.8%	⊗ 4.7%
Net tangible assets per share	\$6.40	⊗ \$6.25
Earnings per share	\$0.45	⊗ \$0.30
Dividends per share	\$0.04	⊙ \$0.04
Shareholder funds to total assets	86%	⊙ 85%

Profit and Loss – For the 6 months ended 31 December 2024

- The year to date operating profit of \$695k is positive to budget of \$654k, as is the net income to date of \$521k against budget of \$400k.
- A \$750k dividend was received from PrimePort in October
- As detailed in the cover letter, as a result of moving the Showgrounds settlement to next financial year, forecast full year other income is reduced, resulting in reduced earnings before interest and tax.
- Further to this and as illustrated in the financial performance targets above, reduced forecast incorporation of associate surplus (which is a non-cash incorporation) results in the forecast full year Net Income being below budget. TDHL continues to work with the associates to update and refine the forecasts

PROFIT & LOSS	2023/2024 (YTD)	2024/2025 (YTD)	Budget 2024/2025 (YTD)	Budget 2024/2025 (Full Year)	Forecast 2024/2025 (Full Year)
Revenue	\$1,606,528	\$1,770,765	\$1,799,437	\$3,555,086	\$3,582,182
Cost of Sales	\$421,790	\$480,302	\$518,970	\$987,315	\$1,016,075
Gross Profit	\$1,184,737	\$1,290,462	\$1,280,467	\$2,567,771	\$2,566,108
Expenses	\$502,737	\$595,086	\$626,421	\$2,124,716	\$1,246,233
Operating Profit	\$682,000	\$695,376	\$654,046	\$443,055	\$1,319,875
Other Income	\$1,228,639	\$750,000	\$750,000	\$1,900,000	\$750,000
Earnings Before Interest & Tax	\$1,910,639	\$1,445,376	\$1,404,046	\$2,343,055	\$2,069,875
Interest Income	\$94,810	\$18,279	\$0	\$39,768	\$32,232
Interest Expenses	\$988,225	\$941,899	\$1,003,485	\$2,051,372	\$1,663,042
Earnings Before Tax	\$1,017,224	\$521,756	\$400,561	\$331,451	\$439,065
Tax Expenses	\$0	\$0	\$0	-\$117,195	-\$117,195
Earnings After Tax	\$1,017,224	\$521,756	\$400,561	\$448,646	\$556,260
Incorporation of Associate Surplus	\$0	\$0	\$0	\$13,376,850	\$8,601,839
Net Income	\$1,017,224	\$521,756	\$400,561	\$13,825,496	\$9,158,099
Retained Income	\$1,017,224	\$521,756	\$400,561	\$13,825,496	\$9,158,099

Movements in Equity – For the 6 months ended 31 December 2024

Movements in Equity	2024/2025 (YTD)
Equity - Opening Balance	\$185,525,003
Current Year Earnings	\$521,756
Equity Dividends Paid	\$0
Total Equity	\$186,046,759

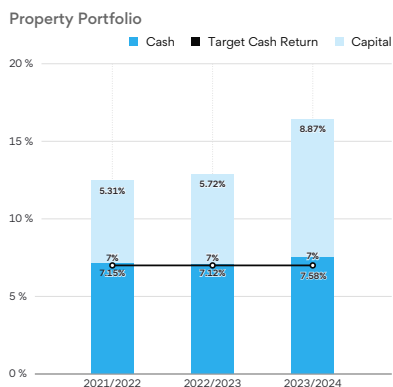
Balance Sheet – As at 31 December 2024

BALANCE SHEET	2023/2024 (YTD)	2024/2025 (YTD)
ASSETS		
Cash & Equivalents	\$552,080	\$630,500
Accounts Receivable	\$160,980	\$185,473
Other Current Assets	\$147,643	\$1,278,886
Total Current Assets	\$860,703	\$2,094,860
Investments or Other Non-Current Assets	\$208,261,944	\$214,552,471
Total Non-Current Assets	\$208,261,944	\$214,552,471
Total Assets	\$209,122,647	\$216,647,331
LIABILITIES		
Accounts Payable	\$822,070	\$187,221
Tax Liability	\$873,089	\$619,024
Other Current Liabilities	-\$18,930	\$113,713
Total Current Liabilities	\$1,676,230	\$919,958
Long Term Debt	\$27,080,613	\$29,680,613
Total Non-Current Liabilities	\$27,080,613	\$29,680,613
Total Liabilities	\$28,756,843	\$30,600,571
EQUITY		
Retained Earnings	\$130,182,394	\$136,858,817
Current Earnings	\$1,017,224	\$521,756
Other Equity	\$49,166,186	\$48,666,186
Total Equity	\$180,365,804	\$186,046,759
Total Liabilities & Equity	\$209,122,647	\$216,647,331

Statement of Cash Flows - For the 6 months ended 31 December 2024

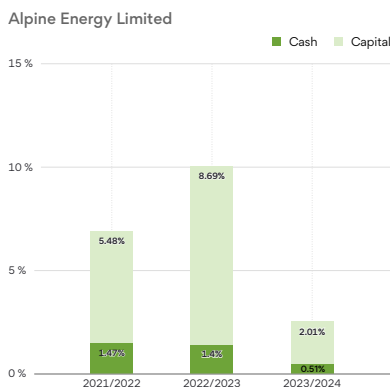
	2023/2024 (YTD)	2024/2025 (YTD)
OPERATING ACTIVITIES		
Rentals	\$1,799,628	\$1,971,170
Interest received	\$94,810	\$18,279
Dividends Received from Alpine Energy	\$942,279	\$0
Dividends Received from Primeport	\$757,500	\$750,000
	\$3,594,217	\$2,739,448
Payments to suppliers and employees	(\$1,321,959)	(\$1,395,094)
Interest Payments & Line of Credit	(\$858,245)	(\$927,969)
	(\$2,180,204)	(\$2,323,063)
Cash Flow from Operating Activities	\$1,414,013	\$416,385
INVESTING ACTIVITIES		
Capital Works	(\$2,524,386)	(\$740,094)
Cash Flow from Investing Activities	(\$2,524,386)	(\$740,094)
FINANCING ACTIVITIES		
Dividends Paid	(\$500,000)	\$0
Change in Long Term Debt	(\$1,000,000)	\$767,976
Term Deposit	\$0	(\$800,000)
Cash Flow from Financing Activities	(\$1,500,000)	(\$32,024)
Change in Cash & Equivalents	(\$2,610,373)	(\$355,733)
Cash & Equivalents, Opening Balance	\$3,162,454	\$986,233
Cash & Equivalents, Closing Balance	\$552,080	\$630,500

Segmented Portfolio Return 2021/22 to 2023/24



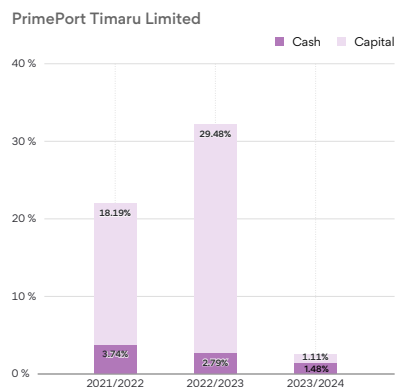
AVERAGE 3 YEAR TOTAL RETURN

13.92%



AVERAGE 3 YEAR TOTAL RETURN

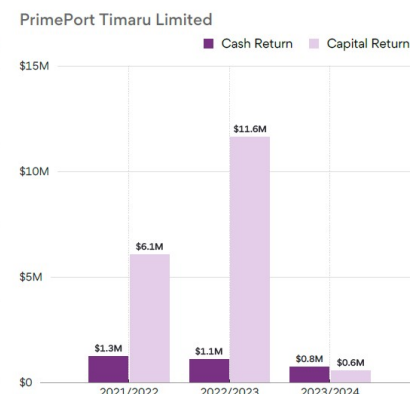
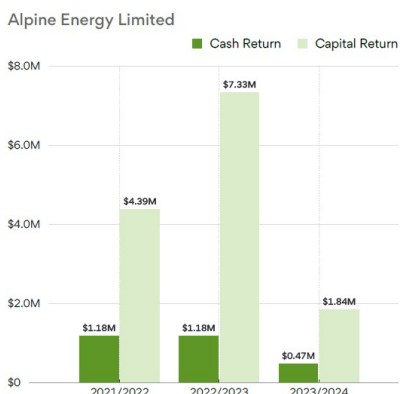
6.52%



AVERAGE 3 YEAR TOTAL RETURN

18.93%

The Property Portfolio returns include property available to lease on commercial terms. Legacy properties (e.g. 1 Unwin Street) and Capital Projects (e.g. Martin Street) are excluded from the calculation. FY24 returns based on all properties' owned by TDHL are as follows; Cash 4.74%, Capital 5.87%, Total 10.61%.



- The graphs above show the last 3 years return from each of TDHL's investment sectors. The top graph shows percentage return and the lower graph shows absolute/dollar return.
- These show the strong cash and capital returns generated from the property portfolio and the predominance of the capital return that is generated by Alpine and PrimePort. It is important to note that Alpine and PrimePort are subject to 3 to 5 yearly asset revaluation cycles that results in a lumpy capital return profile. TDHL is required to revalue its property portfolio annually.
- The 2023/24 year presented challenging trading considerations for both associates which was further impacted by changes to tax legislation.