

The Chief Executive  
Timaru District Council  
[nigel.trainor@timdc.govt.nz](mailto:nigel.trainor@timdc.govt.nz)

8 May 2024

Dear Nigel

**Report for period 1 July 2023 to 31 March 2024**

Please find attached the TDHL report for the period 1 July 2023 to 31 March 2024.

The 1 February 2024 Letter of Expectations from Council asked for updated quarterly reporting and performance measurement. In response to this, TDHL has reviewed and refreshed the content and style of the report. To this end, the report now:

- Provides progress updates against the Statement of Intent (Sol) Annual Activity and Performance Targets.
- Provides bullet pointed updates on engagement with TDC, associate activities and the property portfolio.
- Provides progress updates against the Sol Financial Performance Targets.
- Includes financial statements with a commentary on variances and forecasts.

It is noted that this report was prepared as at 31 March 2024, therefore it does not fully incorporate the effects of not receiving the Alpine dividend as forecast.

Further to the report, recent key highlights include:

- Extensive engagement with the Alpine Board and fellow shareholders in regard to the price path correction. This has a significant and material impact on TDHL and we continue to model the impacts. The timeframes for resolution with the Commerce Commission have yet to be determined.

[tdhl.co.nz](http://tdhl.co.nz) 

[admin@tdhl.co.nz](mailto:admin@tdhl.co.nz) 

PO Box 178 Timaru 7910 

- We would like to thank Councillors for their attendance at the 16 April workshop and valuable discussion on the TDHL Investment Policy Statement. This document has now been finalised and TDHL is actively applying it as we look to diversify our portfolio.
- TDHL is pleased to announce the appointment of local Director Amanda Johnston to the Board of PrimePort. Amanda began her role by joining the May Board Strategy session which provides the perfect introduction for her to the company and other Directors.

As this is the first presentation of the refreshed reporting, we would like to request feedback from Councillors, as we are keen to work to refine the report to ensure that it meets the needs of Council and accurately supports purposeful and meaningful reporting.

Sincerely



**Mark Rogers**

**TDHL Chair**

tdhl.co.nz 

admin@tdhl.co.nz 

PO Box 178 Timaru 7910 

# Quarterly Report

Report for the period 1 July 2023 to 31 March 2024

## Activity and Performance Targets

The specific 2023/24 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><b>Intergenerational Investments</b></p> <p>Annually undertake at least one workshop with each associate on Board skills matrix, succession planning, strategic outlook and financial performance.</p> <p>✓ Alpine Chair attended December meeting, PrimePort chair attended Feb meeting</p>	+	<p><b>Property Portfolio</b></p> <p>Achieve a three-year rolling average return on investment of 7% or greater for Port property held for investment purposes.</p> <p>✓ This is calculated at end of FY. Year to date revenue ahead of budget.</p>	+	<p><b>New Investments and Diversification</b></p> <ul style="list-style-type: none"> <li>Develop a Statement of Investment Policy and Objectives.</li> </ul> <p>✓ Complete. Presented to Council 16 April</p>	=	<p><b>Shareholder Return</b></p> <p>Pay a dividend to TDC of \$1M. Hold at least one workshop with Council per annum. Achieve statutory compliance. Review the dividend policy</p> <p>Dividend of \$500k paid to date.</p> <p>✓ Workshops held 6/12/23 &amp; 16/4/24. Achieving compliance. Revised dividend policy 24/25 SOI</p>
<p><b>Relationships + Partnerships</b></p> <p>That the TDHL Chair and/or GM presents the quarterly reports to Council.</p> <p>✓ Chair and GM presented reports at 17 October, 12 December and 26 March Council meetings. Workshops held 6 December and 16 April. The Board also welcomed the Mayor and CE for part of the April Board meeting.</p>						

**Timaru District Council**




- TDHL continue to engage with Council at a governance and management level to ensure alignment heading into the LTP and to identify and foster overlapping opportunities.
- TDHL thanks Council for considering the draft Sol.
- In the upcoming quarter, we are looking forward to the 16 April Workshop, providing the final Sol in June and a further workshop in August.

**Alpine Energy**




- Shareholder officers have been working on SCI and AMP feedback.
- Shareholders received the first full report from the Alpine Chair and CEO in late March on the price path correction.
- In the upcoming quarter, there are shareholder and Alpine Board workshops in early April and mid May to receive the final SCI and be updated on the release of the draft DDP4 settings.

**PrimePort Timaru**



- A recruitment process is complete for a new locally based Director for the PrimePort Board.
- In the upcoming quarter, the focus will be on the joint PrimePort/TDHL submission at the District Plan review hearings

**Property Portfolio**



- Asbestos removal is underway at 101 to 107 Stafford St.
- Construction contracts have been issued for the restoration works at 117 Stafford St – the Union Bank building.
- Opportunities for the Lyndon St and Martin St sites continue to be actively pursued.

Financial Performance Targets	Measure	2023/24 SOI Target	Forecast and achievement
<p>An assessment of TDHL's achievement against the performance targets is set out below. It shows that targets are forecast to be achieved.</p> <p><i>The financial statements for the nine months ending 31 March 2024 are attached.</i></p>	<b>EBITA</b>	\$3,040,215	✓ \$3,170,374
	<b>Net Profit to S/H funds</b>	6.9%	✓ 6.9%
	<b>Net tangible assets per share</b>	\$6.20	✓ \$6.20
	<b>Earnings per share</b>	\$0.43	✓ \$0.43
	<b>Dividends per share</b>	\$0.03	✓ \$0.03
	<b>Shareholder funds to total assets</b>	87%	✓ 87%

## Profit and Loss

- The year-to-date Net Income is \$982k, ahead of YTD budget of \$802k. This is primarily due to higher rental income and lower than budgeted costs.
- The lower than budgeted Other Income is due to reduced dividends received from associates and the delayed timing of Showgrounds property settlement.

## Profit and Loss - For the 9 months ended 31 March 2024

PROFIT & LOSS	2022/2023 (YTD)	2023/2024 (YTD)	Budget 2023/2024 (YTD)	Budget 2023/2024 (Full Year)
Revenue	\$2,142,132	\$2,417,014	\$2,294,514	\$3,180,519
Cost of Sales	\$485,084	\$552,435	\$631,785	\$847,952
<b>Gross Profit</b>	<b>\$1,657,047</b>	<b>\$1,864,579</b>	<b>\$1,662,729</b>	<b>\$2,332,567</b>
Expenses	\$1,307,154	\$753,678	\$1,237,824	\$1,536,481
<b>Operating Profit</b>	<b>\$349,893</b>	<b>\$1,110,901</b>	<b>\$424,905</b>	<b>\$796,086</b>
Other Income	\$2,469,923	\$1,228,639	\$2,138,718	\$2,374,288
<b>Earnings Before Interest &amp; Tax</b>	<b>\$2,819,816</b>	<b>\$2,339,540</b>	<b>\$2,563,623</b>	<b>\$3,170,374</b>
Interest Income	\$129,632	\$102,598	\$0	\$0
Interest Expenses	\$1,088,687	\$1,459,298	\$1,619,699	\$2,183,534
<b>Earnings Before Tax</b>	<b>\$1,860,762</b>	<b>\$982,839</b>	<b>\$943,924</b>	<b>\$986,840</b>
Adjustments	\$0	\$0	\$141,905	\$141,905
<b>Net Income</b>	<b>\$1,860,762</b>	<b>\$982,839</b>	<b>\$802,019</b>	<b>\$844,935</b>
<b>Retained Income</b>	<b>\$1,860,762</b>	<b>\$982,839</b>	<b>\$802,019</b>	<b>\$844,935</b>

## Balance Sheet/Statement of Cashflows

- The balance sheet and statement of cashflows reflect the increased equity position from the close of the 2023 year, primarily a result of asset revaluation.

## Balance Sheet - As at 31 March 2024

BALANCE SHEET	2022/2023 (YTD)	2023/2024 (YTD)
<b>ASSETS</b>		
Cash & Equivalents	\$4,641,009	\$808,302
Accounts Receivable	\$114,235	\$209,307
Other Current Assets	\$227,874	\$147,643
<b>Total Current Assets</b>	<b>\$4,983,118</b>	<b>\$1,165,252</b>
Investments or Other Non-Current Assets	\$174,849,583	\$208,299,638
<b>Total Non-Current Assets</b>	<b>\$174,849,583</b>	<b>\$208,299,638</b>
<b>Total Assets</b>	<b>\$179,832,700</b>	<b>\$209,464,890</b>
<b>LIABILITIES</b>		
Accounts Payable	\$229,680	\$193,283
Tax Liability	\$1,047,142	\$870,909
Other Current Liabilities	\$36,127	\$88,666
<b>Total Current Liabilities</b>	<b>\$1,312,949</b>	<b>\$1,152,858</b>
Long Term Debt	\$27,680,613	\$27,980,613
<b>Total Non-Current Liabilities</b>	<b>\$27,680,613</b>	<b>\$27,980,613</b>
<b>Total Liabilities</b>	<b>\$28,993,562</b>	<b>\$29,133,471</b>
<b>EQUITY</b>		
Retained Earnings	\$112,287,841	\$130,182,394
Current Earnings	\$1,860,762	\$982,839
Other Equity	\$36,690,536	\$49,166,186
<b>Total Equity</b>	<b>\$150,839,138</b>	<b>\$180,331,419</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$179,832,700</b>	<b>\$209,464,890</b>

## Statement of Cash Flows - For the 9 months ended 31 March 2024

CASH FLOW STATEMENT	2022/2023 (YTD)	2023/2024 (YTD)
<b>OPERATING ACTIVITIES</b>		
Rentals	\$2,575,981	\$2,706,508
Interest received	\$129,632	\$102,598
Dividends Received from Alpine Energy	\$1,177,848	\$942,279
Dividends Received from Primeport	\$1,100,000	\$757,500
	<b>\$4,983,462</b>	<b>\$4,508,884</b>
Payments to suppliers and employees	(\$1,694,868)	(\$1,811,971)
Interest Payments & Line of Credit	(\$960,448)	(\$1,433,105)
	<b>(\$2,655,316)</b>	<b>(\$3,245,076)</b>
<b>Cash Flow from Operating Activities</b>	<b>\$2,328,146</b>	<b>\$1,263,808</b>
<b>INVESTING ACTIVITIES</b>		
Showgrounds sale	\$663,075	\$0
Capital Works	(\$4,634,984)	(\$3,017,960)
<b>Cash Flow from Investing Activities</b>	<b>(\$4,634,984)</b>	<b>(\$3,017,960)</b>
<b>FINANCING ACTIVITIES</b>		
Dividends Paid	(\$500,000)	(\$500,000)
Change in Long Term Debt	\$3,500,000	(\$100,000)
<b>Cash Flow from Financing Activities</b>	<b>\$3,000,000</b>	<b>(\$600,000)</b>
<b>Change in Cash &amp; Equivalents</b>	<b>\$693,162</b>	<b>(\$2,354,151)</b>
Cash & Equivalents, Opening Balance	\$3,284,772	\$3,162,454
Cash & Equivalents, Closing Balance	\$4,641,009	\$808,302

## Movements in Equity - For the 9 months ended 31 March 2024

Movements in Equity	2023/2024 (YTD)
Equity - Opening Balance	\$179,848,580
Current Year Earnings	\$979,496
Equity Dividends Paid	(\$500,000)
<b>Total Equity</b>	<b>\$180,328,075</b>