

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

25 November 2024

Dear Nigel

**Report for period 1 July 2024 to 30 September 2024**

Please find attached the TDHL report for the period 1 July 2024 to 30 September 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 financial year to 30 September 2024.

The statements show that at this early stage, TDHL is tracking ahead of budget. With the majority of TDHL's revenue forecast to be received in the second and fourth quarters of the financial year, we are well placed to meet our year end forecasts.

Regards



**Frazer Munro**  
**General Manager**

# 24/25 Q1 Quarterly Report

Report for the period 1 July 2023 to 30 September 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><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>On track. Workshops planned for Q2 and Q3</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>To be calculated at the end of the 2024/25 year.</p>	<p><b>New Investments and Diversification</b></p> <ul style="list-style-type: none"> <li>Complete construction of Stage 1 of Lyndon Street.</li> <li>Review Capital Structure</li> </ul> <p>On track. Lyndon construction tenders issued. Capital review underway.</p>	<p><b>Shareholder Return</b></p> <ul style="list-style-type: none"> <li>Pay a dividend to TDC of \$1.2m.</li> <li>Hold at least one workshop with Council per annum.</li> <li>Achieve statutory compliance</li> </ul> <p>Dividend to be considered at the end of financial year. Workshop held 27 Aug. 2024 compliance achieved</p>
<p><b>Relationships + Partnerships</b></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 and 17 September Council meetings. Workshop held 27 August. Achieved - external Board review completed and shared with Council.</p>			

**Timaru District Council**



- The Chair and the GM continue to regularly engage with Councillors and officers on matters of joint interest.
- The Chair, deputy Chair and GM provided Councillors with performance and associate update in August.

**Alpine Energy**



- The collective appointment process successfully resulted in the appointment of 3 new directors to the Alpine Board.
- TDHL attended the Alpine AGM and workshop in August which included a TDHL/AEL Board to Board meeting.
- Alpine continues to engage with the Commerce Commission to remedy the price path correction.

**PrimePort Timaru**



- A TDHL and PrimePort Board to Board meeting was held in late September.
- With the joint venture agreement with Port of Tauranga now 10 years old, work is underway to reaffirm the objectives of partnership.
- Work on the joint District Plan Review submission and attendance at hearings continues.

**Property Portfolio**



- Construction works are ongoing for the restoration works at 117 Stafford St - the Union Bank building, with a programmed completion of late October.
- Engineering approval from TDC for the Lyndon St extension works was issued in October with the construction tender currently issued.

## Financial Performance Targets

An assessment of TDHL's achievement against the performance targets is set out below. It shows that targets are forecast to be achieved.

*The financial statements for the three months ending 30 September 2024 are attached.*

Measure	2024/25 SOI Target	Forecast
<b>EBITA</b>	\$2,341,051	✔ \$2,415,538
<b>Net Profit to S/H funds</b>	6.8%	✔ 7.1%
<b>Net tangible assets per share</b>	\$6.40	✔ \$6.56
<b>Earnings per share</b>	\$0.45	✔ \$0.45
<b>Dividends per share</b>	\$0.04	✔ \$0.04
<b>Shareholder funds to total assets</b>	86%	✔ 86%

## Profit and Loss – For the 3 months ended 30 September 2024

- The year to date operating profit of \$270k is positive to budget of \$197k, as is the net income to date of - \$223k against budget of - \$301k. The negative net income is a reflection of the large quarterly and 6-monthly rental payments that are not received until 1 October onwards.
- Revenue is solely from property with the annual PrimePort dividend expected in Q2 and no Alpine dividend forecast.

PROFIT & LOSS	2023/2024 (YTD)	2024/2025 (YTD)	Budget 2024/2025 (YTD)	Budget 2024/2025 (Full Year)	Projection (YTD actual + budget)
Revenue	\$732,762	\$807,518	\$825,641	\$3,555,086	\$3,536,963
Cost of Sales	\$220,047	\$264,892	\$306,813	\$987,314	\$945,393
<b>Gross Profit</b>	<b>\$512,715</b>	<b>\$542,626</b>	<b>\$518,828</b>	<b>\$2,567,772</b>	<b>\$2,591,570</b>
Expenses	\$272,060	\$272,205	\$320,894	\$2,124,721	\$2,076,032
<b>Operating Profit</b>	<b>\$240,655</b>	<b>\$270,421</b>	<b>\$197,934</b>	<b>\$443,051</b>	<b>\$515,538</b>
Other Income	\$235,570	\$0	\$0	\$1,900,000	\$1,900,000
<b>Earnings Before Interest &amp; Tax</b>	<b>\$476,224</b>	<b>\$270,421</b>	<b>\$197,934</b>	<b>\$2,343,051</b>	<b>\$2,415,538</b>
Interest Income	\$70,159	\$9,615	\$0	\$39,768	\$49,383
Interest Expenses	\$481,475	\$503,231	\$499,701	\$2,051,372	\$2,054,902
<b>Earnings Before Tax</b>	<b>\$64,908</b>	<b>-\$223,195</b>	<b>-\$301,767</b>	<b>\$331,447</b>	<b>\$410,019</b>
Tax Expenses	\$0	\$0	\$0	-\$117,195	-\$117,195
<b>Earnings After Tax</b>	<b>\$64,908</b>	<b>-\$223,195</b>	<b>-\$301,767</b>	<b>\$448,642</b>	<b>\$527,214</b>
Incorporation of Associate Surplus	\$0	\$0	\$0	\$13,376,850	\$13,376,850
<b>Net Income</b>	<b>\$64,908</b>	<b>-\$223,195</b>	<b>-\$301,767</b>	<b>\$13,825,492</b>	<b>\$13,904,064</b>
<b>Retained Income</b>	<b>\$64,908</b>	<b>-\$223,195</b>	<b>-\$301,767</b>	<b>\$13,825,492</b>	<b>\$13,904,064</b>

## Movements in Equity – For the 3 months ended 30 September 2024

Movements in Equity	2024/2025 (YTD)
Equity - Opening Balance	\$185,525,493
Current Year Earnings	-\$223,195
Equity Dividends Paid	\$0
<b>Total Equity</b>	<b>\$185,302,298</b>

## Balance Sheet – As at 30 September 2024

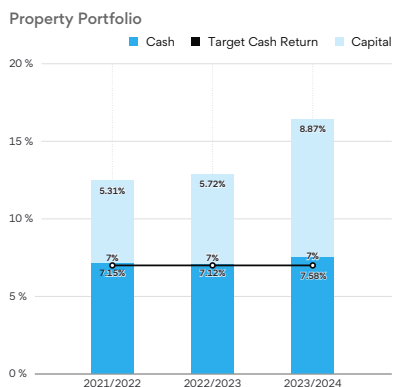
The positive influence of the the property revaluation and positive growth in associates has contributed to equity increasing to \$215m.

<b>BALANCE SHEET</b>	<b>2023/2024 (YTD)</b>	<b>2024/2025 (YTD)</b>
<b>ASSETS</b>		
Cash & Equivalents	\$2,614,257	\$525,154
Accounts Receivable	\$79,293	\$29,332
Other Current Assets	\$147,643	\$478,886
<b>Total Current Assets</b>	<b>\$2,841,193</b>	<b>\$1,033,373</b>
Investments or Other Non-Current Assets	\$206,825,320	\$214,470,002
<b>Total Non-Current Assets</b>	<b>\$206,825,320</b>	<b>\$214,470,002</b>
<b>Total Assets</b>	<b>\$209,666,513</b>	<b>\$215,503,375</b>
<b>LIABILITIES</b>		
Accounts Payable	\$786,603	\$697,499
Tax Liability	\$879,992	\$621,450
Other Current Liabilities	\$5,818	\$1,515
<b>Total Current Liabilities</b>	<b>\$1,672,412</b>	<b>\$1,320,464</b>
Long Term Debt	\$28,080,613	\$28,880,613
<b>Total Non-Current Liabilities</b>	<b>\$28,080,613</b>	<b>\$28,880,613</b>
<b>Total Liabilities</b>	<b>\$29,753,026</b>	<b>\$30,201,077</b>
<b>EQUITY</b>		
Retained Earnings	\$130,182,394	\$136,859,307
Current Earnings	\$64,908	-\$223,195
Other Equity	\$49,666,186	\$48,666,186
<b>Total Equity</b>	<b>\$179,913,488</b>	<b>\$185,302,298</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$209,666,513</b>	<b>\$215,503,375</b>

## Statement of Cash Flows - For the 3 months ended 30 September 2024

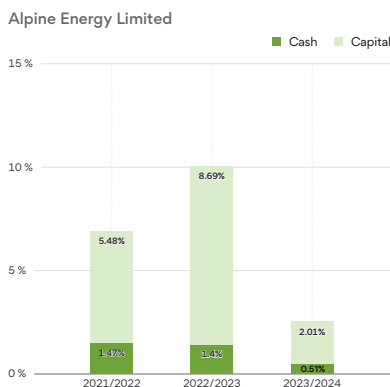
	<b>2023/2024 (YTD)</b>	<b>2024/2025 (YTD)</b>
<b>OPERATING ACTIVITIES</b>		
Rentals	\$834,869	\$997,574
Interest received	\$70,159	\$9,615
Dividends Received from Alpine Energy	\$706,709	\$0
	<b>\$1,611,737</b>	<b>\$1,007,189</b>
Payments to suppliers and employees	(\$600,535)	(\$649,098)
Interest Payments & Line of Credit	(\$498,263)	(\$529,118)
	<b>(\$1,098,798)</b>	<b>(\$1,178,216)</b>
<b>Cash Flow from Operating Activities</b>	<b>\$512,939</b>	<b>(\$171,027)</b>
<b>INVESTING ACTIVITIES</b>		
Capital Works	(\$1,061,135)	(\$290,051)
<b>Cash Flow from Investing Activities</b>	<b>(\$1,061,135)</b>	<b>(\$290,051)</b>
<b>FINANCING ACTIVITIES</b>		
<b>Cash Flow from Financing Activities</b>	<b>\$0</b>	<b>\$0</b>
<b>Change in Cash &amp; Equivalents</b>	<b>(\$548,196)</b>	<b>(\$461,079)</b>
Cash & Equivalents, Opening Balance	\$3,162,454	\$986,233
Cash & Equivalents, Closing Balance	\$2,614,257	\$525,154

## Segmented Portfolio Return 2021/22 to 2023/24



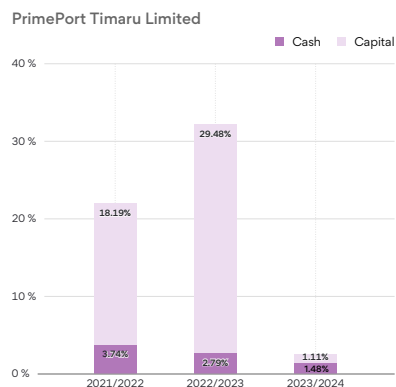
AVERAGE 3 YEAR TOTAL RETURN

**13.92%**



AVERAGE 3 YEAR TOTAL RETURN

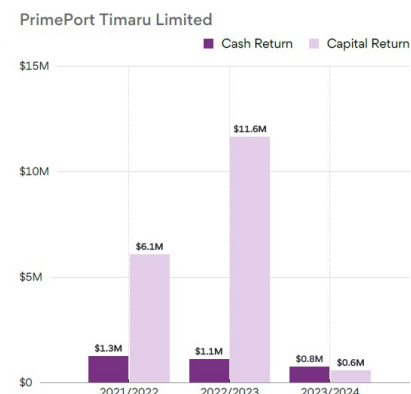
**6.52%**



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 inplacted by changes to tax legislation.