

The Chief Executive
Timaru District Council
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21 August 2025

Dear Nigel

Report for year ending 30 June 2025

Please find attached the TDHL report for the year ending 30 June 2025, associated unaudited financial statements, and activity updates. The report is prepared in accordance with the 2024/2025 Statement of Intent which can be found [here](#). The financial statements, although draft and unaudited, include the incorporation of associates surplus and the property revaluation.

The underlying result shows a strong positive operational performance with Earnings Before Tax of \$471k, above budget of \$331k. This, supported by the sale of the Stafford Street properties, has ensured that TDHL has been able to fund the \$1.2m dividend to Council from free cashflow. This is illustrated in the waterfall diagram at the bottom of page 4 of the report.

Overall, the net result highlights the significant influence of incorporating the non-cash performance of the associate investments. Despite an above budget performance from PrimePort and a strong property revaluation, the share of Alpine loss at $-\$6.24\text{m}$ has reduced TDHL's Net Profit to $\$2.33\text{m}$.

The report also covers the Statement of Intent performance indicators. For the 2024/25 year, TDHL has met all activity targets for the year. However, as a consequence of having to include associate loss into TDHL's retained income, many of the Financial Performance Targets have not been achieved.

The bar graph at the bottom of page 4 of the report shows the returns from TDHL's core investment portfolios (PrimePort, Alpine and Property). These have been broken down into percentage returns (both cash and equity) over the past

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4 years. These graphs clearly show the significant influence that incorporation of associates equity has on TDHL's results.

Looking ahead to November we will be welcoming Councillors to the TDHL Annual General Meeting and an opportunity to meet with the full TDHL Board.

As always, we look forward to the opportunity to discuss this report with Council and welcome any questions.

Regards



Frazer Munro
General Manager

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Fourth Quarter Report

Report for the period 1 July 2024 to 30 June 2025

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>3-year rolling return on Port property at 30 June = 7%</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>Lyndon St construction completion in May. 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 paid June 2025. Workshop held 27 Aug 2024 and June 2025. 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>Achieved. Chair and GM presented reports at 1 July, 17 September, 10 December 2024, 4 March and 3 & 24 June 2025 Council meetings. Workshops held 27 August 2024, 18 February and 17 June 2025. Achieved - external Board review completed and shared with Council.</p>		

Timaru District Council



- TDHL would like to thank Councillors and officers for support and engagement over the last 3 years.
- The full TDHL Board attended the Council workshop on 17 June.
- TDHL management continues to work with Council officers and Venture Timaru executive on matters of joint interest.

Alpine Energy



- Alpine's financial year ended 31 March. Slower network growth resulted in EBITA of \$4.7m but the impact of the Price Path Correction resulted in a Net Loss of \$13.1m
- This disappointing loss will flow through to materially impact TDHL's financial KPI's.
- The Shareholders relationship continues to strengthen through collaboration on four new appointments to the Alpine Board and a joint response to the Statement of Corporate Intent, the final of which was received in June.

PrimePort Timaru



- PrimePort's financial year ended 30 June and has had a strong year with revenue and profit ahead of budget and previous years result.
- Full audited results will be released by Primeport in September.
- The PrimePort Chair presented to the June TDHL meeting with a performance update.
- Work continues on the joint District Plan Review submission and attendance at hearings. It is hoped this process is nearing finalisation.

Property Portfolio



- It has been another busy year on the property front with the Lyndon Street extension and industrial estate completed, first stage of the Union Bank restoration completed.
- Works commenced in June on the sealing upgrade on the 10,000m2 yard at 59 Hayes Street, a major project adding financial and tenant resilience.
- In late June, works commenced restoring the facade of the Union Bank building and preparing the ground floor for the Venture Timaru tenancy.

Financial Performance Targets

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

Measure	2024/25 SOI Target	Actual
EBITA	\$2,341,051	⊗ \$2,084,313
Net Profit to S/H funds	6.8%	⊗ 1.3%
Net tangible assets per share	\$6.40	⊗ \$6.02
Earnings per share	\$0.45	⊗ \$0.08
Dividends per share	\$0.04	⊙ \$0.04
Shareholder funds to total assets	86%	⊙ 85.5%

Profit and Loss – For the year ended 30 June 2025

- The full year operating profit of \$1.33m is materially positive to budget of \$443k. This is a combination of not recognising the non-cash costs of sale on Showgrounds and broader cost control measures.
- As per the mid-year report, as a result of moving the Showgrounds settlement to next financial year, forecast full year other income is reduced.
- Despite this, significant savings in interests costs as a result of refinancing to LGFA has resulted in an Earnings before tax of \$471k positive to budget of \$331k. This represents a strong operational result and positive performance over areas that TDHL has direct control.
- As a result of the deferred tax treatment introduced on buildings last year, there is a requirement for TDHL to recognise a non-cash tax expense of \$216k.
- TDHL's Retained Income / Net Profit includes the non-cash incorporations. An above budget performance from Primeport and strong property portfolio revaluation have supported a Net Profit of \$2.33m, despite incorporating the share of Alpine's loss at \$-6.244m.

PROFIT & LOSS	2023/2024	2024/2025	Budget 2024/2025
Revenue	\$3,312,943	\$3,601,395	\$3,555,086
Cost of Sales	\$672,553	\$1,043,116	\$987,315
Gross Profit	\$2,640,390	\$2,558,279	\$2,567,771
Expenses	\$1,069,557	\$1,226,537	\$2,124,716
Operating Profit	\$1,570,833	\$1,331,742	\$443,055
Other Income	\$1,228,639	\$752,571	\$1,900,000
Earnings Before Interest & Tax	\$2,799,472	\$2,084,313	\$2,343,055
Interest Income	\$113,617	\$30,848	\$39,768
Interest Expenses	\$2,000,231	\$1,643,935	\$2,051,372
Earnings Before Tax	\$912,858	\$471,225	\$331,451
Tax Expenses	-\$583,056	\$29,460	-\$117,195
Earnings After Tax	\$1,495,914	\$441,765	\$448,646
Incorporation of Associate Surplus / Revaluation	\$5,180,509	\$1,888,884	\$13,376,850
Net Income	\$6,676,423	\$2,330,649	\$13,825,496
Retained Income	\$6,676,423	\$2,330,649	\$13,825,496

Movements in Equity – For the year ended 30 June 2025

Movements in Equity	2024/2025
Equity - Opening Balance	\$185,525,003
Current Year Earnings	\$2,330,649
Equity Dividends Paid	-\$1,200,000
Total Equity	\$186,655,652

Balance Sheet – As at 30 June 2025

BALANCE SHEET	2023/2024	2024/2025
ASSETS		
Cash & Equivalents	\$986,233	\$149,088
Accounts Receivable	\$98,403	\$176,558
Other Current Assets	\$565,509	\$972,627
Total Current Assets	\$1,650,144	\$1,298,273
Fixed Assets	\$0	\$1,183,653
Investments or Other Non-Current Assets	\$213,840,509	\$215,876,509
Total Non-Current Assets	\$213,840,509	\$217,060,162
Total Assets	\$215,490,653	\$218,358,435
LIABILITIES		
Accounts Payable	\$330,571	\$164,431
Tax Liability	\$624,142	\$326,711
Other Current Liabilities	\$130,324	\$165,903
Total Current Liabilities	\$1,085,037	\$657,045
Long Term Debt	\$28,880,613	\$31,045,738
Total Non-Current Liabilities	\$28,880,613	\$31,045,738
Total Liabilities	\$29,965,650	\$31,702,783
EQUITY		
Retained Earnings	\$130,182,394	\$136,858,817
Current Earnings	\$6,676,423	\$2,330,649
Other Equity	\$48,666,186	\$47,466,186
Total Equity	\$185,525,003	\$186,655,652
Total Liabilities & Equity	\$215,490,653	\$218,358,435

Statement of Cash Flows - For year ended 30 June 2025

CASH FLOW STATEMENT	2023/2024	2024/2025
OPERATING ACTIVITIES		
Rentals	\$3,782,395	\$4,106,062
Interest received	\$113,607	\$33,419
Dividends Received from Alpine Energy	\$942,279	\$0
Dividends Received from Primeport	\$757,500	\$750,000
	\$5,595,781	\$4,889,481
Payments to suppliers and employees	(\$2,331,273)	(\$3,055,261)
Interest Payments & Line of Credit	(\$1,923,315)	(\$1,496,905)
	(\$4,254,588)	(\$4,552,166)
Cash Flow from Operating Activities	\$1,341,193	\$337,315
INVESTING ACTIVITIES		
Sale of Stafford Street	\$0	\$704,823
Showgrounds Sale	\$0	\$100,000
Capital Works	(\$3,317,414)	(\$2,079,282)
Cash Flow from Investing Activities	(\$3,317,414)	(\$1,274,460)
FINANCING ACTIVITIES		
Dividends Paid	(\$1,000,000)	(\$1,200,000)
Change in Long Term Debt	\$800,000	\$2,100,000
Term Deposit	\$0	(\$800,000)
Cash Flow from Financing Activities	(\$200,000)	\$100,000
Change in Cash & Equivalents	(\$2,176,221)	(\$837,145)
Cash & Equivalents, Opening Balance	\$3,162,454	\$986,233
Cash & Equivalents, Closing Balance	\$986,233	\$149,088

Segmented Portfolio Return 2021/22 to 2024/25

Property Portfolio



AVERAGE 3 YEAR TOTAL RETURN

12.2%

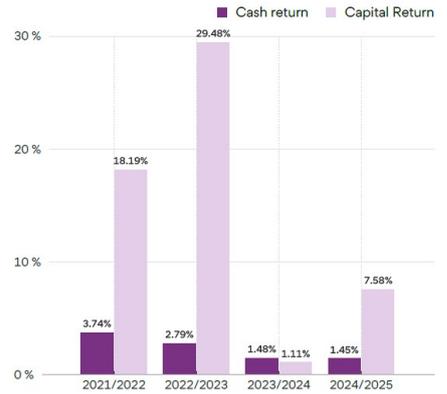
Alpine Energy Limited



AVERAGE 3 YEAR TOTAL RETURN

1.9%

PrimePort Timaru Limited

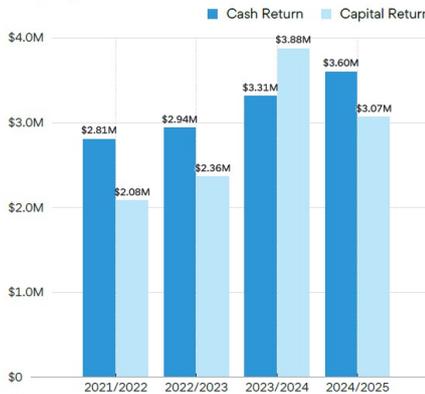


AVERAGE 3 YEAR TOTAL RETURN

14.6%

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.

Property Portfolio



Alpine Energy Limited



PrimePort Timaru Limited



- 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 the associates (with the exception of this year for AEL). It is important to note that Alpine and PrimePort are subject to 3 to 5 yearly asset revaluation cycles that result in a lumpy capital return profile. TDHL is required to revalue its property portfolio annually.

2024/25 Profit Waterfall

