

27 January 2023

The Chief Executive
Timaru District Council
PO Box 522
Timaru 7940

via email: bede.carran@timdc.govt.nz

Dear Bede

Report for period 1 July to 31 December 2022

TDHL is pleased to present this report for the period 1 July 2022 to 31 December 2022.

The key areas of focus for TDHL since the September 2022 report have been finalising the refreshed strategic framework and completing the 2022 audit. The refreshed strategic framework is incorporated into, and underpins, the new 2023 Statement of Intent that will be provided to Council in late February.

The 2022 audit was successfully completed on 23 November 2022, with an unmodified opinion issued by Audit NZ. This is particularly pleasing given the historic technical restatements required by Audit NZ and ensures TDHL continues to achieve regulatory compliance.

The activity updates below provide further details and the commentary on the financial statements shows that the steady start to the year has been maintained.

The focus for the next six months, beyond business as usual, is to: continue our engagement with Council; to build on our relationships with our associates and fellow shareholders; and to ensure the business is equipped to deliver the outcomes of the new Statement of Intent.

Financial Performance

The TDHL financial statements as at 31 December 2022 are provided below.



Profit and Loss

- The year-to-date operating surplus is \$1.5M compared to budget of \$1.9M. The variance is a result of the \$471k AEL dividend received in July 2022 being transferred and recognised in the previous financial year as required by the Auditors. For clarity, the AEL dividends are being received as forecast and TDHL is achieving forecast cash budget and would meet full year forecasts had the auditors not required this recognition.
- The variance in Showgrounds (-\$47k verses \$141k) is a result of part of the staged transfer of land in the current Agreement yet to be completed. This is tracking to settle this financial year.
- Total finance costs are below budget due to lower overall debt and interest rates slightly below forecasts.
- Other revenue and expense items are to budget.

Movements in Equity / Statement of Cashflows

- The Statement of Cashflows illustrates the actual receipt of dividends as detailed above.
- The \$500,000 dividend to TDC as paid in November 2022 is shown.
- A further \$500,00 dividend to TDC is forecast to be paid in June 2023.

Balance Sheet

- The balance sheet and statement of cashflows shows a very strong cash position. This will be quickly reduced to the Statement of Intent target levels in mid 2023, as a result of the dividend payment to TDC, contract payments for the 3 Fraser St site sealing and the tax provision.

Governance

Timaru District Council

- An unmodified audit opinion was issued by Audit NZ on 23 November 2022.
- Following extensive work by the TDHL Board, the refreshed TDHL strategic framework was finalised in December. This work was presented to Councillors at the TDHL AGM on 7 December 2022 and is now being incorporated into the updated 2023/24 Statement of Intent for presentation to Council.

PrimePort Timaru Limited

- TDHL continues to receive regular monthly reports from PrimePort.
- The PPT Chair is due to update the TDHL Board in February 2023.



Alpine Energy Limited

- TDHL management attended an AEL-hosted shareholders induction session on 14 November 2022 with other shareholders.
- The AEL Chair and new Chief Executive provided a performance and activity update to the TDHL Board on 7 December 2022.

Property

- Programmed rent reviews and renewals are ongoing.
- Preliminary site works commenced on the 3 Fraser Street site sealing project in early February 2023.

Yours sincerely



Mark Rogers
Chairperson



Profit and Loss

Timaru District Holdings Limited
 As at 31 December 2022

Account	YTD Actuals	YTD Budget	FY 2023 Budget	FY 2022 Actuals
Trading Income				
Property Operations				
Total Revenue	1,457,563	1,482,145	2,903,442	2,806,907
Total Expenses	408,156	443,997	833,989	592,306
Total Property Operations	1,049,407	1,038,148	2,069,453	2,214,601
Total Trading Income	1,049,407	1,038,148	2,069,453	2,214,601
Showgrounds				
Total Showgrounds	(47,239)	141,232	141,232	(30,383)
Gross Profit	1,002,167	1,179,380	2,210,685	2,184,219
Holding Company Operations				
Total Revenue	1,635,962	1,953,680	2,200,650	2,462,070
Total Operating Expenses	424,535	455,540	898,472	670,310
Total Holding Company Operations	1,211,427	1,498,140	1,302,178	1,791,759
Finance Costs				
Total Finance Costs	657,188	735,027	1,673,516	718,537
Operating Surplus (Deficit) Before Taxation	1,556,406	1,942,493	1,839,347	3,257,441

Movements in Equity

Timaru District Holdings Limited
 For the 6 months ended 31 December 2022

Account	Jul-Dec 2022
Equity	
Opening Balance	149,476,537
Current Year Earnings	1,556,406
Equity Dividends Paid	(500,000)
Total Equity	150,532,943

Statement of Cash Flows

Timaru District Holdings Limited
 As at 31 December 2022

Account	YTD	Prior YTD
Operating Activities		
Total Cash Received	3,820,658	3,852,208
Total Cash Disbursed	1,798,290	1,473,449
Net Cash Flows from Operating Activities	2,022,369	2,378,759
Investing Activities		
Sale of 101, 105 and 107 Stafford Street	360,000	0
Net Cash Flows from Investing Activities	360,000	0
Financing Activities		
Repayment of long-term loans	0	(1,000,000)
Dividends Paid to Shareholders	(500,000)	(500,000)
Net Cash Flows from Financing Activities	(500,000)	(1,500,000)
Net Cash Flows	1,882,369	878,759
Cash and Cash Equivalents		
Cash and cash equivalents at beginning of period	3,284,772	3,137,368
Cash and cash equivalents at end of period	5,167,141	4,016,128
Net change in cash for period	1,882,369	878,759

Balance Sheet

Timaru District Holdings Limited
 As at 31 December 2022

Account	31 Dec 2022	31 Dec 2021
Assets		
Total Bank	5,167,141	4,016,128
Total Current Assets	1,466,418	1,163,703
Non-current Assets		
Investment Properties - Buildings & Other Structures	4,641,000	4,622,000
Investment Properties - Land	40,847,123	39,022,895
Investments - Alpine Energy	84,391,000	80,477,000
Investments - Primeport	39,470,500	33,394,500
Total Non-current Assets	169,349,623	157,516,395
Total Assets	175,983,182	162,696,226
Liabilities		
Total Current Liabilities	1,269,625	1,217,693
Total Non-current Liabilities	24,180,613	24,680,613
Total Liabilities	25,450,239	25,898,306
Net Assets	150,532,943	136,797,920
Equity		
Retained Earnings	107,492,407	93,757,385
Shares	31,000,186	31,000,186
Asset Revaluation Reserve	12,040,350	12,040,350
Total Equity	150,532,943	136,797,920