

Investments

2024-2034 Activity Summary

The Activity manages the commercial investments of Council to ensure maximum returns are made as a dividend back to the ratepayers of Invercargill.

Those investments are comprised of:

- Invercargill City Holdings Limited - This is a Council Controlled Trading Organisation that is wholly owned by ICC. It owns:
 - Electricity Invercargill Limited (EIL) shares, and through EIL various interests in a range of subsidiaries in electricity generation and supply lines.
 - Invercargill Airport Limited (IAL) (97.4%).
 - Shares in Invercargill Central Limited that owns the recently-developed Inner City mall.
- Financial investments in term deposits - Council has a number of term deposits. Council's Treasury policy is based on a concept of net debt. Net debt is the total external debt minus cash holdings and term deposits. These term deposits ensure that Council has funds when necessary, and assists in keeping a sound credit rating that reduces the total cost of funds to the organisation. The investment portfolio typically earns higher interest than the cost of borrowing. The investments are actively managed in short-term deposits.
- Property investments - Council has a range of property investments managed by the Property team.

Potential loss of tenants, purchase of freehold interests by tenants, opportunities to invest in endowment fund and Council desire to use properties for strategic or community purposes, as well as ICHL aligning to Council vision and its ability to providing a long-term stable dividend are all risk factors for the Activity.

The Activity is also highly vulnerable to interest rates fluctuations and Council borrowing not in line with plan.

Council will continue to investigate the purchase of new property as and when it becomes available to ensure an appropriate Portfolio is maintained.

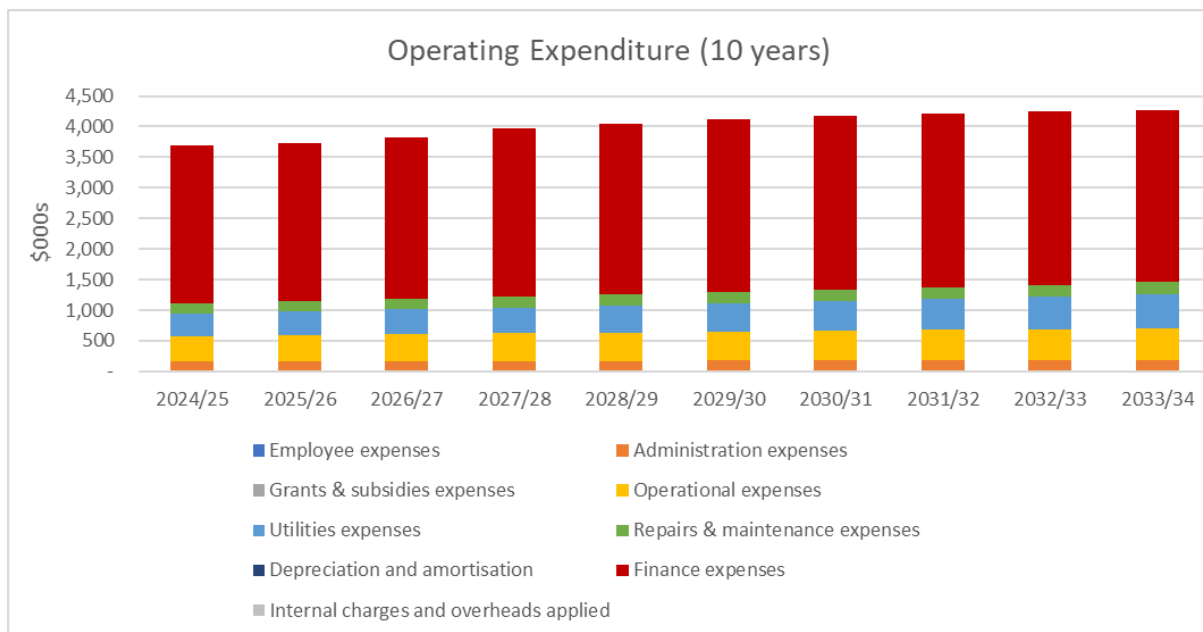
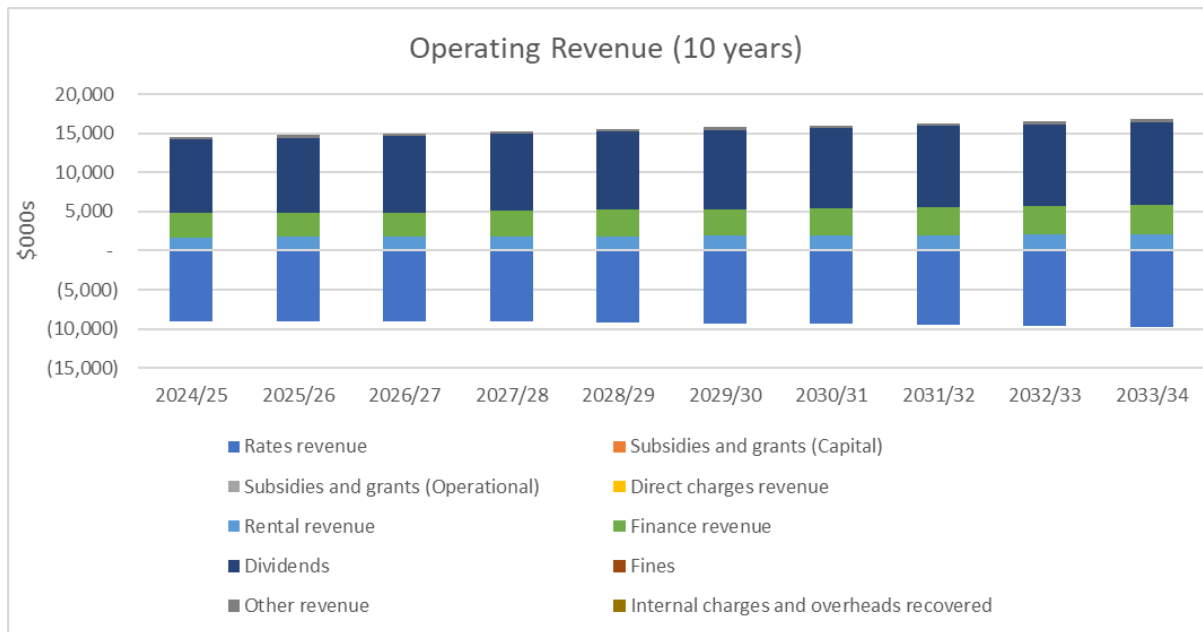
Key Projects

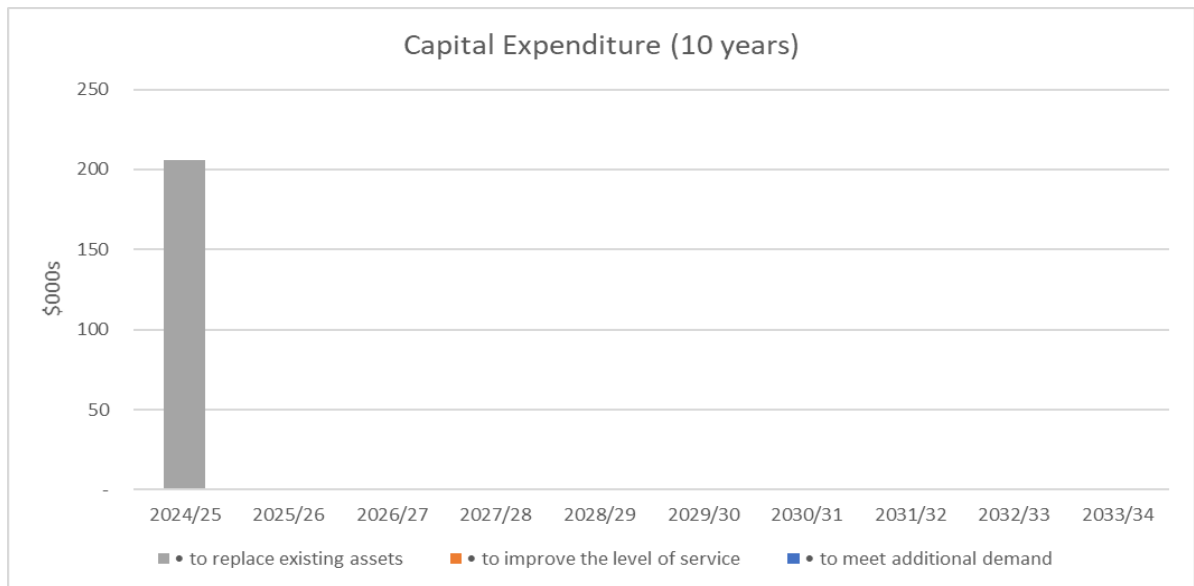
A review of investment properties to ensure alignment to Council strategic priorities is underway with a focus on identifying any suitable land for disposal.

Key Performance Indicators

Measure		Target
<i>Investment Property</i>		
Occupancy levels are greater than 95%		>95%
Total Gross Income over Total Asset value	Total portfolio	4% net return
	Investment Property portfolio (excluding Strategic and Vacant land) gross income over total asset value	5% net return
Net rate of return is greater than Council's planned cash deposit rate for the portfolio excluding Strategic, Development and Vacant land		> planned cash deposit rate 3.5%
<i>Other Investments</i>		
Net interest income is higher than budgeted		> Budget
Dividend income is in line with budget		= Budget

Budget





Figures in the graphs have been inflation adjusted. All other numbers are uninflated and are based on 2024-dollar levels