



QUAYSIDE
HOLDINGS

Quayside Group

Statement of Intent

for the year to 30 June 2022

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Foreword



As we look forward to celebrating our 30th year, Quayside reflects on a success that has exceeded all expectations. We celebrate a bold and pioneering journey to date that has benefited the ratepayers of the Bay of Plenty region through innovative and considered investments.

Since our establishment in 1991 by the Bay of Plenty Regional Council (Council), we have grown to an investment company with \$3.1 billion of assets, providing \$346m of dividend payments to the Council and \$200m support for regional development projects through the Perpetual Preference Shares (PPS). These resources in turn have generated positive environmental, social and governance outcomes for the region.

Quayside's History

Our condensed timeline

- 1991** • Quayside established as commercial investment arm of the Bay of Plenty Regional Council, borrowing \$53m to acquire Port of Tauranga shares from the Council.
- 1998** • Regional Council receives its first dividend (\$1.29m) from Quayside.
- 2005** • Quayside purchases substantial land holdings for The Business Park at Rangioru, through Quayside Properties Limited (QPL).
- 2008** • Regional Council raises \$200m through a Perpetual Preference Share issue in Quayside. These funds are held by Council and deployed into regional assets such as the University of Waikato campus in Tauranga.
- 2013** • Quayside's assets exceed \$1 billion.
- 2014** • Quayside is the founding shareholder in WNT Ventures (Tauranga-based technology incubator).
- 2015** • Quayside and Te Tumu Paeroa invest into OPAC, setting the scene for the Huakiwi investment two years later. The annual dividend payment to Council was \$16m.
- 2016** • Quayside becomes the cornerstone investor in Oriens Capital.
- 2017** • Quayside and Te Tumu Paeroa create a joint venture, Huakiwi Services Ltd, investing in kiwifruit orchards on local iwi freehold land.
- 2020** • Quayside assets for the community exceed \$3 billion. Government grant is received to advance key infrastructure for The Business Park at Rangioru for the benefit of the wider community.
- 2021** • Seeka Ltd acquires OPAC. As well as doubling Quayside's initial investment, this acquisition celebrates a wide-ranging success beyond commercial returns.
- 2021** • Quayside celebrates 30 years of creating value for the Bay of Plenty Regional Council and its ratepayers with a record dividend payment of \$33m.



Port of Tauranga



A key economic driver for the region

The Port of Tauranga (POTL) is a major asset of Quayside and as such, Quayside is required to maintain a majority shareholding in POTL, currently holding 54.14%.

In 1991, the value of POTL was \$53 million. Today, that shareholding is valued at \$2.7 billion. POTL has demonstrated strong and consistent growth during the last 30 years. In 2012, the NZ Productivity Commission recognised part of POTL's success was due to the Quayside / Council ownership structure. POTL is currently the largest container and bulk export port in the country, moving over 1.2 million containers in 2020 with plans for continued expansion.

Quayside's management of POTL shareholding not only provides a one-step removal for the Council as the regulator, but also provides strong distribution returns to the Council for the benefit of the region and the ratepayers. We will continue to support high quality independent governance of the POTL to assure it ongoing commercial success, as well as the positive impact on the regional community as a whole.

Dividend Payments



Commercial return for the good of the region

Through our team of investment experts, Quayside provides strong income to the Council, focussing on commercial return for the good of the region, along with wider benefits such as environmental considerations and positive social outcomes. Quayside is in a unique position to make a real difference to our region.

Over the course of its history, Quayside has provided \$346 million in cumulative cash dividends back to Council. This dividend has grown from \$1.29 million in 1998, to \$33 million in 2021. This is forecast to grow to a \$40 million dividend payment in 2022, providing a cornerstone of funding back to the Council to fund projects and improvements for the community.

In March 2008, the Council raised \$200 million through the issue of PPS in Quayside Holdings to the public with dividends paid back quarterly to shareholders. These funds were in turn applied directly to the Regional Infrastructure Fund, used by the Council to invest into infrastructure projects across the Bay of Plenty. One such recent infrastructure example is the University of Waikato satellite campus in the heart of Tauranga. Quayside continues to service the costs of Council receiving these funds through annual distributions. To date Quayside has paid dividends of \$112.6m to perpetual shareholders. Perpetual Preference Shares are tradeable on the NZDX.



Diversification



Targeted investment decisions

While Quayside will always maintain a majority share in POTL and support POTL in growing this asset, Quayside has also taken targeted investment decisions with non-port assets. A key focus has been diversification of our portfolio to reduce reliance on the POTL income stream, spread investment risk and create a buffer against market fluctuations to provide certainty to Council around the dividend payment.

The Quayside team manages strategic and innovative non-port investments to the value of \$400 million (and growing), across a variety of asset classes such as:

- Private equities
- Managed securities
- Land and property development (local and regional) – commercial buildings, land holdings, The Business Park at Rangioru
- New and emerging technologies
- Innovative investment

The Quayside Group embraces an endowment model that provides intergenerational returns to the Council by way of a cash dividend and indirectly through the co-benefits generated by investment projects in the region (e.g. development of kiwifruit orchards with Te Tumu Paeroa, investment in early-stage high growth potential companies such as HoneyLab and developing an industrial Park at Rangioru). Quayside is community minded whilst being commercially disciplined, aligning with partners that share the same values.

The Quayside Team



Part of the wider community

Since establishment by the Bay of Plenty Regional Council in 1991, Quayside has continued to grow and develop, attracting some of the very best talent to manage and grow Quayside's assets. Quayside's team of experts all live in the Bay of Plenty – this is a key component of our story as it makes our team unique given we are all part of the wider community.

Quayside's CEO, Scott Hamilton, has been with the company for over 10 years, steering its rapid growth and bold decision-making. Quayside's CEO is ably partnered by a leadership team with strong and demonstrable executive experience.

Highly capable people are critical to our ongoing success and provide a nucleus of expertise that helps attract investment to the Bay of Plenty.

The Business Park



A firm commitment to our region

The Business Park at Rangiuru is a large-scale development for Quayside over the coming years. QPL began acquiring the land in 2005, and the land was rezoned for industrial development in 2006. In 2015, the Tauranga Eastern Link created easier access to the park and in 2020, Quayside obtained \$18m Provincial Growth Funding to part-fund a motorway interchange.

Over four stages of development, The Business Park at Rangiuru will become a modern, future-focused, and high-quality business park located within the 'golden triangle' of transportation links, and alongside the Bay of Plenty's thriving industries.

The Business Park will be a connected industrial site by road, rail, and sea. The Business Park's proximity to the Port of Tauranga, is a critical and motivating factor for attracting investors and tenants.

As long-term investors in our community, Quayside Group brings a proven track record of stable investment and a firm commitment to our region to this project. It is estimated the Business Park will also create between 3,000 and 4,000 new jobs in the region.

Earthworks are due to commence in the spring of 2021.

Introduction



Quayside is an innovative organisation, driven by specialists who use Quayside’s commercial focus for the benefit of the regional ratepayer. Quayside’s positive impact can be felt through partnership with other organisations who mirror the same values – collaboration, sustainable and responsible investment, commercial discipline, and agility. Quayside aims, through the Council, to create a lasting impact for the community and the Bay of Plenty region. ***Innovation, impact, success.***

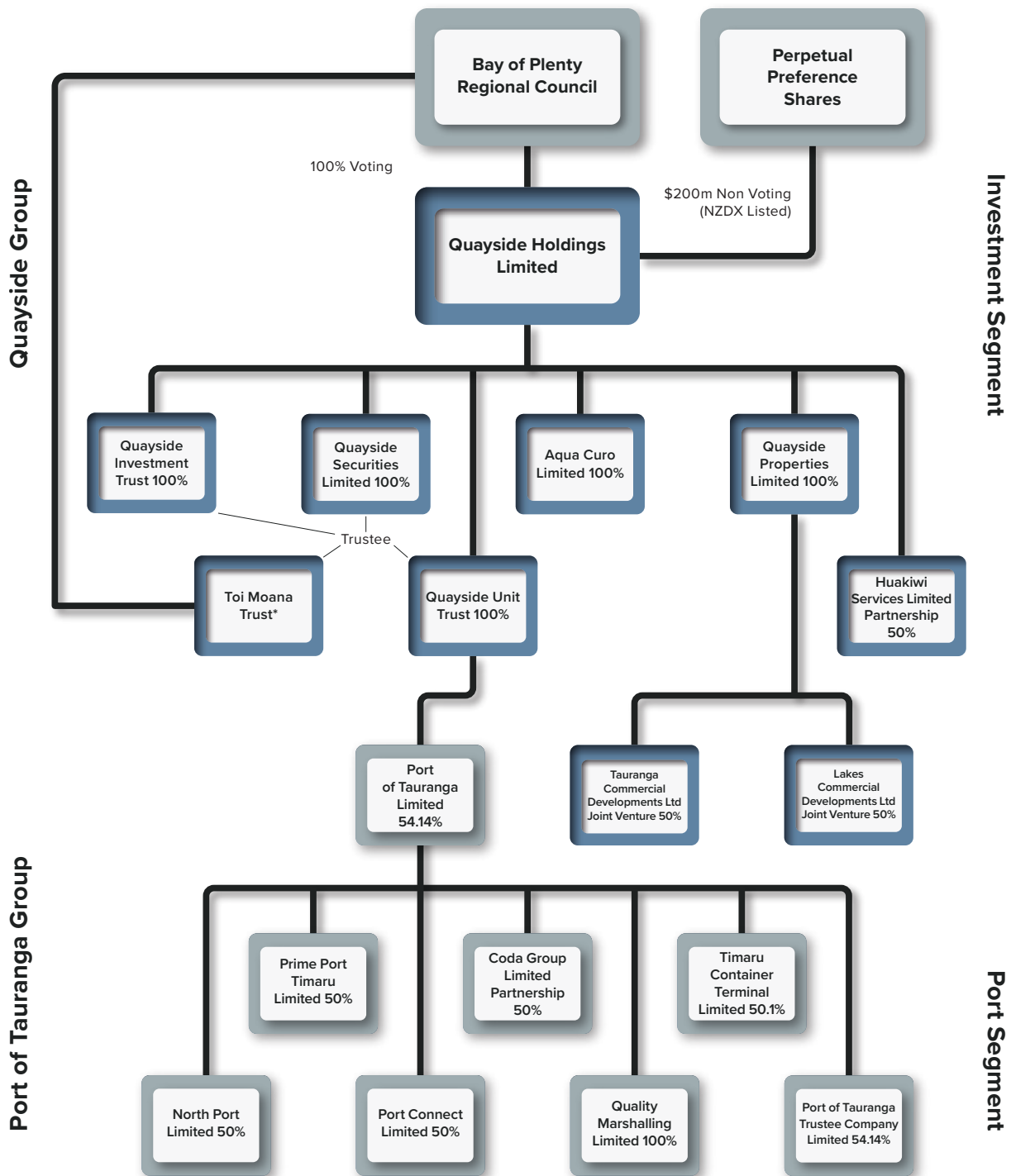
This Statement of Intent outlines the purpose and objective of the Group for the three years commencing 1 July 2021.

Quayside Holdings Limited (QHL) is a council-controlled organisation (CCO) for the purposes of the Local Government Act 2002 (the Act) and 100% owned by Council. This Statement of Intent is prepared in accordance with section 64(1) of the Act.

This Statement of Intent incorporates the nature, scope, activities, and performance targets of the Quayside Group, made up of 10 trading entities. It includes QHL and subsidiaries Quayside Securities Limited (QSL), Quayside Unit Trust (QUT), Quayside Investment Trust (QIT), Toi Moana Trust (TMT), QPL, Aqua Curo Limited (ACL) and Huakiwi Services Limited (HSL). It also includes joint venture subsidiaries of QPL, Tauranga Commercial Developments Limited (TCD), Lakes Commercial Developments Limited (LCD) .

POTL is a 54.14% subsidiary of QSL (as trustee). POTL is not a CCO and therefore is not required to produce a Statement of Intent. This Statement of Intent does however include the governance objectives of QSL (majority holder) as it relates to POTL. The investment in POTL is included where reference is made to consolidated financial positions.

The Quayside Group Structure



This Statement of Intent is for Quayside Holdings Limited and its subsidiaries (together the Group) for the year 1 July 2021 to 30 June 2022, with financial forecasts to 30 June 2024.

*Quayside Securities LTD is the Trustee for the Toi Moana Trust. Bay of Plenty Regional Council holds the majority of units.





“
Seeka Ltd acquires OPAC. As well as doubling Quayside’s initial investment, this acquisition celebrates a wide-ranging success beyond commercial returns.



Covid-19 Impact

The immediate financial impact of Covid-19 on the Quayside Group has been minimal to date.

To the Group's advantage, its assets are predominantly New Zealand based, New Zealand's period of lockdown was relatively short and second and third community waves of transmission have not occurred, POTL was able to continue trading throughout lockdown and equity markets recovered strongly in the second half of 2020.

There is greater uncertainty in how Covid-19 will impact the New Zealand economy and POTL in the near and long term.

Terms

Throughout this document the following terms are used:

| | |
|-----------------------------|--|
| ESG | Environmental, social and governance |
| Investment portfolio | Tradeable securities, direct investments and cash held by Quayside Holdings Limited and its subsidiaries, but excluding shares held in the POTL |
| NZDX | The NZX Debt Market, part of the New Zealand Stock Exchange (NZX) |
| PIE | Portfolio Investment Entity, a tax status for investment vehicles and applied by Quayside Investments Limited |
| PPS | 200,000,783 non-voting \$1 Perpetual Preference Shares issued by Quayside Holdings Limited on 12 March 2008 and listed on the NZDX from 13 March 2008 |
| Private equity | Direct and pooled investment into commercial business for commercial return and/or regional growth |
| Real asset | Direct and pooled investment in commercial return land and infrastructure including (but not exclusively) water, energy, communications, transport, land, and buildings. |

Purpose of the Group

Quayside's vision is to be a world class endowment manager and trusted advisor. Quayside delivers sustainable, long term prosperity to the region by prudently building capital through a disciplined investment process.



Objectives of the Group



The Group objectives are:

- To be an effective cornerstone shareholder, allowing the POTL (or any other subsidiary) to perform as an independent commercial company through the effective separation of Council and Port responsibilities;
- To enable the Council to undertake commercial and investment activities in accordance with the Act;
- To act as a responsible commercially focused investor and manager, targeting long term commercial returns, delivering growth and income through an endowment portfolio;
- To provide Council with a consistent, sustainable, inflation proof intergenerational revenue stream through annual distributions;
- To access additional commercial expertise through the appointment of independent directors;
- To provide appropriate access to efficient funding to Quayside and Council;
- Seek and/or where requested by Council identify, analyse, implement and or manage new commercial opportunities;
- To work openly with the Council to provide regional benefit, while investing primarily for commercial returns;
- To provide expert advice to Council for financial and commercial decision making;
- To ensure open dialogue exists between the Group and the Council;
- To comply with all relevant legislation as a CCO, and an issuer on the NZDX;
- To work openly and inclusively with interested Maori groups;
- To promote within the Group social and corporate responsibility, including climate change;
- To promote rigorous health and safety management and sound and equitable employment practices in accordance with the Group policy on diversity and inclusion.

Nature and Scope of Group Activities

The Group undertakes activities through a holding company (QHL). The core activities and scope of the Group include:

| | |
|---------------------------------|---|
| Port Assets | \$2,726m as at 31 December 2020 |
| Port portfolio | Majority ownership of at least 50.1% of the Port of Tauranga. Monitoring financial performance, peer relative performance and corporate governance. |
| Endowment Assets | \$360m as at 31 December 2020 |
| Listed Portfolio | Generation of commercial returns and an income stream through a diversified share investment portfolio. |
| Real Asset Portfolio | Targeting long term commercial returns through the investment and or management of real assets (including property and infrastructure), both regional and national. |
| Private Equity Portfolio | Targeting long term commercial returns through the investment and or management of new and existing private equity and joint ventures, both regional and national. |
| Regional Benefit Assets | \$40m as at 31 December 2020 |
| Rangiuru | Development of the Business Park at Rangiuru as soon as practicable, working with Council to obtain appropriate funding options to deliver the Park for the benefit of the region. |
| Debt Management | \$65m debt plus \$200m Perpetual Shareholders as at 31 December 2020 |
| Treasury | Targeting both cash and tax efficient management of cash and borrowings to the benefit of Quayside and the wider Group. |
| Governance | Ensuring that the Group manages Council assets in a commercially responsible manner. Ensuring that the legislative compliance is achieved as a company, CCO, and NZX listed entity. Ensuring open dialogue between the Group and Council. |



Nature and Scope of Subsidiaries



Aqua Curo Limited (ACL)

ACL has been incorporated to pursue opportunities in the aquaculture sector, primarily, the use of macroalgae for bioremediation purposes. Established in August 2018, it is a wholly owned subsidiary of QHL. The key priorities for ACL are advancing its research through the establishment of a key pilot plant to test commercialisation of its findings with a view to delivering future financial returns to its shareholder.

Huakiwi Services Limited (HSL)

HSL is established to pursue opportunities in the horticulture sector with a focus on the development and betterment of Maori land. A key priority for HSL is the sustainability of returns from existing orchards and the development of new orchards.

Lakes Commercial Developments (LCD)

LCD has been incorporated to purchase commercial and/or industrial property investments and pursue new developments in the Rotorua region for the benefit of Rotorua and the Bay of Plenty region. Established in March 2019 as a joint venture between TPB Holdings Limited and Quayside Properties Limited, each party holding 50% of the share. A key priority for LCD is the development of a regional property portfolio of new and existing buildings.

Quayside Investment Trust (QIT)

QIT is a PIE unit trust investment vehicle established in 2014. It is wholly owned by QHL for the purpose of holding the Group share portfolio.

Nature and Scope of Subsidiaries (Cont.)



Quayside Properties Limited (QPL)

QPL was incorporated to acquire and develop land at Rangiuru into the Business Park at Rangiuru. QPL also holds the real property assets of the Group, including mature assets and development assets. To date the company has maintained a focus on acquiring assets of regional benefit. A key priority for QPL is advancement of the Business Park at Rangiuru development from design into construction of Stage 1 beginning in 2021.

Quayside Securities Limited (QSL)

QSL is wholly owned by QHL. It acts as trustee of QIT and QUT, including being trustee of a 54.14% shareholding in the POTL.

Quayside Unit Trust (QUT)

QUT, a unit trust and investment vehicle owned by QHL, and the Council set up for the purpose of holding the POTL shareholding.

Tauranga Commercial Developments (TCD)

TCD has been incorporated to purchase commercial and/or industrial property investments and pursue new developments in the Tauranga region for the benefit of Tauranga city and the Bay of Plenty region. TCD was established in October 2018 as a joint venture between Commercial Fund Investors Limited (CFI) and QPL, each party holding 50% of the shares. The key priority for TCD is the development of a regional property portfolio of new and existing buildings.

Toi Moana Trust (TMT)

TMT is a PIE unit trust investment vehicle established in 2019 under QSL as trustee, for the investment of funds on behalf of Council.

Group Performance Targets

Performance targets are effective for the year represented by this Statement of Intent. Target measures will therefore be assessed in full on or within 90 days after 30 June 2022. The Group will keep Council informed of progress against performance targets on a no surprises basis during the year.

| Port Portfolio | |
|---|---|
| Objective | Measure |
| Maintain a majority holding in the Port of Tauranga Limited. | Holding of greater than 50.1%. Council consultation and endorsement must be sought prior to any change to the current shareholding. |
| Investment Portfolio | |
| Objective | Measure |
| Generate commercial returns across the Investment Portfolio. | Five year rolling gross return target of $\geq 7.0\%$ per annum. |
| Real Asset Portfolio | |
| Objective | Measure |
| Generate long term commercial returns and/or regional benefit through a portfolio of real assets. | Annual board assessment of the benefit of real assets, considering portfolio alignment, long term commercial return and any regional benefit factors. |
| Private Equity | |
| Objective | Measure |
| Generate long term commercial returns and/or regional benefit through a portfolio of private equity assets. | Annual board assessment of the benefit of each private equity asset holding, considering portfolio alignment, long term commercial return and any regional benefit factors. |
| Regional Benefit Assets | |
| Objective | Measure |
| Develop the Business Park at Rangiuru to create long term benefit for the Bay of Plenty region. | Quarterly reporting by Quayside to Council on progress and matters related to strategic risk and financial aspects and regional and social benefits of the development. |
| Continue to hold the land at Tauriko for future strategic benefit and or Council initiatives. | Retain ownership. Divestment must only occur with the agreement of Quayside and Council. |

Governance

| Objective | Measure |
|---|---|
| <p>Keep Council informed on a no surprises basis, providing quality and timely information. Provide Council with timely advice on financial and commercial decision making as required.</p> | <p>A minimum of four presentations per annum to Council, as shareholders. Quarterly reporting on Group financial position and risk. Timely advice and support as required. Matters of urgency are reported to Council at the earliest opportunity. Long term forecasting of key financial information and key risks provided to Council annually.</p> |
| <p>Ensure Group policies and procedures are current and appropriate.</p> | <p>All policies and procedures reviewed no less than biennially.</p> |
| <p>Meet shareholders distribution expectations as outlined in Statement of Intent, Distribution Policy or as otherwise agreed.</p> | <p>Distributions paid to forecast values where actual financial performance meets or exceed targets. Policy discussion with Council on the use of any future special dividends received from POTL.</p> |
| <p>Compliance with NZX listing requirements for PPS.</p> | <p>Matters of material impact are disclosed in line with continuous disclosure requirements. Board reporting of PPS compliance and monitoring.</p> |
| <p>Promote and support approaches to responsible investment that align capital with achieving a healthy, sustainable society, environment, and economy.</p> | <p>Maintain a written set of principles for responsible investment which is reviewed no less than biennially. Benchmark, through biennial review, the Group responsible investment principles against international standards and comparative national entities (for example NZ Super Fund). Do not invest in companies whose principal business activity is -</p> <ul style="list-style-type: none"> • The manufacture and sale of armaments • The manufacture and sale of tobacco • The promotion of gambling. <p>Carry out an annual audit of all existing investments across all classes (listed assets, private equity, real assets, and regional benefit assets) to –</p> <ul style="list-style-type: none"> • ensure continued adherence to the Group principles of responsible investment; and • monitor ESG risks and opportunities. <p>For new investments –</p> <ul style="list-style-type: none"> • screen investments for compliance with the Group principles of responsible investment; • research and analyse ESG factors as part of due diligence; • report on ESG factors (including risks and opportunities) in new investment proposals to the Board; • pursue sustainably themed investments which meet commercial imperatives. <p>Include responsible investment reporting within the Group annual report.</p> |



Accounting Policies

The financial statements are prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable financial reporting standards as appropriate for profit-oriented entities. The financial statements also comply with International Financial Reporting Standards (IFRS), the Companies Act 1993, and the Local Government Act 2002. Quayside Holdings Limited is a Tier 1 reporting entity under the Financial Markets Conduct Act 2013. A full set of accounting policies are available on request, or via the QHL Annual Report as published to the company's website.

Ratio of Shareholder Funds to Total Assets

The forecast ratio of shareholder funds to total assets for the next three years is:

| Quayside Group (Market Value) | 2022 | 2023 | 2024 |
|--|-------|-------|-------|
| Assets (\$m) | 3,074 | 3,146 | 3,183 |
| Liabilities (\$m) | 151 | 203 | 217 |
| Shareholder - PPS (\$m) | 200 | 200 | 200 |
| Shareholder - Council (\$m) | 2,723 | 2,743 | 2,766 |
| Council shareholder funds to assets | 88% | 87% | 87% |

Positions are reflective of the market price of the investments of the Quayside Group. Actual results may differ.

Distribution to Shareholders

Distributions to Council

The Quayside Board will pay dividends to the shareholder after taking into account its profitability and future investment requirements and the requirement to meet the solvency test under the provisions of the Companies Act 1993. The level of distribution to Council is made in accordance with the Quayside Group Distribution and Reserving Policy.

The forecast dividend distributions for the next three years are:

| Financial year | 2022 | 2023 | 2024 |
|-----------------------------|------|------|-------------|
| Ordinary distribution (\$m) | 36.0 | 37.1 | 38.2 |
| Special distribution (\$m) | 4.0 | 2.9 | 0 to 3.0 |
| Total distribution (\$m) | 40.0 | 40.0 | 38.2 - 41.2 |

*Quayside notes Council's request for a distribution in 2024 of \$41.2m as contained in its Statement of Expectation dated December 2020. Quayside's forecast indicates a lower amount being available for distribution, subject to actual performance. On this basis a range between Quayside's forecast amount and Council's request, as it has budgeted, are included.

The distribution is intended to be paid from the operating cash flow of the Group after payments to PPS holders. Actual results may differ.

Distributions to PPS holders

The forecast dividend distributions for the next three years are:

| Financial year | 2022 | 2023 | 2024 |
|--------------------|------|------|------|
| Distribution (\$m) | 4.9 | 5.6 | 7.6 |

The dates above are all reflective of forecast gross distributions in the year to 30 June. The distribution forecast reflects a fully imputed (at 28%) distribution to unit holders of the PPS and is inclusive of 5% Resident Withholding Tax (RWT). Actual results may differ. The distribution rate was reset for a three-year period on 13 March 2020 according to the methodology prescribed in the PPS Prospectus at 2.46%. A further reset will occur in 2023 and estimates have been made accordingly.



Commercial Valuation of Council Investment

| Financial year | 2022 | 2023 | 2024 |
|--------------------------|-------|-------|-------|
| Council Investment (\$m) | 2,723 | 2,743 | 2,766 |

The figures above are all reflective of 30 June forecast positions for their respective years. Actual results may differ.

Council investment will be the market value of shares held in the POTL, together with the value of any other investments, less liabilities of the Group, and less the value attributable to PPS holders.

For the purpose of the forecast position above, the PPS has been valued at \$200m. This may be greater should the market value of the PPS on the NZDX be at a price of greater than \$1.00 per share held.



Governance

Role and appointment of the board

The board of QHL is appointed by the Council in accordance with the Council's "Policy for the Appointment and Remuneration of Directors to the Board of Council Subsidiaries (June 2014)". The policy targets the board of Quayside consist of an equal number of Council (currently three, being Council Chief Executive and two elected members) and independent board members. Under the policy, Council will set a total remuneration pool for directors of QHL, and its subsidiaries QSL and QPL. At the time of writing the board of Quayside consists of seven members, four of whom are independent.

Appointment to the board of subsidiary organisations is the responsibility of the board of QHL. In respect of appointment to the board of the POTL, this is determined by the board of QSL as trustee. One appointee to the board of the POTL is currently a Councillor, recommended to QSL by the Council. A second appointee will be an independent director of QSL.

Appointment of investor representatives onto boards is the responsibility of the board.

All directors of the Group must have and apply skills, knowledge, and experience in the best interests of the Group, be committed to high quality governance, and assist the Group to meet its objectives and concurrently the requirements of this Statement of Intent.

The board is responsible for the appointment and performance monitoring of the Chief Executive of the Group.

Committees and policies

The Audit and Risk Committee assists in the oversight of regulatory and financial reporting, compliance, external audit processes, internal audit, and financial controls. The committee is responsible for assessing and monitoring the business and commercial risks of the Group. A full description of the Audit and Risk Committee composition and duties is contained in the Audit and Risk Committee Charter.

The People, Culture and Safety Committee objective is to assist the board in all aspects of the Executive Remuneration Policy, resource planning and health and safety. A full description of the committee's purpose is set out in the People, Culture and Safety Committee Charter.

A Delegated Authority Policy has been put in place to enable the Chief Executive to manage the day-to-day activities of the group. The board, in conjunction with the Chief Executive, will determine and monitor the levels of support staff and consultancy services required to achieve the objectives of the Group as outlined in this Statement of Intent.

Charters and policies are to be reviewed on a no less than biennial basis.

Reporting to Shareholders

Annual and interim financials

The Group will provide full year audited financial results with commentary to Council and the NZX (for PPS holders) within 90 calendar days of year end (approximately end of September). Unaudited interim results with commentary will be provided within 60 calendar days of the end of the first half of the year (approximately end of February). This is a requirement of Quayside as a CCO under the Local Government Act 2002, and as an issuer under the listing rules for the NZX (for PPS holders).

The Group (Directors and Executive Officers) will make a formal presentation of financials to Council at least twice a year.

These presentations focus on presenting the financial performance of the Group against budget. Group financials will be presented in full, with specific focus on:

- Performance of the Port portfolio;
- Performance of the share investment portfolio;
- Performance of the real asset portfolio;
- Performance of the private equity portfolio;
- Corporate governance;
- Dividend payments to shareholders

Group updates

The Group is also to provide Council with updates regularly, both formally and informally as required, included on an as requested basis. This may be through written reports or via presentations and may be at Councillor or executive level as appropriate.

All presentations to Council, whether updates or presentation of financials will provide the Group an opportunity to disclose year to date performance against stated performance targets in this Statement of Intent.

No surprises

The Group operates on a “no surprises” basis with its parent shareholder, the Council. The Group will look to advise the Council early of any material departure from the Statement of Intent at the soonest practical opportunity.

Acquisition and or Disposal of Shares and Other Investments

Holding companies

The structure of the Group as illustrated in the introduction section of this Statement of Intent can be changed via resolution of the board and advice to Council.

Any change in structure shall give due consideration to protecting the investment of the shareholder, protecting the groups strategic investments, and protecting the value of future forecast distributions to shareholders.

Where a change in structure requires new directors or a recommended change in directors' remuneration, Quayside will advise Council on a "no surprises" basis.

Perpetual Preference Shares (PPS)

The issuance and rules for any amendment to the number of units issued to PPS unit holders will be in accordance with the Investment Statement and Prospectus document of 31 January 2008. The Group may, where commercially viable and in accordance with NZDX rules, purchase on the open market (and cancel) shares issued to PPS unit holders.

The latest rate reset occurred on 12 March 2020.

Port of Tauranga Limited (POTL)

A majority holding of POTL will continue to be held by the Group. Council consultation and endorsement must be sought prior to any change to the current shareholding. The current shareholding of POTL is 54.14%, held by QSL.

Investment assets

The Group seeks commercial return and an income stream through shareholdings in external companies as traded on various exchanges, being investment assets. The Group is entitled to acquire and dispose of investment assets without prior consent of the Council, except where that transaction shall be deemed a major transaction of the core companies, QHL, QPL and QSL under the provisions of the Companies Act 1993 section 129. All major transactions of subsidiary companies and joint ventures (excluding those named above) will require consent of their shareholders under the Companies Act 1993, but not of Council.

Management of investments is governed by a Statement of Investment Policy and Objectives (SIPO). The SIPO is a live document, last updated by board resolution on 29 January 2021, and is available upon request.

The Group has adopted a Principles of Responsible Investment which are included in the SIPO. These include ESG principles that reflect the Group values. These are integral to all investment decisions of the Group. The Group continues to develop its environment, social and governance reporting as a responsible member of the investment community.

Activities for Which Compensation is Sought

There are no activities for which compensation is sought by the Group from the Council.

The Council does hold a contingent liability in respect of uncalled Redeemable Preference Shares in QHL. The amount available to be called is limited to \$81.8 million. There is no current intention or obligation requiring this capital to be called.

Other Matters

There are no matters other than those set out above.

Directory



Quayside Holdings Limited and Subsidiaries

| | |
|---------------------------|--|
| Mailing address | PO Box 13 564 Tauranga 3141 |
| Physical address | Level 2, 41 The Strand Tauranga 3110 |
| Registered office | Level 2, 41 The Strand Tauranga 3110 |
| Phone | 07 579 5925 |
| Email | enquiries@quaysideholdings.co.nz |
| Website | www.quaysideholdings.co.nz |
| Board of directors | Sir Robert McLeod (Chair) Stuart Crosby Brett Hewlett Keiran Horne Fiona McTavish Dr Warren Parker Te Taru White |
| Chief Executive | Scott Hamilton |

