

Quayside The Vault Limited

Statement of intent 2022-2025

Introduction

This Statement of Intent (**SOI**) is prepared in accordance with s64(1) of the Local Government Act 2002 (the **Act**).

The SOI specifies for Quayside The Vault Limited (the **Company**) its objectives, governance, nature and scope of the activities to be undertaken and the performance targets by which it is judged. It covers the three financial years ending 30 June 2023, 2024, and 2025.

The Company is a council-controlled trading organisation for the purposes of the Act.

The Company is 100 percent owned by Quayside Holdings Limited (**QHL**) which in turn is wholly owned by the Bay of Plenty Regional Council (the **Shareholder**).

The Company has one major asset, the property at 53 Spring Street, Tauranga (the **Property**). The Property consists of a large office building in the Tauranga CBD and is leased out as a shared office space.

Purpose and objectives

The Company has been incorporated to manage a commercial property investment in the Bay of Plenty area.

The Company's objective is to manage its asset on a commercial basis providing sustainable, long-term income for its Shareholder through the leasing and management of the Property.

Nature and scope of the activities

The only commercial activity undertaken by the Company is the leasing and management of the Property.

Governance

Role of the Board of Directors

The board is responsible for setting the strategic direction of the Company and overseeing its management. The board's aim is to maintain a strategic direction that is consistent with that of its immediate shareholder, while ensuring the obligations of the Company are met.

Board composition and committees

The directors of the Company are appointed by its shareholder, Quayside Holdings Limited. The current director is Scott Hamilton, CEO of Quayside Holdings Limited and its subsidiaries.

There are currently no board committees.

Responsibility to the Shareholder

In accordance with s64 of the Act, the Company submits a SOI for the coming financial year to the Shareholder. To ensure the Shareholder is informed of all significant matters relating to it, the board

provides updates to its shareholder twice yearly and advises of any significant matters to its shareholders at the earliest opportunity.

Reporting to the Shareholder

The Company provides its Shareholder with half yearly and year-end financial reports in accordance with sections 65-72 of the Act.

Performance targets

The Company's performance measurement and reporting is centred on delivery against its objectives.

	Performance target	Performance measure
1	The Property is managed as a commercial asset to generate a return.	The forecasted income before tax and intercompany fees is met or exceeded.
2	The Property is maintained to ensure safe use and enjoyment for tenants	<p>The building has the following:</p> <ul style="list-style-type: none"> • current building warrant of fitness. • maintenance and risk management plan <p>Reasonably practicable steps are taken to address any health and safety matters.</p>

Financial information

Accounting policies

The financial statements of the Company are prepared in accordance with the requirements of the Act, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements comply with New Zealand Equivalents to International Financial Reporting Standards – Reduced Disclosure Regime (NZ IFRS RDR) and other applicable Financial Reporting Standards as appropriate to for-profit entities. The Company is a reporting entity for the purposes of, and its financial statements comply with, the Financial Reporting Act 2013.

The Company applies External Reporting Board Standard A1 'Accounting Standards Framework (For-profit Entities Update)' (XRB A1). For the purposes of complying with NZ GAAP, the Company is eligible to apply Tier 2 For-profit Accounting Standards (NZ IFRS RDR) on the basis that it is not a large for-profit public sector entity. A full set of accounting policies are available on request.

Financial forecasts

The following forecasts are based on the assumption that the Property is the only major asset of the Company.

	2023	2024	2025
	\$000	\$000	\$000
Income before tax and intercompany fees*	\$60	\$60	\$60
Assets	\$7,061	\$7,292	\$7,528
Liabilities	\$3,967	\$3,967	\$3,967
Shareholder funds	\$3,094	\$3,325	\$3,561
Consolidated Shareholder funds/ total assets ratio	44%	46%	47%

**Excludes any revaluation gains/losses*

Consolidated Shareholder funds are defined as the sum of paid up capital, capital reserves and retained profit/losses of the Company. Total assets are defined as the total book value of all assets of the Company as disclosed in the statement of financial position.

Distributions to shareholders

The Company may pay dividends to the shareholder after taking into account the Company's financial position, profitability, working capital requirements, taxation and future investment requirement. The dividends payable to the shareholder will be determined by the board after consideration of the Company's funding requirements and the requirement to meet the solvency test under the provisions of the Companies Act 1993.

As the company is in its first year of operation, no dividend is forecast for the three-year period.

Estimate of commercial value of shareholder's investment

	2023	2024	2025
Quayside Holdings Limited	\$3,094	\$3,325	\$3,561

The figures above are all reflective of estimated 30 June positions for their respective years. These will be reassessed annually at 30 June.

The board estimates that the commercial value of the Shareholders' investment is at least that which is estimated as Shareholders' equity in the budgeted financial statements.