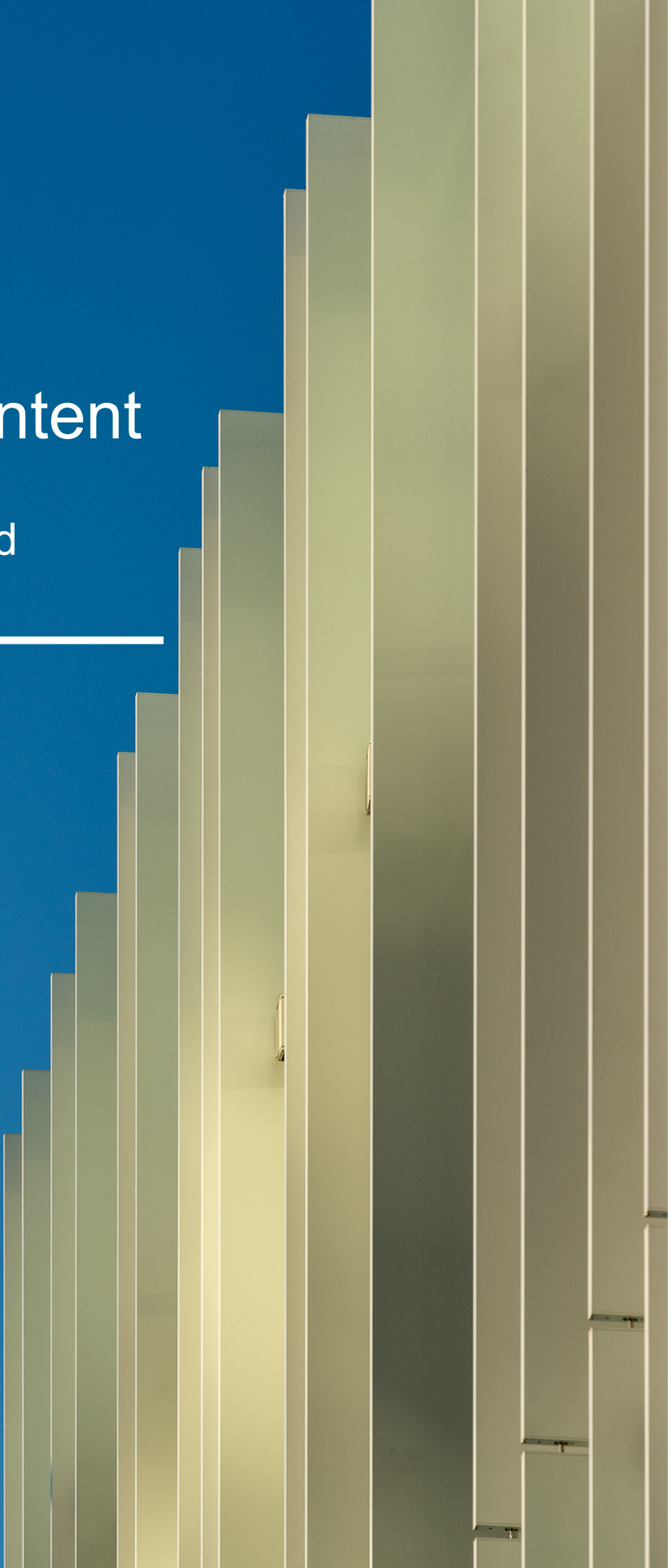




LAKES
COMMERCIAL
DEVELOPMENTS

Statement of Intent

Lakes Commercial
Developments Limited
2022 - 2025



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Introduction

This draft statement of intent (**SOI**) is prepared in accordance with s64(1) of the Local Government Act 2002 (the **Act**).

The SOI specifies for Lakes Commercial Developments 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 a joint venture 50 percent owned by Quayside Holdings Limited (**QHL**) which in turn is wholly owned by the Bay of Plenty Regional Council (the **Shareholder**); and 50 percent is owned by TPB Holdings Limited.

The Company has two major assets; a property at Fenton Street and a property at Old Taupo Road. The Fenton Street property has three major tenants. The property at Old Taupo Road is currently under construction.

The Company will provide a final Statement of Intent on or by 30 June 2022.

Purpose and objectives

The Company has been incorporated to develop and manage commercial properties in Rotorua and surrounding centres.

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

Nature and scope of the activities

The only commercial activities undertaken by the Company are the development, leasing and management of its Properties.

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 shareholders, Quayside Holdings Limited and TPB Holdings Limited. The current directors are Scott Hamilton, CEO of Quayside Holdings Limited and its subsidiaries; Sam Newbury Investment Manager of Quayside Holdings Limited; and Tony Phillip Bradley, Director of TPB Holdings Limited.

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 advise any significant matters to its shareholders at the earliest opportunity.

Reporting to shareholders

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 objective.

	Performance target	Performance measure
1	The Fenton Street Property is managed as a commercial asset to generate a return.	The budgeted operating profit on the property is met or exceeded.
2	The Old Taupo Road Property is managed as a commercial asset to generate a return.	The budgeted operating profit on the property is met or exceeded.
3	The Properties are maintained to ensure safe use and enjoyment for tenants.	The building has the following: current building warrant of fitness. maintenance and risk management plan Reasonably practicable steps are taken to address any health and safety matters.

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 Fenton Street and Old Taupo Road properties are the only major assets of the Company.

	2023 \$000	2024 \$000	2025 \$000
Income before tax*	\$335	\$335	\$335
Assets	\$13,350	\$13,350	\$13,350
Liabilities	\$7,912	\$7,912	\$7,912
Shareholder funds	\$5,388	\$5,388	\$5,388
Consolidated Shareholder funds/ total assets ratio	40%	40%	40%

*Excluding 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.

The Company is currently in a growth and development cycle, and future opportunities will be considered prior to distribution. Therefore, no distributions are forecast to be paid to shareholders within the next three years.

Estimate of commercial value of shareholder's investment

	2023 \$000	2024 \$000	2025 \$000
Quayside Holdings Limited	\$2,964	\$2,964	\$2,964
TPB Holdings Limited	\$2,964	\$2,964	\$2,964

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.