



QUAYSIDE  
PROPERTIES

# Annual Report 2022

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# Quayside Properties Limited

## Director's Declaration

### For the year ended June 2022

Quayside Properties Limited is part of the 'Quayside Group'. The Group's Statement of Intent, prepared in accordance with the Local Government Act 2002, covers prudent financial management and risk management. The Quayside Group achieved the majority of its objectives as set out in its Statement of Intent for the year ended 30 June 2022. Refer to note 4 for further information.

The performance of Quayside Properties Limited in undertaking its monitoring and advisory functions will be assessed with respect to:

- The quality of financial and other analysis.
- The robustness and accuracy of the information relied upon in providing advice.
- The clarity, timeliness and materiality of advice.
- Compliance with the shareholder's expectation that there should be "no surprises" arising from the company.
- Compliance with the shareholder's expectation for optimal commercial performance from the company.

### Achievements

During the year Bay of Plenty Regional Council was fully informed by the directors of the company as to the performance of Quayside Properties Limited. The performance has met the shareholder's expectations as defined in the Quayside Group's Statement of Intent.

The directors are pleased to present the financial statements of Quayside Properties Limited for the year ended 30 June 2022.

For and on behalf of the Board of Directors:



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Director



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Director

# Quayside Properties Limited

## For the year ending 30 June 2022

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## Independent Auditor's Report

### To the readers of Quayside Properties Limited's financial statements and performance information for the year ended 30 June 2022

The Auditor-General is the auditor of Quayside Properties Limited (the company). The Auditor-General has appointed me, Leon Pieterse, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the company on his behalf.

#### Opinion

We have audited:

- the financial statements of the company on pages 5 to 16 and 23 to 37, that comprise the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on pages 17 to 23.

In our opinion:

- the financial statements of the company on pages 5 to 16 and 23 to 37:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2022; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime; and
  - the performance information of the company on pages 17 to 23 presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company's objectives for the year ended 30 June 2022.

Our audit was completed on 2 September 2022. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

### **Basis for our opinion**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of the Board of Directors for the financial statements and the performance information**

The Board of Directors is responsible on behalf of the company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the company.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the company for assessing the company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

### **Responsibilities of the auditor for the audit of the financial statements and the performance information**

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the company's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

## **Other Information**

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 38 to 41, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Independence**

We are independent of the company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audits of the company and Quayside group entities, we have no relationship with, or interests in, the company.



Leon Pieterse  
Audit New Zealand  
On behalf of the Auditor-General  
Tauranga, New Zealand

**Quayside Properties Limited**  
**Income Statement**  
**For the year ended 30 June 2022**

	Note	2022 \$000	2021 \$000
Trading revenue	5	3,993	5,979
Cost of sales	6	(1,433)	(1,781)
<b>Gross profit</b>		<b>2,560</b>	4,198
Other income		241	303
Other expenses	7	(618)	(3,318)
Subvention expense		-	(828)
Depreciation and amortisation	13, 14, 24	(828)	(665)
Fair value gains/(losses)	8	24,192	(400)
		<b>22,987</b>	(4,908)
<b>Operating profit before financing costs</b>		<b>25,547</b>	(710)
Financial income	9	14	16
Financial expenses	9, 20	(626)	(389)
<b>Net finance costs</b>		<b>(612)</b>	(373)
<b>Share of profit from equity accounted investees</b>	16	<b>1,049</b>	710
<b>Profit before income tax</b>		<b>25,984</b>	(373)
Income tax benefit/(expense)	10	(6,016)	1,522
<b>Profit for the period</b>		<b>19,968</b>	1,149

**Quayside Properties Limited**  
**Statement of Comprehensive Income**  
**For the year ended 30 June 2022**

	Note	2022 \$000	2021 \$000
Profit for the period		19,968	1,149
<b>Other comprehensive income</b>			
Revaluation of bearer plants, net of tax *	21 (b)	(4,136)	1,694
Revaluation of intangibles, net of tax *	21 (b)	1,115	1,018
Historic tax adjustment		-	36
<b>Total other comprehensive income</b>		<b>(3,021)</b>	2,748
<b>Total comprehensive income</b>		<b>16,947</b>	3,897

\* Net of tax effect is disclosed in notes 10 and 19.

**Quayside Properties Limited**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2022**

	Share Capital \$000	Revaluation Reserve – Bearer Plants \$000	Revaluation Reserve - Intangibles \$000	Retained Earnings \$000	Total Equity \$000
<b>Balance at 1 July 2020</b>	<b>10,500</b>	<b>2,801</b>	<b>2,610</b>	<b>12,723</b>	<b>28,634</b>
Comprehensive income					
Profit for the period	-	-	-	1,149	1,149
Revaluation surplus transferred to retained earnings on asset disposal	-	(127)	(1,207)	1,334	-
Intangibles revaluation, net of tax	-	-	1,018	-	1,018
Bearer plant revaluation, net of tax	-	1,694	-	-	1,694
Historic tax adjustment	-	-	-	36	36
<b>Balance at 30 June 2021</b>	<b>10,500</b>	<b>4,368</b>	<b>2,421</b>	<b>15,242</b>	<b>32,531</b>
<b>Balance at 1 July 2021</b>	<b>10,500</b>	<b>4,368</b>	<b>2,421</b>	<b>15,242</b>	<b>32,531</b>
<b>Comprehensive income</b>					
Profit for the period	-	-	-	19,968	19,968
Dividends paid	-	-	-	(14,236)	(14,236)
Transfer from retained earnings	-	-	-	506	506
Intangibles revaluation, net of tax	-	-	1,115	-	1,115
Bearer plant revaluation, net of tax	-	(4,136)	-	-	(4,136)
<b>Balance at 30 June 2022</b>	<b>10,500</b>	<b>232</b>	<b>3,536</b>	<b>21,480</b>	<b>35,748</b>

# Quayside Properties Limited

## Statement of Financial Position

### As at 30 June 2022

	Note	2022 \$'000	2021 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		6,591	3,625
Trade and other receivables	11	2,820	3,189
Related party receivables		566	91
Inventories	12	172	-
<b>Total current assets</b>		<b>10,149</b>	6,905
<b>Non-current assets</b>			
Intangible assets	13	4,422	3,040
Property, plant and equipment	14	2,672	9,069
Biological assets	15	-	680
Investment in equity accounted investees	16	7,316	6,070
Investment properties	17	60,634	56,908
Loan to equity accounted investee	23	303	500
Other financial assets		1,302	1,392
Right-of-use assets	24	62	1,154
<b>Total non-current assets</b>		<b>76,711</b>	78,813
<b>Total assets</b>		<b>86,860</b>	85,718
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	18	749	290
Related party payables	23	44	828
Revenue in advance	18	2,244	-
Borrowings	20	-	47,200
Lease liability	24	9	63
<b>Total current liabilities</b>		<b>3,046</b>	48,381
<b>Non-current liabilities</b>			
Deferred tax liability	19	8,564	3,722
Lease liability	24	51	1,084
Borrowings	20	39,452	-
<b>Total non-current liabilities</b>		<b>48,067</b>	4,806
<b>Total liabilities</b>		<b>51,113</b>	53,187
<b>Net assets</b>		<b>35,748</b>	32,531

**Quayside Properties Limited**  
**Statement of Financial Position**  
**As at 30 June 2022**

	Note	2022 \$000	2021 \$000
<b>Equity</b>			
Share capital	21(a)	<b>10,500</b>	10,500
Revaluation reserves	21(b)	<b>3,768</b>	6,789
Dividends	21 (a)	<b>(14,236)</b>	-
Retained earnings		<b>35,716</b>	15,242
<b>Total equity</b>		<b>35,748</b>	32,531

These financial statements have been authorised for issue by the Board of Directors on 2<sup>nd</sup> September 2022



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 Director



\_\_\_\_\_  
 Director

# Quayside Properties Limited

## Statement of Cash Flows

### For the year ended 30 June 2022

	2022 \$000	2021 \$000
<b>Cash flows from operating activities</b>		
Dividends	-	145
Receipts from customers	<b>6,674</b>	6,213
Interest received	<b>11</b>	2
Taxes refunded	-	6
Interest paid	<b>(626)</b>	(571)
Subvention paid	<b>(828)</b>	(787)
Payments to suppliers and directors	<b>(1,548)</b>	(4,614)
<b>Net cash flow from operating activities</b>	<b>3,683</b>	394
<b>Cash flows from investing activities</b>		
Sale of investment property	-	907
Sale of intangible assets	-	1,104
Investment in equity accounted investees	-	(625)
Purchase of equities	<b>(133)</b>	-
Purchase of investment property	-	(3,757)
Improvements to investment property	<b>(5,573)</b>	(1)
<b>Net cash flow from investing activities</b>	<b>(5,719)</b>	(2,372)
<b>Cash flows from financing activities</b>		
Advance of inter-company borrowings	<b>5,002</b>	-
Repayment of inter-company borrowings	-	-
<b>Net cash flow from financing activities</b>	<b>5,002</b>	-
<b>Net increase in cash and cash equivalents</b>	<b>2,966</b>	(1,978)
Cash and cash equivalents at the beginning of the year	<b>3,625</b>	5,603
<b>Cash and cash equivalents at the end of the year</b>	<b>6,591</b>	3,625

# Quayside Properties Limited

## Notes to the Financial Statements

### For the year ended 30 June 2022

## 1 Reporting entity

Quayside Properties Limited (the Company) is a company incorporated and domiciled in New Zealand and registered under the Companies Act 1993. The Parent is Quayside Holdings Limited and the ultimate controlling entity is the Bay of Plenty Regional Council.

The Company is a council-controlled trading organisation as defined under Section 6 of the Local Government Act 2002, by virtue of the Council's right to appoint the Board of Quayside Holdings Limited.

The primary purpose of the Company is to hold investment properties. The Company is a for-profit entity.

The diagram below illustrates the Quayside Group structure.

Group Ownership						
Parent				Type of Business	Ownership	Shareholder/s
Quayside Holdings Ltd (QHL)				Holding Company	100%	Bay of Plenty Regional Council
<b>Subsidiaries</b>						
Aqua Curo Limited				Aquaculture	100%	QHL
Quayside Investment Trust (QIT) *				Trust	100%	QHL
Quayside Securities Limited (QSL) *				Trust	100%	QHL
Quayside Properties Limited (QPL)				Regional Benefit Investment	100%	QHL
	Tauranga Commercial Developments Ltd (TCD)			Commercial Property JV	50% 50%	QHL Commercial Fund Investors Limited
	Lakes Commercial Developments Ltd (LCD)			Commercial Property JV	50% 50%	QHL TPB Holdings Limited
<b>Real Asset Subsidiaries</b>						
Quayside Barnett Place Limited				Real Asset Investment	100%	QHL
Quayside Mystery Valley Limited				Forestry	100%	QHL
Quayside Portside Drive Limited				Real Asset Investment	100%	QHL
Quayside Tauriko Limited				Real Asset Investment	100%	QHL
Quayside Te Papa Tipu Limited				Real Asset Investment	100%	QHL
Quayside The Vault Limited				Real Asset Investment	100%	QHL
<b>Joint Ventures</b>						
Huakiwi Services Limited				Horticulture (Kiwifruit)	50% 50%	QHL Te Tumu o Paeroa (Maori Trustee)
	<b>Subsidiary</b>					
Quayside Unit Trust (QUT) *	Port of Tauranga Ltd			Parent company		54.14% Quayside Unit Trust
		Port of Tauranga Trustee Company Limited		Holding Company		
		Quality Marshalling Limited		Port operations		100% Port of Tauranga
		Timaru Container Terminal Limited		Port operations		100% Port of Tauranga
		Northport Limited		Port - Associate Company		50% Port of Tauranga, 50% Marsden Maritime Holdings
		Prime Port Timaru Limited		Port - Associate Company		50% Port of Tauranga, 50% Timaru District Holdings
		Port Connect Limited		Port operations - Associate Company		50% Port of Tauranga, 50% Ports of Auckland
		Coda Group Limited		Port operations - Associate Company		50% Port of Tauranga, 50% Kotahi
		Ruakura Inland Port LP		Port JV - Associate Company		50% Port of Tauranga, 50% Tainui Group Holdings
<b>Other</b>						
Toi Moana Trust *			Managed by QHL	Trust		Bay of Plenty Regional Council

\* QSL is trustee of TMT, QUT and QIT

## 2 Basis of preparation

### Statement of compliance

The financial statements of the Company have been prepared in accordance with the requirements of the Local Government Act 2002, 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 the Financial Reporting Act 2013 and its financial statements comply with that Act.

### NZ IFRS – reduced disclosure regime

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.

The financial statements were approved by the Board of Directors on 2<sup>nd</sup> September 2022

### Basis of measurement

The financial statements have been prepared on a historical cost basis except that the following assets are stated at their fair value: intangibles, bearer plants, biological assets, investment properties and equity investments.

### Presentation currency

These financial statements are presented in New Zealand dollars (\$), and where presented, rounded to the nearest thousand.

### Changes in accounting policies

There have been no changes in accounting policies. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### Use of estimate and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have a significant effect on the amount recognised in the financial statements, are detailed below:

- Kiwifruit income receivable (note 11)
- Valuation of intangible assets (note 13)
- Valuation of bearer plants (note 14)
- Valuation of biological assets (note 15)
- Assessment of significant influence or joint control in relation to equity accounted investees (note 16)
- Valuation of investment properties (note 17)

## 2 Basis of preparation (continued)

### Classification of property

The Company owns several properties, which have been purchased for long term capital appreciation and/or rental rather than for short term sale in the ordinary course of business. The current carrying value of this investment property is \$60.6m (2021: \$56.9m). In the case of the industrial land held for development as Rangiuru Business Park, the revenue derived from operating the land as kiwifruit orchards and leased grazing is incidental to holding these properties and provides short-term benefit in the form of cash returns to the Company whilst the land is developed. These incidental cash flows are independent of the cashflows generated by assets held by the Company. The kiwifruit bearer plants on the land are classified as property, plant and equipment – refer to note 14, while the underlying land is classified as investment property.

## 3 Significant accounting policies

### Revenue

Revenue is measured at the fair value of consideration received.

### Kiwifruit income

Revenue from the sale of kiwifruit is recognised in the Income Statement when the significant risks and rewards of ownership have been transferred to the buyer i.e. Zespri. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods, or where there is continuing management involvement with the goods. Income at year-end is based on the highly probable income per tray to be received, based on the latest available forecast from Zespri. Any revision of the income recognised during the year will be recognised in the Income Statement.

### Interest income

Interest income is recognised as it accrues, using the effective interest method.

### Dividend income

Dividend income is recognised on the date that the Company's right to receive payments is established, which in the case of quoted securities is the ex-dividend date.

### Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Assets leased out under operating leases are classified in the Statement of Financial Position according to the nature of the underlying asset. Payments received under operating leases are recognised in the Income Statement on a straight line basis over the term of the lease.

### Expenses

Finance expenses comprise interest expense on borrowings. Except for interest capitalised directly attributable to the purchase or construction of qualifying assets, all borrowing costs are recognised in the Income Statement using the effective interest method.

### Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts, when applicable, are shown within borrowings in current liabilities in the Statement of Financial Position.

### Trade and other receivables

Trade and other receivables are measured at their cost less impairment losses.

### 3 Significant accounting policies (continued)

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost is based on the first-in-first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

#### Intangible assets

Kiwifruit licences are initially measured at cost and are then subsequently revalued each year. Previously kiwifruit licences were not amortised as the useful life of the Plant Variety Rights was undetermined. In September 2016, Zespri issued a statement that Plant Variety Rights had been granted for the Gold3 (G3) variety and that these rights have an expiration date of 6 September 2039. Amortisation has been calculated on the licences from September 2016 based on this licence period.

After initial recognition, licences are carried at a revalued amount, being fair value at the date of revaluation less any subsequent accumulated impairment losses. Increases in the carrying amount arising on revaluation are credited to the revaluation reserve in other comprehensive income. To the extent that the increase reverses a decrease previously recognised in the Income Statement, the increase is recognised in the Income Statement. If the carrying amount is decreased as a result of revaluation, the decrease shall be recognised in the Income Statement unless there is a credit balance existing in the revaluation reserve in respect of that asset – in which case the reserve should be offset first.

#### Biological assets

Biological assets (kiwifruit crop and forestry) are measured at fair value less costs to sell, with any change therein recognised in profit or loss. Costs to sell include all costs that would be necessary to sell the assets, including transportation costs. Cost may approximate fair value when there has been insufficient biological transformation of the crop prior to the end of a reporting period.

#### Investment properties

Investment properties are property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, used in the production or supply of goods or services or for administrative purposes. Where part of the investment property is used for administrative purposes, the property is deemed to be investment property if an insignificant portion is held for this purpose. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss. Cost includes any expenditure that is directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Properties leased to third parties under operating leases are generally classified as investment property unless:

- the occupants provide services that are integral to the operation of the Company's business and those services could not be provided efficiently and effectively by the lessee in another location;
- the property is being held for future delivery of services by the Company;
- the lessee uses services of the Company and those services are integral to the reasons for the lessee's occupancy of the property.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its costs for subsequent accounting.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Any improvements in investment property will be recognised initially at cost whilst the work is in progress, and will subsequently be included in the fair value revaluation once the work is complete.

#### Property, plant and equipment

Property, plant and equipment is initially measured at cost and subsequently stated at either fair value or cost, less depreciation and any impairment losses.

### 3 Significant accounting policies (continued)

Subsequent expenditure that increases the economic benefits derived from the asset is capitalised.

Depreciation of property, plant and equipment is calculated on a straight line basis and expensed over their estimated useful lives. Major useful lives are:

Bearer plants	20 years
Plant and equipment	8 years

Bearer plants are accounted for using the revaluation method and are revalued annually. The revaluation method requires a revaluation to fair value. On revaluation any accumulated depreciation is eliminated against the gross carrying amount of the asset. Any increase in carrying value from revaluation is recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in the Income Statement unless there is a credit balance existing in the revaluation reserve in respect of that asset – in which case the reserve should be offset first.

#### Equity accounted investees

The Company's interest in equity accounted investees comprise interests in joint ventures.

A joint venture is an arrangement in which the Company has joint control, whereby the Company has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Equity accounted investees are accounted for using the equity method. The financial statements include the Company's share of the income and expenses of equity accounted investees, after adjustments to align the accounting policies with those of the Company, from the date that significant influence or joint control commences, until the date that significant influence or joint control ceases. When the Company's share of losses exceeds its interest in an equity investee, the carrying amount of that interest (including any long term investments) is reduced to nil and the recognition of further losses is discontinued, except to the extent that the Company has an obligation or has made payments on behalf of the investee.

In respect of equity accounted Investees, the carrying amount of goodwill is included in the carrying amount of the investment and not tested for impairment separately.

#### Trade and other payables

Trade and other payables are stated at cost.

#### Borrowings

Borrowings are initially recognised at their fair value plus transaction costs, if any. After initial recognition, all borrowings are measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

#### Revenue in advance

Revenue in advance are considered as government grants. A government grant is recognised only when there is reasonable assurance that (a) the entity will comply with any conditions attached to the grant and (b) the grant will be received. The grants received are recognized by deducting the grant from the asset carrying amount.

#### Share capital

Incremental costs incurred in the issue of ordinary shares and share options are recognised as a deduction from equity.

### 3 Significant accounting policies (continued)

#### Impairment

The carrying amounts of the Company's assets other than inventories are reviewed for indicators of impairment as at each balance date. When there is an indicator of impairment, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the service potential of the asset is not primarily dependent on the asset's ability to generate net cash inflows and where the company would, if deprived of the asset, replace its remaining service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written-down to the recoverable amount. The impairment loss is recognised in the Statement of Comprehensive Income.

#### Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, trade and other payables and loans and borrowings.

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

Non-derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

#### Goods and services tax

All amounts are shown exclusive of Goods and Services Tax (GST), except for trade receivables and trade payables that are stated inclusive of GST.

#### Income tax

Income tax expense includes components relating to current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year. Current tax also includes adjustments to income tax payable in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

Current tax and deferred tax are measured using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Current and deferred tax is recognised against the profit or loss for the period, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Quayside Properties Limited  
Notes to the Financial Statements (continued)  
For the year ended 30 June 2022

#### 4 Quayside Group Statement of Service Performance

The Company is a member of the *Quayside Group*. The *Quayside Group* is required to prepare a Statement of Service Performance reporting on performance measures and results. Recorded below are the ten targets and results of the *Quayside Group's* Statement of Intent categorised under five portfolio activities.

##### (a) Port portfolio

The *Quayside Group* has a majority shareholding in Port of Tauranga.

Performance measure	Performance target	2022 result
1. 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.	Quayside held 54.14% of Port of Tauranga shares as at 30 June 2022. 

Target met: **Yes**

The *Quayside Group* and Council deem maintaining a majority shareholding in the Port of Tauranga as strategically important, as well as providing long-term financial security. The Port of Tauranga continues to provide the *Quayside Group* and Council with dividend returns and capital growth. The *Quayside Group* is a long term investor in Port of Tauranga and must maintain a majority shareholding in accordance with Council policy. The *Quayside Group* cannot go below a majority shareholding without the endorsement from Council.

Of significant interest to shareholders of Quayside is the financial performance of the Port of Tauranga and the participation rate of Quayside as shareholder in governance of the Port of Tauranga.

Port of Tauranga financial highlights are tabled below:

	30 June 2022	30 June 2021
<b>Shareholding</b>		
Issued shares*	680,581,230	680,581,230
Quayside shares	368,437,680	368,437,680
% held By Quayside	54.14%	54.14%
<b>Operations</b>		
Operating revenues	\$375.2m	\$338.3m
Results from operating activities	\$193.1m	\$177.1m
Net profit	\$111.3m	\$102.4m
<b>Cash flows</b>		
Ordinary dividends paid out	\$95.2m	\$84.4m
Ordinary dividends received by Quayside	\$51.6m	\$45.7m
Ordinary dividends as percent of profit	73%	82%
Dividend declared post balance date	\$55.8m	\$51.0m
<b>Asset Backing</b>		
Share price (last bid price)	\$6.16	\$6.98
Market value of Port	\$4,140.5m	\$4,750.5m
Market value of Quayside Holding	\$2,269.6m	\$2,571.7m
Net tangible assets per share (dollars per share)	\$3.05	\$2.04

## 4 Quayside Group Statement of Service Performance (continued)

	30 June 2022	30 June 2021
<b>Governance</b>		
Number of directors	7	7
Number of Quayside affiliated directors	2	2
<i>*Includes treasury shares</i>		

Further information on Port of Tauranga's non-financial performance can be found in its Annual Report or on its website [www.port-tauranga.co.nz](http://www.port-tauranga.co.nz).

### (b) Investment portfolio

Performance measure	Performance target	2022 result
2. Generate commercial returns across the Investment portfolio.	Five year rolling gross return target of $\geq 7.0\%$ per annum.	Five year rolling gross return of 10.78% for the Quayside consolidated group achieved at 30 June 2022. 

Target met: **Yes**

The *Quayside Group* manages a diversified investment portfolio with a market value of \$189.8 million at 30 June 2022. These investments include domestic and foreign equities, and cash. Quayside holds equity investments as part of a portfolio of non-port assets, to diversify our investments in a targeted manner, reducing our reliance on one investment stream and thereby supporting sustainable, intergenerational shareholder returns over time.

The 7% p.a. five year rolling gross return target is based on current industry and analyst expectation of long-term performance of equity markets. This target is reviewed annually. The Quayside Group exceeded its rolling five year gross return objective with a return of 10.78%.

Quayside's Statement of Investment Policy and Objectives (SIPO), sets out the investment governance and management framework. Quayside's Responsible Investment Policy ensures Quayside invests in a manner that is complementary to the policies and objectives of the Bay of Plenty Regional Council and is a responsible, commercially focused investor. The primary objectives of the strategic investment policies for the portfolio, are to ensure that the value of the assets is protected long term, managed and grown while generating income that can be distributed to the shareholder as required.

There were two passive breaches of the SIPO during the year. The breaches were the result of fluctuations in share values, one as a result of a takeover announcement and the other a result of a private equity investment becoming a listed entity on the NZX.

Quayside Consolidated Group Investment Portfolio financial highlights are tabled below:

	30 June 2022	30 June 2021
Investment portfolio value*	\$189.8	\$246.5
1 year gross return (actual)	(5.36%)	22.22%
5 year rolling gross return (actual)	10.78%	14.49%
5 year rolling gross return (target)	7.0%	7.50%

\* Movement in the value of the investment portfolio reflects a combination of market performance and rebalancing into other investment segments.

## 4 Quayside Group Statement of Service Performance (continued)

### (c) Real asset portfolio

Performance measure	Performance target	2022 result
3. 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.	The annual board assessment was completed in June 2022, reaffirming long term objectives. 

Target met: **Yes**

The real asset portfolio refers to direct investment for commercial return in regional infrastructure including (but not exclusively) water, energy, communications, transport, land and buildings.

The *Quayside Group* real asset portfolio currently comprises commercial buildings in Mount Maunganui, Tauranga, Rotorua and Hamilton, a forestry/agriculture block at Paengaroa and horticulture investments locally and in the Nelson/Tasman region. An annual board assessment in June 2022 has determined that each of the currently held real assets continue to remain strong long-term assets for future growth and return or provide appropriate regional benefit.

Investment continued into the commercial property joint ventures, with the development of a new commercial premises in Rotorua.

Quayside also has a joint venture interest in Huakiwi Developments Ltd, developing kiwifruit orchards on prime horticultural Maori Land. This investment provides governance and employment opportunities and significant GDP opportunity for these areas. Transformation of Maori-owned land into profitable kiwifruit orchards provides more than commercial returns, with full ownership of the orchards targeted to transfer back to tangata whenua within a generation. This partnership produced a solid return in 2022 from its first full harvest.

Real asset portfolio financial highlights are tabled below.

	30 June 2022	30 June 2021
Invested	\$141.2*	\$75.8*

\*Real assets as a total, is reflective of investment assets and regional benefit assets.

### (d) Private equity

Performance measure	Performance target	2022 result
4. 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.	The annual board assessment was completed in June 2022, noting short term performance and reaffirming long term objectives. 

Target met: **Yes**

The *Quayside Group* has created a commercial portfolio of investments deriving long term growth and income performance with targeted regional benefits where possible. This portfolio is part of a financial strategy to reinvest retained profits for the purpose of enhancing regional development and diversifying investments to make the dividend to Council more stable.

## 4 Quayside Group Statement of Service Performance (continued)

Quayside currently has investments in a number of private equity entities both through direct holdings and third-party management. These investments continue to provide promising returns for the Group, Council and the wider region, with further capital invested into these entities during the year.

	30 June 2022	30 June 2021
Invested	\$105.6m	\$80.7m
Undrawn Commitments	\$58.1m	\$33.5m

### (e) Regional benefit assets

Performance measure	Performance target	2022 result
5. 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.	Development of the business park has started with earthworks undertaken in to the 21/22 season.
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.	Quayside presented quarterly reports to Council regarding the development at Rangiuru in September 2021, December 2021 (workshop), April 2022 and June 2022 (workshop). Quayside continues to hold the land at Tauriko.

Target met: **Yes**

The Quayside Group owns land at the future Rangiuru Business Park; a 148 hectare industrial business park development. The Business Park, once completed, will provide much needed industrial development for the region, with a focus on connectedness to direct transport links. The Business Park will be a modern, high quality, vibrant industrial development, creating a shared vision that benefits the whole Bay of Plenty community.

During the year, significant progress was made with Quayside completing a successful season of earthworks for stage one and tendering for the interchange works which will commence next season. Design work has continued at pace and enduring relationships with key stakeholders are being formed to ensure the Park is a future focussed asset which represents its local community and the history of the whenua. Planning continues for a busy year ahead, with the continuation of earthworks from September, and the start of construction works on the interchange.

## 4 Quayside Group Statement of Service Performance (continued)

### (e) Governance

This activity relates to the policies and procedures the *Quayside Group* will adopt to satisfy governance requirements and expectations and ensures that open dialogue exists between the *Quayside Group* and Council, so that Council are kept informed of all significant matters relating to the *Quayside Group* at the earliest opportunity.

Performance measure	Performance target	2022 result
6. 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>A minimum of four presentations per annum to Council, as shareholders.</p> <p>Quarterly reporting on Group financial position and risk.</p> <p>Timely advice and support as required.</p> <p>Matters of urgency are reported to Council at the earliest opportunity.</p> <p>Long term forecasting of key financial information and key risks provided to Council annually.</p>	<p>Quarterly presentations/ workshops with Council in September 2021, December 2021, April 2022 and June 2022 including key financial/risk reporting.</p> <p>Open communication with Council maintained during the year through regular meetings with Quayside CE and Council management.</p> <p>Financial forecasting and risk information provided through:</p> <ul style="list-style-type: none"> <li>- Quarterly presentations/ workshops to Council,</li> <li>- Statement of Intent preparation process,</li> <li>- Quayside Distribution and Reserving Policy.</li> </ul>
7. Ensure Group policies and procedures are current and appropriate.	All policies and procedures to be reviewed no less than biennially.	The Quayside Group policy framework was given a full review during the year. All Group policies were reviewed by management as part this process and amended/new policies resolved by the Board.
8. Meet shareholder distribution expectations as outlined in the Statement of Intent, Distribution Policy or as otherwise agreed.	<p>Distributions paid to forecast values where actual financial performance meets or exceed targets.</p> <p>Policy discussion with Council on the use of any future special dividends received from POTL.</p>	<p>Cash dividends of \$40m (target \$40m) paid to Council as forecast in the SOI.</p> <p>Gross PPS dividend of \$4.9m (target \$4.9m) paid to PPS holders.</p> <p>No special dividend from POTL in 2022</p>

## 4 Quayside Group Statement of Service Performance (continued)

Performance measure	Performance target	2022 result
<p><b>9. Compliance with NZX listing requirements for PPS.</b></p>	<p>Matters of material impact are disclosed in line with continuous disclosure requirements.</p> <p>Board reporting of PPS compliance and monitoring.</p>	<p>Filing of interim and annual financial statements achieved within deadlines.</p> <p>Internal audit compliance systems show no open issues or instances of non-compliance with NZX requirements.</p>
<p><b>10. Promote and support approaches to responsible investment that align capital with achieving a healthy, sustainable society, environment, and economy.</b></p>	<p>Maintain a written set of principles for responsible investment which is reviewed no less than biennially.</p> <p>Benchmark, through biennial review, the Group responsible investment principles against international standards and comparative national entities (for example NZ Super Fund).</p> <p>Do not invest in companies whose principal business activity is -</p> <ul style="list-style-type: none"> <li>• The manufacture and sale of armaments</li> <li>• The manufacture and sale of tobacco</li> <li>• The promotion of gambling.</li> </ul> <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"> <li>• ensure continued adherence to the Group principles of responsible investment; and</li> <li>• monitor ESG risks and opportunities.</li> </ul> <p>For new investments -</p> <ul style="list-style-type: none"> <li>• screen investments for compliance with the Group principles of responsible investment;</li> <li>• research and analyse ESG factors as part of due diligence;</li> <li>• report on ESG factors (including risks and opportunities) in new investment proposals to the Board;</li> <li>• pursue sustainably themed investments which meet commercial imperatives.</li> </ul> <p>Include responsible investment reporting within the Group annual report.</p>	<p>The Group holds written principles for responsible investment. These were last reviewed in June 2022.</p> <p>A benchmark review of holdings was done as at 30 June 2021 against the New Zealand Super Fund Responsible Investment Exclusion List (February 2021), no breaches were identified.</p> <p>Exchange Traded Funds (ETF's) were reviewed down to a constituent level of 5% against the Exclusion list no breaches were identified.</p> <p>No investments were made in excluded categories.</p> <p>Annual audit of existing investments was presented to the Board in June 2022.</p> <p>New investments are screened against responsible investment principles and ESG analysis is included in investment proposals.</p> <p>The Group annual report contains responsible investment reporting.</p>

Targets met: **5/5**

The Quayside Group policy framework was subject to a full review during the year. Consolidated policies were broken out into stand-alone policies and new policies were added. The Group maintains an extensive suite of policies which are subject to internal operational review regularly, and Board review no less than biennially.

## 4 Quayside Group Statement of Service Performance (continued)

The Group held written principles for responsible investment as contained within its Statement of Investment Policy and Objectives. In June 2022 this was reviewed and made a stand-alone policy and is due for substantive review in the next financial year as Quayside continues to strengthen and grow its commitment to ESG principles and best practice.

### Key



Met



Substantially met



Not met



Not applicable

## 5 Trading revenue

	2022 \$000	2021 \$000
Rental and lease income	794	1,320
Sale of goods – kiwifruit	3,199	4,659
<b>Total trading revenue</b>	<b>3,993</b>	<b>5,979</b>

The Company has several kiwifruit orchards. All the orchards are managed by post-harvest provider Seeka Kiwifruit Industries Limited, and all kiwifruit is sold to Zespri under a supply agreement. All income from trays of kiwifruit is net of the point of sale and cool store costs.

Kiwifruit income this year has been derived from 26.45 canopy hectares of kiwifruit orchards (2021: 26.45 hectares).

Kiwifruit income this year includes an upward adjustment of \$71,355 in relation to the prior year crop (2021: \$793,128 upward adjustment). This was due to a revision during the year in the estimate of income receivable shown in the accounts at 30 June 2021.

## 6 Cost of sales

	2022 \$000	2021 \$000
Orchard expenses	(1,196)	(1,386)
Forestry expenses	(4)	(65)
Rates	(140)	(104)
Repairs and maintenance	(41)	(102)
Other	(52)	(124)
<b>Total cost of sales</b>	<b>(1,433)</b>	<b>(1,781)</b>

## 7 Other expenses

	2022 \$000	2021 \$000
Fees to auditors		
- Fees to Audit New Zealand for audit of Quayside Properties Limited (current year)	(15)	(19)
- Fees to Audit New Zealand for audit of Quayside Properties Limited (prior year)	(6)	(6)
- Fees to KPMG for audit of joint venture Lakes Commercial Developments Limited	(12)	(12)
Directors fees	(123)	(115)
Management fees	(114)	(114)
Consultancy costs	(2)	(41)
Business park consultancy costs	(271)	(2,312)
Loss on disposal	-	(398)
Other	(75)	(302)
<b>Total other expenses</b>	<b>(618)</b>	<b>(3,318)</b>

## 8 Fair value gains/(losses)

	Note	2022 \$000	2021 \$000
Change in fair value of investment properties	17	24,415	(828)
Change in fair value of biological assets	15	-	179
Change in fair value of equity investments		(223)	249
<b>Total fair value gains</b>		<b>24,192</b>	<b>(400)</b>

## 9 Net finance costs

	2022 \$000	2021 \$000
Interest income on bank deposits	11	2
Interest income on advances to equity accounted investees	3	14
Interest expense – Intercompany	(626)	(389)
<b>Net finance costs</b>	<b>(612)</b>	<b>(373)</b>

## 10 Income tax

	2022 \$000	2021 \$000
<b>Reconciliation of effective tax rate</b>		
Profit before tax for the period	25,984	(373)
Income tax for the period at 28% (2021: 28%)	(7,275)	104
Adjustments		
- Dividend imputation credits	(77)	41
- Depreciation recovery on disposal	(87)	
- Assessable income of disposal	(401)	
- Fair value gains through profit and loss	(62)	504
- Share of profit from equity accounted investees	294	199
- Non-assessable income / non-deductible expenses	-	-
- Loss offset	772	596
- Temporary differences	337	
- Prior period adjustments	483	78
- Other adjustments	-	
<b>Income tax benefit / (expense)</b>	<b>(6,016)</b>	<b>1,522</b>

### Income tax expense is represented by:

	Note	2022 \$000	2021 \$000
<b>Current tax expense</b>			
Current tax on profits for the year		-	-
Adjustment for prior period		-	-
Deferred tax expense			
Prior period adjustment		(484)	78
Tax effect on change to depreciation rate for buildings		-	-
Recognition of temporary differences	19	6,498	1,444
<b>Income tax benefit / (expense)</b>		<b>6,013</b>	<b>1,522</b>

### Income tax recognised in other comprehensive income:

Revaluation of bearer plants	21	1,626	(535)
Revaluation of intangibles	21	(433)	35
		<b>1,194</b>	<b>(500)</b>

Taxable income has been reduced to nil via loss offset of \$2.8m to Quayside Securities Limited via Quayside Unit Trust (2021: \$0.8m subvention payment and a group loss offset of \$2.1m to Bay of Plenty Regional Council).

## 11 Trade and other receivables

	2022 \$000	2021 \$000
Trade receivables	5	12
Kiwifruit income receivable	2,790	3,177
Deferred costs	25	-
<b>Total trade and other receivables</b>	<b>2,820</b>	<b>3,189</b>

The kiwifruit income receivable is based on a forecast of proceeds to be received from Zespri on the harvest of the 2022 crop. This is based on the actual number of trays supplied to Zespri and latest forecast information from Zespri on the \$ per tray expected to be received. Revisions of income receivable during the year are recorded in the Income Statement - refer to Note 5.

## 11 Trade and other receivables (continued)

Current trade and other receivables, excluding prepayments, are non-interest bearing and receipt is normally on 30-day terms, therefore the carrying value of debtors and other receivables approximates their fair value.

	2022 \$000	2021 \$000
Not past due	2,820	3,189

## 12 Inventories

	2022 \$000	2021 \$000
Stock on hand – kiwifruit	171	-

Inventories comprise kiwifruit that is held in cool store and has not yet been supplied to Zespri. No inventories are pledged as security for liabilities or are subject to retention of title clauses. In 2021 all kiwifruit had been exported by balance date.

## 13 Intangible assets

	2022 \$000	2021 \$000
<b>Gold 3 – kiwifruit license</b>		
Opening value	3,040	3,315
Disposals	-	(1,104)
Amortisation	(167)	(130)
Carrying value	2,873	2,081
Amortisation reversed on disposal	-	14
Amortisation reversed on revaluation	167	115
Revaluation	1,382	829
<b>Total intangibles</b>	<b>4,422</b>	<b>3,040</b>
G3 license - hectares	5.53	5.53

The G3 licences held are for a total of 5.527 hectares (2021: 5.527 hectares). A registered valuer at 30 June 2022 determined that the fair value for licences held by Quayside was \$4,421,600. The current valuation is based on \$800,000 per hectare (2021: \$550,000), which was the median G3 licence cost from Zespri's 2021 release of licences, which was fully subscribed for. The original cost of the licences is \$38,449. There are no restrictions over the title of the intangible assets. No intangible assets are pledged as security for liabilities.

From September 2016, Zespri announced that G3 licences now have a determined expiration date of 6 September 2039. Amortisation of the licence has been calculated from September 2016 on the basis of this useful life. Prior to September 2016 there was no amortisation of the licence due to the undetermined licence period.

## 14 Property, plant and equipment

	Bearer plants \$000	Plant and equipment \$000	Total \$000
<b>Balance at 1 July 2020</b>	7,638	13	7,651
Revaluation	1,821	-	1,821
Disposal	(398)	-	(398)
Depreciation expense	(487)	(5)	(492)
Depreciation reversed on revaluation	483	-	483
Depreciation reversed on disposal	4	-	4
<b>Balance at 30 June 2021</b>	9,061	8	9,069
<b>Balance at 1 July 2021</b>	<b>9,061</b>	<b>8</b>	<b>9,069</b>
Revaluation	(6,392)	-	(6,392)
Depreciation expense	(647)	(5)	(652)
Depreciation reversed on revaluation	647	-	647
<b>Balance at 30 June 2022</b>	<b>2,669</b>	<b>3</b>	<b>2,672</b>

Fair value of the bearer plants (kiwifruit vines) has been determined by independent registered valuation at 30 June 2022. Fair value has been determined with reference to comparative orchard sales in the region, taking in to account the quality of the orchard, potential production and orchard gate return. Refer to Note 17 for further information.

## 15 Biological assets

	2022	2021
	\$000	\$000
<b>Forestry</b>		
Balance at 1 July	680	502
Disposals	(680)	-
Change in fair value less estimated costs to sell	-	178
<b>Balance at 30 June</b>	<b>-</b>	<b>680</b>

During the year the forestry block was sold to Quayside Mystery Valley Limited (see note 17). In 2021 fair value of the forestry block has been determined by independent registered valuation. Fair value has been determined by using the income approach (Discounted Cash Flow) by assessing the net present value of estimated future costs and revenues pertaining to the standing tree crop, using a discount rate of 7.5%. The fair value measurement is categorised as a Level 3 fair value based on the inputs for the assets which are not based on observable market data (unobservable inputs). Notable reasons for the increase in the tree crop value in the last 12 months are as a result of higher long-term log price assumptions, based on forecast market conditions and the maturing of the crop.

### Kiwifruit Crop

Harvesting of the kiwifruit crop takes place in April to June each year. At 30 June the crop is measured at fair value which is nil (2021: nil). The fair value is deemed to be cost as insufficient biological transformation has occurred.

## 16 Investment in equity accounted investees

Investments in equity accounted investees comprise interests in joint venture entities as follows:

Name of Entity	Place of Business	Principal Activity	Balance Date	Measurement Method	% of ownership interest	
					2022	2021
Lakes Commercial Developments Limited	New Zealand	Commercial development – Rotorua	30 June	Equity method	50.00	50.00
Tauranga Commercial Developments Limited	New Zealand	Commercial Development - Tauranga	30 June	Equity method	50.00	50.00

The entities listed above have share capital consisting solely of ordinary shares, which are held directly by the company. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held. Both joint ventures are private entities and therefore there are no quoted prices available to determine fair value.

A reconciliation of the carrying value of equity accounted investees is as follows:

	2022	2021
	\$000	\$000
Balance at 1 July	6,070	4,860
New investment	196	500
Share of profits	1,049	710
<b>Balance at 30 June</b>	<b>7,316</b>	<b>6,070</b>

There is no committed uncalled capital in equity accounted investees (2021: nil). There are no capital contributions payable at 30 June 2022 of (2021: nil). There are no contingent liabilities relating to interests in equity accounted investees (2021: nil).

## 16 Investment in equity accounted investees (continued)

### *Significant judgement: Classification of joint arrangements*

The company has joint control over its investees, due to the existence of contractual agreements which require the unanimous consent of the parties sharing control over relevant business activities.

## 17 Investment properties

	2022 \$000	2021 \$000
<b>Balance at 1 July</b>	<b>56,905</b>	54,466
Additions – Work in progress (at cost)	<b>5,593</b>	(1,010)
Additions - Acquisitions (at cost)	-	5,185
Disposals	<b>(26,281)</b>	(905)
Revaluation	<b>24,415</b>	(828)
<b>Balance at 30 June</b>	<b>60,634</b>	56,908
<i>Classified as:</i>		
Investment Property – Non current	<b>60,634</b>	56,908
		56,908
Rental / lease income from investment properties	<b>790</b>	1,320
Expenses from investment property generating income	<b>231</b>	175

### Description of investment properties

Investment properties held include the following:

Asset type	Location	Current use
Commercial Building (sold)	Tauranga CBD	Commercial Lease
Industrial Building (sold)	Mount Maunganui	Commercial Lease
Residential Rural Block (sold)	Tauriko	Residential Rental
Rural Block (sold)	Paengaroa	Grazing/Forestry
Industrial Zoned Land for future development as a 'Rangiuru Business Park'.	Rangiuru, Te Puke	Kiwifruit orchards, leased dairy grazing land and residential rentals.

### Property sold

During the financial year, all the investment properties with the exclusion of the property located at Rangiuru, Te Puke were sold to related parties. The date of transfer was 1 February 2022. At the time of the transaction, the management internally assessed the fair value of the investment property and determined that the fair value assessed by external valuers as at 30 June 2021 was the best representation of the fair value of the transferred properties at the time of the transfer. The portion of loan allocated to the investment properties was also transferred to the purchasers. (also refer to note 23).

## 17 Investment properties (continued)

### Rangiuru land classification

Management have run an assessment to determine the classification of Rangiuru land as at 30 June 2022. The decision to classify the land as investment property instead of inventory requires a high degree of judgement from management.

In 2005 Quayside undertook a plan change which changed the land from rural to industrial. There has been no change in the designation of the land since this time. In parallel in 2005, Quayside obtained a number of long-term consents for the park. All are deemed operative, by virtue of the Tauranga Eastern Link development.

As at balance date, some residential buildings and vines had been removed from stage one land in preparation for development. As at balance date earthworks have commenced.

Due to the long-term horizon of the project, there is still a lot of uncertainty around timing and actions to be taken with the plan plots and the development of the Business Park. A decision on Quayside's role in relation to the park at completion has not yet been reached. The company is currently seeking expressions of interest in the development and has indicated that it is interested in selling land, leasing land or developing vertical builds.

Due to the existing uncertainties disclosed above and as physical earthworks have not yet commenced, management believes that the classification of the land as investment property is appropriate.

### Valuation of investment properties

Investment properties are revalued annually to fair value. The fair value measurements have been categorised as a level 2 fair value based on the inputs to the valuation technique. The valuation of all investment property was carried out by independent registered valuers. The valuers are experienced valuers with extensive market knowledge in the type of investment properties owned by Quayside Properties Limited. All investment properties were valued based on open market evidence and 'highest and best use' currently for the land. A summary of the valuation methods and significant assumptions applied in the valuation of these assets are:

Asset type	Valuation Method adopted	Highest and best use	Significant assumptions
Rangiuru Business Park	Market approach	Stage 1 Land – Industrial park development Stage 2 land – Orchard/rural use.	-

## 18 Trade and other payables

	2022 \$000	2021 \$000
Trade payables	387	195
Other	362	95
<b>Balance at 30 June</b>	<b>749</b>	<b>203</b>
Revenue in advance	2,244	-

Trade and other payables are non-interest bearing and are normally settled on 30-day terms. The carrying value of trade and other payables approximates their fair value.

Revenue in advance includes the payments received by the PGF for \$3.8m (2021: nil in 2022). The amount is netted off with the amounts of financial contributions works that the Company performed during the year in the financial year.

## 19 Deferred taxation

	Assets		Liabilities		Net	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000	2022 \$000	2021 \$000
<b>Deferred tax (asset) / liability</b>						
Investment property	-	-	<b>6,857</b>	559	<b>6,857</b>	559
Biological assets	-	-	-	55	-	55
Bearer plants	-	-	<b>475</b>	2,264	<b>475</b>	2,264
Intangibles	-	-	<b>1,230</b>	843	<b>1,230</b>	843
Right of use asset	-	-	-	322	-	323
Right of use asset/lease liabilities	-	(321)	<b>2</b>	-	<b>2</b>	(321)
<b>Total deferred tax (asset) / liability</b>		(321)	<b>8,564</b>	4,043	<b>8,564</b>	3,722

	Recognised in income statement		Recognised in comprehensive income	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Investment property	<b>6,016</b>	(1,423)	-	-
Biological assets	-	50	-	-
Bearer plants (note 21b)	-	(114)	<b>(1,626)</b>	610
Bearer plants – historic tax adjustment	-	-	-	(75)
Intangibles (note 21b)	-	(37)	<b>433</b>	(73)
Intangibles – historic tax adjustment	-	-	-	38
Right of use asset	-	(38)	-	-
Right of use asset/lease liabilities	-	40	-	-
<b>Total</b>	<b>6,016</b>	(1,522)	<b>(1,193)</b>	500

## 20 Borrowings

	2022 \$000	2021 \$000
<i>Loan from Quayside Holdings Limited</i>	-	47,200
	<b>Current</b>	Current
<i>Loan from Quayside Holdings Limited</i>	<b>39,452</b>	-
	<b>Non-current</b>	Non-current

Quayside Properties Limited has an intercompany loan from Quayside Holdings Limited. This loan has interest charged at the Bank Bill Benchmark Rate (BKBM) at the beginning of each quarter plus a margin. The loan is repayable on demand; however, Quayside Holdings Limited has undertaken that they will not recall this loan within the next twelve months. In 2021 it was classified as current.

	2022 \$000	2021 \$000
<i>Loan from Quayside Holdings Limited</i>		
Balance at 1 July	47,200	47,200
Further advances	5,002	-
Principal Repayments	12,750	-
Interest charged	626	389
Interest paid	(626)	(389)
<b>Balance at 30 June 2022</b>	<b>39,452</b>	47,200

## 21 Capital and reserves

### (a) Share capital

	2022 No.	2021 No.
<b>Number of ordinary shares</b>		
Balance at 1 July	10,500,100	10,500,100
Issue of ordinary shares of cash	-	-
<b>Balance at 30 June</b>	<b>10,500,100</b>	10,500,100

The holders of the ordinary shares are entitled to dividends as declared from time to time and all shares have equal voting rights at meetings of the Company, and rank equally with regard to the Company's residual assets on wind up. All shares were issued for \$1 and are fully paid.

During the year, the Company distributed a non-cash dividend to its parent equal to \$14.2m (2021: nil).

## 21 Capital and reserves (continued)

### (b) Revaluation reserves

The revaluation reserves relate to the revaluation of kiwifruit licences and bearer plants. Refer to further information in notes 13 and 14.

	2022 \$000	2021 \$000
<b>Revaluation reserve - intangibles</b>		
Opening balance	2,421	2,610
Revaluation	1,382	829
Amortisation reversed on revaluation	167	116
Deferred tax expense (refer note 19)	(434)	73
Movement for the year – other comprehensive income	1,115	1,018
Transfer to retained earnings on disposal	-	(1,207)
<b>Closing balance</b>	<b>3,536</b>	<b>2,421</b>
<b>Revaluation reserve – bearer plants</b>		
Opening balance	4,368	2,801
Revaluation	(6,392)	1,821
Depreciation reversed on revaluation	647	483
Deferred tax expense (refer note 19)	1,609	(610)
Movement for the year – other comprehensive income	(4,136)	1,694
Transfer to retained earnings on disposal	-	(127)
<b>Closing balance</b>	<b>232</b>	<b>4,368</b>

## 22 Financial instruments

### Categories of financial instruments

	2022 \$000	2021 \$000
<b>Financial assets at amortised cost</b>		
Cash and cash equivalents	6,591	3,625
Trade and other receivables	2,790	3,189
Related party receivables	566	91
Loan to equity accounted investee	303	500
<b>Balance at 30 June</b>	<b>10,250</b>	<b>7,405</b>
<b>Financial assets at fair value through profit and loss</b>		
Other financial assets	1,302	1,392
<b>Financial liabilities at amortised cost</b>		
Trade and other payables – current	530	262
Related party payables	44	-
Borrowings – non current	39,425	47,200
<b>Balance at 30 June</b>	<b>40,026</b>	<b>47,462</b>

Taxes payable/receivable, prepayments, deferred costs and income in advance, which are included within trade and other payables and trade and other receivables in the statement of financial position, are not classified as financial instruments.

## 23 Related party transactions

### Identity of related parties

#### Parent and ultimate controlling entity

The Parent entity of the Company is Quayside Holdings Limited, which is 100% owned by the Bay of Plenty Regional Council – refer Note 1.

#### Key management personnel

The Company has a related party relationship with its directors. The Company has no employees as Quayside Properties Limited contracts with Quayside Holdings Limited for management services.

#### Other related entities

Other related parties include subsidiaries in the Group – refer Note 1. During the year, the Company entered into transactions with companies in which directors hold directorships. These directorships have not resulted in significant influence over the operations, policies or key decisions of these companies. These transactions have occurred on normal commercial terms.

Transaction values and balances outstanding with related parties at 30 June 2021 include:

	2022 \$000	2021 \$000
<b>Quayside Holdings limited</b>		
Dividend declared by Quayside Properties Limited	14,236	-
Interest charged to Quayside Properties Limited	626	389
Loan payable by Quayside Properties Limited	39,452	47,200
Loan drawn down by Quayside Properties Limited	5,001	-
Management fees paid by Quayside Properties Limited	114	114
Lease income received by Quayside Properties Limited	18	39
Accounts payable by Quayside Properties Limited	-	-
<b>Bay of Plenty Regional Council</b>		
Subvention payable by Quayside Properties Limited	-	828
Services provided to Bay of Plenty Regional Council	-	55
Accounts payable by Bay of Plenty Regional Council	-	63
Resource consent fees paid by Quayside Properties Limited	-	13
<b>Transactions with Equity accounted investees</b>		
Interest receivable by Quayside Properties Limited	4	28
Interest charged by Quayside Properties Limited	-	14
Capital contributions by Quayside Properties Limited	196	500
Loan receivable by Quayside Properties Limited	303	500
<b>Transactions with other related entities</b>		
License sale to Huakiwi Limited	-	1,128
Sale of investment properties to other entities of the Group	26,281	-
Sale of forestry asset to other entities of the Group	702	-

## 23 Related party transactions (continued)

Quayside Properties Limited holds one unit in Quayside Investment Trust, acquired in April 2014 for a cost of \$1. The current value of this unit is \$2.52 (2021: \$2.70). There are no other obligations between Quayside Properties Limited and Quayside Investment Trust.

No related party debts have been written off or forgiven during the year.

### Transactions with key management personnel

The Company does not provide any non-cash benefits to directors in addition to their directors' fees or salaries. Directors' fees paid during the year were \$123,000 (2021: \$115,000), excluding GST. At year-end, \$1,656 was owed in directors' fees.

### Transactions with parent company

A contract for management services was agreed between Quayside Holdings Limited and Quayside Properties Limited from 1 April 2015. A monthly management fee is charged by Quayside Holdings Limited.

From February 2018, Quayside Holdings Limited entered into a lease agreement with Quayside Properties Limited to lease commercial office space. This lease is at market rates. Borrowings from the Parent company amount to \$39,451,750 (2021: \$47,200,000). The loan is charged interest at the BKBM rate at the beginning of each quarter plus a margin. Refer to Note 20.

### Transactions with equity accounted investees

The outstanding amount of the loan to an equity accounted investee as at 30 June 2022 is \$303,250. In July, the Board of Directors decided to convert the loan into equity investment in the equity accounted investee.

## 24 Leases

The Company has entered into operating leases this year. The lease liabilities have been measured at the present value of the remaining lease payment. Lease payments are discounted at the Company's weighted average incremental borrowing rate of 2.78% (2021: 1.508%). The right-of-use assets were measured at the amount equal to the corresponding lease liabilities, with no change in net assets.

The judgements and estimates made when applying NZ IFRS 16 include:

- Borrowing rate
- Lease terms, including any right of renewal where it is reasonably certain they will be exercised

The Company has two leases for the lease of land at development sites. The leases have varying terms and renewal rights. Information about leases for which the Company is a lessee is presented below:

	2022 \$000	2021 \$000
<b>Right-of-use assets</b>		-
<b>Cost</b>		
Opening balance 1 July 2021	1,197	-
Additions	-	1,197
Disposals	1,112	-
Remeasurement	-	-
<b>Closing balance 30 June 2022</b>	<b>62</b>	<b>1,197</b>
<b>Accumulated depreciation 1 July 2021</b>		
Opening balance 1 July 2020	(43)	-
Depreciation	(13)	(43)
Other adjustments	32	-
<b>Closing balance 30 June 2022</b>	<b>(22)</b>	<b>(43)</b>
<b>Net book value</b>	<b>62</b>	<b>1,154</b>

## 24 Leases (continued)

### Lease liability

Opening balance 1 July 2021	1,147	-
Additions	-	1,197
Interest expense	-	-
Lease payments	(13)	(50)
Disposals	(1,072)	
<b>Closing balance 30 June 2022</b>	<b>61</b>	<b>1,147</b>

During the year a lease liability interest expense of \$397 was recognised in the income statement (2021: \$269)

In 2022 commercial buildings classified as investment property are leased to tenants under operating leases with rentals payable monthly. Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate. Where considered necessary to reduce credit risk, the company may obtain bank guarantees for the term of the lease.

Although the company is exposed to changes in the residual value at the end of the current leases, the company typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

The leases have now transferred to the new companies as detailed in note 17.

Future minimum lease receivables from non-cancellable operating leases are as follows:

	2022 \$000	2021 \$000
Within one year	-	982
One year to two years	-	927
Two to three years	-	889
Three to four years	-	789
Four to five years	-	134
Greater than five years	-	-
<b>Total</b>	<b>-</b>	<b>3,721</b>

## 25 Capital commitments and contingencies

The Company does have \$1.4m of commitments or contingencies (June 2021: \$nil).

## 26 Subsequent events

There were no significant events after balance date.

# Quayside Properties Limited

## Statutory information

### For the year ended 30 June 2022

#### Interests register

The Company is required to maintain an interests register in which the particulars of certain transactions and matters involving the directors must be recorded. The interest register for Quayside Properties Limited is available for inspection at the registered office. The directors of the Company have made general disclosures of interest in accordance with S140(2) of the Companies Act. Current interests and those which ceased during the year, are tabulated below. New disclosures advised since 1 July 2021 are italicised.

Director	Entity	Position
R McLeod	<i>China Construction Bank (New Zealand) Limited - Appointed 30 Dec 2021</i>	<i>Director</i>
	Ngāti Porou Holding Company Limited	Director   Chair
	Port of Tauranga Limited	Director
	QHL Perpetual Preference Shares	Shareholder
	Quayside Holdings Limited	Director   Chair
	Quayside Properties Limited	Director   Chair
	Quayside Securities Limited	Director   Chair
	Sanford Limited	Chair
	Sanford LTI Limited	Director
S Crosby	Bay of Plenty Regional Council	Councillor
	Equip GP Limited	Director
	Quayside Holdings Limited	Director
	Quayside Properties Limited	Director
	Quayside Securities Limited	Director
	Templogger NZ Limited	Director   Shareholder
B Hewlett	<i>Bluelab Corporation Limited – Removed August 2021</i>	<i>Director</i>
	<i>Bluelab Holdings Limited – Removed August 2021</i>	<i>Director</i>
	Comvita Limited	Chair   Director
	Oriens Capital	Shareholder
	Quayside Holdings Limited	Director
	Quayside Properties Limited	Director
	Quayside Securities Limited	Director
K Horne	Hamilton City Council	ARC Chair
	New Zealand Lotteries Commission	Commissioner   ARC Chair
	Quayside Holdings Limited	Director and ARC Chair
	Quayside Properties Limited	Director
	Quayside Securities Limited	Director
	ScreenSouth Limited	Director   Chair
	Spey Downs Limited	Shareholder
	Television New Zealand Limited	Director   <i>ARC Chair</i>
University of Canterbury	Council Member   ARC Chair	

Quayside Properties Limited  
Statutory information (continued)  
For the year ended 30 June 2022

Interests register (continued)

Director	Entity	Position
F McTavish	Bay of Plenty Regional Council	Officer
	BOPLASS Limited	Director
	McTavish – Huriwai Investments Limited	Director   Shareholder
	Priority One WBOP Inc	Executive Board Member
	Quayside Holdings Limited	Director
	Quayside Properties Limited	Director
	Quayside Securities Limited	Director
W Parker	<i>FarmIQ Systems Limited – Appointed July 2021</i>	<i>Director   Chair</i>
	Farmlands Cooperative Society Limited	Director
	Focus Genetics Management Limited	Director
	Landcorp Estates Limited	Director   Chair
	Landcorp Holdings Limited	Director   Chair
	Landcorp Pastoral Limited	Director   Chair
	PAMU, Landcorp Farming Limited	Director   Chair
	Quayside Holdings Limited	Director
	Quayside Properties Limited	Director
	Quayside Securities Limited	Director
Warrens Insights Limited	Director   Shareholder	
T White	Bay of Plenty Regional Council	Councillor
	Indigenuity Limited	Shareholder
	Kahukiwi Management Limited	Director
	Noa New Zealand Limited	Director   Shareholder
	NZ Baywide Credit Union	Director
	Quayside Holdings Limited	Director
	Quayside Properties Limited	Director
	Quayside Securities Limited	Director
	Te Taru White Consultancy Limited	Director   Shareholder
	<i>Toitu Te Waonui Limited – ceased February 2022</i>	<i>Director   Shareholder</i>
<i>Whenua Fruits Limited – March 2021</i>	<i>Shareholder</i>	

Quayside Properties Limited  
Statutory information (continued)  
For the year ended 30 June 2022

**Information used by directors**

During the financial year there were no notices from directors of Quayside Properties Limited requesting to use information received in their capacity as a director which would not otherwise have been available to them.

**Indemnification and insurance of directors and officers**

The Company has arranged policies of Directors' and Officers' Liability Insurance and separate Directors' and Officers' defence costs insurance.

**Donations**

No donations were made by Quayside Properties Limited during the year ended 30 June 2022.

**Remuneration of directors**

The following directors of Quayside Properties Limited held office during the year ended 30 June 2022:

	Remuneration \$000
R McLeod (Chair)	33
S Crosby	16
B Hewlett	16
K Horne	21
F McTavish *	-
W Parker	21
T White	16
<b>Total</b>	<b>123</b>

\* F McTavish was remunerated by the Bay of Plenty Regional Council.

The fees above are exclusive of GST.

**Loans**

There were no loans by Quayside Properties Limited to directors.

**Employees**

Quayside Properties Limited does not have any employees.

**Auditor's remuneration**

The following amounts are payable to the auditors of the company for the year:

Audit NZ: Audit Fees for the current year \$15,200

Additional audit fees from the prior year \$5,605

# Quayside Properties Limited Directory

## Registered office

Level 2, 41 The Strand  
Tauranga 3110  
Ph: (07) 579 5925

## Postal address

PO Box 13-564  
Tauranga 3141

## Auditors

Audit New Zealand  
On behalf of the Auditor-General  
745 Cameron Road  
PO Box 621  
Tauranga 3110  
New Zealand

## Solicitor

Cooney Lees Morgan  
PO Box 143  
Tauranga 3110

