



TAURANGA
COMMERCIAL
DEVELOPMENTS

26 February 2021

Mat Taylor
Bay of Plenty Regional Council
BY EMAIL: mat.taylor@boprc.govt.nz

Scott Hamilton
Quayside Properties Limited
BY EMAIL: scott@quaysideholdings.co.nz

Paul Adams
Commercial Fund Investors Limited
BY EMAIL: paul@carrus.co.nz

Dear Shareholders and Council,

Tauranga Commercial Developments Limited - Interim report December 2020

In accordance with section 66 of the Local Government Act 2002 please find enclosed the interim accounts (unaudited) to 31 December 2020 for your information.

Company overview

Tauranga Commercial Developments Limited pursues opportunities and has investments in the commercial and/or industrial property investments in the Tauranga region. It aims to provide sustainable, long term income for its shareholders through the acquisition of quality, tenanted commercial/industrial buildings, and provide economic value to the Tauranga region through development projects.

Progress

The Spring Street building demolition is now complete and the company continues to actively seek out and engage with key anchor tenants for the site.

If you have any questions please contact our office.

Kind regards

Scott Hamilton
Director



TAURANGA
COMMERCIAL
DEVELOPMENTS

Interim Report

Tauranga Commercial Developments Limited

For the six months to 31 December 2020

Tauranga Commercial Developments Limited

Background

For the period to 31 December 2020

These are the unaudited interim financial statements of Tauranga Commercial Developments Limited (“the Company”).

Tauranga Commercial Developments Limited (‘the Company’) is a joint venture partnership between Quayside Properties Limited and Commercial Fund Investors Limited. Quayside Properties Limited is a wholly owned subsidiary of Quayside Holdings Limited whose ultimate controlling entity is the Bay of Plenty Regional Council. As a consequence, Tauranga Commercial Developments Limited is deemed to be a ‘Council Controlled Organisation’ under the Local Government Act 2002. Tauranga Commercial Developments Limited was incorporated on 30th October 2018.

The Company’s Statement of Intent, prepared in accordance with the Local Government Act 2002, covers prudent financial management and risk management. The Company is making good progress against the objectives set out in the Statement of Intent for the year ended 30 June 2021. Refer to the notes for further information.

Contents

	Page
Statement of Comprehensive Income	1
Statement of Changes in Equity	2
Statement of Financial Position	3
Statement of Cash Flows	4
Notes to the Financial Statements	5
Statutory Information	8
Directory	9

Tauranga Commercial Developments Limited
Statement of Comprehensive Income
For the six months ended 31 December 2020

	Note	Unaudited six months Dec 2020 \$000	Unaudited six months Dec 2019 \$000	Audited full year June 2020 \$000
Trading revenue		-	13	16
Expenses		(28)	(29)	(65)
Fair value gains		-	-	56
Profit before income tax		(28)	(16)	7
Income tax (expense)/benefit		-	-	-
Profit/(loss) for the period		(28)	(16)	7
Other comprehensive income		-	-	-
Total comprehensive income		(28)	(16)	7

Tauranga Commercial Developments Limited
Statement of Changes in Equity
For the six months ended 31 December 2020

	Share capital \$000	Shareholder capital contributions \$000	Retained earnings \$000	Total Equity \$000
Opening balance	6,000	300	602	6,902
Comprehensive income				
Loss for the period	-	-	(16)	(16)
Total comprehensive income	-	-	(16)	(16)
Ordinary shares issued	-	-	-	-
Capital contributions	-	-	-	-
Total transactions with owners	-	-	-	-
Balance at 31 December 2019	6,000	300	586	6,886
Opening balance	6,000	300	586	6,886
Comprehensive income				
Profit for the period	-	-	23	23
Total comprehensive income	-	-	23	23
Ordinary shares issued	-	-	-	-
Capital contributions	-	250	-	250
Total transactions with owners	-	250	-	250
Balance at 30 June 2020	6,000	550	609	7,159
Opening balance	6,000	550	609	7,159
Comprehensive income				
Loss for the period	-	-	(28)	(28)
Total comprehensive income	-	-	(28)	(28)
Ordinary shares issued	-	-	-	-
Capital contributions	-	-	-	-
Total transactions with owners	-	-	-	-
Balance at 31 December 2020	6,000	550	581	7,131

Tauranga Commercial Developments Limited
Statement of Financial Position
As at 31 December 2020

	Note	Unaudited six months Dec 2020 \$000	Unaudited six months Dec 2019 \$000	Audited full year June 2020 \$000
Assets				
Current assets				
Cash and cash equivalents		54	231	328
Trade and other receivables		10	1	126
Total current assets		64	232	454
Non-current assets				
Investment properties		7,070	6,656	6,725
Total non-current assets		7,070	6,656	6,725
Total assets		7,134	6,888	7,179
Liabilities				
Trade and other payables		(3)	(2)	(20)
Total current liabilities		(3)	(2)	(20)
Non-current liabilities				
-		-	-	-
Total non-current liabilities		-	-	-
Total liabilities		(3)	(2)	(20)
Net assets		7,131	6,886	7,159
Equity				
Share capital		6,000	6,000	6,000
Shareholder capital contributions		550	300	550
Retained earnings		581	586	609
Total equity		7,131	6,886	7,159

Tauranga Commercial Developments Limited
Statement of Cash Flows
For the six months ended 31 December 2020

	Note	Unaudited six months Dec 2020 \$000	Unaudited six months Dec 2019 \$000	Audited full year June 2020 \$000
Cash flows from operating activities				
Cash inflows		-	12	19
Cash outflows		(54)	(25)	(49)
Net cash flow from operating activities		(54)	(13)	(30)
Cash flows from investing activities				
Cash inflows		-	-	-
Cash outflows		(345)	(6)	(17)
Net cash flow from investing activities		(345)	(6)	(17)
Cash flows from financing activities				
Cash inflows		125	-	125
Cash outflows		-	-	-
Net cash flow from financing activities		125	-	125
Net increase in cash and cash equivalents		(274)	(19)	78
Cash and cash equivalents at the beginning of the year		328	250	250
Cash and cash equivalents at the end of the year		54	231	328

Tauranga Commercial Developments Limited

Notes to the Financial Statements

For the six months ended 31 December 2020

1 Reporting Entity

Tauranga Commercial Developments Limited (the Company) is a company incorporated and domiciled in New Zealand and registered under the Companies Act 1993. It is a joint venture between Quayside Properties Limited and Commercial Fund Investors Limited.

The Company is a council-controlled trading organisation as defined under Section 6 of the Local Government Act 2002, as the parent company of Quayside Properties Limited is Quayside Holdings Limited, whose ultimate controlling entity is the Bay of Plenty Regional Council.

The primary purpose of the Company is to purchase and develop commercial and industrial real estate assets in the Tauranga region. The Company is a for-profit entity.

2 Basis of preparation

Statement of compliance

These are the unaudited interim financial statements of the Company for the six months ended 31 December 2020.

The interim financial statements have been prepared in accordance with NZ IAS 34 Interim Financial Reporting and New Zealand generally accepted accounting practice as appropriate for Tier 2 for-profit entities. 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 interim financial statements do not include all the information and disclosures required in the annual financial statements. As such, these should be read in conjunction with the company's annual financial statements as at 30 June 2020.

Basis of measurement

The financial statements have been prepared on a historical cost basis.

Presentation currency

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

Accounting policies

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements as at 30 June 2020. There were no changes in accounting policies during the period.

Use of estimates 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.

3 Events subsequent to balance date

There were no significant events subsequent to balance date requiring disclosure or that would materially affect these financial statements.

4 Statement of Service Performance

Tauranga Commercial Developments is a Council Controlled Organisation (CCO) and is required to prepare a Statement of Intent (SOI). Recorded below are the targets and results of the *Tauranga Commercial Developments* Statement of Intent categorised under the following portfolio activities.

Governance

	Performance measure	Performance target	Performance to date
1	TCD maintains a strategic direction that is consistent with that of a 50% shareholder of QPL and Council.	Target 1 - TCD will submit a draft SOI for 2021/22 for approval to QLP and Council by 1 March 2021.	The draft SOI is current underway.
2	TCD keeps shareholders informed of all significant matters relating to it.	Target 2 - TCD will meet and provide updates to its shareholders quarterly on new opportunities and key works programmes. TCD will advise any major matters of urgency (including any departures from budget or health and safety issues) to its shareholders at the earliest opportunity.	TCD provides updates to shareholders regularly as regular part of investment update.
3	Corporate governance procedures are appropriate, documented and reflect best practice.	Target 3 - The Board will maintain an appropriate and thorough set of corporate governance policies and procedures which will be reviewed at least every two years. Target 4 - The Board will retain a complete and up to date set of minutes and company records.	Policies have been reviewed appropriately. Minutes and company records are up to date.

Key initiatives

	Performance measure	Performance target	Performance to date
1	To provide economic value to the Tauranga regional through the identification of development projects that provide commercial returns to its shareholders.	Target 5 - Achieve an appropriate commercial return on the site at 63-69 Spring St. Target 6 – Successfully demolish the existing building located at 63-69 Spring Street. Target 7 - Planning and project feasibility for a new office development 63-69 Spring St, including but not limited to project feasibility, concept design, early contractor engagement. Target 8 – TCD will continue to seek out an anchor tenant/tenants to underwrite the new development. Target 9 -To continue to seek out and actively review development opportunities.	TCD has completed the demolition of the 63 Spring Street Building. The programme for the demolition was delayed due to Covid. TCD continues to actively seek out and engage with key anchor tenants for the building and has been involved in one formal process with a large tenant to take the entire building.

Performance measure	Performance target	Performance to date
2 To develop and maintain a portfolio of quality commercial/industrial buildings in the Tauranga region.	<p>Target 10- Ensure all assets are managed in accordance with the law, shareholders agreement and all leases.</p> <p>Target 11 - TCD will continue to seek out and actively review investment opportunities for the acquisition of real assets.</p>	<p>All assets have been managed in accordance with the law.</p> <p>TCD continues to discuss and seek out commercial opportunities including building development and carparking options.</p>

Financial and operational objectives

Performance measure	Performance target	Performance to date
1 Meet the financial targets contained within this SOI.	Target 12 – Budgeted key performance indicators are met or exceeded.	Financial targets are generally in line with the budget.

Tauranga Commercial Developments Limited

Statutory information

For the six months ended 31 December 2020

Information used by directors

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

Donations

No donations were made by Tauranga Commercial Developments Limited during the period.

Remuneration of directors

The following directors held office during the period:

- P Adams
- S Adams
- S Hamilton
- S Newbury

There was no director remuneration.

Loans

There were no loans by Tauranga Commercial Limited to directors.

Employees

Tauranga Commercial Developments Limited does not have any employees.

Tauranga Commercial Developments Limited Directory

Registered office

61 Westmoreland Rise
Bethlehem
Tauranga 3110
Ph: (07) 579 3300

Postal address

PO Box 345
Tauranga

Auditors

KPMG
On behalf of the Auditor-General
247 Cameron Road
Level 2
Tauranga 3110
New Zealand

Solicitor

Sharp Tudhope
Level 4
Devonport road
Tauranga 3110