



Statement of Intent 2024

Quayside Holdings Ltd, Subsidiaries and Joint Ventures



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Introduction

This consolidated Draft Statement of Intent is prepared for Quayside Holdings Limited and its directly held subsidiaries (together **Quayside** or the **Group**) for the year 1 July 2023 to 30 June 2024, with financial forecasts out to 30 June 2026.

This Statement of Intent is prepared in accordance with section 64(1) of the Local Government Act 2002 (the **Act**).

Quayside Holdings Limited (**QHL**) is a council-controlled trading organisation (**CCTO**) under the Local Government Act 2002, that operates a trading undertaking for the purpose of making a profit. QHL is wholly owned by the Bay of Plenty Regional Council (**Council**).

**Quayside is the commercial and investment arm of the
Bay of Plenty Regional Council.**

Quayside's Vision: Invested in our Future – Mauri Ora Roa

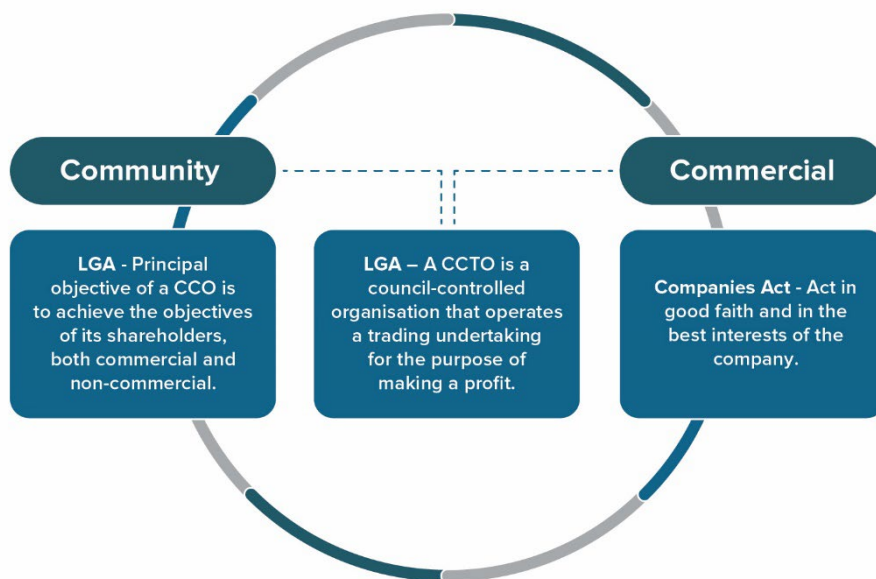
*Quayside's purpose is to grow a responsible and diversified fund that
generates long term returns to support the growth and prosperity of
the Bay of Plenty.*

Invested in our Future – Mauri ora roa

In the 30 years since Quayside Holdings Limited (**QHL**) was formed to hold the Port of Tauranga shares owned by Bay of Plenty Regional Council (**Council**), it has evolved to become a diversified investment manager with a number of subsidiaries and total group assets of \$2.75 billion. Quayside has provided \$387m in dividend payments to Council as its shareholder and provided an additional \$200m to support regional development projects through the issuance of Quayside Perpetual Preference Shares (PPS), for which Quayside continues to service the debt obligations.

The annual dividend has grown from \$1.29 million in 1998 to a forecast \$42.4 million in 2023, providing cash to Council for projects and improvements in the local community.

We remain committed to the kaupapa of enabling positive and impactful outcomes for the Bay of Plenty region.



Through its ownership stake in the Port of Tauranga, Quayside has considerable geographic and concentration risk. Quayside will mitigate this risk by diversifying into Investment and Real Assets, whereby we will adopt a regional bias for Real Assets and move to an approach of regional agnosticism for other investments.

Investment Risk Environment

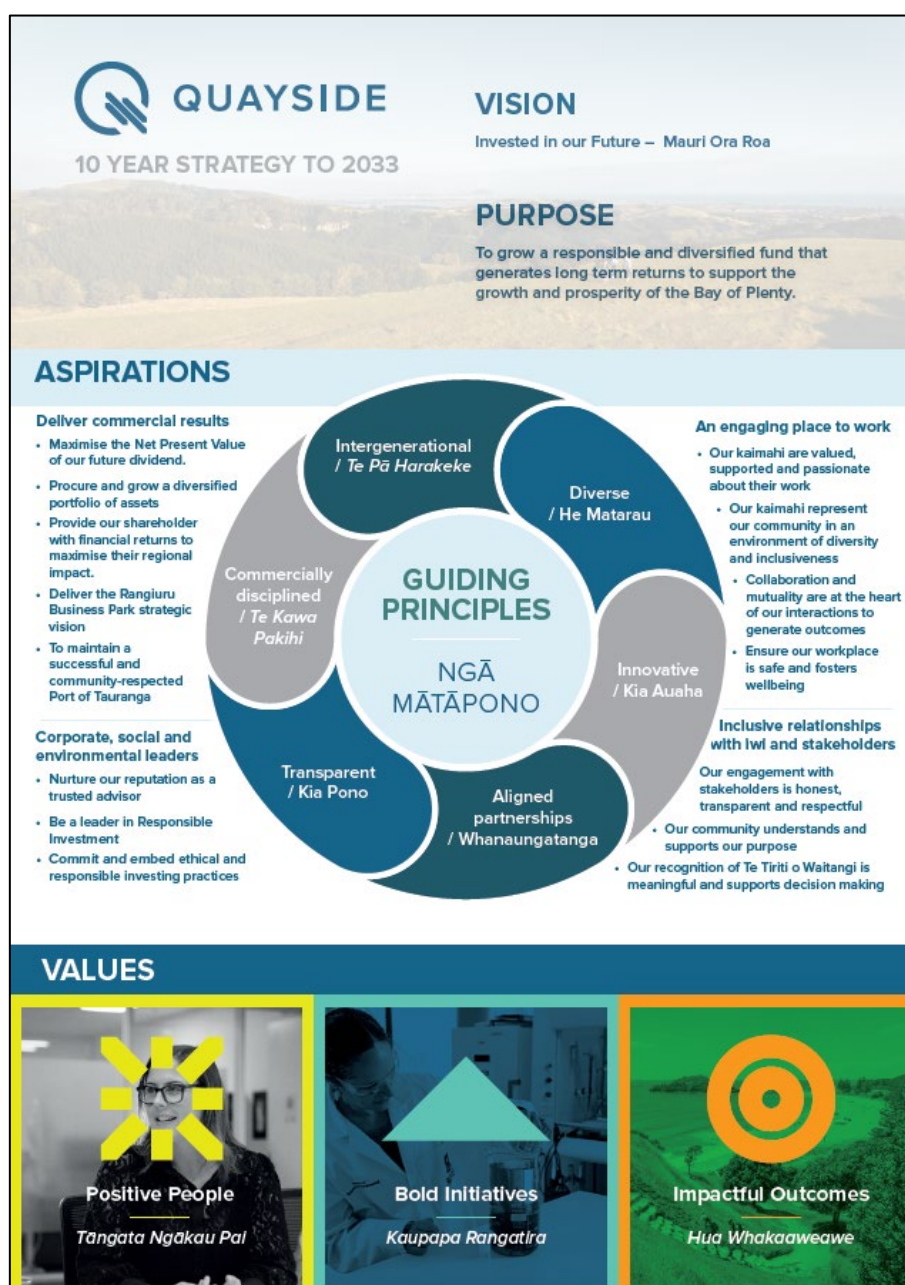
In 2022 the rise in inflation led to a sharp correction in asset pricing.

Quayside’s portfolio has not been immune to these financial pressures and the rising interest rate environment is straining the balance sheet and operating cashflow.

The current investment environment is challenging, with the global and domestic economy both experiencing significant volatility. Quayside’s portfolio has “weathered the storm” well, we are conscious of the need to increase resilience throughout the Group and position ourselves to capitalise on opportunities that may arise during this period of economic dislocation.

Being intergenerational in focus, Quayside will continue to build strength and sustainability in its investment portfolio. This in turn delivers an appropriate blend of equity growth and cash yield to support the Council’s requirements and the wider community expectations (viz social license) while maintaining a continued focus on growth. These actions will ensure Quayside can serve the region for decades to come.

Quayside’s current corporate settings and the requirement from Council for increasing dividends are not sustainable in the current economic environment and mid-term outlook. Careful consideration of alternative strategies to optimise outcomes will be a focus of the Group in FY2024.



Group Objectives

Quayside Group objectives are set out in our key aspirations:

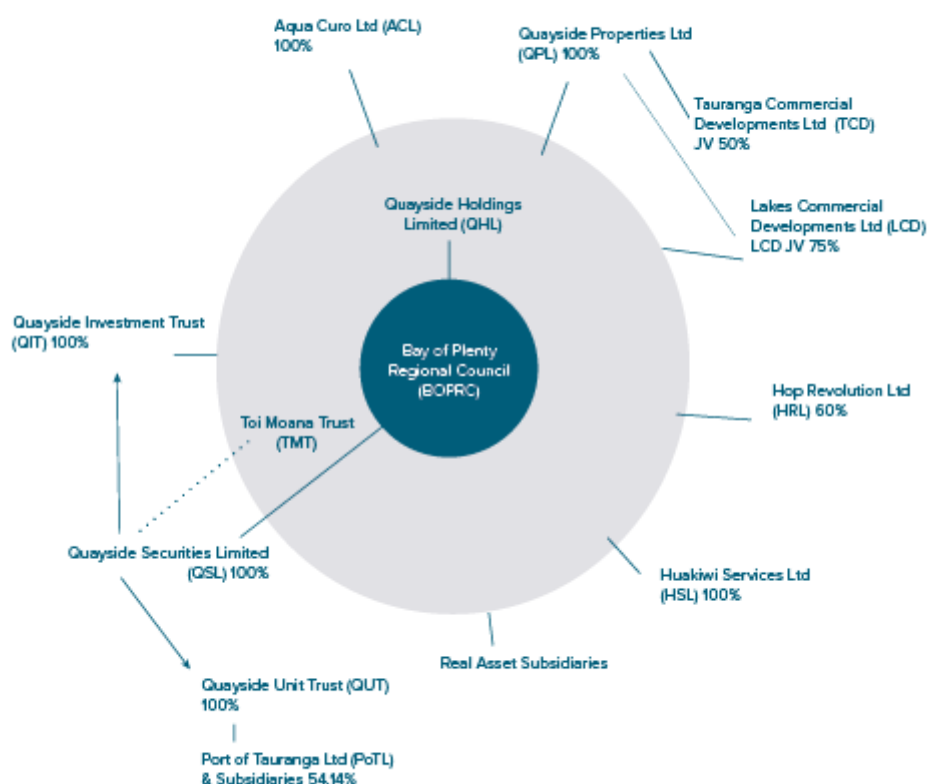
- Maximise the Net Present Value of our future dividend.
- Procure and grow a diversified portfolio of assets.
- Provide our shareholder with financial returns to maximise their regional impact.
- Deliver the Rangiuru Business Park strategic vision.
- To maintain a successful and community-respected Port of Tauranga.
- Nurture our reputation as a trusted advisor.
- Be a leader in Responsible Investment
- Commit and embed ethical and responsible investing practices.
- Our kaimahi are valued, supported and passionate about their work
- Our kaimahi represent our community in an environment of diversity and inclusiveness
- Collaboration and mutuality are at the heart of our interactions to generate outcomes
- Ensure our workplace is safe and fosters wellbeing.
- Our engagement with stakeholders is honest, transparent and respectful
- Our community understands and supports our purpose
- Our recognition of Te Tiriti o Waitangi is meaningful and supports decision making

Group Structure

QHL is the parent company of the Quayside Group (the **Group**) which comprises 16 trading entities set up to enable QHL to deliver on its primary purpose.

This statement of intent incorporates the nature, scope, activities, and performance targets of the Group covering all trading entities. Where entities undertake a more specific nature and scope of activities and are managed by a differing governance structure than QHL, the Board of that company has prepared an independent SOI which is included as an appendix to this document. This provides greater transparency about the individual company and enables it to meet its obligations under the Act.

The consolidated financial information contained in this Group SOI includes that of all 16 entities which form part of the Group. The structure of the Group is as follows:



Quayside Securities Limited (as trustee) holds a 54.14% share of the Port. The Port shareholding is the largest asset of the Quayside Group. The Port is not a council-controlled organisation (**CCO**) and therefore is not required to produce a statement of intent. This statement of intent does however include the governance objectives of Quayside Securities Limited as it relates to POTL. The investment in POTL is included where reference is made to consolidated financial positions.

Nature and scope of Group activities

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

Port Assets	\$2.3bn as at 31 December 2022
Port portfolio	Majority ownership of at least 50.1% of the Port. Monitoring financial performance, peer relative performance and corporate governance.
Investment Assets	\$368m as at 31 December 2022
Listed asset portfolio	Generation of commercial returns and an income stream through a diversified share investment portfolio.
Real asset portfolio	Targeting long-term commercial returns through the investment in, or management of real assets (including property and infrastructure), both regionally and nationally.
Private equity portfolio	Targeting long-term commercial returns through the investment in new and existing private equity and joint ventures, regionally, nationally, and internationally.
Regional Assets	\$69.7m as at 31 December 2022 Assets of the Group, where Quayside and/or Council have agreed that the objectives are both commercial and regional.
Rangiuru	Development of stage 1A of the Rangiuru Business Park to market by late 2024. Stage 1B commenced earthworks late 2022.
Tauriko	Retain land at Tauriko for future strategic benefit on behalf of the Council.
Debt Management	\$79m debt plus \$200m Perpetual Preference Shareholders as at 31 December 2022
Treasury	Targeting both cash and tax efficient management of cash and borrowings to the benefit of Quayside and the wider Group.
Team	
Governance	Ensuring that the Group manages Council assets in a commercially responsible manner. Ensuring that the legislative compliance is achieved as a company, CCO, CCTO and NZDX listed entity. Ensuring open dialogue between the Group and Council.

Nature and scope of Quayside subsidiaries

Aquaculture - Aqua Curo Limited (ACL)

ACL has been incorporated to pursue opportunities in the aquaculture sector, primarily, the use of macroalgae for bioremediation purposes. Established in August 2018, it is a wholly owned subsidiary of QHL. The key priorities for ACL are advancing its research through the establishment and management of a key pilot plant to test commercialisation of its findings with a view to delivering future financial returns to its shareholder. The SOI prepared by the board of Aqua Curo Limited is at Appendix 1.

Horticulture

Huakiwi Services Limited (HSL)

HSL is established to pursue opportunities in the horticulture sector with a focus on the development and betterment of Māori land. A key priority for HSL is the sustainability of returns from existing kiwifruit orchards. The SOI prepared by the board of Huakiwi Services Limited is at Appendix 2.

HRL Property Limited (HRL)

HRL became a CCO when Quayside acquired at 60% stake in December 2022. It owns a property in Tasman District for hop production. The SOI prepared by the board of HRL Property Limited is at Appendix 3.

Land development at Rangiuuru - *Quayside Properties Limited (QPL)*

QPL holds the Quayside land at the consented Rangiuuru Business Park. The development is currently in its second season of earthworks to Stage One of the park and has commenced construction of the interchange on the Tauranga Eastern Link, which is critical infrastructure to service the business park. The development of the Rangiuuru Business Park is in accordance with the District Plan. QPL along with QSL, QIT and QUT form part of this consolidated SOI on behalf of the Quayside Group.

Property Development

Lakes Commercial Developments Limited (LCD)

LCD has been incorporated to purchase commercial and/or industrial property assets and pursue new developments in the Rotorua region. LCD was established in March 2019 as a joint venture between TPB Holdings Limited and Quayside Properties Limited, with TPB Holdings having a 25% shareholding and Quayside a 75% shareholding. LCD holds two commercial properties at Rotorua. The SOI prepared by the board of Lakes Commercial Developments Limited is at Appendix 4.

Tauranga Commercial Developments (TCD)

TCD has been incorporated to purchase commercial and/or industrial property assets and pursue new developments in the Tauranga region. TCD is a joint venture between Commercial Fund Investors Limited and Quayside Properties Limited, each party holding 50% of the shares. TCD owns one property in Tauranga CBD. The SOI prepared by the board of Tauranga Commercial Developments Limited is at Appendix 5.

Investment Management

Quayside Investment Trust (QIT)

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

Quayside Securities Limited (QSL)

Quayside Securities Limited is wholly owned by QHL. It acts as trustee of Quayside Investment Trust and Quayside Unit Trust, including being trustee of a 54.14% shareholding in the Port held in Quayside Unit Trust.

Quayside Unit Trust (QUT)

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

Toi Moana Trust (TMT)

Toi Moana Trust is a PIE unit trust investment vehicle established in 2019 under QSL as trustee, for the investment of funds on behalf of Council. QHL prepares a SOI for TMT annually, included at Appendix 6.

Real Asset Property Investments Subsidiaries

QHL has 5 subsidiaries founded to hold land, commercial and industrial buildings within New Zealand. Together these are referred to as the Quayside Real Asset Subsidiaries and share a commonality of Directors:

Quayside Barnett Place Limited (QBP) - QBP owns a commercial building for commercial return in Te Rapa, Hamilton.

Quayside Portside Drive Limited (QPD) - QPD owns an industrial building for commercial return in Mount Maunganui.

Quayside Tauriko Limited (QTL) - QTL owns land and buildings in Tauriko, Tauranga at the request of Council for Council's strategic purposes.

Quayside The Vault Limited (QTV) - QTVL owns a commercial building for commercial return in Tauranga.

Quayside Te Papa Tipu Limited (QTP) - QTPL is the lessor of land and funder of a new commercial office building at Te Papa Tipu Innovation Park, Rotorua.

The SOI prepared by the directors of the real asset subsidiaries is at Appendix 7.

Group performance targets

Performance targets are effective for the year represented by this statement of intent. Target measures will therefore be assessed in full on or within 90 days after 30 June 2023.

Portfolio	Objective	Measure
Port	Maintain a majority holding in the Port of Tauranga Limited	Holding of greater than 50.1%. Council approval and community consultation through the Special Consultative Procedure set out in Section 93 of the Act and the relevant Council policy must be sought prior to any change to the current shareholding.
Investment	Generate commercial returns across the Investment Portfolio.	Five year rolling gross return target of $\geq 7.0\%$ per annum.
Real Asset	Generate long term commercial returns through a portfolio of real assets.	Pricing and Valuation quarterly meeting to regularly assess individual asset performance.
Private Equity	Generate long-term commercial returns through a portfolio of private equity assets.	Pricing and Valuation quarterly meeting to regularly assess individual asset performance.
Regional Benefit	Develop the Rangiora Business Park to create long term benefit for the Bay of Plenty region.	Quarterly updates by Quayside to Council on progress and matters related to strategic risk and financial aspects and regional and social benefits of the development.
	The land at Tauriko is managed as a strategic asset.	Quayside to engage with Council on future holding of this land to understand strategic rationale.
Governance	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	A minimum of two presentations around interim and end of year financials and two workshops per annum to Council, as shareholders. Participation and engagement in quarterly treasury meetings with Council. Long term forecasting of key financial information and key investment risks provided to Council annually.
	Ensure Group policies and procedures are current and appropriate.	All policies and procedures reviewed no less than biennially by the Quayside Executive.
	Meet shareholders distribution expectations as outlined in the SOI.	Distributions paid in accordance with the Quayside Distribution Policy. Such distributions are based on actual assets and performance and may vary from the forecast provided in the SOI. Quayside will make a recommendation to Council on the use of any special dividends received from the Port.
	Compliance with NZDX listing requirements for PPS.	Disclosures are made in line with continuous disclosure requirements. Board reporting of PPS compliance and monitoring.
	Promote and support approaches to responsible investment that align capital with achieving a healthy, sustainable society, environment, and economy.	Maintain a written set of principles for responsible investment which is reviewed no less than biennially. Comply with XRB Aotearoa New Zealand Climate Standard Disclosures reporting legislation.

Accounting policies

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

Ratio of shareholder funds to total assets

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

QUAYSIDE GROUP (Market Value)	2024	2025	2026
Assets (\$m)	\$2,969	\$ 3,153	\$3,295
Liabilities (\$m)	\$134	\$184	\$184
Shareholder - PPS (\$m)	\$200	\$200	\$200
Shareholder - Council (\$m)	\$2,635	\$2,769	\$ 2,911
Council shareholder funds to assets	89%	88%	88%

Positions are reflective of the market price of the investments of the Group forecast. These are forecasts only, actual results may differ.

Distribution to shareholders

Distributions to Council

The Quayside Board will pay dividends to the shareholder in accordance with its Distribution Policy and after considering its profitability and future investment requirements and the requirement to meet the solvency test under the provisions of the Companies Act 1993.

The level of distribution to Council is made in accordance with the Quayside Distribution Policy which provides that the annual dividend be calculated by multiplying the 'historical distribution portion' by 80% and adding this to the 'current distribution portion' multiplied by 20%. The historical distribution portion is defined in the Distribution Policy as the average inflation adjusted (using the Reserve Bank of New Zealand's published consumer price index) ordinary dividend paid by Quayside each year to the Council over the preceding three financial years ending 30 June. The historical distribution portion is subject to a reset when certain factors occur.

The current distribution portion is defined in the Distribution Policy as 4.5% of the Group's adjusted total asset value as determined by the Quayside board from time-to-time.

The intention of the Distribution Policy is for the distribution to Council sit between 70% and 100% of cash profits.

Quayside proposes a re-consideration of the Dividend policy that calculates the distribution amount based on net assets (total assets less liabilities + PPS) rather than total assets, which aligns with market accepted methodologies.

The forecast dividend distributions for the next three years are presented below and are estimates and subject to change based on variations in inputs to the model, in particular inflation and portfolio returns.

Financial year	2024	2025	2026
Distribution (\$m)	\$45.0m	\$47.0m	\$48.0m

Distributions to PPS holders

The forecast gross dividend distributions for the next three years are:

Financial year	2024	2025	2026
Distribution (\$m)	\$13.28m	\$13.28m	\$13.28m

The dates and amounts above are all reflective of forecast gross distributions in the year ending 30 June. The distribution forecast reflects a fully imputed (at 28%) distribution to unit holders of the PPS and is inclusive of 5% Resident Withholding Tax. These are forecasts only, actual results may differ.

The distribution rate was reset for a three-year period on 13 March 2023 according to the methodology prescribed in the PPS Prospectus at 6.64%.

Commercial valuation of Council investment

Financial year	2024	2025	2026
Council investment (\$m)	\$2,635	\$2,769	\$ 2,911

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

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

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

Governance

Role and appointment of the board

The Board of QHL is appointed by the Council in accordance with the Council's Appointment and Remuneration of Directors to the Board of Council Organisations Policy (the Policy). Under the policy, Council will, for each financial year, agree with QHL the total remuneration pool for directors of QHL, and its subsidiaries Quayside Securities Limited and Quayside Properties Limited. At the time of writing the Board of Quayside consists of seven members, four of whom are independent and Sir R McLeod, QHL Chair, will not seek re-election with his term finishing on 31 October 2023. A process to appoint his replacement is underway and is being led by the Council.

Appointment to the Board of subsidiaries of QHL is governed by the policy. Appointment to the Board of investee organisations is the responsibility of the Board of QHL as prescribed in Quayside's Direct Investment Policy.

Appointment to the Board of the Port, this is determined by the board of QSL as trustee. One appointee to the Board of the Port is currently a Councillor, recommended to QSL by the Council. A second appointee will be an independent director of QSL.

Appointment of investor representatives onto boards is the responsibility of the QHL Board.

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

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

Committees and policies

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

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

In FY 2024 Quayside will establish an Investment Committee, which has been approved by the Board. The purpose of the Committee is to support the Board in investment decision making. Terms of Reference for the investment committee are currently being finalised, as is the membership of the committee.

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

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

Reporting to shareholders

Annual and interim financials

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

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

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

- Performance of the Port portfolio;
- Performance of the investment asset portfolio;
- Performance of the regional benefit asset portfolio;
- Corporate governance;
- Dividend payments to shareholders.

Group updates

The Group provide Council with updates regularly, both formally (two additional presentations to Council annually) and informally as required, including on an as requested basis. This may be through written reports or via presentations and may be at Councillor or executive level as appropriate.

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

No surprises

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

Acquisition and or disposal of shares and other investments

Holding companies

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

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

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

Perpetual Preference Shares (PPS)

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

The latest rate occurred on 12 March 2023.

Port of Tauranga Limited (POTL)

A majority holding of the Port is determined to be a strategic asset of Council that is intended to be held for the long term by the Group. The current shareholding of POTL is 54.14%, held by QSL.

Council approval and community consultation through the Special Consultative Procedure set out in Section 93 of the Act must be sought prior to any change to the current shareholding.

Investment assets

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

Management of investments is governed by a Statement of Investment Policy and Objectives (SIPO). The SIPO is a live document, last updated by board resolution on 6 June 2022, and is available upon request.

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

Activities for which compensation is sought

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

The Council does hold a contingent liability in respect of uncalled Redeemable Preference Shares in QHL. The amount available to be called is limited to \$81.8 million.

Other matters

There are no matters other than those set out above.

Appendix One: Aqua Curo Limited

Appendix Two: Huakiwi Services Limited

Appendix Three: HRL Property Limited

Appendix Four: Lakes Commercial Developments

Appendix Five: Tauranga Commercial Developments Limited

Appendix Six: Toi Moana Trust

Appendix Seven: Quayside Real Asset Subsidiaries

Contact

Quayside Holdings Limited and subsidiaries

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



Statement of Intent

Aqua Curo Limited to 30 June 2024



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Introduction

Aqua Curo Limited (**ACL** or the **Company**) was established in August 2018 as a wholly owned subsidiary of Quayside Holdings Limited (**QHL**).

Purpose and objectives

ACL has been incorporated to pursue opportunities in the aquaculture sector, primarily, the use of macroalgae for bioremediation purposes.

The Board of ACL (the **Board**) have defined the Company's objectives:

- To enter key strategic partnerships to assist with researching, developing, and commercialising the bioremediation of water and related value accretive products.
- To evaluate and assess opportunities to develop multiple technologies to bioremediate water and develop value accretive products.
- To generate long term sustainable financial returns for its shareholder.

Nature and scope of activities

ACL's core activities for 2024-2026 include:

- Conducting research into environmentally sustainable technologies for the purpose of bioremediating water and related value add products.
- Establishing a Phase 2 pilot plant commercial in nature, with either local government or primary industry partners.
- Engaging with industry experts and research bodies to ensure the shareholder of ACL has access to the appropriate levels of expertise.

- Establishing resources to commercialise opportunities in this sector based on ACL’s research and data and identifying strategic opportunities for financial return.

Performance targets

ACL has agreed the following specific objectives and performance targets for the next 3 years, which are updated annually:

	Performance target	Performance measure
1	ACL keeps the shareholder informed of all significant matters relating to it.	The ACL board will meet quarterly and will advise any material matters to the shareholder at the earliest opportunity.
2	Commercialise the bioremediation of water research and use of biomass.	Advance commercial discussions with a minimum of one external party.
3	Establish appropriate commercial structure to deliver to best deliver financial returns to the shareholders.	Appropriate business case and resourcing plan to be presented to and approved by the shareholder.
4	Align with Quayside Group strategic objectives as they relate to Health and Safety and ESG.	ESG - In FY24 Quayside Holdings Limited, on behalf of the Quayside Group, will adopt reporting of climate-related disclosures in accordance with the XRB guidelines. As part of this process, the Group will transition to a risk assessment and performance target/reporting model considering materiality at a Group level. This is to be led by Quayside Holdings with particular targets cascaded to subsidiaries as appropriate. Health and Safety target– 0% loss time injury (LTI).

Performance targets will be assessed in full on or after 30 June.

Accounting policies

The financial statements of ACL are prepared in accordance with the policies and standards outlined in the Quayside Group SOI. For the purposes of complying with NZ GAAP, the Company is eligible to apply to Tier 2 For-profit Accounting Standards (NZ IFRS RDR) on the basis that it is not a large for-profit public sector entity. A full set of accounting policies are available on request.

Ratio of shareholder funds to total assets

Financial year	2024 \$000	2025 \$000	2026 \$000
Assets (\$)	\$800	\$1,600	\$1,300
Liabilities (\$)	\$95	\$95	\$95
Shareholder funds (\$)	\$1,010	\$1,505	\$1,205
Shareholder funds to assets	88%	94%	93%

Estimates based on current market position. Actual results may differ. The figures above are including the development of 2 pilot-plants over the next 2 years, requiring \$1m each.

Distributions

As ACL is currently in a development phase. No distributions are not intended to be paid to shareholders within the next three years.

Commercial valuation of investment

Financial year	2024 \$000	2025 \$000	2026 \$
Quayside Holdings investment	\$1,010	\$1,505	\$1,205

The figures above are reflective of estimated 30 June positions for their respective years. Actual results may differ. The estimates will be reassessed annually at 30 June.

Governance

ACL is a limited liability company, governed by three directors, each is a member of the Institute of Directors:

Brendon Barnes the Chief Investment Officer of Quayside Holdings Limited.

Sam Newbury the Senior Investment Manager at Quayside Holdings Limited, appointed to the ACL board in February 2022.

The directors of ACL are selected for their commercial expertise and other skill sets in accordance with the BOPRC Appointment and Remuneration Policy for Directors of Council Organisations policy.

The Board meet quarterly and more often when required. The board strives to achieve best practice governance for ACL.

Committees and policies

The Board of Directors are responsible for all delegations and subsequent operations of the business. No subcommittees of the Board exist. ACL has no employees and one contractor.

ACL maintains its own Fraud, Delegated Authority and Health and Safety policies. It has approved the adoption of the Quayside Group Procurement Strategy.

A delegated authority policy provides for the management of the day-to-day activities of ACL.

Reporting to shareholders

ACL provides its shareholders and the Council with half yearly and year-end financial reports in accordance with sections 65 to 72 of the Local Government Act 2002 and additionally through informal reporting.

HUAKIWI

Statement of Intent

**Huakiwi Services Limited & Huakiwi
Developments Limited Partnership**

For the year to 30 June 2024

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Introduction

This Statement of Intent (SOI) is prepared in accordance with section 64(1) of the Local Government Act 2002 (the Act).

The SOI sets out the purpose, strategic objectives, nature and scope of the activities to be undertaken by Huakiwi Services Limited and Huakiwi Developments Limited Partnership (Huakiwi) and the measures by which the performance of Huakiwi may be judged in relation to its objectives.

Huakiwi is a council-controlled trading organisation (CCTO) for the purposes of the Act.

Purpose and Objectives of the Group

Huakiwi was established to pursue opportunities in the horticulture sector, with a focus on the development and betterment of Māori land.

Huakiwi has established and planted 8 Zespri Gold, Green and Red kiwifruit orchards to date across the Bay of Plenty.

Nature and Scope of activities

Huakiwi was established in March 2017 as a joint venture between Te Tumu Paeroa and Quayside Holdings Limited (QHL). As Quayside Holdings Limited is a 100% subsidiary of the Bay of Plenty Regional Council, Huakiwi is deemed under the Act to report as a Council Controlled Trading Organisation. This Statement of Intent incorporates the nature, scope, activities, and performance targets of subsidiaries of Huakiwi.

Performance Targets

Huakiwi has agreed the following performance targets:

Target	Objective	Measure
1.	Developed Orchards	<ul style="list-style-type: none"> • Operation of orchards to budgeted income and expense level. • Operation of orchards in accordance with Zespri GAP which is based on the internationally recognised GLOBALG.A.P. Standard. • Operation of orchards in accordance with principles of the Health & Safety at Work Act 2015.
2	Capital Management	<ul style="list-style-type: none"> • Management of the overall Huakiwi project to within the capital agreed by existing and new Limited Partners
3.	Investment return	<ul style="list-style-type: none"> • Distribution of profit as agreed by the shareholders.
4.	ESG	<ul style="list-style-type: none"> • Reporting on our environmental, social and governance performance at each board meeting which will include our health & safety performance, our social commitments to iwi and community along with our company governance responsibilities.
5	Align with Quayside Group strategic objectives as they relate to Health and Safety and ESG.	<ul style="list-style-type: none"> • ESG - In FY24 Quayside Holdings Limited, on behalf of the Quayside Group, will adopt reporting of climate-related disclosures in accordance with the XRB guidelines. As part of this process, the Group will transition to a risk assessment and performance target/reporting model considering materiality at a Group level. This is to be led by Quayside Holdings with particular targets cascaded to subsidiaries as appropriate. • Health and Safety target– 0% loss time injury (LTI).

Performance targets are effective for the year represented by this Statement of Intent. Target measures will therefore be assessed in full on or after 30 June 2024. It is noted that the financial year end for Huakiwi is 31 March. Huakiwi will keep shareholders informed during the year of progress against performance targets on a no surprises basis.

Accounting Policies

The financial statements of Huakiwi are 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. Huakiwi is a reporting entity for the purposes of the Financial Reporting Act 2013 and its financial statements comply with that Act.

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

Ratio of shareholder funds to total assets

	2024	2025	2026
Assets (\$m)	\$32,000,000	\$32,000,000	\$32,000,000
Liabilities (\$m)	\$1,000,0000	\$1,000,0000	\$1,000,0000
Shareholder funds (\$m)	\$31,000,000	\$31,000,000	\$31,000,000
Shareholder funds to assets (%)	97%	97%	97%

The figures above are all reflective of 31 March 2022.

Distribution to Shareholders

The Board agreed that there will be no distributions to shareholders over the next financial year (FY24) and will assess any future distributions within the financial year prior. It is noted that our orchards remain in their final development phase for the next three-year period.

	2024	2025	2026
Distribution (\$m)	\$0	\$0	\$0

It is anticipated that Huakiwi may be able to begin capital repayments during the period.

Commercial valuation of investment

	2024	2025	2026
Quayside Holdings Ltd (\$m)	\$15,500,000	\$15,500,000	\$15,500,000
Te Tumu Paeroa (\$m)	\$15,500,000	\$15,500,000	\$15,500,000

Governance

Huakiwi is made up of a limited partnership and a limited liability company with four directors, with two appointments on behalf of each major shareholder. Current directors are Bryan Grafas, Lyndon Settle, Christopher Rich and Ruth Russell (Alternate for Samuel Jury).

All directors of Huakiwi Services Limited have been selected for their specific expertise in line with the nature of the business and in accordance with the Quayside Group policy for appointment of directors to subsidiaries and investee companies. The Board will meet quarterly and more often when required.

Through the outlined performance targets included in this SOI along with agreed delegated authorities, company policies and procedures, the board strives to achieve best practice governance for Huakiwi.

The Board is responsible for all delegations and subsequent operations of the business.

Committees and Policies

- A Delegated Authority policy has been put in place to enable the management of the day-to-day activities of Huakiwi which was updated to reflect the new local management structure in November 2022.
- A Distribution Policy has been put in place to outline the approach the organisation will take towards the distribution of the Partnerships net earnings and the return of Committed Capital from realised assets during the investment period.

Reporting to Shareholders

Huakiwi provides its shareholders and Council with annual and half yearly reporting in accordance with sections 66 to 72 of the Act.

Huakiwi operates on a no surprises basis with its parent shareholders Quayside Holdings Limited and Te Tumu Paeroa. Huakiwi will look to advise shareholders early of any material departure from the Statement of Intent at the soonest practical opportunity.

Activities for which compensation is sought

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

2024

HRL Property Limited

Statement of Intent – to 30 June 2024

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Introduction

HRL Property Limited (the **Company**) is a council-controlled trading organisation for the purposes of the Local Government Act 2002 (the **Act**).

The Company is a joint venture 60 percent owned by Quayside Holdings Limited (**QHL**) which in turn is wholly owned by the Bay of Plenty Regional Council (Council); and the remaining 40 percent owned by the TM & BP McCashin Family Trust.

The Company is the registered proprietor of land at 877 Korere Tophouse Road, Korere, Tasman District, being the land contained in records of title NA2D/657, NL6A/1084 and NL8C/1290 (“the **Property**”).

Purpose and objectives

The Company has been incorporated to exercise the registered proprietary interests of the Property for the purposes of undertaking commercial horticultural production, primarily hop production (the **Venture**).

The Company’s objective is to manage its assets on a commercial basis providing sustainable, long-term income for its shareholders.

Nature and scope of the activities

The commercial activities undertaken by the Company are the management of the Property for the Venture, and the investigation of commercial opportunities for the property related to value land use change based on investment in forestry, carbon, horticulture and residential subdivisions.

Governance

Role of the Board of Directors

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

Board composition and committees

The directors of the Company are appointed by its shareholders, Quayside Holdings Limited and TM & BP McCashin Family Trust. The current directors are Sam Newbury Investment Manager of Quayside Holdings Limited; and Mr Andrew Leete as a TM & BP McCashin Family Trust nominated Board Member.

Responsibility to shareholders and Council

In accordance with s64 of the Act, the Company submits a SOI for the coming financial year to Council.

Reporting to shareholders and Council

The Company provides its shareholders and Council with half yearly and year-end financial reports in accordance with sections 65-72 of the Act. The Company performance is included in QHL Group consolidated reporting and QHL provides additional updates of Group performance to Council no less than twice yearly and advises of any significant matters at the earliest opportunity.

Performance targets

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

	Performance target	Performance measure
1	Assess feasibility of property for purpose of forestry & carbon investment.	Engage 3 rd party specialist to conduct feasibility study and make board decision by FY24. Obtain necessary funds to execute forestry & carbon investment.
2	Assess the feasibility of subdivision of the property.	Engage specialist consultants to advise on the feasibility of the sub-division and obtain the necessary funds to execute the subdivision.
3	The Property is maintained to ensure safe use and enjoyment for tenants.	The property maintains: <ul style="list-style-type: none"> • Maintenance and risk management plan • Reasonably practical steps to address health and safety matters.
4	Align with Quayside Group strategic objectives as they relate to Health and Safety and ESG.	ESG - In FY24 Quayside Holdings Limited, on behalf of the Quayside Group, will adopt reporting of climate-related disclosures in accordance with the XRB guidelines. As part of this process, the Group will transition to a risk assessment and performance target/reporting model considering materiality at a Group level. This is to be led by Quayside Holdings with particular targets cascaded to subsidiaries as appropriate. Health and Safety target– 0% loss time injury (LTI).

Financial information

Accounting policies

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

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

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

Financial forecasts

The following forecasts are based on the assumption that the Fenton Street and Old Taupo Road properties are the only major assets of the Company. Actual results may differ.

	2024 \$000	2025 \$000	2026 \$000
Income before tax*	\$0k	\$0K	\$0k
Assets	\$6.2m	\$6.38m	\$6.57m
Liabilities	\$2.5m	\$2.5m	\$2.5m
Shareholder funds	\$3.7m	\$3.9	\$4.07
Consolidated Shareholder funds/ total assets ratio	0.59	0.60	0.63

*Excluding revaluation gains/losses.

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

Distributions to shareholders

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

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

Estimate of commercial value of shareholder's investment

	2024 \$000	2025 \$000	2026 \$000
Quayside Holdings Limited	\$2.118m	\$2.22m	\$2.34m
TM & BP McCashin Family Trust	\$1.19m	\$1.26m	\$1.335m

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

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



LAKES
COMMERCIAL
DEVELOPMENTS

Statement of Intent

Lakes Commercial Developments Limited

For the year to 30 June 2024

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Introduction

Lakes Commercial Developments (the **Company**) is a council-controlled trading organisation for the purposes of the Local Government Act 2002 (the **Act**).

The Company is a joint venture 75 percent owned by Quayside through Quayside Properties Limited (**QPL**) and Quayside Holdings Limited (QHL), which in turn is wholly owned by the Bay of Plenty Regional Council (Council); and 25 percent is owned by TPB Holdings Limited.

The Company has two major assets; a commercial office building at Fenton Street and a commercial property at Old Taupo Road. The Fenton Street property has three major tenants. The Old Taupo Road property was constructed in 2021/22 and is leased.

Purpose and objectives

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

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

Nature and scope of the activities

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

Governance

Role of the Board of Directors

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

Board composition and committees

The directors of the Company are appointed by its shareholders, Quayside Holdings Limited and TPB Holdings Limited. The current directors are Davide Caloni, Finance Manager of Quayside Holdings Limited and its subsidiaries; Sam Newbury Senior Investment Manager of Quayside Holdings Limited; and Tony Phillip Bradley, Director of TPB Holdings Limited.

There are currently no board committees.

Responsibility to shareholders and Council

In accordance with s64 of the Act, the Company submits a SOI for the coming financial year to Council.

Reporting to shareholders and Council

The Company provides its shareholders and Council with half yearly and year-end financial reports in accordance with sections 65-72 of the Act. The Company performance is included in QHL Group consolidated reporting and QHL provides additional updates of Group performance to Council no less than twice yearly and advises of any significant matters at the earliest opportunity.

Performance targets

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

	Performance target	Performance measure
1	The Fenton Street Property is managed as a commercial asset to generate a return.	The budgeted operating profit on the property is met or exceeded.
2	The Old Taupo Road Property is managed as a commercial asset to generate a return.	The budgeted operating profit on the property is met or exceeded.
3	The Properties are maintained to ensure safe use and enjoyment for tenants.	The buildings have the following: <ul style="list-style-type: none"> • current building warrant of fitness. • maintenance and risk management plan • reasonably practicable steps are taken to address any health and safety matters.
4	Align with Quayside Group strategic objectives as they relate to Health and Safety and ESG.	ESG - In FY24 Quayside Holdings Limited, on behalf of the Quayside Group, will adopt reporting of climate-related disclosures in accordance with the XRB guidelines. As part of this process, the Group will transition to a risk assessment and performance target/reporting model considering materiality at a Group level. This is to be led by Quayside Holdings with particular targets cascaded to subsidiaries as appropriate. Health and Safety target– 0% loss time injury (LTI).

Financial information

Accounting policies

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

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

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

Financial forecasts

The following forecasts are based on the assumption that the Fenton Street and Old Taupo Road properties are the only major assets of the Company. Actual results may differ.

	2024 \$000	2025 \$000	2026 \$000
Income before tax*	\$245	\$272	\$276
Assets	\$13,439	\$13,707	\$13,982
Liabilities	\$7,476	\$7,476	\$7,476
Shareholder funds	\$6,139	\$6,696	\$6,975
Consolidated Shareholder funds/ total assets ratio	46%	49%	50%

*Excluding revaluation gains/losses.

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

Distributions to shareholders

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

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

Estimate of commercial value of shareholder's investment

	2024 \$000	2025 \$000	2026 \$000
Quayside Properties Limited	\$3,070	\$3,348	\$3,488
Quayside Holdings	\$1,535	\$1,674	\$1,744
TPB Holdings Limited	\$1,535	\$1,674	\$1,744

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

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

2024

Tauranga Commercial Developments Ltd
Statement of Intent to 30 June 2024

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Introduction

Tauranga Commercial Developments Limited (TCD or the Company) is 50% owned by Quayside Properties Limited and is a CCTO as defined in the Local Government Act 2002 (the Act).

TCD is a joint venture between Commercial Fund Investors Limited and Quayside Properties Limited (QPL). QPL is wholly owned by Quayside Holdings Limited (QHL) who is, in turn, owned by the Bay of Plenty Regional Council (the Council).

TCD has one major asset, the property at 63-69 Spring Street, Tauranga (the Property). The Property is located in the city centre. The Property is currently an empty plot to be developed in line with the objective of the Board. The site is currently being leased to Wilson carparking.

Purpose and objectives

The Company has been incorporated to purchase and develop commercial and/or industrial property investments in Tauranga.

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

Nature and scope of the activities

The commercial activity undertaken by TCD is the development, leasing and management of the Property and the evaluation of additional commercial opportunities to grow its asset base.

Governance

Board composition and committees

The directors of the Company are appointed by its shareholders. The current directors are:

- Davide Caloni (Finance Manager for QHL) and Sam Newbury (Senior Investment Manager at QHL) for QPL;
- Sir Paul Adams (Executive Chairman of Carrus) and Scott Adams (General Manager of Carrus) for Commercial Fund Investors Limited.

There are currently no Board committees.

Role of the Board of Directors

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

Responsibility to shareholders and Council

In accordance with section 64 of the Act, the Company submits a SOI to its shareholders and to Council annually. To ensure the Shareholder is informed of all significant matters relating to it, the directors provide regular updates to the shareholders, and QPL in turn reports to Council.

Reporting to the Shareholders

The Company provides its shareholders and the Council with half yearly and year-end financial reports in accordance with sections 65-72 of the Act. For the purpose of reporting its results to Council, those results are consolidated with the Quayside Group reporting. QPL provides additional updates on Group performance to Council quarterly and advises any significant matters at the earliest opportunity.

Performance targets

The Company's performance measurement and reporting is centred on delivery against its objectives. The Company has set the following targets for the 2024 to 2026 period, which are reviewed and updated annually:

	Performance target	Performance measure
1	The Property is managed as a commercial asset to generate a long-term return.	The budgeted operating profit on the property is met or exceeded until such time as the site is ready for development.
2	The Property is maintained to ensure safe use.	The property follows a maintenance and risk management plan and ensures that reasonably practicable steps are taken to address any health and safety matters.
3	To progress the development at the Property.	Planning and project feasibility for a new development at the Property progresses, including project feasibility, concept design and early contractor engagement, with the aim to secure an anchor tenant.
4	Investigate additional opportunities to develop properties in the region.	TCD actively investigates and analyses other opportunities in the region.
5	Align with Quayside Group strategic objectives as they relate to Health and Safety and ESG.	ESG - In FY24 Quayside Holdings Limited, on behalf of the Quayside Group, will adopt reporting of climate-related disclosures in accordance with the XRB guidelines. As part of this process, the Group will transition to a risk assessment and performance target/reporting model considering materiality at a Group level. This is to be led by Quayside Holdings with particular targets cascaded to subsidiaries as appropriate. Health and Safety target– 0% loss time injury (LTI).

Financial information

Accounting policies

The financial statements of the Company are prepared in accordance with the accounting policies applicable to the Quayside Group. The Company applies External Reporting Board Standard A1 'Accounting Standards Framework (For-profit Entities Update)' (XRB A1). For the purposes of complying with NZ GAAP, the Company

is eligible to apply Tier 2 For-profit Accounting Standards (NZ IFRS RDR) on the basis that it is not a large for-profit public sector entity. A full set of accounting policies are available on request.

Financial forecasts

The following forecasts are based on the assumption that the Property is the only major asset of the Company. Any development costs incurred will be approved via a separate resolution and are not reflected in the figures below.

	2024 \$000	2025 \$000	2026 \$000
Income before tax*	(\$300.00)	(\$100.00)	(\$100.00)
Assets	\$8,980.02	\$9,149.42	\$9,323.90
Liabilities	(\$20.00)	(\$20.00)	(\$20.00)
Shareholder funds	\$9,000.02	\$ 9,169.42	\$9,343.90
Consolidated Shareholder funds to total assets ratio	100%	100%	100%

*Excluding any revaluation gains/losses.

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

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

Distributions to Shareholders

As the Company is currently in a growth cycle, no distributions are intended to be paid in the next three years.

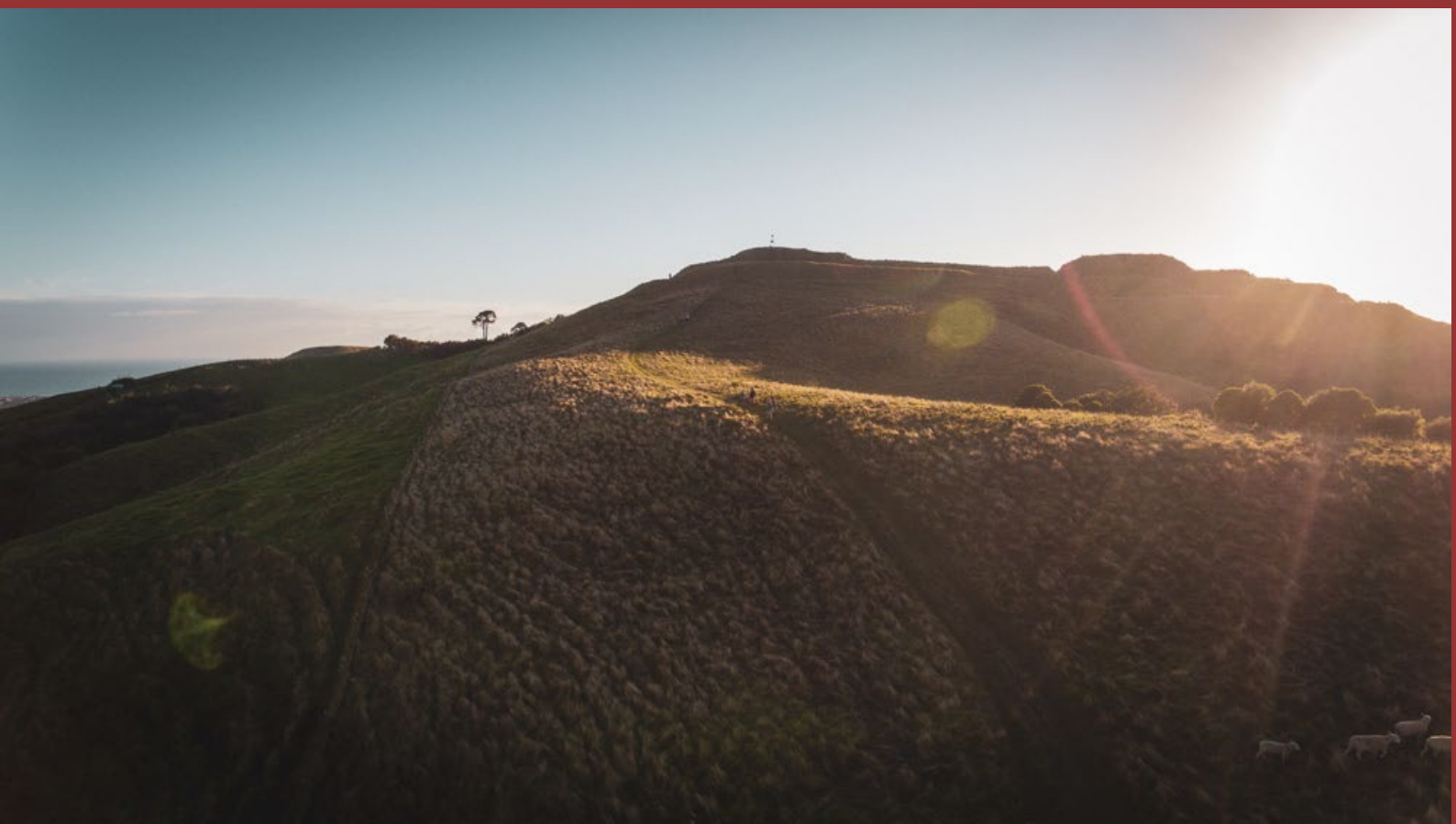
Estimate of commercial value of shareholder's investment

	2024 \$000	2025 \$000	2026 \$000
Quayside Properties Limited	\$4,480.01	\$4,564.71	\$4,651.95
Commercial Fund Investors Limited	\$4,480.01	\$4,564.71	\$4,651.95

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

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

Toi Moana Trust
Statement of Intent
For the year to 30 June 2024



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Introduction

Toi Moana Trust (the Trust) is a Council Controlled Organisation (CCO), itself being a subsidiary of the Bay of Plenty Regional Council (Council).

Purpose and Objectives of the Trust

The Trust was established with the primary objective of providing optimised long-term investment returns without the restraint of liquidity requirements to Council. Its secondary objective is to protect the capital value of its investment over the longer term.

Nature and Scope of activities

The Trust was established in 2019 and is wholly owned by the Council. Its activity is limited to investment into listed assets for commercial return, in accordance with the Trust's Statement of Investment Policy and Objectives (SIPO).

Governance

Quayside Holdings Limited has been appointed as manager (the Manager) of the Trust. The role of the Manager commenced on 1 July 2019. Quayside Holdings Limited is the parent of Quayside Securities Limited. Toi Moana Trust is a Portfolio Investment Entity (PIE) under the Quayside Investment Trusts, Trust Deed. Quayside Securities Limited is a corporate trustee of the assets of Quayside Investment Trusts.

Council is responsible for annually assessing the performance of the investment portfolios to ensure performance is in line with the Council's required investment returns and within prescribed risk criteria.

Council's Audit and Risk Committee (or equivalent) is responsible for regularly reviewing the Manager's reports and ensuring that all parties overseeing, advising and managing the Council's investments disclose any potential conflicts of interest.

The Manager is responsible for managing the investments in accordance with the guidelines and objectives in the Trust's SIPO.

All parties must have requisite skills and must apply their skills, knowledge and experience in the best interests of the Trust and be committed to high quality governance and assist the Toi Moana Trust to meet its objectives and the requirements of this Statement of Intent.

The Trust and the Manager can, as required, utilise third party brokers for transactions and a third party custodial for asset custody.

Committees and Policies

The Trust comes under the delegated authority policy of the Quayside Group.

Performance Targets

Performance targets are effective for the year represented by this Statement of Intent. Target measures will therefore be assessed in full on or within 90 days after 30 June 2023. The Manager will keep Council informed of progress against performance targets on a no surprises basis during the year.

Investment portfolio

	Objective	Measure
1.	Generate commercial returns across the Investment Portfolio.	Manage the assets in accord with the Toi Moana SIPO. Annual cash distribution target of net 5% of total portfolio value.
2.	Capital preservation	Long term capital preservation over a rolling investment period of five years.
3.	Promote and support approaches to responsible investment that align capital with achieving a healthy, sustainable society, environment, and economy.	Maintain a written set of principles for responsible investment which is reviewed no less than biennially. Benchmark, through biennial review, the Group responsible investment principles against international standards and comparative national entities.

Governance

	Objective	Measure
4.	Keep Council informed on a no surprises basis, providing quality and timely information.	Quarterly reporting on investment fund performance. Timely advice and support to Council as required. Matters of significance are reported to Council at the earliest opportunity.
5.	Meet Shareholders distribution expectations as outlined in SOI or as otherwise agreed.	Distributions paid to forecast values where actual financial performance meets/exceeds distribution forecast targets, or by alternative agreement with Council.

Ratio of Shareholder Funds to Total Assets

Toi Moana Trust

Assets	\$72,921,543
Shareholder funds	100%

The figure is reflective of the actual position at 31 January 2023.

Accounting Policies

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

Distribution to Unit Holders

The Trust will pay the forecast distributions to Council annually, subject to the Trust achieving its financial targets. The timing and amounts of distributions are to be mutually agreed between Council and the Manager.

Distributions to Council

The forecast dividend distributions for the next three years are:

Financial year	2024	2025	2026
Distribution	\$3,500,000	\$3,500,000	\$3,500,000

Distributions to Council are forecast at 5% annually. The distribution forecast figures above are reflective of 30 June forecast positions for their respective years. Actual distributions may differ based on financial performance.

Reporting to Unit Holders

Toi Moana Trust provides its unit holders with an annual report in accordance with section 67 of the Local Government Act 2002 (LGA).

Toi Moana Trust provides its unit holders with a half-year report in accordance with section 66 of the LGA. It will contain unaudited information.

Toi Moana Trust provides its unit holders with regular updates to its unit holders on its performance, which may include updates on financial, strategic, risk and operational issues.

Ratio of unit holder funds to total assets

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

Financial year	2024	2025	2026
Opening Assets	\$70,000,000	\$70,000,000	\$70,000,000
New Contributions from Council	\$0	\$0	\$0
Capital Withdrawals by Council	\$0	\$0	\$0
Closing Assets	\$70,000,000	\$70,000,000	\$70,000,000
Liabilities	\$0	\$0	\$0
Unit holder funds	\$70,000,000	\$70,000,000	\$70,000,000
Unit holder funds to assets	100%	100%	100%

The figures above are reflective of 30 June forecast positions for their respective years. Actual results may differ, noting valuations of assets are subject to the volatility of investment markets and the value of unitholder funds may go up or down.

Commercial valuation of investment

Financial year	2024	2025	2026
Bay of Plenty Regional Council	\$70,000,000	\$70,000,000	\$70,000,000

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

Toi Moana Trust operates on a “no surprises” basis with its unit holders, Council. The Manager will look to advise unit holders early of any material departure from the Statement of Intent forecasts at the soonest practical opportunity.

Other Matters

There are no matters other than those set out above.

Quayside Real Asset Subsidiaries

Statement of Intent – to 30 June 2024

THIS STATEMENT OF INTENT COVERS 6 SUBSIDIARIES OF QUAYSIDE HOLDINGS LIMITED:

- QUAYSIDE BARNETT PLACE LIMITED
- QUAYSIDE PORTSIDE DRIVE LIMITED
- QUAYSIDE TAURIKO LIMITED
- QUAYSIDE THE VAULT LIMITED
- QUAYSIDE TE TAPU TIPU LIMITED

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Introduction

The Quayside real asset subsidiary companies (the **Companies**) were established in 2022 as wholly owned subsidiaries of Quayside Holdings Limited (**QHL**) which is in turn wholly owned by the Bay of Plenty Regional Council (**Council**).

The Companies **are** council-controlled trading organisations (CCTO) for the purposes of the Local Government Act 2002 (the **Act**).

Purpose and objectives

The Companies have been incorporated to hold, develop and manage Quayside’s property assets.

The Companies share a commonality of objective, which is to manage the assets on a commercial basis providing sustainable long-term income for the shareholder through development, leasing and management of the assets.

Quayside Tauriko Limited holds land that has been identified by Council as having strategic benefit. Development and/or divestment of this land may only occur with the agreement of Council.

Nature and scope of the activities

The only commercial activities undertaken by the Companies are the development, leasing and management of the properties.

Company	Property
QUAYSIDE BARNETT PLACE LIMITED	Holds a commercial building at Barnett Place, Te Rapa, Hamilton.
QUAYSIDE TAURIKO LIMITED	Holds land with a residential dwelling at Tauriko.

QUAYSIDE THE VAULT LIMITED	Holds a commercial building The Vault, in Tauranga CBD.
QUAYSIDE PORTSIDE DRIVE LIMITED	Holds an industrial building at Portside Drive, Mount Maunganui.
QUAYSIDE TE TAPU TIPU LIMITED	Holds a long-term lease of land at Sala Street, Rotorua and is party to an agreement to develop commercial offices on this land, with building commencing 2023.

Governance

Role of the Board of Directors

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

Board composition and committees

The directors of the Companies are appointed by its shareholder, QHL and in accordance with Council's Appointment and Remuneration Policy for Directors of Council Organisations.

The current directors are Lyndon Settle, Chief Executive Officer of QHL and its subsidiaries and Davide Caloni, Finance Manager of Quayside Holdings Limited and its subsidiaries.

There are currently no board committees.

Responsibility to shareholders and Council

In accordance with s64 of the Act, the Companies submit a consolidated SOI as part of the Quayside Group for the coming financial year to Council.

Reporting to shareholders and Council

The Companies provides the shareholder and Council with half yearly and year-end financial reports in accordance with sections 65-72 of the Act through consolidated reporting of the Quayside Group. In addition, QHL provides additional updates of Group performance to Council quarterly and advises of any significant matters at the earliest opportunity.

Performance targets

The Companies' performance measurement and reporting is centred on delivery against its objectives. The Companies have set the following targets for the 2024 to 2026 period, which are reviewed and updated annually:

QUAYSIDE BARNETT PLACE LIMITED		
	Performance target	Performance measure
1	The Barnett Place property is managed as a commercial asset to generate a return.	The budgeted operating profit on the property is met or exceeded.
2	The Barnett Place property is maintained to ensure safe use and enjoyment for tenants.	<p>The building has the following:</p> <ul style="list-style-type: none"> • current building warrant of fitness. • maintenance and risk management plan • reasonably practicable steps are taken to address any health and safety matters.
QUAYSIDE THE VAULT LIMITED		
	Performance target	Performance measure
1	The Vault property is managed as a commercial asset to generate a return.	The budgeted operating profit on the property is met or exceeded.
2	The Vault property is maintained to ensure safe use and enjoyment for tenants.	<p>The building has the following:</p> <ul style="list-style-type: none"> • current building warrant of fitness. • maintenance and risk management plan • reasonably practicable steps are taken to address any health and safety matters.
QUAYSIDE PORTSIDE DRIVE LIMITED		
	Performance target	Performance measure
1	The Portside Drive property is managed as a commercial asset to generate a return.	The budgeted operating profit on the property is met or exceeded.
2	The Portside Drive property is maintained to ensure safe use and enjoyment for tenants.	<p>The building has the following:</p> <ul style="list-style-type: none"> • current building warrant of fitness. • maintenance and risk management plan • reasonably practicable steps are taken to address any health and safety matters.
QUAYSIDE TAURIKO LIMITED		
	Performance target	Performance measure
1	The Tauriko property is managed as a strategic asset.	Council and QHL develop a strategic plan for management of the property.

QUAYSIDE TE TAPU TIPU LIMITED		
	Performance target	Performance measure
5	The Sala Street development to move from pre-construction to construction, with completion forecast within the financial year.	Construction of commercial offices on site complete by early 2024.
6	The business has effective governance and leadership in health and safety, appropriate for a business in the construction/development industry.	<p>Contractor prepares Health and Safety monthly reports which are escalated through to directors.</p> <p>Directors actively consider information about incidents, hazards and risks at every Board meeting.</p> <p>All notifiable incidents are reported and managed in accordance with Health and Safety at Work Act 2015.</p>

Financial information

Accounting policies

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

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

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

Financial forecasts

The following forecasts are based on the assumption that the existing properties are the only major assets of the Companies. Actual results may differ.

QUAYSIDE BARNETT PLACE LIMITED	2024 \$000	2025 \$000	2026 \$000
Income before tax*	\$ 262	\$ 270	\$ 280
Assets	\$ 9,046	\$ 9,227	\$ 9,412

Liabilities	\$ 5,368	\$ 5,368	\$ 5,368
Shareholder funds	\$ 3,678	\$ 3,859	\$ 4,044
Consolidated Shareholder funds/ total assets ratio	40.66%	41.83%	42.97%
QUAYSIDE THE VAULT LIMITED	2024	2025	2026
	\$000	\$000	\$000
Income before tax*	\$ 90	\$ 100	\$ 110
Assets	\$ 7,110	\$ 7,252	\$ 7,397
Liabilities	\$ 3,418	\$ 3,418	\$ 3,418
Shareholder funds	\$ 3,692	\$ 3,834	\$ 3,979
Consolidated Shareholder funds/ total assets ratio	51.92%	52.87%	53.79%
QUAYSIDE PORTSIDE DRIVE LIMITED	2024	2025	2026
	\$000	\$000	\$000
Income before tax*	\$ 465	\$ 489	\$ 500
Assets	\$ 15,875	\$ 16,192	\$ 16,516
Liabilities	\$ 8,896	\$ 8,896	\$ 8,896
Shareholder funds	\$ 6,979	\$ 7,296	\$ 7,620
Consolidated Shareholder funds/ total assets ratio	43.96%	45.06%	46.14%
QUAYSIDE TAURIKO LIMITED	2024	2025	2026
	\$000	\$000	\$000
Income before tax*	\$ -	\$ -	\$ -
Assets	\$ 1,965	\$ 2,004	\$ 2,044
Liabilities	\$ 227	\$ 227	\$ 227
Shareholder funds	\$ 1,738	\$ 1,777	\$ 1,817

Consolidated Shareholder funds/ total assets ratio	88.47%	88.69%	88.91%
QUAYSIDE TE TAPU TIPU LIMITED	2024	2025	2026
	\$000	\$000	\$000
Income before tax*	\$ 80	\$ 150	\$ 150
Assets	\$ 10,000	\$ 10,000	\$ 10,000
Liabilities	\$ 300	\$ 300	\$ 300
Shareholder funds	\$ 9,700	\$ 9,700	\$ 9,700
Consolidated Shareholder funds/ total assets ratio	97.00%	97.00%	97.00%

*Excluding revaluation gains/losses.

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

Distributions to shareholders

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

	2024	2025	2026
	\$000	\$000	\$000
QUAYSIDE BARNETT LIMITED	\$ 209	\$ 216	\$ 224
QUAYSIDE THE VAULT LIMITED	\$ 72	\$ 80	\$ 88
QUAYSIDE PORTSIDE DRIVE LIMITED	\$ 372	\$ 391	\$ 400
QUAYSIDE TAURIKO LIMITED	nil	nil	nil
QUAYSIDE TE TAPU TIPU LIMITED	\$ 64	\$ 120	\$ 120

Estimate of commercial value of shareholder investment

	2024 \$000	2025 \$000	2026 \$000
QUAYSIDE BARNETT LIMITED	\$ 3,678	\$ 3,859	\$ 4,044
QUAYSIDE THE VAULT LIMITED	\$ 3,692	\$ 3,834	\$ 3,979
QUAYSIDE PORTSIDE DRIVE LIMITED	\$ 6,979	\$ 7,296	\$ 7,620
QUAYSIDE TAURIKO LIMITED	\$ 1,738	\$ 1,777	\$ 1,817
QUAYSIDE TE TAPU TIPU LIMITED	\$ 9,700	\$ 9,700	\$ 9,700

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

The Companies' estimate that the commercial value of the shareholder investment is at least that which is estimated as shareholders equity in the budgeted financial statements.