



**Statement of Intent
for the years 2022-25**



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Invested in our Future – Mauri ora roa

Since our establishment over 30 years ago, we have grown to a diversified investment company with assets of \$2.75 billion, provided \$386m of dividend payments to our shareholder the Bay of Plenty Regional Council (**Council**), and provided \$200m in support for regional development projects through the Perpetual Preference Shares. We continue to drive forward with a kaupapa to provide positive impactful outcomes across the region.



This Statement of Intent is for Quayside Holdings Limited (**Quayside** or **QHL**) and its subsidiaries (Quayside and its subsidiaries together the **Group**) for the year 1 July 2022 to 30 June 2023, with financial forecasts to 30 June 2025.

Quayside's History

Our Condensed Timeline

- 1991 Quayside established as commercial investment arm of the Council, borrowing \$53m to acquire Port of Tauranga shares from the Council.
- 1998 Council receives its first dividend (\$1.29m) from Quayside.
- 2005 Quayside purchases substantial land holdings for Rangiuru Business Park, through Quayside Properties Limited.
- 2008 Council raises \$200m through a Perpetual Preference Share issue in Quayside. These funds are held by Council and deployed into regional assets such as the University of Waikato campus in Tauranga.
- 2013 Quayside's assets exceed \$1 billion.
- 2014 Quayside is the founding shareholder in WNT Ventures (Tauranga-based technology incubator).
- 2015 Quayside and Te Tumu Paeroa invest into OPAC, setting the scene for the Huakiwi investment two years later. The annual dividend payment to Council was \$16m.
- 2016 Quayside becomes the cornerstone investor in Oriens Capital.
- 2017 Quayside and Te Tumu Paeroa create a joint venture, Huakiwi Services Ltd, investing in kiwifruit orchards on Māori freehold land across the Bay of Plenty.
- 2020 Government funding grant is received to advance key infrastructure for The Rangiuru Business Park for the benefit of the wider community.
- 2021 Seeka Ltd acquires OPAC. As well as doubling Quayside's initial investment, this acquisition celebrates a wide-ranging success beyond commercial returns.
- 2021 Quayside celebrates 30 years of creating value for the Council and its ratepayers.
- 2022 Completes first season of earthworks at the Rangiuru Business Park. Distribution to Council of \$40m.

The Port of Tauranga

A Key Economic Driver for the Region

The Port of Tauranga (POTL or the **Port**) is a strategic asset for the region and as such Quayside is currently required to maintain a majority shareholding.

Today, Quayside's shareholding is valued at over \$2.25 billion and continues to perform strongly through growth in capability and resilience. The Port has weathered the challenging environment around COVID-19 over the last two years, growing its net profit despite global supply chain disruptions. It remains the largest container and bulk export port in the country, with 37%* of the trade and container market share. The Port



is focused on its strategic plan of terminal automation and the proposed extension of the container terminal currently before the Environment Court. In addition to its pending capital projects, the Port board and executive remain focussed on responsible stewardship of the environment in which the Port operates.

The Council shareholding of the Port through Quayside was identified by the Productivity Commission in 2012 as being pivotal to its success, as it provides a one-step removal for the Council as the regulator, and also provides strong distribution returns to the Council for the benefit of the regional community. Underpinned by strong governance, Quayside and its representative on the Port board will ensure it remains a future focused key economic driver for the region.

* as at 30/06/2021, source [Deloitte NZ Ports and Freight Yearbook 2022](#)

Dividend Payments

Through our team of experts, Quayside provides asset management and income generation for the Council, focussing on commercial return for the good of the region, along with wider benefits such as environmental considerations and positive social outcomes. Quayside is invested in our future – a pathway towards achieving transformational change in our region.

Over the course of its history, Quayside has provided \$386 million in cumulative cash dividends back to Council. This dividend has grown from \$1.29 million in 1998, to a forecast \$42.4 million in 2023, providing funding back to the Council for projects and improvements in the community. The dividend to Council has grown on average 15% p.a. for 25 years.

In March 2008, the Council raised \$200 million through the issue of Perpetual Preference Shares (**PPS**) in Quayside. These funds were in turn applied directly to the Regional Infrastructure Fund, used by the Council to invest into four infrastructure projects across the Bay of Plenty. The University of Waikato satellite campus in the heart of Tauranga is one such recent infrastructure example. Quayside continues to service the costs of Council receiving these funds through annual distributions. The PPS are tradeable on the NZ Debt Exchange.

Quayside and Council have agreed a Distribution Policy which sets out how the forecast annual dividend payable to the Council by Quayside is calculated. Through the use of this Distribution Policy, Quayside is able to provide forecasts to Council that inform its Long-Term Plan.

Social Responsibility & Collaboration

Our long-term view on our investment portfolio, beyond the cornerstone shareholding in the Port, is to spread our investments over a diverse range of sectors. The portfolio celebrates innovative and growth orientated companies, that use smart technology, and concepts that focus on intergenerational benefits for the wider local community. This approach allows Quayside to be strategic; focused on how we can have enduring regional impact now and into the future.

Quayside is committed to championing responsible investment that explicitly acknowledges environmental, social, and governance factors.



Our investments work to a defined set of principles. These include not having direct investments where a business' primary activity is in -

- Aerospace and defence
- The manufacture and sale of tobacco
- Casinos and gambling.

In addition, Quayside does not invest in companies that contravene New Zealand law and prevents our shareholder, the Bay of Plenty Regional Council, from achieving its regional responsibilities.

Our current portfolio is reviewed semi-annually to ensure we continue to adhere to the Group principles of responsible investment and monitor ESG risks and opportunities. For new investment opportunities, the due diligence process incorporates analysis of ESG. A key focus will be the evaluation and understanding of the Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021, the formal exposure draft that will be released in July 2022 followed by climate standards in December 2022. Our team will unpack the requirements in line with the reporting timeline for the 2024 financial year.

Our investments into new science such as Aqua Curo has provided us with a platform to grow within this space – to educate and upskill both our staff and the community on the benefits of working with such innovations to remedy some of the increasing environmental issues that are being identified.

Our partners remain a crucial part of our success. Our team have embraced the start of their journey in learning and understanding tikanga Māori. Māori contribute significantly to the region and make up a third of our community. It is our intention to continue the journey to widen our knowledge of Te Ao Māori, develop opportunities through collaboration and investment into current and future focussed programmes and projects for the betterment of the region's tangata whenua.

One such partner is the Māori Trustee, Te Tumu Paeroa who, alongside Quayside, established Huakiwi in 2017 with the objective to build and advance long term prosperity and efficiency of Māori land. To date, we have eight established kiwifruit orchards across the region.

The Quayside Team

Quayside has developed its team of specialists over the last decade to facilitate the growth and diversification of assets. Led since 2010 by CEO Scott Hamilton, we have used the team's skills to branch out and identify investment opportunities where we can have real impact in our region.

We use our commercially focused expertise in investment and management of financial assets to work with our shareholder and stakeholders to protect and grow a portfolio for wider regional benefit.

During the 2023 financial year, Scott Hamilton will leave the organisation for new horizons, and we will welcome a new Chief Executive to the helm through a transition period. For Quayside it will be business as usual, the strong governance, leadership skills and experience of the Quayside team will ensure our purpose and strategic objectives remain our focus.

Quayside's Board, chaired by Sir Robert McLeod, alongside three independent Directors and three members of our shareholder, are a group of experienced governance professionals who are driven by the vision to build a portfolio of long-term intergenerational assets for the betterment of the region and its communities.



Positive People, Bold Initiatives and Impactful Outcomes are the values that our team have recognised as drivers for our mahi, fostering an environment where the future is what we make it. We pursue bold initiatives coupled with courageous and robust decision making. Honest collaboration is at the heart of what we do, and we trust ourselves to provide real outcomes for our community.

The Rangiuru Business Park

In September 2021, earthworks commenced on the first 15 hectares of the 148-hectare Rangiuru Business Park. Built over four stages each of approximately 35 hectares, Quayside’s vision for Rangiuru Business Park is a modern, future-focused, and high-quality business park. It is located within the “golden triangle” of transportation links and some of the Bay of Plenty’s most thriving industries.

This development is an enabler for a connected industrial site. Rangiuru Business Park symbolises partnership and respect – as the first developer of land within the park we are working alongside our partners to bring this vision to life.

As long-term investors in our community, Quayside is a trusted partner, who will bring our proven track record of stable investment and a firm commitment to this significant regional development. We want to see the fruits of this investment shared throughout our region, which is why we are committed to attracting businesses who meet our environmental, social, and governance standards.



Introduction

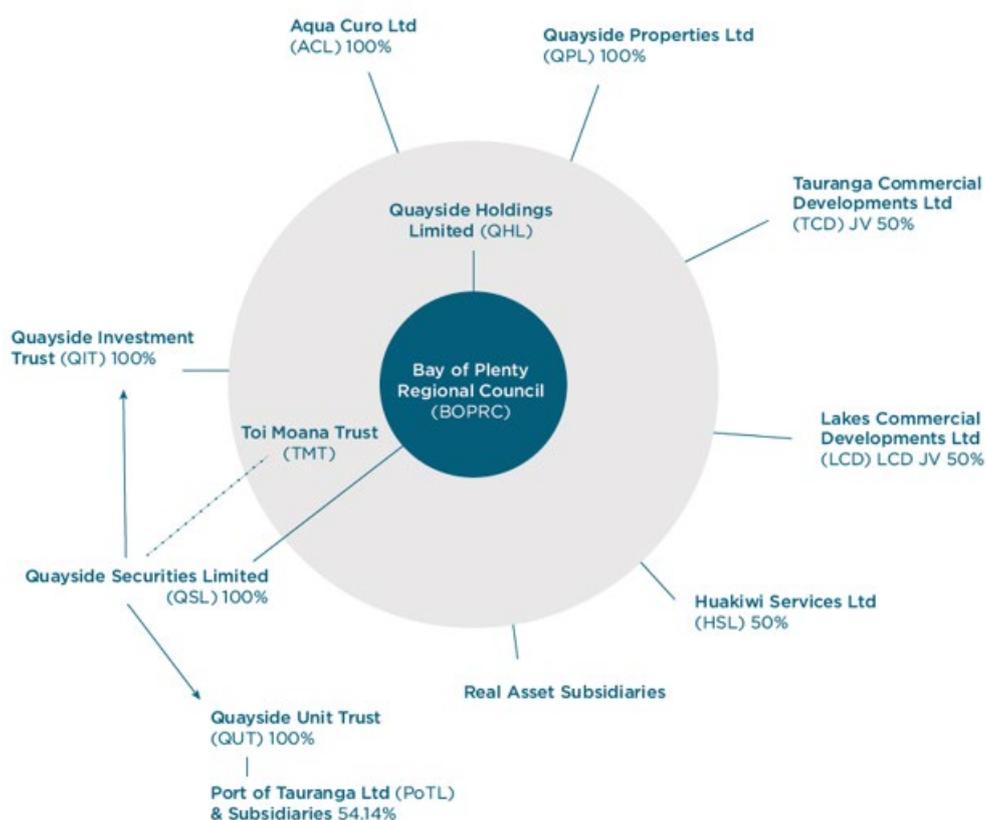
Quayside Holdings Limited (**QHL**) is a council-controlled trading organisation (**CCTO**) for the purposes of the Local Government Act 2002 and 100% owned by the Bay of Plenty Regional Council (**Council**). This statement of intent is prepared in accordance with section 64(1) of the Local Government Act 2002 (the **Act**).

As a CCTO, the primary purpose of the Group is to manage and grow commercial assets while providing a significant revenue stream to shareholders.

This statement of intent incorporates the nature, scope, activities, and performance targets of the Group, made up of 16 trading entities.

Quayside Securities Limited (as trustee) holds a 54.14% share of the Port. The Port is not a 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.

The structure of the Group is as follows:



The Risk Environment

The ongoing impact of COVID-19 across New Zealand has been challenging. This along with the increased spotlight on rising inflation and increasing interest rates adds to the volatility of the environment into which Quayside is investing and deriving returns for its shareholder.

Additionally, a tight labour market and wage pressures is a key focus for businesses across the country. Limited international resourcing due to border closures has had a significant effect on many sectors throughout New Zealand. Quayside's businesses have not escaped these pressures and we remain committed to looking at innovative ways to work within these challenges.

Terms

Throughout this document the following terms are used:

Investment Assets	Investment assets of the Group managed as an endowment portfolio consisting of Listed Assets, Private Equity and Real Assets.
Listed Assets	Securities that are traded on listed exchanges, and form part of the Investment Portfolio.
NZDX	the NZX Debt Market, part of the New Zealand Stock Exchange (NZX).
PIE	Portfolio Investment Entity, a tax status for investment vehicles and applied by Quayside Investments Limited.
PPS	200,000,783 non-voting \$1 Perpetual Preference Shares issued by Quayside Holdings Limited on 12 March 2008 and listed on the NZDX from 13 March 2008.
Private Equity	Direct and pooled investment into commercial business for commercial return and/or regional growth, and form part of the Investment Portfolio.
Real Asset	Direct and pooled investment in commercial return land and infrastructure including (but not exclusively) water, energy, communications, transport, land, and buildings, forming part of the Investment Portfolio.
Regional Assets	Commercial assets of the Group, where Quayside and Council have agreed that the objectives are both commercial and regional. Assets include the Rangiuuru Business Park and land at Tauriko.

Purpose of the Group

Quayside's vision is to be a trusted, world class investment manager delivering sustainable, intergenerational prosperity to the region by prudently building capital through a disciplined investment process.

Objectives of the Group

The Group objectives are:

- To be an effective cornerstone shareholder, allowing the Port to perform as an independent commercial and expertly managed company;
- To be a world class commercially focused investor and manager, targeting long term commercial returns, delivering growth and income through a diversified endowment portfolio;
- To provide Council with a consistent, sustainable, inflation proof intergenerational revenue stream through annual distributions;
- To access additional commercial expertise through the skill of independent directors and a talented team of specialists;
- Efficiently manage the treasury needs of the Quayside group including instruments such as perpetual preference shares or other tools identified;
- To work openly with our shareholder and stakeholders to identify channels for regional benefit, while investing primarily for commercial returns;
- To comply with all relevant legislation for CCO and CCTO's, and an issuer on the NZDX;
- To work openly and inclusively with interested Māori groups;
- To promote within the Group social and corporate responsibility, including climate change;
- To promote rigorous health and safety management and sound and equitable employment practices in accordance with the Group policy on diversity and inclusion.

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	\$2,275m as at 31 March 2022
Port portfolio	Majority ownership of at least 50.1% of the Port. Monitoring financial performance, peer relative performance and corporate governance.
Investment Assets	\$425m as at 31 March 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 Benefit Assets	\$45m as at 31 March 2022
Rangiuru	Development of stage 1A of the Rangiuru Business Park to market by 2024. Stage 1B commencement in late 2022.
Tauriko	Retain land at Tauriko for future strategic benefit on behalf of the Council.
Debt Management	\$75m debt plus \$200m Perpetual Preference Shareholders as at 31 March 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 subsidiaries

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 of a key pilot plant to test commercialisation of its findings with a view to delivering future financial returns to its shareholder.

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 orchards and the development of new orchards.

Lakes Commercial Developments (LCD)

LCD has been incorporated to purchase commercial and/or industrial property investments and pursue new developments in the Rotorua region for the benefit of Rotorua and the Bay of Plenty region. Established in March 2019 as a joint venture between TPB Holdings Limited and Quayside Properties Limited, each party holding 50% of the share. A key priority for LCD is the development of a regional property portfolio of new and existing buildings.

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 Properties Limited (QPL)

QPL holds the Quayside land at the consented Rangiora Business Park and has begun earthworks of the first stage of the development of the Rangiora Business Park in accordance with the District Plan.

Quayside Mystery Valley Ltd (QMV)

QMV owns a block of land used for forestry, cropping, and grazing.

Quayside Barnett Place Limited (QBP)

QBP owns a commercial building for rental return in Te Rapa, Hamilton.

Quayside Portside Drive Limited (QPD)

QPD owns an industrial building for rental return in Mount Maunganui.

Quayside Tauriko Limited (QTL)

QTL owns land and buildings in Tauriko, Tauranga for strategic purposes.

Quayside The Vault Limited (QTV)

QTVL owns a commercial building for rental return in Tauranga.

Quayside Te Papa Tipu Limited (QTP)

QTP is the lessor of land and funder of a new commercial office building at Te Papa Tipu Innovation Park, Rotorua.

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.

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.

Tauranga Commercial Developments (TCD)

TCD has been incorporated to purchase commercial and/or industrial property investments and pursue new developments in the Tauranga region for the benefit of Tauranga city and the Bay of Plenty region. TCD is a joint venture between Commercial Fund Investors Limited and Quayside Properties Limited, each party holding 50% of the shares. The key priority for TCD is the development of a regional property portfolio of new and existing buildings.

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.

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 Group will keep Council informed of progress against performance targets on a no surprises basis during the year.

Port Portfolio

	Objective	Measure
1.	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 Portfolio

	Objective	Measure
2.	Generate commercial returns across the Investment Portfolio.	Five year rolling gross return target of $\geq 7.0\%$ per annum.

Real Asset Portfolio

	Objective	Measure
3.	Generate long term commercial returns through a portfolio of real assets.	Pricing and Valuation quarterly meeting to regularly assess individual assets.

Private Equity

	Objective	Measure
4.	Generate long-term commercial returns through a portfolio of private equity assets.	Pricing and Valuation Quarterly meeting to assess individual asset performance.

Regional Benefit Assets

	Objective	Measure
5.	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.
	Continue to hold the land at Tauriko for future strategic benefit and or Council initiatives.	Retain ownership. Divestment must only occur with the agreement of Quayside and Council.

Governance

	Objective	Measure
6.	<p>Keep Council informed on a no surprises basis, providing quality and timely information.</p> <p>Provide Council with timely advice on financial and commercial decision making as required</p>	<p>A minimum of two presentations around interim and end of year financials and two workshops per annum to Council, as shareholders.</p> <p>Timely advice and support as required.</p> <p>Matters of urgency are reported to Council at the earliest opportunity.</p> <p>Long term forecasting of key financial information and key risks provided to Council annually.</p>
7.	Ensure Group policies and procedures are current and appropriate.	All policies and procedures reviewed no less than biennially by the Quayside Executive.
8.	Meet shareholders distribution expectations as outlined in the SOI.	<p>Distributions paid in accordance with the Distribution Policy. Such distributions are based on actual assets and performance and may vary from the forecast provided in the SOI.</p> <p>Quayside will make a recommendation to Council on the use of any special dividends received from the Port.</p>
9.	Compliance with NZDX listing requirements for PPS.	<p>Disclosures are made in line with continuous disclosure requirements.</p> <p>Board reporting of PPS compliance and monitoring.</p>
10.	Promote and support approaches to responsible investment that align capital with achieving a healthy, sustainable society, environment, and economy.	<p>Maintain a written set of principles for responsible investment which is reviewed no less than biennially.</p> <p>Benchmark, through biennial review, the Group responsible investment principles against international standards and comparative national entities (for example for the Framework being adopted as part of the climate related disclosures).</p>

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)	2023	2024	2025
Assets (\$m)	3,012	3,125	3,238
Liabilities (\$m)	125	145	165
Shareholder - PPS (\$m)	200	200	200
Shareholder - Council (\$m)	2,687	2,780	2,873
Council shareholder funds to assets	89%	89%	89%

Positions are reflective of the market price of the investments of the Group forecast. 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 taking into account 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.

The forecast dividend distributions for the next three years are:

Financial year	2023	2024	2025
Distribution (\$m)	42.4	43.4	44.5

Distributions to PPS holders

The forecast dividend distributions for the next three years are:

Financial year	2023	2024	2025
Distribution (\$m)	6.7	12.1	12.1

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. Actual results may differ.

The distribution rate was reset for a three-year period on 13 March 2020 according to the methodology prescribed in the PPS Prospectus at 2.46%. The next reset will occur in March 2023 and estimates have been made accordingly.

Commercial valuation of Council investment

Financial year	2023	2024	2025
Council investment (\$m)	2,687	2,780	2,873

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 purpose 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 "Policy for the Appointment and Remuneration of Directors to the Board of Council Subsidiaries (June 2014)". The policy targets the Board of Quayside consist of an equal number of Council (currently three, being the Council Chief Executive and two elected members) and independent Board members. Under the policy, Council will set a 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.

Appointment to the Board of subsidiary and investee organisations is the responsibility of the Board of QHL.

In respect of 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.

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 90 calendar days of year end (approximately end of September). Unaudited interim results with commentary will be provided within 60 calendar days of the end of the first half of the year (approximately end of February). This is a requirement of Quayside as a CCTO 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 is also to provide Council with updates regularly, both formally and informally as required, included 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 reset occurred on 12 March 2020.

Port of Tauranga Limited (POTL)

A majority holding of the Port is determined to be a strategic asset that is intended to be held for the long term by the Group.

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. The current shareholding of POTL is 54.14%, held by QSL.

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. There is no current intention or obligation requiring this capital to be called.

Other matters

There are no matters other than those set out above.

Directory

Quayside Holdings Limited and Subsidiaries

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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	Scott Hamilton