

Statement of Intent

Toi Moana Trust

For the year to 30 June 2022

Contents

Introduction.....	2
Purpose and Objectives of the Trust.....	2
Nature and Scope of activities.....	2
Governance.....	3
Committees and Policies.....	3
Ratio of Shareholder Funds to Total Assets	3
Accounting Policies.....	3
Performance Targets.....	4
Distribution to Unit Holders.....	5
Distributions to Council.....	5
Reporting to Unit Holders.....	5
Ratio of unit holder funds to total assets.....	6
Commercial valuation of investment	6
Other Matters.....	6

Introduction

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

Toi Moana Trust (the Trust) is a Council Controlled Organisation (CCO), itself being a subsidiary of the Bay of Plenty Regional Council (Council). This Statement of Intent incorporates the nature, scope, activities, and performance targets of Toi Moana Trust.

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 the 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 desired investment returns and within prescribed risk criteria.

Council's Audit and Risk Committee (or equivalent) is responsible for regularly reviewing the Investment 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. The Manager does not underwrite the performance of the Trust or guarantee the preservation of capital.

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 can, as required, and the manager 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.

Ratio of Shareholder Funds to Total Assets

Toi Moana Trust

Assets	\$50,579,625
Liabilities	(\$53,155)

The figures above are reflective of 31 December 2020.

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, the Local Government Act 2002 and is a Tier 2 reporting entity under the Financial Markets Conduct Act 2013. A full set of accounting policies are available on request.

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 2022. 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.	Annual cash distribution target of 5%. Special distribution of any return achieved but not paid in previous years.
2.	Capital preservation	Long term capital preservation over an initial period of seven years.
3.	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 NZ Super Fund).</p> <p>Do not invest in companies whose principal business activity is -</p> <ul style="list-style-type: none"> • The manufacture and sale of armaments • The manufacture and sale of tobacco • The promotion of gambling. <p>Carry out an annual audit of all existing investments to –</p> <ul style="list-style-type: none"> • ensure continued adherence to the Group principles of responsible investment; and • monitor ESG risks and opportunities. <p>Screen new investments for compliance with the Group principles of responsible investment.</p>

Governance

	Objective	Measure
1.	Keep Council informed on a no surprises basis, providing quality and timely information.	Quarterly reporting on investment fund performance. Timely advice and support as required. Matters of urgency are reported to Council at the earliest opportunity.
2.	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.

Distribution to Unit Holders

The Trust will pay distributions to Council of 5% 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	2022	2023	2024
Distribution	\$2,250,000	\$2,250,000	\$2,250,000
Special Dividend	\$2,250,000*	0	0
Total	\$4,500,000	\$2,250,000	\$2,250,000

* Council has requested payment of a special dividend in the 2022 financial year, if financial performance of the fund permits. This is included in this SOI as a target but will not be paid if actual financial returns are not achieved at this level.

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

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.

Toi Moana Trust provides its unit holders with a half-year report in accordance with section 66 of the Local Government Act. 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	2022	2023	2024
Assets	\$45,000,000	\$45,000,000	\$45,000,000
Liabilities	\$0	\$0	\$0
Unit holder funds	\$45,000,000	\$45,000,000	\$45,000,000
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.

Commercial valuation of investment

Financial year	2022	2023	2024
Bay of Plenty Regional Council	\$45,000,000	\$45,000,000	\$45,000,000

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 at the soonest practical opportunity.

Other Matters

There are no matters other than those set out above.