



Quayside Holdings Limited Half Year Report

For the half year to 31 December 2021

Quayside Holdings Limited and Subsidiaries

Half Year Report

For 31 December 2021

Quayside Holdings Limited and Subsidiaries

For the six months ending 31 December 2021

Contents	Page
Directors' Report	1
Income Statement	2
Statement of Comprehensive Income	3
Statement of Movements in Equity	4
Statement of Financial Position	5
Statement of Cashflows	7
Notes to the Financial Statements	8
Directory	18

Directors' report to shareholders

Unaudited Results for the Six Months to 31 December 2021

Quayside Holdings Limited and subsidiaries ("the Group") is pleased to announce its Group Net Profit after Tax (NPAT) for the six months was \$81.0 million (2020: \$80.7 million), an increase of 0.4%.

These financial statements often reference the two governance structures being:

- *Quayside Group* – comprising Quayside Holdings Limited (Parent company) and its directly controlled subsidiaries (Quayside Securities Limited, Quayside Unit Trust, Quayside Investment Trust, Quayside Properties Limited, Aqua Curo Limited, Quayside Barnett Place Limited), its joint ventures and its equity accounted investees. Quayside Group has investments in equities, shares and other assets.
- *Port of Tauranga Group* – comprising the Port of Tauranga Limited and its subsidiaries and its joint ventures and its equity accounted investees. The Port group is owned 54.14% (2020: 54.14%) by the Quayside Group.

The performance of the Group is comprised of the result from the 'Port of Tauranga Group' (Port segment) and the 'Quayside Group' (Investing segment) as follows:

Port of Tauranga Group Performance

Port of Tauranga Group increased its profitability for the first six months of the 2022 financial year as it deals with ongoing cargo volume volatility. Net Profit After Tax for the six months to December 2021 was \$56.3 million, a 15.6% increase on the same period versus the previous year. Operating revenue increased 16.7% to \$186.0 million due to changes in container mix and higher per container revenue. Operating expenses increased 17.5% due to increased rail, labour, fuel and electricity costs.

Subsidiary and Associate Company earnings decreased 11.2% overall on the previous corresponding period, partly due to changes in the accounting for the Timaru Container Terminal. Coda's performance improved significantly from the previous year and Quality Marshalling also produced strong financial results.

The Port applied for the Covid-19 recovery fast track resource consenting process for its proposed berth extension at Tauranga Container Terminal. The project was declined and has now been referred directly to the Environment Court. The case is waiting for a court date.

The Port has declared as a subsequent event, in its 31 December 2021 interim accounts, a fully imputed interim dividend of 6.5 cents per share, providing Quayside for future cash flow of \$23.1m.



Quayside Group Performance

The Quayside Group reported an operating profit of \$24.6 million (2020: \$31.2 million) after tax for the first half of the year. This result excludes distributions from Port of Tauranga Group. Of the reported income, \$4.7 million is cash income (ex-Port of Tauranga dividend) and \$ 24.8 million is represented by unrealised gains (based on 31 December 2021 valuations).

The biggest contributor to the Quayside Group's performance is the listed asset portfolio, with \$3.7 million of dividend paid in the first six months of the year and \$14.9 million of unrealised gains.

The private equity portfolio generated \$9.7 million in unrealised gains as of 31 December 2021. Positive returns from unlisted investments are classified in Other Income. Quayside also continues to see strong returns from its orchards and other commercial investments.

The Quayside Group paid dividends to Perpetual Preference Shareholders during the period of \$1.7 million in accordance with its prospectus. Net dividends paid during the period to the Bay of Plenty Regional Council were \$20.0 million (2020: \$33.1 million) in line with the current Statement of Intent.

Statement of Intent

Quayside Holdings Limited is a "Council Controlled Trading Organisation", owned by the Bay of Plenty Regional Council. The provisions of the Local Government Act 2002 require "Council Controlled Organisations" to have a "Statement of Intent" in respect of each financial year. The draft Statement of Intent for the coming year, setting out performance criteria and forward dividend guidance, is provided to the Bay of Plenty Regional Council at the end of February each year. Quayside Holdings Limited must provide a final Statement of Intent by 30 June. Quayside is currently operating under a Statement of Intent provided to Council for the period 1 July 2021 to 30 June 2022.

Appointment, Rotation and Retirement of Directors and Officers

The shareholder's policy is that directors retire, but are eligible for reappointment, on a rolling three yearly basis. No changes were made during the period.



Director



Director

Quayside Holdings Limited and Subsidiaries
Consolidated Income Statement
For six months ended 31 December 2021

		Unaudited Six months Dec 2021	Unaudited Six months Dec 2020 (Restated)	Audited Full year June 2021
	Note	\$000	\$000	\$000
Income				
Trading revenue		186,700	160,897	344,213
Other income		25,195	36,904	5,211
Operating income	6	211,895	197,801	349,424
Expenses				
Employee benefit expenses		(24,361)	(22,486)	(45,498)
Trading and other expenses		(67,733)	(56,850)	(125,532)
Other losses		(194)	-	(23,624)
Operating expenses		(92,288)	(79,336)	(194,654)
Results from operating activities		119,606	118,465	154,770
Depreciation and amortisation		(19,528)	(16,915)	(34,800)
Impairment of property, plant and equipment		-	-	(12)
Operating profit before finance costs, share of profit from equity accounted investees and taxation		100,079	101,550	119,958
Finance income		281	183	376
Finance expenses	7	(8,873)	(9,035)	(17,713)
Net finance costs		(8,592)	(8,852)	(17,337)
Impairment of investment in equity accounted investees		-	(2,389)	(2,707)
Share of profit/(loss) from equity accounted investees		9,336	7,004	17,018
Profit before income tax		100,823	97,313	116,932
Income tax benefit/(expense)		(19,851)	(16,657)	(32,630)
Net profit after tax		80,972	80,656	84,302
Attributable to:				
Equity holders of the parent		55,517	58,328	107,845
Non controlling interest		25,455	22,328	46,253
		80,972	80,656	154,098

Quayside Holdings Limited and Subsidiaries Consolidated Statement of Comprehensive Income For the six months ended 31 December 2021

	Unaudited Six months Dec 2021	Unaudited Six months Dec 2020 (Restated)	Audited Full year June 2021
Note	\$000	\$000	\$000
Net profit after tax	80,972	80,656	84,302
Other comprehensive income			
<i>Items that will be reclassified to profit or loss when specific conditions are met:</i>			
Cash flow hedge - changes in fair value*	8,005	1,424	6,618
Cash flow hedge - reclassified to profit or loss*	1,826	1,551	3,903
Share of net change in cash flow hedge reserves of equity accounted investees	432	195	496
	10,263	3,170	11,017
<i>Items that will not be reclassified to profit or loss:</i>			
Bearer plant revaluation, net of tax *	-	-	1,694
Kiwifruit licence revaluation, net of tax *	-	-	1,018
Asset revaluation, net of tax*	-	-	157,842
Share of net change in revaluation reserve of equity accounted investees	22	(266)	12,090
	22	(266)	172,644
Total other comprehensive income	10,285	2,904	183,661
Total comprehensive income / (loss) for the period	91,257	83,560	267,963
Attributable to:			
Equity holders of the parent	61,155	59,920	209,754
Non controlling interest	30,101	23,640	128,005
	91,257	83,560	337,759

Quayside Holdings Limited and Subsidiaries Consolidated Statement of Movements in Equity For the six months ended 31 December 2021

	Share capital	Hedging reserve	Revaluation reserve	Retained earnings	Non controlling interest	Total equity
	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 30 June 2020 (restated)	200,011	(12,205)	600,346	177,045	538,255	1,503,452
Profit after tax	-	-	-	59,450	23,456	82,906
Net effective portion of changes in fair value of cash flow hedges, net of tax	-	781	-	-	643	1,424
Net change in fair value of cash flow hedges transferred to profit or loss, net of tax	-	850	-	-	701	1,551
Net change in share of Equity Accounted Investees' cash flow hedge reserves	-	107	-	-	88	195
Net change in share of Equity Accounted Investees' revaluation reserve	-	-	(146)	-	(120)	(266)
Total Comprehensive Income	-	1,738	(146)	59,450	24,768	85,810
Non-controlling interest adjustment	-	-	-	5	(12)	(7)
Decrease in share capital	-	-	-	402	331	733
Shares issued upon vesting of management LTI plan	-	-	-	123	(123)	-
Equity settled share-based payment accrual	-	-	-	-	(1,465)	(1,465)
Dividends to shareholders	-	-	-	(34,871)	(19,957)	(54,828)
Balance at 31 December 2020 (restated)	200,011	(10,467)	600,200	202,154	541,797	1,533,695
Profit after tax	-	-	-	48,395	22,797	71,192
Net effective portion of changes in fair value of cash flow hedges, net of tax	-	2,847	-	-	2,347	5,194
Net change in fair value of cash flow hedges transferred to profit or loss, net of tax	-	1,290	-	-	1,062	2,352
Net change in share of Equity Accounted Investees' cash flow hedge reserves	-	165	-	-	136	301
Net change in share of Equity Accounted Investees' revaluation reserve	-	-	6,774	-	5,582	12,356
Asset revaluation, net of tax	-	-	86,530	-	71,312	157,842
Bearer plant revaluation, net of tax	-	-	1,694	-	-	1,694
Kiwifruit licence revaluation, net of tax	-	-	1,018	-	-	1,018
Total Comprehensive Income	-	4,302	96,016	48,395	103,236	251,949
Non-controlling interest adjustment	-	-	-	20	12	32
Decrease in share capital	-	-	-	1	1	2
Equity settled share-based payment accrual	-	-	-	-	3,543	3,543
Shares, previously subject to call option, issued	-	-	-	2,168	(2,168)	-
Dividends to shareholders	-	-	-	(1,771)	(18,710)	(20,481)
Balance at 30 June 2021	200,011	(6,165)	696,216	250,967	627,711	1,768,740

*Please refer to note 2

Quayside Holdings Limited and Subsidiaries
Consolidated Statement of Movements in Equity
For the six months ended 31 December 2021 (continued)

	Share capital	Hedging reserve	Revaluation reserve	Retained earnings	Non controlling interest	Total equity
	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 30 June 2021	200,011	(6,165)	696,216	250,967	627,711	1,768,740
Profit after tax	-	-	-	55,517	25,455	80,972
Net effective portion of changes in fair value of cash flow hedges, net of tax	-	4,388	-	-	3,617	8,005
Net change in fair value of cash flow hedges transferred to profit or loss, net of tax	-	1,001	-	-	825	1,826
Net change in share of Equity Accounted Investees' cash flow hedge reserves	-	237	-	-	195	432
Net change in share of Equity Accounted Investees' revaluation reserve	-	-	12	-	10	22
Total Comprehensive Income	-	5,626	12	55,517	30,101	91,257
Non-controlling interest adjustment	-	-	-	3	-	3
Increase / (Decrease) in share capital	-	-	-	(9)	(7)	(16)
Shares issued upon vesting of management LTI plan	-	-	-	126	(126)	-
Equity settled share-based payment accrual	-	-	-	-	833	833
Dividends to shareholders	-	-	-	(21,771)	(23,390)	(45,161)
Balance at 31 December 2021	200,011	(539)	696,228	284,832	635,123	1,815,655

Quayside Holdings Limited and Subsidiaries

Consolidated Statement of Financial Position

As at 31 December 2021

		Unaudited Six months Dec 2021	Unaudited Six months Dec 2020 (Restated)*	Audited Full Year Jun 2021
	Note	\$000	\$000	\$000
ASSETS				
Current assets				
Cash and cash equivalents		70,876	39,866	40,664
Receivables and prepayments		60,136	71,802	68,888
Inventories		1,337	1,365	1,009
Current taxation		-	615	-
Total current assets		132,348	113,648	110,561
Non-current assets				
Intangible assets		26,546	26,326	27,240
Property, plant and equipment	9	1,758,193	1,601,183	1,767,864
Investments in equity accounted investees		204,214	188,796	208,502
Investment property		67,745	57,734	56,907
Biological assets		1,590	1,358	680
Other financial assets		307,458	261,774	293,950
Right-of-use assets		41,065	41,615	41,935
Deferred tax asset		710	-	710
Receivables and prepayments		17,350	163	16,502
Total non-current assets		2,424,871	2,178,949	2,414,368
Total assets		2,557,220	2,292,597	2,524,929
LIABILITIES				
Current liabilities				
Trade and other payables		39,378	32,510	39,838
Revenue received in advance		209	251	162
Loans and borrowings	13	155,000	370,106	334,706
Lease liability	14	923	1,075	987
Employee benefit provisions		2,042	1,881	3,389
Derivative financial instruments		671	223	1,151
Contingent consideration		426	347	434.00
Current taxation		7,289	-	10,005
Total current liabilities		205,938	406,393	390,672
Non-current Liabilities				
Loans and borrowings	13	395,038	209,600	215,000
Lease liability	14	41,792	41,646	42,241
Employee benefit provisions		2,374	2,707	2,244
Deferred tax liabilities		93,042	70,715	89,349
Contingent consideration		2,710	2,796	2,920
Derivative financial instruments		671	25,045	13,763
Total non-current Liabilities		535,627	352,509	365,517
Total liabilities		741,565	758,902	756,189
NET ASSETS		1,815,655	1,533,695	1,768,740

*Please refer to note 2

Quayside Holdings Limited and Subsidiaries
Consolidated Statement of Financial Position
As at 31 December 2021

	Unaudited Six months Dec-21 \$000	Unaudited Six months Dec-20 \$000 (Restated)*	Audited Full Year Jun 2021 \$000
EQUITY			
Paid up capital	200,011	200,011	200,011
Reserves	695,689	589,733	690,050
Retained earnings	284,832	202,154	250,966
Total equity attributable to equity holders of the parent	1,180,532	991,897	1,141,027
Non controlling interest	635,123	541,797	627,712
TOTAL EQUITY	1,815,655	1,533,695	1,768,739

**Please refer to note 2*

Quayside Holdings Limited and Subsidiaries
Condensed Consolidated Statement of Cash Flows
For the year ended 31 December 2021

	Unaudited Six months Dec 2020 \$000	Unaudited Six months Dec 2020 \$000	Audited Full Year Jun 2021 \$000
Cash flows from operating activities			
Cash inflows	206,848	167,581	344,679
Cash outflows	(134,614)	(138,764)	(245,211)
Net cash flow from operating activities	72,234	28,817	99,468
Cash flows from investing activities			
Cash inflows	25,617	27,957	61,746
Cash outflows	(15,639)	(60,951)	(113,678)
Net cash flow from investing activities	9,978	(32,994)	(51,932)
Cash flows from financing activities			
Cash inflows	103,608	121,085	61,020
Cash outflows	(155,608)	(149,192)	(140,178)
Net cash flow from financing activities	(52,000)	(28,107)	(79,158)
Effects of exchange rate changes on cash and cash equivalents	-	(180)	(44)
Net increase/(decrease) in cash and cash equivalents	30,212	(32,464)	(31,666)
Cash and cash equivalents at the beginning of the year	40,664	72,330	72,330
Cash and cash equivalents at the end of the year	70,876	39,866	40,664
RECONCILIATION OF PROFIT FOR THE PERIOD TO CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period	73,459	80,650	154,098
Add/(subtract) non-cash and non-operating items	(4,316)	(7,801)	(28,057)
Add/(subtract) movements in working capital	3,091	(30,882)	(26,573)
Net cash flow from operating activities	72,234	41,967	99,468

Quayside Holdings Limited and Subsidiaries
Notes to the Financial Statements (unaudited)
For the six months ended 31 December 2020

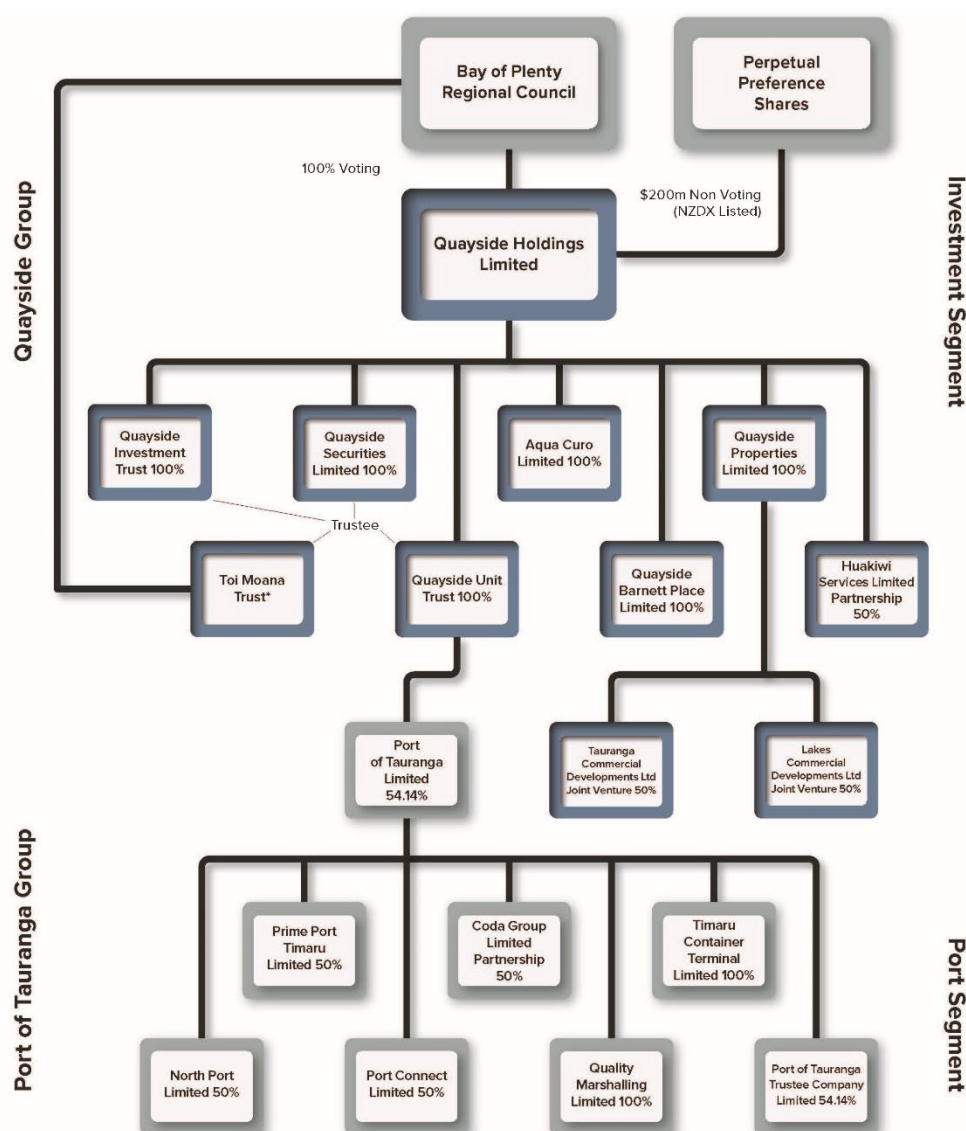
1 Reporting entity

Quayside Holdings Limited (the "Parent") is a company domiciled in New Zealand and registered under the Companies Act 1993. The Parent is wholly owned by Bay of Plenty Regional Council ("Council"). The Parent is a holding company for the investment activity of Council. Through appropriate subsidiaries, the Parent is the majority shareholder in Port of Tauranga Limited, as well as the owner of a diversified investment portfolio, property and commercial ventures.

The Parent is a Financial Markets Conduct (FMC) reporting entity for the purposes of the Financial Markets Conduct Act 2013. The financial statements comply with this Act. The Parent is also listed on the New Zealand Stock Exchange (NZX).

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

The unaudited interim financial statements for Quayside Holdings Limited comprise of Quayside Holdings Limited, its subsidiaries and the Group's interests in Equity Accounted Investees (together referred to as the "Group"). There are two subsets of the Group being the Quayside Group and the Port of Tauranga Group:



*Quayside Securities LTD is the Trustee for the Toi Moana Trust. Bay of Plenty Regional Council holds the majority of units.

2 Basis of Preparation

These financial statements have been prepared in accordance with the requirements of the Local Government Act 2002 and the Financial Markets Conduct Act 2013, which includes the requirement to comply with generally accepted accounting practice in New Zealand ("NZ GAAP"). These interim financial statements have been prepared in accordance with New Zealand International Accounting Standard ("NZ IAS") 34 *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements and related notes included in Quayside Holdings Limited's Annual Report for the year ended 30 June 2021.

Restatement

The Group restated certain prior year financial statement line items in Port of Tauranga Limited's Integrated Annual Report for the year ended 30 June 2021.

The restatement related to two Equity Accounted Investees' financial statements that had not been prepared in line with the Group's property, plant and equipment accounting policies. Certain asset classes had not been held at fair value, in line with the Group's policies, and as a consequence the Group's revaluation reserve and investment in Equity Accounted Investees had been understated, and the Group's share of profit from Equity Accounted Investees had been overstated.

3 Significant Accounting Policies

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2021.

4 Accounting Estimates and Judgements

The preparation of the financial statements in conformity with NZ IAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty, were the same as those applied to the Group's consolidated financial statements for the year ended 30 June 2021.

5 Segment Information

At 31 December 2021 the Group comprised two main business segments. The first segment being the business of facilitating export and import activities (Port) and the second being the business of investment (Investing). The 'Port' segment represents the *Port of Tauranga Group*, whilst the 'Investing' segment is the *Quayside Group*. Both business segments operate in one geographic segment, being New Zealand.

Although the *Port of Tauranga Group* reports three main reportable segments, at the Quayside Group level, information provided by the *Port of Tauranga Group* is presented to the Chief Operating Decision Maker as one business segment.

The unaudited segment results for the six months ended 31 December 2021 are as follows:

	Port \$000	Investing \$000	Total \$000
31 December 2021			
Total segment revenue	185,794	32,103	217,897
Inter-segment revenue*	-	(27,633)	(27,633)
Revenue (from external customers)	185,794	4,470	190,264
Other income/gains	236	21,394	21,630
Finance income	37	244	281
Finance costs	(8,164)	(709)	(8,873)
Depreciation & amortisation	(19,039)	(489)	(19,528)
Other expenditure/losses	(88,627)	(3,661)	(92,288)
Income tax expense	(19,850)	(1)	(19,851)
Share of profit of equity accounted investees	5,954	3,382	9,336
Net profit after tax	56,341	24,631	80,972
Current assets	75,964	56,384	132,348
Non-current assets	1,997,016	427,855	2,424,871
Current liabilities	(203,841)	(2,097)	(205,938)
Non-current liabilities	(455,751)	(79,876)	(535,627)
Net assets	1,413,388	402,266	1,815,655

* Inter-segment revenue comprises the dividend received by Quayside Unit Trust from the Port of Tauranga Limited.

5 Segment Information (continued)

	Port \$000	Investing \$000	Total \$000
31 December 2020 (restated)			
Total segment revenue	159,456	1,441	160,897
Other income	-	60,484	60,484
Inter-segment revenue	-	(23,580)	(23,580)
Revenue (from external customers)	159,456	38,345	197,801
Finance income	64	119	183
Finance costs	(8,527)	(508)	(9,035)
Depreciation & amortisation	(16,512)	(403)	(16,915)
Other expenditure/losses	(75,408)	(6,317)	(81,725)
Share of profit of equity accounted investees	7,004	-	7,004
Income tax expense	(16,657)	-	(16,657)
Net profit after tax	49,420	31,236	80,656
Current assets	67,845	30,704	98,549
Non-current assets	1,824,604	369,444	2,194,048
Current liabilities	(389,942)	(16,451)	(406,393)
Non-current liabilities	(297,012)	(55,497)	(352,509)
Net assets	1,205,495	328,200	1,533,695

6 Operating Income

	Six months ended 31 Dec 2021 \$000	Six months ended 31 Dec 2020 \$000
(a) Trading revenue		
Revenue from contracts with customers		
Container terminal revenue	117,666	95,454
Multi cargo revenue	31,943	29,839
Marine services revenue	19,937	17,996
Sale of goods – kiwifruit	-	876
Rental income	16,979	16,025
Other	25,370	37,611
Total trading revenue	211,895	197,801

Included in Other income are investment revaluation gains for the Quayside Group (both unrealised and realised) totalling \$21.3 million. The Quayside equity portfolio delivered a return of 4.5% for the six months (2020: 18%).

Quayside Holdings Limited and Subsidiaries
Notes to the Financial Statements (unaudited)
For the six months ended 31 December 2021

7 Finance Expenses

	Six months ended 31 Dec 2021 \$000	Six months ended 31 Dec 2020 \$000
Interest expense on borrowing and lease liabilities	(8,867)	(9,073)
Less: interest capitalised to property, plant and equipment	37	81
	(8,830)	(8,992)
Amortisation of interest rate collar premium	(43)	(43)
Total finance expense	(8,873)	(9,035)

8 Dividends

The following net dividends were paid by Quayside Holdings Limited. All dividends paid were fully imputed.

The dividend cents per share, for the Perpetual Preference Shares, includes resident with-holding tax of 5% paid by the Quayside Group on behalf of shareholders. The Perpetual Preference Shares are subject to a fixed dividend rate which is reset every three years. The latest reset occurred on 12 March 2020, where the rate for the following three-year period was set at 2.46%. The next dividend reset date will be 13 March 2023.

	Six Months Ended 31 Dec 2021 \$000	Six Months Ended 31 Dec 2020 \$000
Ordinary shares		
Dividends (paid 11/10/2021) of \$2,000 per share (2020: \$3,310)	20,000	33,100
	20,000	33,100
Perpetual preference shares		
Total quarterly dividends paid of 0.0778 cents per share (2020: 0.0778)	886	886
Total quarterly dividends paid of 0.0778 cents per share (2020: 0.0778)	886	886
	1,772	1,772
Total dividends paid	21,772	34,872

9 Property Plant and Equipment

Acquisitions and Disposals

During the six months ended 31 December 2021, the Port of Tauranga Group acquired assets with a cost of \$7.44 million (2020: \$24.36 million) and disposed of assets with a carrying value of \$0.01 million.

During the six months ended 31 December 2021, the Quayside Group acquired assets with a cost of \$0.18 million (2020: \$0.30 million) and did not dispose any of its assets (2020: \$1.5 million).

10 Biological Assets

Biological assets comprise kiwifruit crops on bearer plants and forestry owned by Quayside Properties Limited. Harvesting of the kiwifruit crop takes place in April to June each year. At 31 December each year the crop is measured at fair value. The fair value is deemed to be cost as insufficient biological transformation has occurred.

11 Financial Instruments

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date.

The fair value of financial instruments that are not traded in active markets (for example over-the-counter derivatives) are determined by using market accepted valuation techniques incorporating observable market data about conditions existing at each reporting date.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using quoted forward exchange rates at the reporting date.

Derivative financial instruments are categorised as Level 2 in the fair value measurement hierarchy.

Quayside Holdings Limited and Subsidiaries
Notes to the Financial Statements (unaudited)
For the six months ended 31 December 2021

12 Commitments

Six Months Ended 31 Dec 2021	Six Months Ended 31 Dec 2020
\$000	\$000

Capital commitments

Estimated capital commitments contracted for at balance date but not provided for:	67,654	69,000
--	---------------	--------

On 28 September 2020, the Port of Tauranga formed a 50:50 joint venture named Ruakura Inland Port LP with Tainui Group Holdings Limited. The new joint venture will take an initial 50 year ground lease to establish an inland port in Ruakura, and plans to start operations within two years.

The Port of Tauranga has committed capital of \$25.0 million to fund the development of the inland port and as at 31 December 2021 \$1.5 million has been paid.

In addition, if the development costs exceed the initial \$25.0 million capital commitment, construction contingency funding of up to \$2.5 million must be provided to the joint venture.

Quayside Holdings Limited has uncalled capital commitments of \$32.9 million in relation to equity managed fund investments and \$3.1 million in relation to equity accounted investees.

13 Loans and Borrowings

Six months ended 31 Dec 2021	Six months ended 31 Dec 2020
NZ\$000	NZ\$000

Westpac borrowings	20,436	15,106
Bay of Plenty Regional Council	49,600	49,600
Bay of Plenty Regional Council (LGFA)	5,002	-
Commercial Papers	155,000	200,000
Standby revolving cash advance facility	120,000	135,000
Fixed rate bonds	200,000	175,000
Multi option facility	-	5,000
Total loans and borrowings	550,038	579,706
Current	155,000	370,106
Non current	395,038	209,600
Total	550,038	579,706

Port of Tauranga Group

As at 31 December 2021 the Port of Tauranga Group's current liabilities exceed the Group's current assets. Despite this fact, the Port of Tauranga Group does not have any liquidity or working capital concerns as \$260 million (2020: \$345 million) of term standby revolving cash advance facility remains undrawn.

Quayside Holdings Limited has a \$75 million (2020: \$55 million) financing arrangement with Westpac Banking Corporation. This facility is secured by a mortgage over shares held in the Port of Tauranga Limited and provides direct borrowings for the Quayside Group. The facility was renewed in December 2021 for a further term of 2 years, expiring in December 2023. At 31 December this facility was drawn down to \$20 million (2020: \$15 million).

Quayside Holdings Limited and Subsidiaries
Notes to the Financial Statements (unaudited)
For the six months ended 31 December 2021

Bay of Plenty Regional Council

In October 2021, Quayside Holdings Limited renewed the \$50 million financing arrangement with Bay of Plenty Regional Council, which, to fund this, has in turn borrowed from the Local Government Funding Agency. This facility expires on 1 July 2024. As at 31 December this facility was drawn down to \$49.6 million (2020: \$49.6 million).

14 Leases

During the six months ended 31 December 2021, the Port of Tauranga Group had no right of use assets additions (2020: \$15.7 million) or increases of lease liabilities (2020: \$16.2 million). There have been no disposals or reductions in the right-of-use assets (2020: nil).

During the six months ended 31 December 2021, the Quayside Group had no lease additions (2020: \$1.6 million).

15 Related Party Transactions

Controlling entity

The parent entity in the Group is Quayside Holdings Limited, which is 100% owned by the Bay of Plenty Regional Council. Other related parties include subsidiaries and equity accounted investees – refer Note 1.

Transactions with related parties:

During the six months ended 31 December 2021, related party transactions for the Quayside Group were as follows:

	Six Months Ended 31 Dec 2021	Six Months Ended 31 Dec 2020
Quayside Group transactions with related parties:		
Transactions with Ultimate Controlling Entity		
Bay of Plenty Regional Council		
Services provided to Quayside Properties Limited	-	7
Interest paid by Quayside Holdings Limited	193	277
Interest payable by Quayside Holdings Limited	280	511
Dividends paid by Quayside Holdings Limited	20,000	33,100
Loan drawn down by Quayside Holdings Limited	5,001	-
Loan repaid by Quayside Holdings Limited	-	-
Loan payable by Quayside Holdings Limited	54,601	49,600
Subvention paid by Quayside Holdings Limited	-	-
Subvention paid by Quayside Unit Trust	-	365
Subvention paid by Quayside Properties Limited	827	787
Subvention paid by Quayside Securities Limited	-	-
Transactions with Other Related Entities		
Quayside Unit Trust		
Dividends paid to Quayside Holdings Limited	27,632	23,500
Dividends received from Port of Tauranga Limited	27,632	23,580
Quayside Properties Limited		
Interest received by Quayside Holdings Limited	223	98
Interest receivable by Quayside Holdings Limited	223	100
Loan advanced by Quayside Holdings Limited	5,001	-
Loan repaid to Quayside Holdings Limited	-	-
Loan receivable by Quayside Holdings Limited	52,201	47,200
Office lease provided to Quayside Holdings Limited	19	19
Accounts receivable by Quayside Holdings Limited	-	2
Management fees paid to Quayside Holdings Limited	57	57
Quayside Securities Limited		
Management fees paid to Quayside Holdings Limited	38	38

Quayside Holdings Limited and Subsidiaries
Notes to the Financial Statements (unaudited)
For the six months ended 31 December 2021

Quayside Group transactions with related parties:

Transactions with Equity Accounted Investees

Services provided by Quayside Holdings Limited	-	57
Accounts receivable by Quayside Holdings Limited	-	76
Loan repayment received by Quayside Holdings Limited	-	4,491
Interest charged by Quayside Holdings Limited	2	26
Capital contributions by Quayside Properties Limited	-	625
Loan advanced by Quayside Holdings Limited	419	-
Loan payable to Quayside Properties Limited	500	500
Interest charged by Quayside Properties Limited	8	21
Interest payable to Quayside Properties Limited	8	21
Accounts receivable by Quayside Properties Limited	-	4

During the six months ended 31 December 2021, related party transactions for the Port of Tauranga Group were as follows:

Port of Tauranga Group transactions with related parties

Transactions with Ultimate Controlling Entity

Services provided to Port of Tauranga Limited	340	239
---	-----	-----

Transactions with Equity Accounted Investees

Services provided to Port of Tauranga Limited	250	258
Services provided by Port of Tauranga Limited	2,488	2,229
Accounts receivable by Port of Tauranga Limited	143	96
Accounts payable by Port of Tauranga Limited	46	42
Advances by Port of Tauranga Limited	1,400	1,400
Services provided by Quality Marshalling (Mount Maunganui) Limited	553	1,291
Services provided to Quality Marshalling (Mount Maunganui) Limited	1	21
Accounts receivable by Quality Marshalling (Mount Maunganui) Limited	33	40
Services provided to Timaru Container Terminal Limited	1,545	651
Services provided by Timaru Container Terminal Limited	103	-
Accounts receivable by Timaru Container Terminal Limited	12	-
Accounts payable by Timaru Container Terminal Limited	104	235

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

During the six months ended 31 December 2021, the Group entered transactions with companies in which Group Directors held directorships. These directorships have not resulted in the Group having significant influence or control over the operations, policies or key decisions of these companies.

Transactions with Key Management Personnel

The Group does not provide any non-cash benefits to Directors in addition to their Directors' fees.

	Six Months Ended 31 Dec 2021 \$000	Six Months Ended 31 Dec 2020 \$000
Directors		
Directors' fees recognised during the period	584	616
Executive Officers		
Executive officer's salaries and other short-term employee benefits recognised during the period	2,129	2,829
Executive officer's share based payments (equity settled) recognised during the period	100	(21)
Total	2,814	3,424

16 Subsequent Events

An interim dividend of 6.5 cents per share has been declared subsequent to reporting date by the Port of Tauranga Group.

Quayside Holdings Limited and Subsidiaries Directory As at 31 December 2021

Directors holding office at 31 December 2021 were:

Quayside Group

Sir Robert A McLeod (Chair)
B D Hewlett
K Horne
F C McTavish
S A Crosby
W J Parker
T White

Port of Tauranga Group

D A Pilkington (Chair)
A M Andrew
D J Bracewell
K R Ellis
J C Hoare
A R Lawrence
D W Leeder
Sir Robert A McLeod

Loans

There were no loans made by Group companies or any of its subsidiaries to Directors.

Indemnification and insurance of directors and officers

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

Chief Executive

A S Hamilton

Solicitor

Cooney Lees Morgan
PO Box 143
Tauranga 3110

Registered Office

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