ANNUAL REPORT 2024

Quayside Holdings Limited

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Invested in Our Future | Mauri Ora Roa

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2024 HIGHLIGHTS

$45m

2024 Dividend
Investment returns enable a dividend to the Bay of Plenty Regional Council 2024.

5.88% increase from 2023

$380

Average Rates Reduction
Quayside impact on Bay of Plenty ratepayers 2023/24: Dividend reduces the average general rates paid by $380 per property [1]

$474.7m

Total dividends paid from Quayside to Council since inception. Excludes Perpetual Preference Shares ($200m)

$3.3m

Quayside Non-port normalised profit*

*Normalized profit excludes overhang write off for $21.3m and one-off PGF impact (net of taxes) of $12.6m. Quayside accounting result as per Segment Note in the financial statement is $5.4m loss.

$1.74b

Asset Value of shares in Port $1.74 billion 30 June 2024

[1] Data source: Bay of Plenty Regional Council

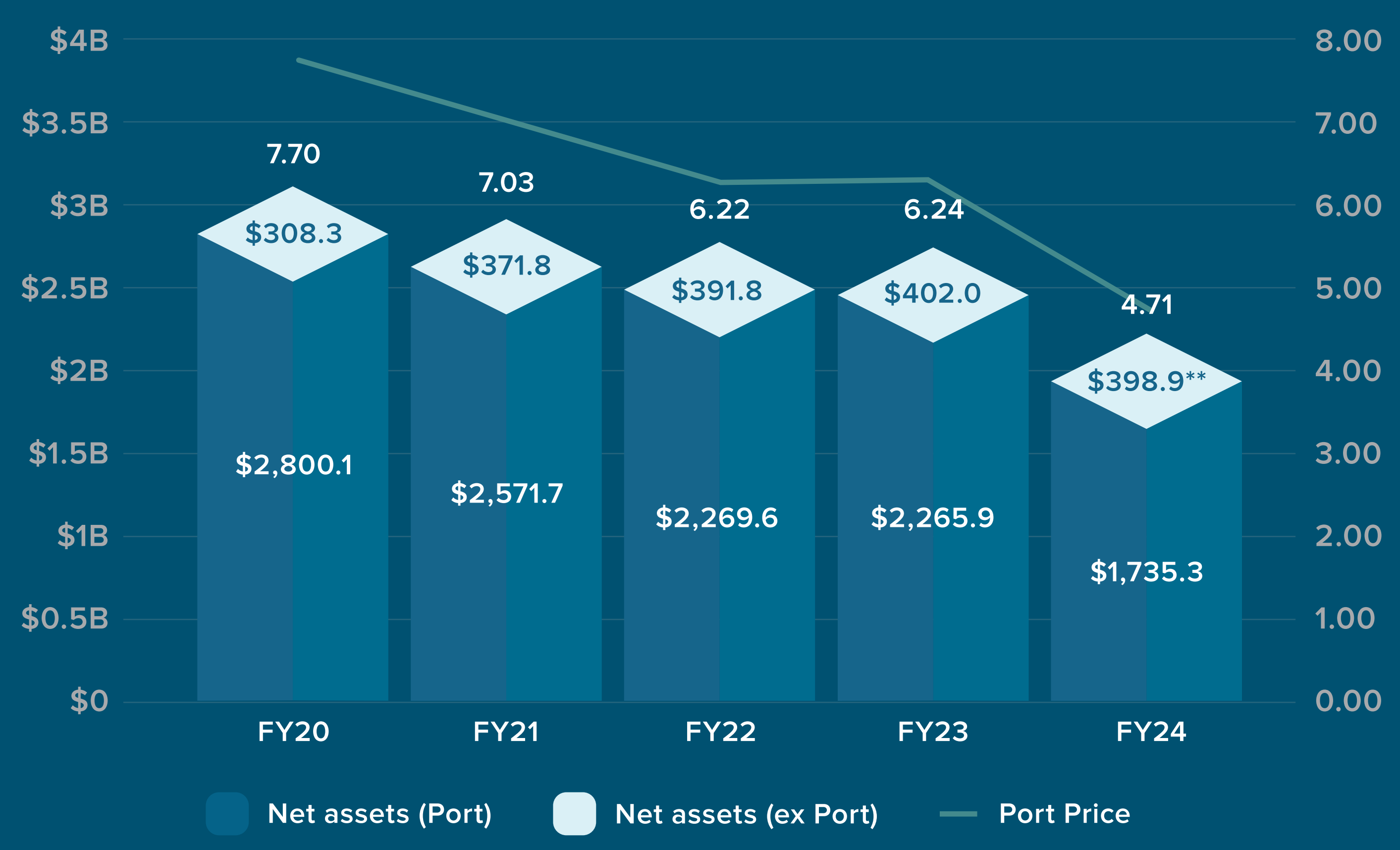
Growth in non-port assets

Quayside invests through a wide range of asset classes with multiple strategies including direct, active via managers and passive strategies.

10.17% Return on Investment on listed equities (last 12 months)

14.3% Managed Private Equity

6.65% Non-Port Net Asset annualised growth from June 2020



**The non-Port asset is impacted by $21.3m relative to the overhang write-off and includes a one-off adjustment in relation to the accounting treatment of the PGF funding ($12.6m).

2024 HIGHLIGHTS

Marked by a strategic recalibration, resilience-building, and a commitment to collaborative partnerships, 2024 has signalled a transformation across the Group business and investment portfolio.

As stewards of an intergenerational fund, Quayside has continued to focus on wealth preservation and growth, whilst safeguarding against risks and uncertainties.

SUMMARY OF GROUP PERFORMANCE

We are proud to provide a $45 million dividend to our shareholder, Toi Moana Bay of Plenty Regional Council, an increase of 5.88% on the previous year. This distribution reduces the general ratepayer bill by an average of $380 per property, having a material effect for the people in our community. In addition the distribution provides pūtea (money) for the delivery and upkeep of services across the region, which is managed by Council. A list of services that provide a direct regional benefit for our community, can be seen on page 31.

This year, we undertook a strategic reset aimed at aligning our investment strategies with evolving market dynamics and long-term sustainability goals. Recognising the inevitability of market fluctuations, we have adjusted our approach to ensure sustainability in the face of uncertainties including increasing exposure to asset classes with defensive characteristics such as government and corporate bonds. Our commitment to transparency and stakeholder engagement remains pivotal, fostering trust and confidence amidst a dynamic economic landscape.

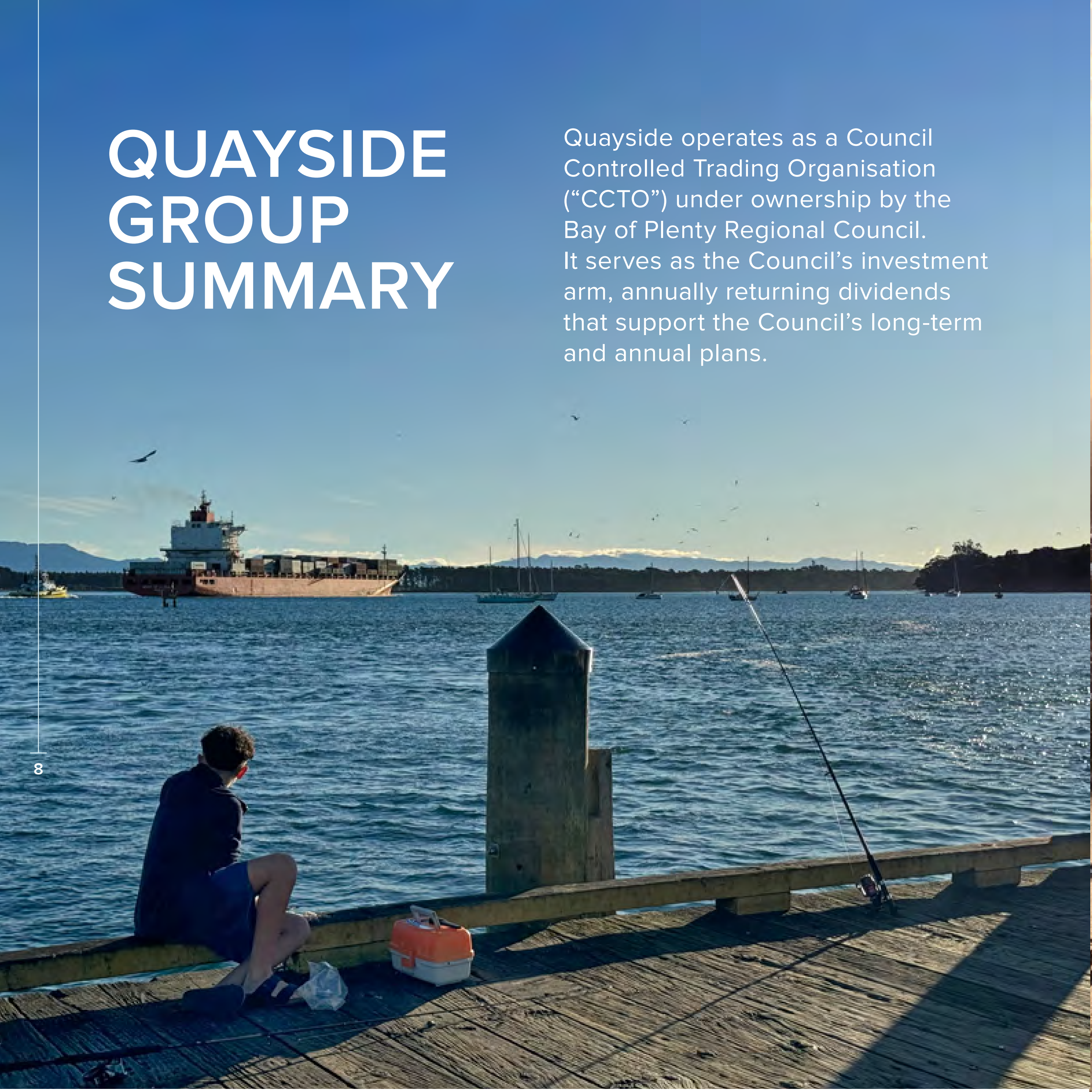
Resilience building across the business and portfolio has continued. This has been achieved through strengthening operational processes to enhance efficiency and mitigate risks, ensuring robustness in our investment decisions. Diversification remains a cornerstone investment belief, allowing us to manage market volatility and optimise returns across varied economic scenarios.

Quayside has reinforced its commitment to partnerships as catalysts for innovation and growth. Collaborative efforts have enabled us to leverage diverse expertise and perspectives, enhancing our investment decisions and expanding our market footprint. These partnerships are integral to our strategy of fostering sustainable growth and creating enduring value for our shareholder and wider stakeholders.

As we continue to manage a portfolio for future generations, we remain steadfast in our pursuit of long-term value creation and commercial excellence, alongside always being a good corporate citizen. Our journey is guided by humility and a deep understanding of the diverse risks and opportunities that shape our investment landscape.

QUAYSIDE GROUP SUMMARY

Quayside operates as a Council Controlled Trading Organisation ("CCTO") under ownership by the Bay of Plenty Regional Council. It serves as the Council's investment arm, annually returning dividends that support the Council's long-term and annual plans.



QUAYSIDE
HOLDINGS

Quayside maintains a majority shareholding of 54.14% in the Port of Tauranga ("the Port"), valued at $1.7 billion as of June 30, 2024. The Port adheres to a robust governance framework that ensures operational independence. Quayside owns the shareholding distinct from the Council to ensure separation of the Council (regulator) and the Port's operational activities. As the majority shareholder, Quayside appoints two directors to the Port board.

OUR MANDATE

Quayside is a strategic investment fund dedicated to enhancing the prosperity of the Bay of Plenty region across generations by managing investment assets independently from council operations. Initially mandated to be the custodian of Council's majority shareholding in the Port, Quayside has also built a significant non-port portfolio to include diverse assets across various industries, bolstered by strong partnerships founded on shared values.

Aligned with its mandate, Quayside works closely with the Council to establish annual performance targets outlined in the Statement of Intent. This document supports the financial objectives of the Council's Long-Term Plan related to Quayside and the annual Letter of Expectation. This ensures that Quayside's investment returns contribute directly to the region's development, long-term growth and prosperity.

Financial transparency is a key priority for Quayside, which reports quarterly to Council and biannually to its Perpetual Preference Shareholders via the NZX. A commitment to accountability underscores Quayside's commercially focused approach, aimed at cultivating a diversified fund that generates sustainable, long-term returns. By fostering intergenerational prosperity through investments, Quayside remains steadfast in its mission to build a thriving future for the Bay of Plenty region.

CHAIR & CEO REPORT

The year 2024 has underscored the importance of strategic diversification and resilience in our investment approach. Market volatility and central bank actions aimed at controlling inflation have reshaped sector dynamics. Our active strategy of managing investment positions and market exposures has been instrumental in navigating these challenges, ensuring that our investment strategies are robust and adaptable.

Our portfolio's performance reflects our commitment to long-term sustainable value creation. Despite sector-specific challenges, our investments in private equity, fixed income, and global equities have yielded positive results. Noteworthy achievements include strong returns from New Zealand equities and resilient performances in our real estate holdings, amidst market fluctuations.

In real estate, while market valuations adjusted, our portfolio demonstrated resilience with solid earnings growth and extended lease terms. Highlights included completing the Te Papa Tipu building, progress at Rangiuru Business Park and investing into Tauranga Crossing developments. Our managed private equity investments performed admirably, posting an annual return of 16% driven by successful exits and favourable revaluations.

Maintaining the trust and confidence of our stakeholders remains paramount. This was evidenced in the Long Term Plan process which culminated in June with the adoption of the plan by Bay of Plenty Regional Council, enabling a managed sell-down of Quayside's 54.14% shareholding in Port of Tauranga Limited to a minimum of 28%. The impetus for this change was driven by the need to diversify, prudent risk management, value creation and access to capital to redistribute and grow a sustainable portfolio.

Work continues alongside Council and advisors agreeing parameters, and if a sale goes ahead surety can be given that Quayside will endure as a cornerstone shareholder in the Port, continuing to focus on protecting and maximising the value of its investment.

Quayside is well-positioned to capitalise on emerging opportunities while managing risks effectively. Our strategic imperatives include portfolio diversification, optimising asset allocation, and leveraging market insights to drive sustainable, intergenerational growth. By fostering a culture of innovation and collaboration, we aim to deliver enduring value for our shareholder and stakeholders alike.

This fiscal year we introduce our first climate-related disclosure report, embedding our commitment to understanding our climate risks and opportunities and targeting positive change. Our kaimahi (staff) take great pride in some of the work we are doing to have a positive environmental impact, notably:

- Planting 117,000 wetland and native plants this season at Rangiuru Business Park as part of the development, including a strategy to regenerate local flora and fauna;
- Investment into the development of Panorama Towers; successfully redesigning and repurposing an existing structure, avoiding demolition of earlier works which would have seen a significant amount of construction materials sent to landfill;
- Sustainable materials are celebrated throughout the Te Papa Tipu build, including a majority wood construction with fire-resistant timber in structural elements, reducing the steel component to 5% in the entire build.

This year has kickstarted a period of strategic evolution and resilience building for Quayside. We extend thanks to our shareholder for their continued trust and partnership and commend our own dedicated team for their unwavering commitment and professionalism. Together, we are poised to navigate the complexities of the year ahead, whilst upholding our commitments and striving for growth for future generations.

Noho ora mai rā,

Mark Wynne
Chair

Lyndon Settle
Chief Executive

QUAYSIDE BOARD:
ENHANCING VISION AND VALUE

Success starts with people. From leading culture, through to driving strategic focus. The Board is the backbone of this people power. The appointment of three new Independent Directors provides diversity of skill and experience, complementary to the current serving members, collectively providing a compass for the next phase of the organisation and investment portfolio.

New Appointments

October 2023 brought the appointment of three new independent Board Directors – Mark Wynne, David Fear and Fraser Whineray. In January 2024 Mark transitioned to Board Chair following the sudden and sad passing of Dr Warren Parker.

Mark brings over two decades of leadership experience in primary industries and commercial sectors, including as CEO of Ballance Agri-Nutrients and in roles at Kimberly-Clark, emphasising his strategic acumen in navigating complex business landscapes and fostering innovation for sustainable growth. He has also held Director roles across the health and tech industries.

David Fear, with 40 years in international and local investment markets, held senior roles at Jarden Securities Limited and Citigroup Global Markets, playing pivotal roles in major transactions.

Fraser Whineray, previously COO of Fonterra and CEO of Mercury, brings extensive governance and executive leadership experience across energy and environmental sectors, and holds Quayside's appointment as a Director on the Port of Tauranga Board.

All three join current Independent Director, Keiran Horne, Audit and Risk Committee Chair. Providing continuity and stability from her 5-year Quayside Board tenure, Keiran's extensive governance career across public and private sector is invaluable.

Together, alongside Council Board representatives; Fiona McTavish, Stuart Crosby, and Te Taru White, these appointments reinforce Quayside's commitment to responsible governance.


Quayside Board Members

Becoming future-ready

In 2023, New Zealand experienced the dramatic effects of the Auckland floods and Cyclone Gabrielle, and we saw how these significant events could have a lasting and compounding impact, across geographies, industries and lives. To be responsible investors, we must ensure we are equipped to deal with 'Black Swan Events' – those unpredictable and potentially catastrophic events that could have negative long-lasting impact on our portfolio and the region that we serve.

Drawing on collective knowledge and diverse experience brought by each Board member, workstreams continue to optimise for the future. Some include;

- Prioritisation of future planning and building a transition pathway that is sustainable and aligned to advancing our 10-year strategy and vision
- Continuous assessment of obstacles and emerging challenges and risks
- Development and refinement of policies and organisational activities that support strategy
- Benchmarking and recalibration of investment strategy
- Partnering with leaders and experts in their field who can support our team

As Quayside prepares for the future, it remains steadfast in its mission to navigate challenges with resilience and foresight, ensuring sustainable growth and positive outcomes for generations to come.

INTERVIEW WITH THE INVESTMENT COMMITTEE CHAIR – DAVID FEAR

David resides in Wellington with his wife and two teenage sons. His career spans nearly forty years in financial markets both locally and internationally. In his leisure time, he enjoys playing golf, fishing, our wonderful NZ wines and has a passion for collecting the work of current and emerging Māori artists.

Q: What attracted you to the Quayside Board opportunity?

Having come from financial markets I knew of Quayside as a brand and as having a reputation for being a values and results-based organisation. It was also clear that the business was going through a level of change, and I saw an opportunity to be part of something with a rock-solid foundation and gold-star reputation, that was embarking on its next chapter, which was also very exciting. The long-term intergenerational focus of the organisation was also highly attractive.

Q: What do you aim to bring to the Quayside Board and as Chair of the Investment Committee?

Investment markets are inherently volatile. A lot of the time and attention these days are on short-term, yearly or even six-monthly returns. But Quayside focuses on the long term. Also, it doesn't discount the short/medium term, but it doesn't let short term market noise impact its investment decisions.

We don't make investments for a short-term buy and sell, we make investments because we want them to be in the portfolio long term. With this in mind, there are some key principles I like to focus on:

- Build a strategy and portfolio around things you have a high understanding of
- Be bold when you have the cards
- Stick to your strategy - which speaks to our ability to think and invest for the long term
- Communicate with extreme clarity – to all your stakeholders, so they understand what you're trying to achieve and how you plan to get there

Q: Thinking about capability – within the Board and wider organisation, what do you see are Quayside's greatest strengths and advantages?

The most valuable asset we have is the quality of our people and the passion they have.

I observed quite early on that there is a very high-performing senior leadership team, supported by an extremely capable and experienced team of experts in their respective fields. There is a genuine passion for investing, alongside a belief in the values and vision – people who deeply care about the intergenerational prosperity of the Bay of Plenty region and that's both motivational and very exciting.

Q: In your opinion, what are the most critical challenges facing our organisation?

How we grow the investment fund sustainably over the long term, while providing a steady income distribution to our shareholder, the Bay of Plenty Regional Council. Getting that blend of capital growth and cash yield right.

A lot of what we do is long-term and intergenerational and often that doesn't mirror 100% with portfolio returns in the short term. An example might be Rangiuru Business Park, it might not stack up as a short or medium-term investment, but it'll be an absolutely terrific asset for this generation and the next, I have no doubt about that. On occasion when we invest for the long term, the short or mid-term is sacrificed a bit, but we're still aligned to the ultimate goal we're trying to achieve.

The challenge often is how this is communicated, ensuring it is done with clarity and it's consistent with our purpose and vision as an organisation, then it's incredibly hard to fault.

There are always trade-offs, and we need to strike a balance that sits between a commercial returning organisation and one that is socially responsible to the community that it provides for.

Q: In your opinion, what are the most exciting opportunities for our organisation as we look forward to the next 12 – 24 months.

The most exciting opportunity is to reposition Quaysides investment portfolio, getting the future state balance right that I talked about and staying true to our investment pillars of;

- asset allocation
- diversification, and;
- long term investing

Q: What does long-term value creation look like for Quayside?

I think about long-term value creation in two parts:

Firstly, from the point of view of handing to the next generation – the Bay of Plenty community and residents. A strong, resilient and sustainably-based portfolio, that can benefit future generations.

Secondly, around creating a strong culture and environment that has a positive impact on our key stakeholders and partners - primarily Council, our staff, Iwi and the wider BOP community - whilst also fostering employee engagement and promoting collaboration.

INTERVIEW WITH THE INVESTMENT COMMITTEE CHAIR – DAVID FEAR

INVESTMENT HIGHLIGHTS

2024 brought challenges to both capital markets and the real economy. Central banks stepped in to control inflation, putting significant pressure on sectors with high leverage, like real estate, venture capital, and consumer-focused businesses. These sectors saw substantial drops in valuations and company earnings.

In contrast, sectors such as healthcare, technology, infrastructure, and energy thrived. Our substantial investment in defensive stocks that can handle both inflation and increased financing costs helped our portfolio perform to expectations. This success underscores our key portfolio principles: diversification, inflation protection and strategic asset allocation.

Performance and Strategic Adjustments

Our investments in private equity, fixed income, and both global and domestic public equities saw significant growth. This growth allowed us to rebalance into major real estate assets like Tauranga Crossing Limited and Hamilton Street Panorama Towers, which are crucial for our long-term strategy.

Port of Tauranga

The Port of Tauranga is a cornerstone of our portfolio, representing a significant strategic asset. As New Zealand's largest port, it plays a crucial role in our investment strategy. However, lower trade volumes and operational cost pressures have impacted the Port's share price over the past year.

In response, we've implemented strategies to reduce our single-asset exposure while driving long-term value. This includes diversifying our portfolio by increasing allocations to other high-performing asset classes such as fixed income, real assets, and private equity.

Non-Port Asset Allocation

We aim to balance growth and risk through our asset allocation strategy. The breakdown our our asset allocation is presented in the following pages.

Asset allocation is a continual and dynamic process – Quayside is no different as we look to strategically position ourselves to meet our Investment targets.

PERFORMANCE HIGHLIGHTS

Equities:

- New Zealand Equities: Our New Zealand equities portfolio delivered a return of 2.99%, significantly outperforming the benchmark, which recorded a -1.66% return. Notable investments, such as Infratil Ltd and Meridian, contributed strongly to this growth.
- Australian Equities: Our Australian holdings achieved a return of 11.73%, slightly below the benchmark of 13.10%. Robust returns from ANZ Banking Group and CSL Ltd drove this performance, while detractors like APA Group and Transurban Group held it back from the benchmark.
- International Equities: Global equities returned 21.15%, surpassing the benchmark return of 20.59%. Key return drivers included Alphabet Inc., Amazon.com Inc., and Meta Platforms Inc.
- New Zealand Fixed Interest: Our New Zealand fixed interest investments yielded a return of 8.27%, outperforming the benchmark return of 6.32%.
- Total Equities Portfolio: The total portfolio, after fees, achieved a return of 10.17%, slightly below the benchmark of 10.78%.

Real Estate Portfolio

Our real estate portfolio experienced a drop in valuation due to changes in relative value, aligning with market expectations. However, the performance of underlying assets remained strong, with earnings growth and extended Weighted Average Lease Terms (WALTs). Key milestones included completing the Te Papa Tipu building, ongoing construction at Rangiuru, and starting Stage 3 at Tauranga Crossing.

Private Equity Performance

Our managed private equity investments showed resilience and growth, achieving a return of 14.3% for the year. This performance was driven by successful exits and favourable revaluations. Notable growth came from Waterman IV, LGT CSSO II and LGT CGO VII. However, our investments into direct private equity remain challenging. Difficulty in securing additional capital has led to pressure on asset valuations.

Responsible Investing

We're committed to responsible investing and consider the four wellbeings of social, economic, environmental and cultural prosperity before any investment undertaking. Annual screenings ensure that new investments align with Quayside's Responsible Investment Policy.

Looking Ahead

Quayside Holdings Limited remains dedicated to optimising our portfolio for continual returns. Our focus on asset allocation, risk management, and proactive investment strategies will guide us in the coming year. We will keep a close watch on market conditions, make necessary adjustments, and seek opportunities for growth and value creation.

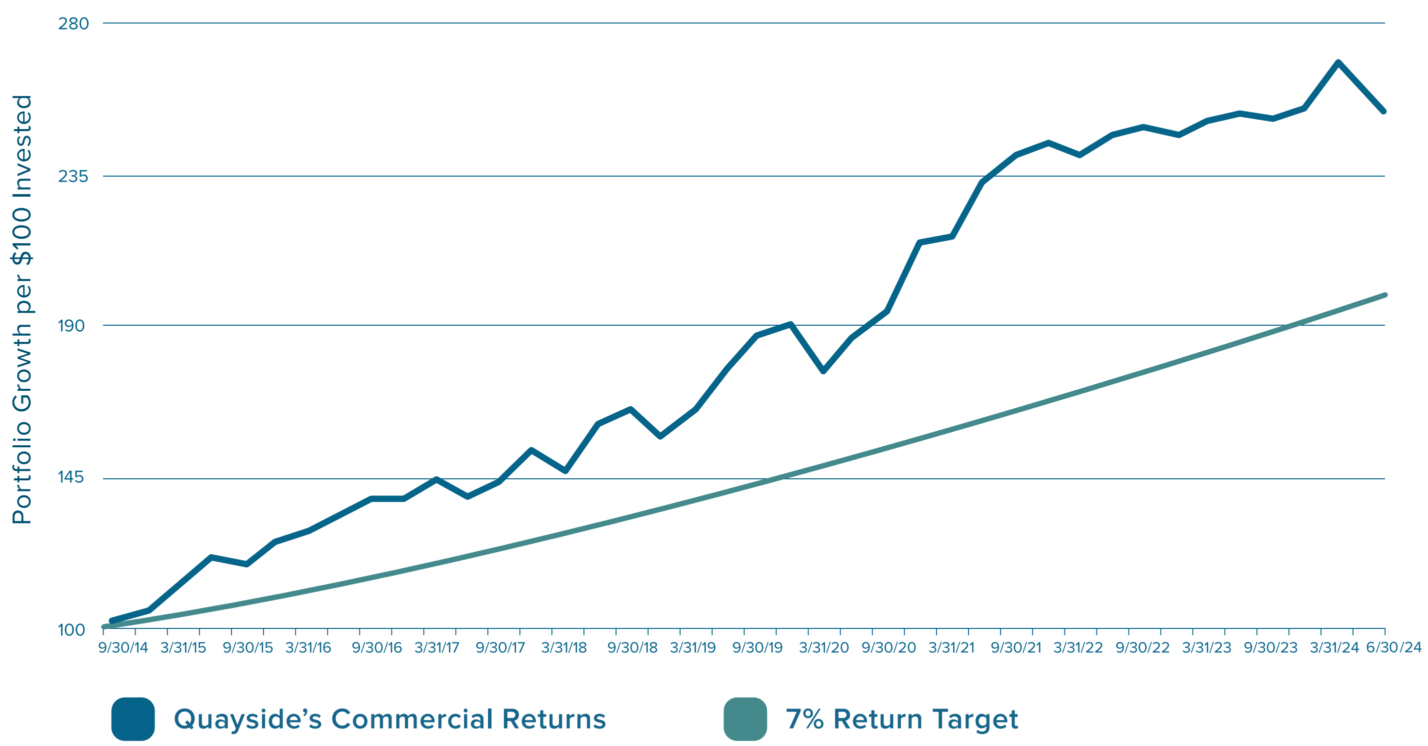
KEY PERFORMANCE METRICS:

Portfolio Return: 7.5%*

Asset Valuation: $570 million

*5 year rolling return rate 2024

Quayside's Commercial Returns vs Return Target



Performance

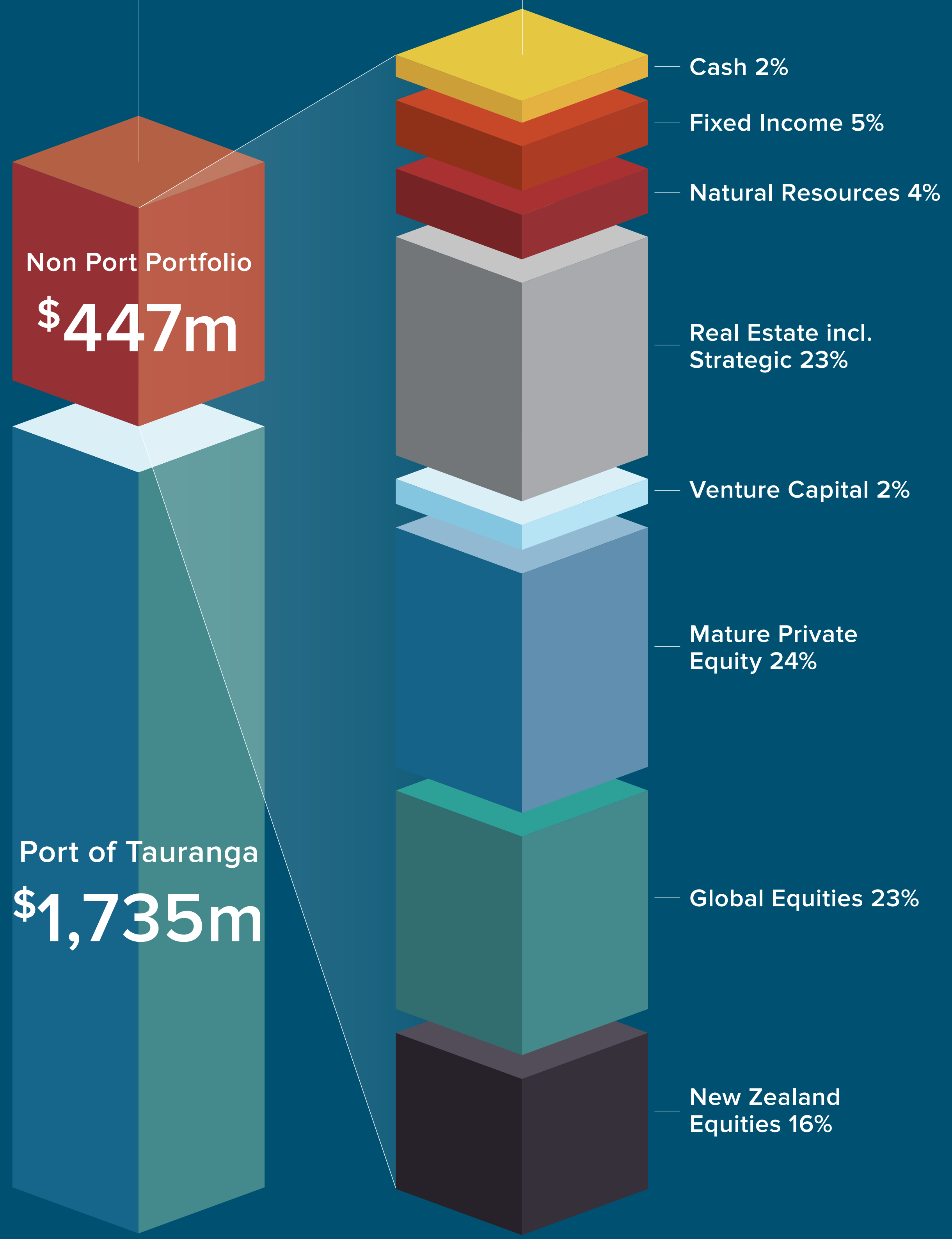
Total Commercial Portfolio	1 Year	5 year (p.a)
QHL Blended Total Return	2.0%	7.5%
Benchmark (7% rolling IRR)	7.0%	7.0%

1. 1 and 5-year QHL Blended Total Blended return is inclusive of imputation credits but neutralized by overhang write-off.
2. Values for performance calculation might diverge compared to financial statements values for associates and joint ventures.

Asset Class Allocation (Net Assets)

Port vs Non Port Portfolio $m

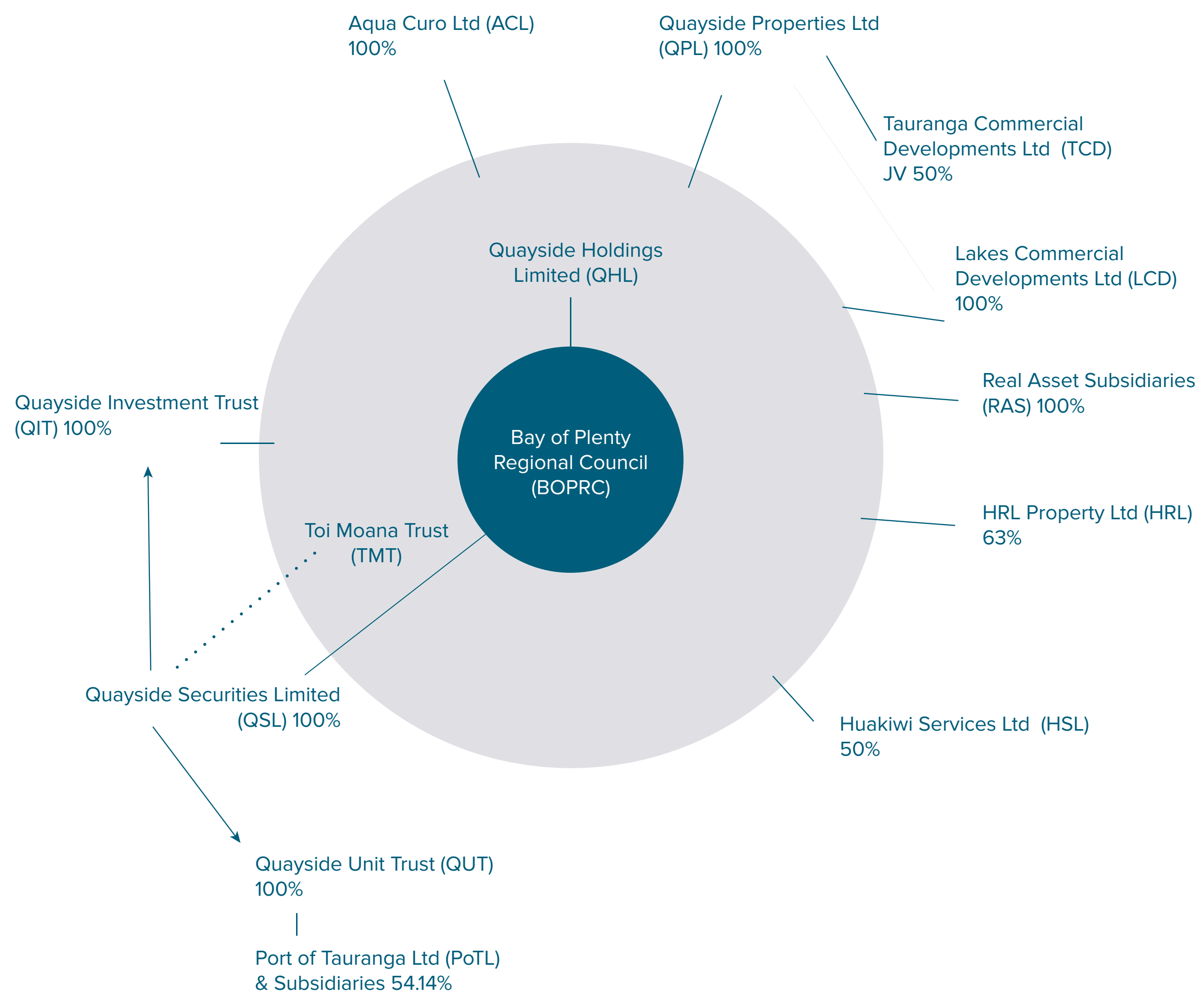
Non Port Portfolio



This does not include unallocated net liabilities of ca. $49m.

Quayside Senior Leadership Team

GROUP STRUCTURE SUMMARY



Includes majority shareholding only.

QUAYSIDE

OUR VISION

Invested in Our Future
– Mauri Ora Roa

OUR PURPOSE

To grow a responsible and diversified fund that generates long term returns to support the growth and prosperity of the Bay of Plenty.

We want to have an impact past the generation of today, to provide a resilient dividend for our shareholder for the betterment of our rohe and its people.

PORT OF TAURANGA

Capacity and Capability Investment

Port of Tauranga Limited has continued to work on transformative, long-term expansion and sustainability initiatives over FY24. Securing provisional resource consent for the first stage of the Sulphur Point wharf extension has been an important milestone, involving the construction of 285 metres of additional berth space, providing crucial infrastructure for the long-term needs of New Zealand's importers and exporters. In parallel, it has made purposeful steps to enhance energy efficiency, including the introduction of four new hybrid straddle carriers, which deliver a 25% improvement in fuel efficiency over their predecessors.

The oldest of the port's nine shore-to-ship container cranes has been retired and a new crane is under construction for commissioning by the end of 2024.

These initiatives are aligned with the Port's strategic vision to expand its capacity, deliver sustainable, efficient and resilient supply chain services for the upper North Island, and support national freight with customer-effective coastal shipping and rail arrangements.

Further bolstering its network, the Port has collaborated with Tainui Group Holdings to inaugurate the first stage of the Ruakura Inland Port, near Hamilton and within the 'Golden Triangle' economic growth zone. This inland port is strategically linked to Auckland and Tauranga via rail, facilitating more efficient services for importers and exporters in the Bay of Plenty, Waikato, and Auckland regions.

Cargo Trends

The Port of Tauranga continues to experience export-led growth, building on a decade-long trend of increasing cargo volumes. Despite global challenges such as the pandemic, the Port remains a pivotal gateway for New Zealand's primary sector exports.

Conversely, the central bank's drive to reduce inflation has had an impact on import volumes, with a 23% decrease from last year, especially in imported and transhipped containers. We remain concerned by the lack of New Zealand ports being "off-window", a situation that has remained for several years.

Primary Sector Outlook

Looking ahead, the primary sector, a cornerstone of New Zealand's economy, faces varied outlooks across key commodities. Kiwifruit exports have recovered strongly in the 2024 season, following recent seasons affected by fruit quality issues and lower volumes. Log volumes have seen a surge in FY24 due to the early harvest of trees damaged by Cyclone Gabrielle, but are expected to return to more normal levels.

Dairy exports are expected to remain steady, supported by increased demand from the Middle East and Southeast Asia. Meat volumes have shown resilience, though long-term projections suggest a decline over the next five years due to changing land use and reduced stock numbers.

Terminal Development

In line with its commitment to sustainability and efficiency, the Port is investigating the introduction of electric Auto Stacking Cranes (ASCs), which are estimated to produce around 75% fewer greenhouse gas emissions compared with traditional straddle operations. The timing of the automation project is dependent on the proposed berth extension at Sulphur Point. The two projects are expected to double the current capacity of the container terminal and support New Zealand cargo growth for at least the next three decades.

Environmental and Climate Initiatives

Environmental stewardship remains a core focus for the Port of Tauranga, underscored by its stringent environmental management practices. The Port's development projects, including the Sulphur Point berth extension and the adoption of more efficient equipment, are designed to enhance operational efficiency and minimise environmental impact. Ongoing initiatives include extensive monitoring of marine ecosystems and collaboration with local communities, particularly tangata whenua, to ensure sustainable development practices.

GOVERNANCE

Quayside manages the Port shareholding on behalf of the BOPRC, providing a one-step removal for the Council as the Port's regulator.

Quaysides shareholding is represented by Director Appointments, and its appointed director Fraser Whineray, as an Independent Director of Quayside and a Director of the Port of Tauranga Board.

A total ordinary dividend of

14.7

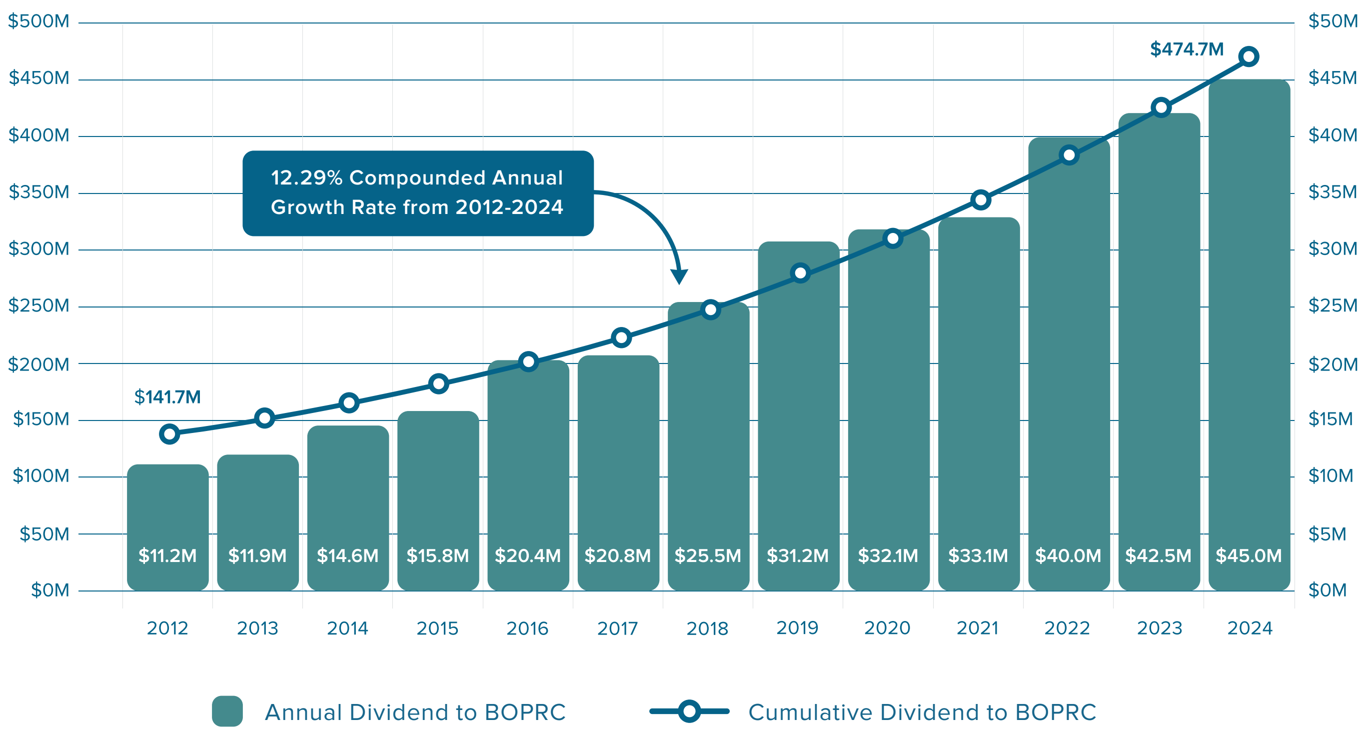
cents per share has been declared by the Port compared to 15.6 cents per share in 2023.

COUNCIL DISTRIBUTIONS

Quayside delivers regional impact to the Bay of Plenty community through an annual distribution to our shareholder, the Bay of Plenty Regional Council (BOPRC). BOPRC then distribute that dividend to our entire Bay of Plenty community, including ratepayers by discounting the general rates bill as well as providing other community services.

We are very proud to showcase that the total dividend to the BOPRC has now reached $474.7 million:

Dividend to BOPRC

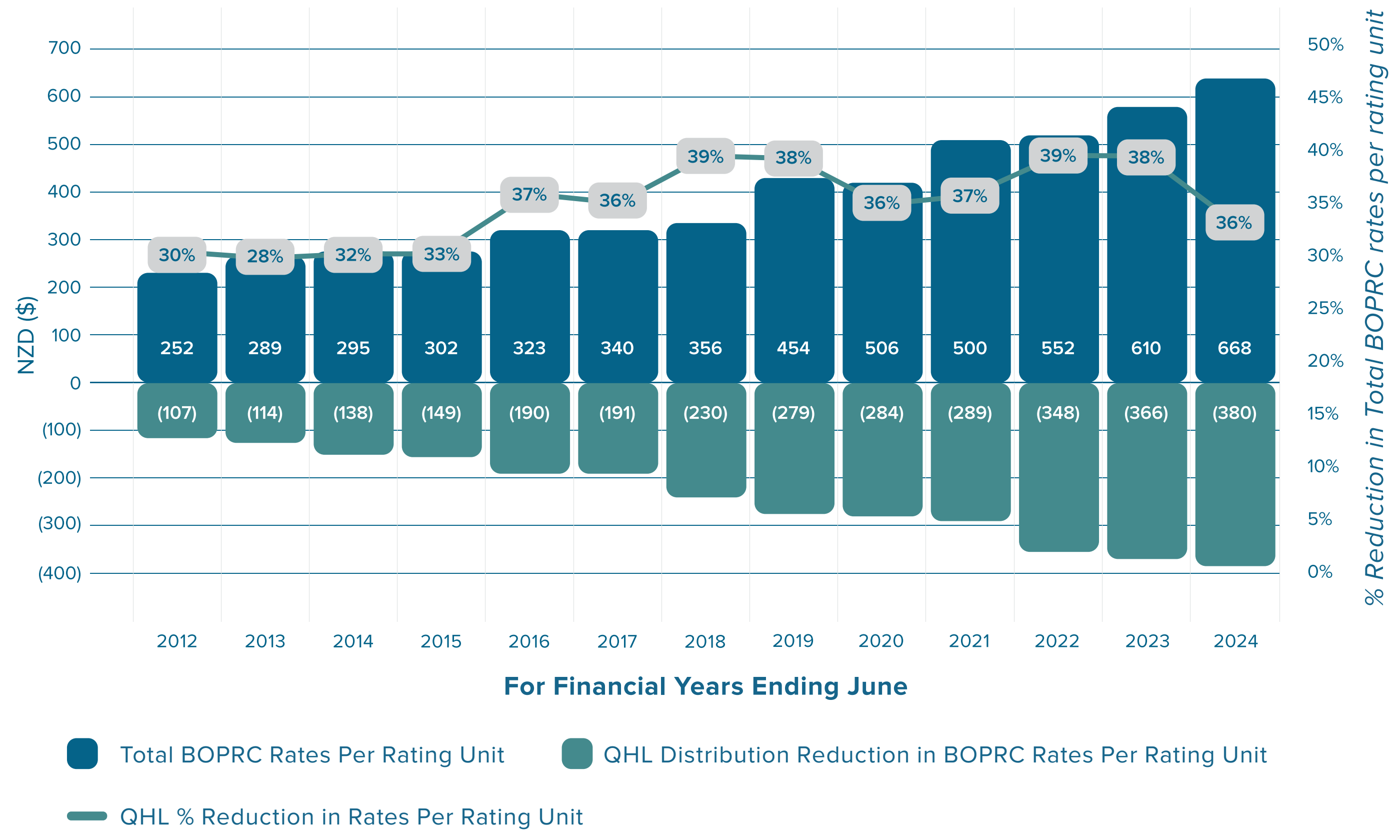


The payout ratio (as BOPRC Dividend / Net Operational Cash Flow) has increased from 43% in 2020 to 94% in 2024.

COUNCIL DISTRIBUTIONS

For the 2023/2024 year, the average general rates bill has been offset by $380 per property* as a direct result of the Quayside distribution. Not only has this increased 4.11% from last year, but as the region is still growing, so has the number of properties continuing to benefit from this offset.

Average BOPRC general rates decrease per property incl GST - 2012 - 2024



*Data source: Bay of Plenty Regional Council

A snapshot of services provided by Toi Moana Bay of Plenty Regional Council

- Quayside's investment portfolio returns an annual dividend to Toi Moana Bay of Plenty Regional Council. These proceeds provide rates reduction and help facilitate services throughout the region that protect and maintain our unique features and natural resources, for our community and future generations to enjoy. Some of the core services delivered this year include:
- Monitoring of land, water and air quality in the region
- Maintaining flood protection schemes to reduce the impact of major floods and support climate change adaptation. This includes the management and maintenance of nearly $440m worth of flood protection defences (including stopbanks, floodwalls, floodgates and pump stations) to protect homes, properties and businesses from storms and flooding.
- Delivery of integrated regional land transport planning and public transport network planning to create liveable communities supported by a convenient and sustainable transport system.
- The Baybus network, delivered in partnership with local bus operators, includes Bayhopper buses in the Western and Eastern Bay, and Cityride buses in Rotorua, as well as inter-regional services.
- Supporting, facilitating and advocating for climate change adaptation and mitigation in the region.
- Managing resource consents for activities that may have an effect on the natural environment
- Running a 24/7 Pollution Hotline where you can report environmental incidents.
- Providing compliance education, monitoring and enforcement to prevent pollution.
- Helping to get rid of, or manage the impact of, introduced pests (plants and animals)
- Providing harbourmaster services such as maintaining navigation aids, enforcing navigation bylaws, and promoting boating safety.
- Providing region-wide coordination to Civil Defence and emergency management readiness, response and recovery work e.g., for major storm events.
- Cleaning up oil spills to reduce impact on the environment.
- Owning and managing regional Parks e.g., Pāpāmoa Hills and Onekawa Te Mawhai.
- Developing plans and rules to manage people's impacts on the environment.
- Offering subsidy schemes and contestable grants for environmental improvement projects.
- Supporting community groups, care groups and volunteers to help the environment.
- Integrated sustainable management of the region's geothermal systems.
- Promote the sustainable management of environmental catchments
- Play a crucial role in managing and enhancing freshwater resources in the region.
- Support where and how the region should develop with spatial planning and regional development.

Quayside Performance Objectives

Portfolio	Objective	Result	Further detail
Port	Maintain a majority holding in the Port of Tauranga Limited	Achieved	Page 158
Investment	Generate commercial returns across the Investment Portfolio.	Achieved	Page 159
Real Asset	Generate long term commercial returns through a portfolio of real assets.	Achieved	Page 160
Private Equity	Generate long-term commercial returns through a portfolio of private equity assets.	Achieved	Page 160
Regional Benefit	Develop the business park at Rangiuru to create long term benefit for the Bay of Plenty region. Continue to hold the land at Tauriko for future strategic benefit and/or Council initiatives.	Achieved	Page 161
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. Ensure Group policies and procedures are current and appropriate.	Achieved	Page 162
	Meet shareholders distribution expectations as outlined in the SOI.	Achieved	Page 162
	Compliance with NZX listing requirements for PPS.	Achieved	Page 163
	Promote and support approaches to responsible investment that align capital with achieving a healthy, sustainable society, environment, and economy.	Achieved	Page 163

BUSINESS PARK
RANGIURU

Regional Investment at the Rangiuru Business Park

Spanning 148 hectares, the industrial-zoned hub aims to leverage Bay of Plenty's competitive strengths, fostering a connected community where living, working, and leisure coalesce seamlessly. As the first developer, Quayside owns circa 60 hectares and is pivotal in establishing essential ground infrastructure, laying the foundation for future development. The Business Park is a project of national significance executed locally and promises to contribute to the region's economic, social and environmental vibrancy for years to come.

Unveiling Stage 1: A Gateway to Opportunity

The launch of the Stage 1 sales and marketing programme at the Rangiuru Business Park represents a pivotal moment in its development timeline. Introducing industrial land offerings, planned to cater to a diverse array of sectors including manufacturing, logistics, technology, and horticulture.

With sites strategically positioned to maximise accessibility and operational efficiency, businesses can seize the opportunity to establish themselves within the growth corridor.
While the land is still under development, June 2024 saw the launch of a new business park website, to drive and capture sales leads for Stage 1, whilst providing a hub for information around the wider project.

Artist impression

Project Progress

This sizeable infrastructure project has experienced huge progress over the past 12 months. A complex environment, housing five different lead contractors all delivering individual workstreams on site at any one time. Quayside have worked hard to encourage a collaborative construction environment and approach to site management, across all the contractor work areas. The workstreams are progressing well.

The diamond interchange connecting the Park to State Highway 2 nears completion under lead contractor Higgins. Precast panels cover the abutment, bridge barriers with steel safety rails are installed and the bridge is now functional. Earthworks embankments have been shaped, and over 200 meters of culverts installed, all alongside the Tauranga Eastern Link.
Bay Civil advances with Stage 1a internal roads in the Park, delivering 22,000m2 of roading, 8,000m of storm, waste, and water services, and preparing 3,000m of common services.

JMC progresses with bulk earthworks, moving large volumes of soil, while setting the benchmark for environmental controls.

The Wastewater Rising Main project is 80% near completion with HEB drilling and installing 6,400m of pipeline from the Park to Te Puke Wastewater Treatment Plant. Concurrently, the Te Puke plant undergoes upgrades by Western Bay of Plenty District Council to enhance operational efficiency and meet water quality standards.

RZG works are also nearing completion, with the installation of two wastewater pump stations crucial for early Park stages allowing the park to connect to critical infrastructure in Te Puke.

Vigilant health and safety practices are prioritised as the team continues to look towards best practice ways to keep this top of mind.

In addition to the push for the release of first title, Stage 1b construction is soon to commence with the release of the tender for the water reservoir.

The 148ha nett site benefits from being fully serviced, with low engineering limitations - the perfect setting for buyers and developers.

2024 has seen the Business Park supporting an average of 200 workers daily and is projected to offer 4,000 jobs upon full development, boosting economic growth in the wider Bay of Plenty region.

www.rangiuru.co.nz

Wetland Development

The 48-hectare Stormwater Pond that will service the industrial park has been purposefully designed with a dual purpose – functional stormwater management and environmental, cultural and social outcomes.

Half of what will eventually be planted in the full expanse of the Stormwater Pond, are wetland plants, which will aid the filtration of the stormwater runoff as it flows into the Kaituna River. This is a key environment outcome and a lofty goal placed on the landscape and ecological designers by Quayside and Mana Whenua. Over stages 1a and 1b, we are working with the commercial arm of the Tapuika Iwi Authority to plant 117,000 plants this planting season with another 170,000 in the ground by October 2025. Enabling Tapuika to use this opportunity to upskill some of their people whilst ensuring Quayside fulfils some project obligations, has mutually benefitted both organisations and strengthened a relationship built on whanaungatanga.

The design also features a track to enable visitors to cycle or walk around the full Pond weaving past both the shallow and deep wetland areas and into the built-up dryland and tree islands, home to groups of Kahikatea, Totara, Miro and Matai, Manuka and Harakeke to name a few. At its full capacity, these uru rākau will welcome back to the whenua and awa, bird, insect and fish endemic species lost when the land was converted to agricultural use many years ago – another lofty goal that will be celebrated jointly with Iwi when achieved.

The cultural masterplan is currently in design with Tapuika, and we are excited to build in concepts and cultural elements that acknowledge the history of Rangiuru. Linking to the stories of the past where hapū and whanau worked together to provide sustenance and economic growth through their market gardens. Looking at both the industrial park but also the stormwater pond as areas where we could recognise these stories and values, the designs will come to life over the next 24 months as each stage is reached.

Quayside's vision of Invested in our Future – Mauri Ora Roa has been a constant during this project and when the stormwater comes to life over the next decade, that vision will have been achieved.

Artist impression

RANGIURU BUSINESS PARK

Artist impression

Acquisition and Expansion

Early in FY24 Quayside acquired a ~21% (increased to 36% as at 30 June 2024) stake in the Tauranga Crossing, a premier retail centre located in the key growth corridor of Tauranga - one of New Zealand's fastest growing regional cities.

Positioned in a premium location with a strong foundation tenancy mix, and poised to take advantage of neighbouring future developments, what's not to like?!

Situated at the intersection of two major state highways, SH29 and SH36, it provides convenient access for both local residents and visitors passing through the area. This accessibility ensures a steady flow of foot traffic and sets the stage for the centre's success.

Over the past 12 months Quayside exercised an option for a further $25m investment, achieving a 36% ownership stake in Tauranga Crossing.

This preceded the Centre embarking on an ambitious expansion project, solidifying its role as a premier retail hub in Tauranga, New Zealand. The development, set to add 8100 square meters of retail space by October 2025, marks a significant milestone in the centre's journey to meet the burgeoning needs of its vibrant community, whilst affirming Quayside's commitment to regional growth and economic vitality. The investment injects vital capital into the project, demonstrating confidence in the local market and its potential for sustained development.

The Bay of Plenty region, home to Tauranga Crossing, is experiencing rapid population growth and infrastructure developments. With projections indicating an additional 40,000 residents by 2038, the centre's expansion aligns perfectly with the increasing demand for retail and service offerings. The nearby Tauriko Industrial Estate, set to create 16,000 jobs, and residential developments like Tauriko West underscore the area's economic vibrancy and the strategic positioning of Tauranga Crossing.

Sam Newbury, Chief Investment Officer, highlights the strategic significance of the investment: "Our partnership with Tauranga Crossing exemplifies our dedication to fostering growth and prosperity in the Bay of Plenty region. By leveraging the centre's strong foundation and retail expertise, we aim to enhance commercial returns while contributing positively to the local economy."

The success of partnerships, such as that between Tauranga Crossing and Quayside, hinges on strategic alignment, robust governance, and clear communication. By harnessing each other's strengths and resources, both partners are poised to capitalise on emerging opportunities and deliver sustained value to stakeholders.

Panorama Partnership

In the expanding heart of Tauranga CBD, a new beacon of collaboration is rising. Quayside, alongside partners Watts & Hughes and Carrus Group, proudly announces their joint venture to develop the iconic 35 Hamilton Street commercial build, named Panorama Towers. This venture marks a significant investment in Tauranga's urban landscape and city revitalisation, whilst also being a testament to the benefits of strategic partnership in the realm of real estate development.

An aligned partnership with Carrus, a titan in property development under the leadership of Sir Paul Adams, with a legacy steeped in residential and land development, alongside Watts & Hughes, a cornerstone of New Zealand's construction industry, provides the technical expertise and operational excellence necessary to bring ambitious projects like 35 Hamilton Street to life.

Originally envisioned as a seven-story car park, 35 Hamilton Street has evolved into a visionary 14-story structure that will redefine the Tauranga skyline. Featuring seven levels of office space with panoramic views of Tauranga Harbour and Waikareao Estuary, the building promises to be a cornerstone of the newly minted Te Manawataki o Te Papa precinct.

Beyond architectural ambition, this collaboration underscores the confidence that both private and public sectors have in Tauranga City's transformation. It sets a benchmark for future developments, emphasising sustainability, community integration, and economic vitality.

Indeed, partnerships like these unlock a multitude of advantages, by pooling resources and expertise, enhancing deal flow, access to off-market opportunities, and mitigating project risks. This not only amplifies collective impact but also paves the way for more inclusive and sustainable urban developments.

Quayside's commitment to partnership is deliberate, allowing us to streamline our investments, and tapping into the specialised knowledge and experience of our partners. Together, creating a portfolio that not only generates long-term returns but also supports the growth and prosperity of the Bay of Plenty.

As the project progresses, it becomes clear that Panorama Towers is more than just a building —it stands as a shining example of how partnerships can transcend individual capabilities, driving meaningful change and leaving a lasting legacy for generations to come.

Artist impression

Sustainable Development in Rotorua

In a quiet ceremony cloaked by darkness, guided by tohunga (priests/healers), a karakia marked the opening of Te Papa Tipu in June 2024. Located in Rotorua and developed by Quayside, this new building stands as a testament to innovation, sustainability, and enduring relationships.

Partnerships and Collaboration

Central to project delivery were the relationships with local contractors, consultants, and tangata whenua (people of the land) from the Bay of Plenty region. Watts & Hughes, as the principal contractor, led the construction effort, supported by a project team comprising Rotorua Lakes District Council for compliance, TSA Tauranga for project management, and Stufkens & Chambers for architectural design. This team was supported by CHS Engineers, Aotea Electrical, and Grant Marunui, whose carvings adorn the building entrance detailing the cultural significance of the whenua (land), tūpuna (ancestors) and tāhuhu kōrero (history).

Sustainable Practices and Materials

Te Papa Tipu stands as a beacon of sustainable architecture within a forestry and wood precinct. Designed to house government tenants Te Uru Rakau and the Department of Conservation, the building integrates seamlessly with its surroundings. Notably, it boasts less than 5% steel throughout, leveraging fire-resistant glue laminate timber in its structural elements. This choice not only enhances safety but also promotes a quality example of sustainable design by reducing carbon footprint and promoting the use of renewable materials.

Honouring Cultural Legacies

Beyond its structural innovations, Te Papa Tipu honours its location and the stories of Ngā Toru Hapu; Ngāti Hurungaterangi, Ngāti Taeotu and Ngāti Kahu - through intricately carved pou and thoughtful design elements. These features acknowledge and celebrate the whakapapa (genealogy) of the land and its people - past and present. Art from the neighbouring kura (school) can be seen etched into the meeting room glass and importantly, a foundational relationship has been established between Mana Whenua and Quayside, which we intend to deepen in the future.

Building a Better Future Together

Undertaken during a challenging post-covid period marked by supply chain disruptions and complex construction conditions, Te Papa Tipu stands as a testament to collective perseverance and is an example of innovation, sustainability, and partnership. It serves as a model for future developments, demonstrating that through collaboration and foresight, projects can enrich both the built environment and the communities they serve.

ESG & CLIMATE REPORTING

The physical and transition risks of climate change are expected to intensify over the next 10 to 30 years, with potentially significant implications for economies and capital markets.

New Zealand's climate is warming, sea levels are rising, and extreme weather is becoming more frequent and severe. New Zealand temperatures are projected to increase by a further 1 degree by 2040 and 3 degrees by 2090, with greatest warming likely be in the northeast; sea levels will increase by a further 0.21 m by 2040 and 0.67 m by 2090; extreme weather events such as storms, heatwaves and heavy rainfall are likely to be more frequent and intense; drought is predicted to increase in frequency and severity, particularly along the eastern side of the Southern Alps and wildfire risk is predicted to increase[1].

As a long-term investor, Quayside knows it is essential to understand the risk and financial implications of physical risks in order to prepare a climate-resilient portfolio. The urgency to prepare for physical risks is supported by Quayside's analysis of the likelihood of various climate scenarios through our climate risk and opportunities analysis.

We take a pragmatic approach to climate risk and opportunities assessing Quayside's portfolio exposure. Quayside's portfolio is heavily weighted in Port of Tauranga shares, as mandated by our shareholder, which represents 75% of the portfolio. We have cooperated with the Port to understand our knock-on exposure to climate risk and opportunities.

[1] National Climate Change Risk Assessment for New Zealand

In alignment with the XRB Climate Related Disclosure Standards and with the guidance of our consultants OnePointFive, we have identified that our most significant climate risk exposure and opportunities arise from agricultural and financial services, alongside transport and energy sectors.

We have selected to further analyse the following scenarios:

Orderly transition	a smooth transition to net zero CO2 by 2050, global warming limited to 1.5 through stringent policies and innovation and physical and transition risks relatively subdued. Ambition mitigation scenario.
Too little, too late	misaligned and delayed transition to a low carbon economy between different parts of the world. Global warming is expected to reach > 2 degrees increase by 2100. This scenario represents a high level of transition risk compared to the other scenarios and a medium level of physical risk compared to the other scenarios.
Hothouse	emissions continue to rise unabated as no additional climate change policies are introduced. Fossil fuel use continues to increase, and so global CO2 emissions continue to rise and warming is expected to reach 3°C high by 2080. The physical impacts of climate change are severe. There are irreversible changes such as ice sheet loss and sea level rise. Adapting to climate change has become the priority.

In consideration of the selected scenarios and associated Key Drivers of Change, we qualitatively assessed the current / anticipated financial impact of physical risks holistically by considering the impact of physical damages and business disruptions as well as any mitigating effects from adaptation measures. Our approach combines insights gained through top-down and bottom-up assessments.

We will also focus on further integrating climate considerations into our investment strategy to drive stronger investment outcomes aligned with our mandate.

We will also focus on further integrating climate considerations into our investment strategy to drive stronger investment outcomes aligned with our mandate.

In fiscal 2024, we made further progress in integrating material climate considerations into our risk management activities and portfolio construction activities (i.e., long-term capital market assumptions) – which will strengthen the climate change resiliency of our portfolio. Full CRD report can be found on the Quayside website: www.quaysideholdings.co.nz

Our roadmap to climate reporting capability.

STAGE 1: Context, settings, and data

- **STAGE 1A.** Project setup
- **STAGE 1B** Climate context
- **STAGE 1C** Objectives & settings
- **STAGE 1D** Stakeholders & data
- **STAGE 1E** Methodology

STAGE 2: CRR and CRO identification (traditional risk assessment and scenario analysis)

- **STAGE 2A.** CRR and CRO screening
- **STAGE 2B** Stakeholder workshops
- STAGE 2C Set/update scenarios
- STAGE 2D Apply scenarios
- **STAGE 2E** Review/confirm

STAGE 3: Assessment and prioritisation of CRR and CROs

- STAGE 3A. Exposure assessment
- STAGE 3B Vulnerability assessment
- STAGE 3C Impact/risk rating
- STAGE 3D Prioritisation
- STAGE 3E Review/confirm

STAGE 4: Transition planning (planning for and responding to CRROs)

- STAGE 4A. Objectives and options
- STAGE 4B Evaluate options
- STAGE 4C Transition Planning
- STAGE 4D Implement plan
- STAGE 4E Net impacts assessed

STAGE 5: Monitoring, reviewing and reporting (in a NZ CS1-3 compliant manner)

- STAGE 5A. Monitoring
- STAGE 5B Review and adjust
- STAGE 5C Update
- **STAGE 5D** Prepare CRDs
- **STAGE 5E** Review/confirm

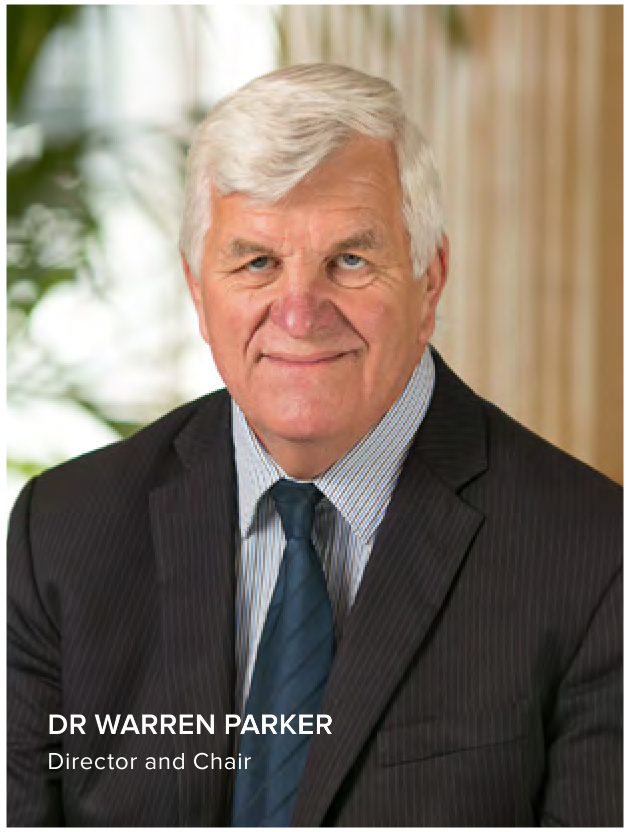
Note: Greyed-out items are not yet complete

PEOPLE, CULTURE & PARTNERSHIPS

ROSS THORNTON
Investment Analyst

The Quayside team has grown over the last few years, but we have worked hard to make sure that our connections remain strong across the different areas of the group and whilst like many organisations, specific teams do work closer together, we were all devastated of the passing of our colleague and friend Ross Thornton in September 2023. Ross, who joined Quayside in May 2022 as an Investment Analyst, brought an incredible intellect, wicked sense of humour, strong values and a dislike for mornings. A contradiction in so many ways, he was a man of today who lived by traditional values of respect and faith. Ross loved a debate and stirring the pot, but his considerate and thoughtful look at the fundamentals of life and love showed many layers to our friend.

As we contemplate a year on, we realise that many of our moments of laughter in the past year were courtesy of one of Ross' quotes or statements, and that although his time with us was short, his impact was large. Of course, the loss for the Investment team of their mate, was felt more keenly, but we all held each other together during that difficult time and reflect on what Ross would have achieved in his life, should the stars had chosen a different path.



DR WARREN PARKER
Director and Chair

With the New Year upon us, 2023 ended with another loss for Quayside with the passing of long-standing Director and Chair, Dr Warren Parker. Warren had taken up the reins only recently as Chair for Quayside and we were looking forward to the future under his stewardship. Dr Parker was a man of the land who through many roles in his career had championed kaitiakitanga and the advancement of whenua and mahinga kai. As one of the governors of the Quayside Group, Warren was a calm thoughtful contributor around the board table and led manaakitanga to the Quayside team. As we learnt at the celebration of his life, Warren's strong ethic in mentorship and giving of his time and experience to allow others to succeed was a long-held belief. We recognise the gifts of knowledge he passed on to us during his tenure at Quayside, the loss of his wisdom for the wider primary sector, but especially the loss for his whānau.

Cultural Journey

A company shared strategic objective is to build our cultural awareness across our kaimahi and whilst many of the team choose to do this outside the sphere of their employment, as a group we continued this journey during 2024 with a Cultural Awareness and Te Tiriti o Waitangi 8-week course. For some of our team this was the first time that they had dived into Te Tiriti, and they came out with a greater understanding of some of the current and historical discussions in New Zealand. We researched and practiced how to conduct a whākatau, learning our karakia, mihi and waiata so we can in the future 'hold our own' during potential opportunities.

The team embraced a further experience through experiencing a Noho Marae. We were welcomed to Moko Marae on the perimeter of Te Puke, undertaking our welcome onto the marae, putting into real practice our learnings, before some beautiful kai. Later, we learnt about Ngāti Moko, the history of the hapū through stories told over generations and depicted within their wharenui. The intrinsic connection to the awa and whenua features in both its past and its future aspirations as kaitiaki of their taiao.

Through kai and korero, our maturing relationship with Tapuika, which had its genesis through the development of Rangiuru Business Park, is now serving to aid our kaimahi grow its appreciation of Te Ao Māori.

Team Transformation

Every team aspires to greatness, be it in sports or an organisation. But what makes an all-star team versus a team of all-stars? Nurturing an environment in which Quayside's multidisciplinary team can thrive collectively and individually, created a more focussed journey towards high performance, embarked upon this year.

Through a workshop aimed to build trust and connection, whilst revealing unhelpful behaviours and mindsets, the team delved into a series of exercises that supported our desired change.

Fostering a culture where trust becomes the bedrock of interactions, whether it's through shared challenges or celebratory moments, each experience strengthens the bond.

Addressing the 'storming' phase, where conflicts arise and uncertainty looms. Practical exercises were explored in 'rumbling'— a process of open discussion and seeking to understand each other's perspectives. We encourage constructive dialogue and an environment where radical candour is allowed.

From good to great - High performance isn't just about individual brilliance but collective synergy. Crediting positive behaviours, giving timely feedback, reinforcing desired actions and being deliberate with interactions are things the team have been working on.

Transformation also isn't just about achieving milestones — it's about rewriting the playbook on teamwork for consistent behaviour. There is always work to be done, but the team are proud to be on a journey of continuous improvement and a relentless pursuit of excellence towards high performance.

RISK MANAGEMENT

Good risk management is part of our commercial discipline.

As institutional investors, we understand that our business is to manage the inherent uncertainty of investing. We take calculated risk for returns that compensate the degree of risk taken.

Managing and mitigating risk

Our strategic priorities are informed by our key risks. A focus on these priorities enhances our preparedness to tackle these risks and manage the consequences of a significant risk event.

Priorities	How we are increasing our preparedness	Underlying key risks this addresses
Diversification	Re-investment of the capital from a managed sell down of part of our PoT shareholding. Controlled reinvestment strategy dictated by our Statement of Investment Priorities and Objectives (SIPO). SIPO review to ensure best practice endowment fund principles and aligned to defined risk appetite.	**Investment concentration** Adverse event(s) result in significant impact to our financial position caused by the geographical (BoP) or sector concentration (development, seaport) of our assets. **Market** Portfolio value is negatively impacted by unfavourable market conditions and market movements. **Environment** Our investments are negatively impacted by climate change, natural disasters and environmental events we have failed to plan for / manage. *Reference the Climate section on page XLIV for a more comprehensive review of environmental risks.* **Port of Tauranga** Negative impacts to the Port operations reduce its dividend payments and balance sheet value. **Investment strategy, governance, and management** Poor returns caused by substandard investment strategies, due diligence or investment governance, or failure to optimally use capital.
Build trust and confidence	Protecting our fund for the future through capital growth and sustainable distribution policy. Owning our narrative, telling our story and increasing transparency.	**External Stakeholder relations** Failure to execute our strategy because we lack stakeholder support. **Political** Political intrusion in Quayside investment decision-making leads to poor financial outcomes.
The right people doing the right things	People strategy that matches portfolio requirements. Developing a best practice control environment through continual improvement.	**People** Failure to have the resource capacity or capability to deliver our strategy. **Regulatory change** Failure to plan for and respond to regulatory change results in inability to deliver key projects or poor financial and reputational outcomes. **Cyber** Loss of confidentiality, integrity or availability of information, data or information systems caused by cyber security incident.
Deliver Stage 1 Rangiuru Business Park to market	Completing land development of Stage 1 on time and on budget. Control framework that tightly manages investment risk as lead developer.	**Rangiuru Business Park** The Rangiuru Business Park investment fails to achieve expected investment returns and regional benefits.

CURRENT AND FUTURE STATE

Our risk maturity evolves as we do.

"Having tough conversations about risk is integral to a high performing business. We must continue to look broadly at the depth and severity of the consequences of our material risks. Risk events aren't always predictable, and we tend to prepare for the more likely risk scenarios. But having a considered approach to how we will respond and repair if catastrophe does strike is part of our ongoing mahi."

Suzanne Casey
General Counsel

"As the ARC Chair, I have witnessed a significant evolution in our approach to risk management. Effective risk management not only safeguards our organisation but also adds strategic value when it is seamlessly integrated across all levels of decision-making. We now have a robust understanding of our critical risks and their potential impacts.

The next phase in our risk maturity journey involves refining our risk management practices. By enhancing our controls and mitigation strategies and assurance programme, we aim to ensure effective risk management and minimise potential adverse impacts should risks materialise. Additionally, our deeper insight into these risks allows us to capitalise on emerging opportunities, driving organisational resilience and growth."

Keiran Horne
ARC Chair and Independent Director, Quayside Holdings

GOVERNANCE

Perpetual Preference Shares

Raised in 2008, the Perpetual Preference Shares (PPS) are traded on the NZX under QHLHA, with 1,911 individual shareholders as of 30 June 2024.

The PPS is subject to a private binding ruling by the Department of Inland Revenue that was successfully renewed for five years to 2026.

There was a rate reset on 13 March 2023 to 6.64%. Over the course of the year, Quayside made total gross distributions of $13.3 million (Net: $9.562) to PPS shareholders.

Statement of Intent

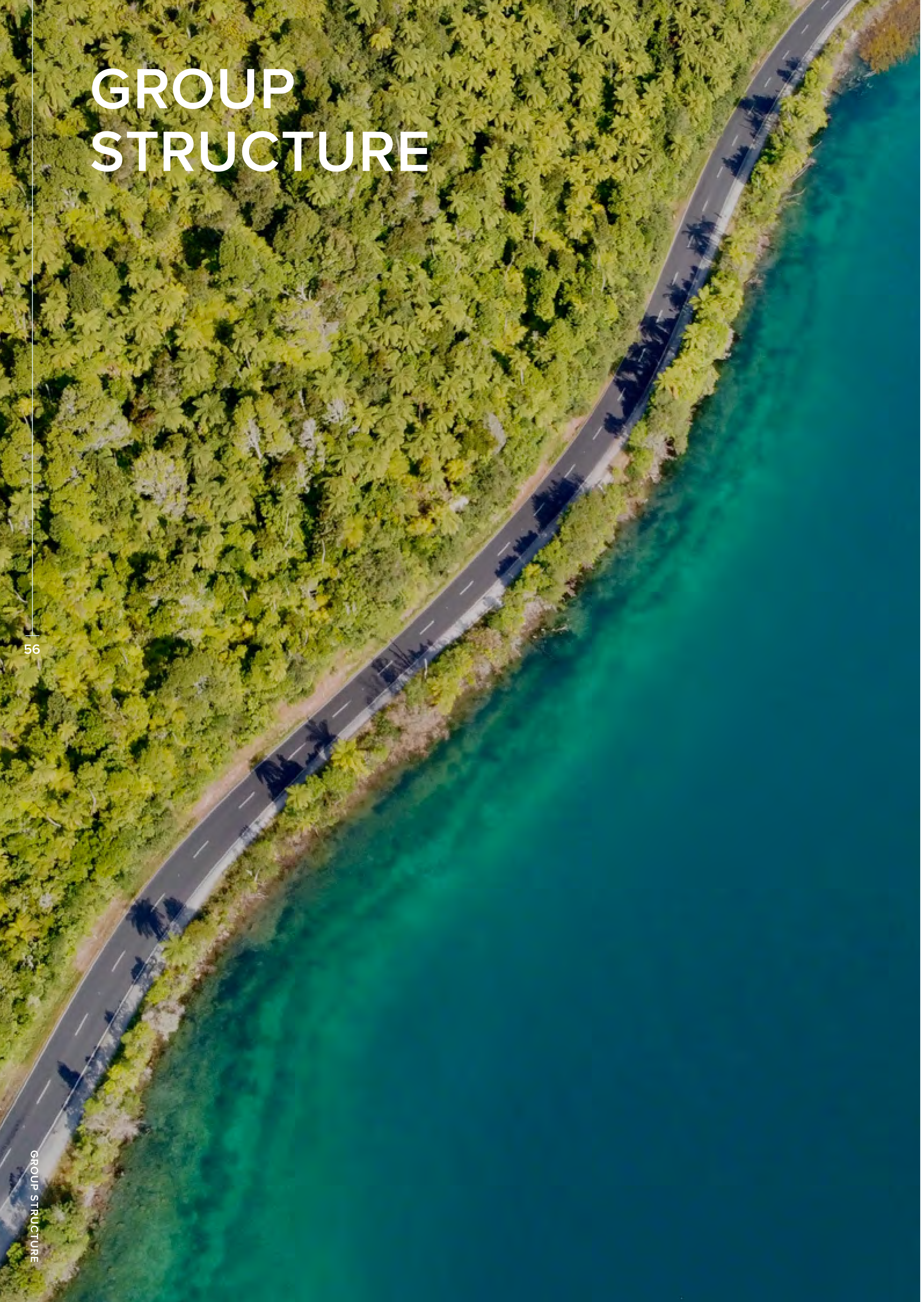
Quayside prepare a Statement of Intent, which is presented to Council annually in accordance with the Local Government Act 2002.

The Group successfully achieved all nine objectives it set itself in the 2023/2024 Statement of Intent.

The Group has delivered its 2024/2025 Statement of Intent to Council in accordance with the requirements of the Local Government Act 2022. The Statement of Intent for 2024 - 2025 is available on Quayside's website at

www.quaysideholdings.co.nz

GROUP STRUCTURE



Group Ownership					
Parent				**Type of Business**	**Ownership**
Quayside Holdings Ltd (QHL)				Holding Company	100%
	Subsidiaries				
	Aqua Curo Limited****			Aquaculture	100%
	Quayside Investment Trust (QIT) *			Trust	100%
	Quayside Securities Limited (QSL) *			Trust	100%
	Quayside Properties Limited (QPL)			Regional Benefit Investment	100%
	Real Asset Subsidiaries				
	Quayside Barnett Place Limited			Real Asset Investment	100%
	Quayside Mystery Valley Limited***			Forestry	100%
	Quayside Portside Drive Limited			Real Asset Investment	100%
	Quayside Tauriko Limited			Real Asset Investment	100%
	Quayside Te Papa Tipu Limited			Real Asset Investment	100%
	Quayside The Vault Limited			Real Asset Investment	100%
	Joint Ventures				
	Huakiwi Services Limited			Horticulture (Kiwifruit)	50% 50%
	Tauranga Commercial Developments Ltd (TCD)			Commercial Property JV	50% 50%
	Lakes Commercial Developments Ltd (LCD) **			Commercial Property JV	50% 25% 25%
	HRL Property Limited			Real Asset Investment	63.7%
		Subsidiary			
	Quayside Unit Trust (QUT) *	Port of Tauranga Ltd		Parent company	
			Port of Tauranga Trustee Company Limited	Holding Company	
			Quality Marshalling Limited	Port operations	
			Timaru Container Terminal Limited	Port operations	
			Northport Limited	Port - Associate Company	
			Prime Port Timaru Limited	Port - Associate Company	
			Port Connect Limited	Port operations - Associate Company	
			Coda Group Limited	Port operations - Associate Company	
			Ruakura Inland Port LP	Port JV - Associate Company	
Other					
Toi Moana Trust*			Managed by QHL	Trust	

* QSL is trustee of TMT, QUT and QIT
** LCD is 50% QPL and 50% QHL

CORPORATE GOVERNANCE

Role of the Board

The Board of Quayside is appointed by Council, as the ordinary shareholder.

The Board supports the executive in achieving Quayside's objective to deliver long term commercial returns through focused investment to our regional community and shareholder.

In achieving this, the role of the Board is to:

- Monitor and supervise the management of the Company.
- Ensure shareholders' interests are protected.
- Develop and oversee the Group's strategic objectives and policy framework.

An important objective is to monitor the performance of the Port of which it is a 54.14% shareholder as at 30 June 2023.

Board Composition

The Board must have at least seven (7) Directors, with a minimum of four (4) being independent. As at 30 June 2024 the Board was comprised of seven members, including four (4) independent directors. The Council maintains a policy for the Appointment and Remuneration of Directors to Council Organisations which was last updated in 2022.

M Wynne, D Fear, K Horne and F Whineray are independent directors. F C McTavish, S A Crosby and T White are Council-appointed directors of the Board. M Wynne is the Chair of the Board.

Board Diversity

Appointments to the Board of Quayside are made in accordance with the Council's Policy for the Appointment and Remuneration of Directors to Council Organisations.

NZX Listing Rule 10.5.5 (j) requires all issuers to disclose Board gender diversity as at balance date in respect of directors and officers.

For the purpose of this disclosure, Mr A L Settle as Chief Executive is deemed the sole officer of Quayside and is included in the below figures.

	Board		Officer	
	Female	Male	Female	Male
30 June 2018	3	4	0	1
30 June 2019	2	5	0	1
30 June 2020	3	4	0	1
30 June 2021	2	5	0	1
30 June 2022	2	5	0	1
30 June 2023	2	5	0	1
30 June 2024	2	5	0	1

Director Remuneration

Director remuneration is in accordance with Council's 'Policy for the Appointment and Remuneration of Directors to the Boards of Council Subsidiaries'.

During the year, Council approved a Directors pool of $$510,000 (plus GST if any) which includes aggregate sum for remuneration pools for directors separated between Quayside Holdings Limited ("QHL") and its subsidiaries Quayside Securities Limited ("QSL") and Quayside Properties Limited ("QPL").

Entity	Role		Remuneration
QHL	Chair	1	$70,000
	Director	6	$35,000
QSL	Chair	1	$28,000
	Director	6	$14,000
QPL	Chair	1	$42,000
	Director	6	$21,000

Board and Committees

Quayside's Constitution and Board Charter set out the procedures for the election of a Board Chair, the convening of Board meetings and the establishment of Committees.

The directors of QHL met formally eight times during the year while the Board's Committees met as set out in their respective charters.

In the period, there were six formal meetings of the directors of QSL and six formal meetings of the directors of QPL.

The Annual Report of the Group and the audited financial statements for the period ended 30 June 2024, together with an unmodified Audit Certificate, were presented to the voting shareholder on 26 October 2023. The Annual Report incorporating the audited statements for the year ended 30 June 2024, is presented with this report. The following table outlines the number of the Group's formal meetings which were attended by directors during the year.

Board Committees	Full Board	ARC	PCS	IC
M Wynne*	4	2	3	1
S Crosby	7	1	3	
D Fear*	2	1		
K Horne	6	3		
F McTavish	7	2	1	
T White	6		1	
Sir R A McLeod	5	1	1	
B Hewlett	3	1		
W Parker	5	1	1	
F Whineray*	3	2		1

The Board has three sub committees: an Audit and Risk Committee, People, Culture and Safety Committee and an Investment Committee.

*Appointed October 2023

Investment Committee

The Investment Committee Terms of Reference sets out the responsibilities and objectives of the committee and has been established this year to support the Board in asset allocation and investment decision making, ensuring that the necessary skill and focus are applied to the management of the investment portfolio. The Investment Committee members as at 30 June 2024 are D Fear (Chair), F Whineray, M Wynne. The inaugural meeting was held on 29 May 2024.

Audit and Risk Committee

The Audit and Risk Committee Terms of Reference sets out the responsibilities of the committee. The Committee has been established to focus on audit and risk management with respect to accounting practices, policies and controls. To assist the Board in meeting its responsibilities under the Companies Act 1993, the Financial Reporting Act 2013, the Port Companies Act 1988, the Financial Markets Conduct Act 2013, the Local Government Act 2002 and the NZDX listing rules. The Audit and Risk Committee members as at 30 June 2024 are K Horne (Chair), F Whineray, M Wynne, F McTavish, D Fear. The Audit and Risk Committee Terms of Reference was last updated in November 2023.

People, Culture and Safety Committee

The People, Culture and Safety Committee Terms of Reference sets out the responsibilities and objectives of the committee. The Committee's objective is to assist the Board in all aspects of remuneration policy and statutory compliance in respect of both officers and directors. The Committee members for the period were M Wynne (Chair), T White, S Crosby. The People, Culture and Safety Committee Terms of Reference was updated in June 2024.

Board Charter and Code of Ethics

The Board has adopted a board charter, setting out the vision, role, responsibilities, powers, delegations and membership of the board. The Board adopted a Code of Ethics setting out the ethical and behavioural standards expected of directors and officers. The Board also adopted an updated Whistleblower Policy in line with the new legislation. The Board Charter was updated in November 2023.

Other Matters

Quayside maintains a register of directors' interests in which details of certain transactions and interests of directors must be recorded. Quayside maintains both standard Directors' and Officers' liability and defence cost insurance. During the year Quayside's website www.quaysideholdings.co.nz was updated. The website facilitates communication of annual and interim reports to the Perpetual Preference Shareholders, as well as the Group's 2024 - 2025 Statement of Intent.

COMPLIANCE

Disclosure of the 20 largest Perpetual Preference Shareholdings as of 30 June 2024.

QUAYSIDE HOLDINGS LIMITED — **PERPETUAL PREFERENCE SHARES (Total)**

Top Holders As Of 30 June 2024 — **Composition : P001**

Rank	Name	Units	% Units
1	CUSTODIAL SERVICES LIMITED <A/C 4>	51,210,000	25.60
2	JBWERE (NZ) NOMINEES LIMITED <NZ RESIDENT A/C>	28,034,000	14.02
3	FNZ CUSTODIANS LIMITED	19,031,000	9.52
4	FORSYTH BARR CUSTODIANS LIMITED <1-CUSTODY>	14,479,000	7.24
5	JBWERE (NZ) NOMINEES LIMITED <RES INST A/C>	4,760,000	2.38
6	INVESTMENT CUSTODIAL SERVICES LIMITED <A/C C>	3,609,000	1.80
7	TAPPENDEN HOLDINGS LIMITED	2,117,000	1.06
8	FORSYTH BARR CUSTODIANS LIMITED <ACCOUNT 1 E>	1,937,000	0.97
9	ATT INVESTMENTS LIMITED	1,000,000	0.50
9	FAITH PRISCILLA TAYLOR	1,000,000	0.50
9	FLETCHER BUILDING EDUCATIONAL FUND LIMITED	1,000,000	0.50
9	JBWERE (NZ) NOMINEES LIMITED <44626 A/C>	1,000,000	0.50
9	KIA INVESTMENTS LIMITED	1,000,000	0.50
14	FNZ CUSTODIANS LIMITED <DRP NZ A/C>	972,000	0.49
15	NZX WT NOMINEES LIMITED <CASH ACCOUNT>	924,000	0.46
16	JBWERE (NZ) NOMINEES LIMITED <50986 A/C>	700,000	0.35
17	PHILIP MAURICE CARTER	625,000	0.31
18	STEPHEN LEONARD JOHNS	600,000	0.30
19	JONATHAN AYLMER RATTRAY	515,000	0.26
19	PUBLIC TRUST - NZCSD <THE ASPIRING FUND>	515,000	0.26
Totals: Top 20 holders of perpetual preference shares		**135,028,000**	**67.51**
Total remaining holders balance		**64,972,783**	**32.49**
Total		**200,000,783**	**100%**

Quayside Wholly Owned Subsidiaries

Quayside Holding Subsidiary	Director (1 July 2023 - 30 June 2024)	Any change in period
Quayside Securities Limited	M Wynne, S Crosby, D Fear, K Horne, F McTavish, F Whineray, T White	W Parker resigned 30/12/23 B Hewlett resigned 31/10/23 R McLeod resigned 31/10/23 M Wynne appointed 01/10/23 D Fear appointed 01/10/23 F Whineray appointed 01/10/23
Quayside Properties Limited	M Wynne, S Crosby, D Fear, K Horne, F McTavish, F Whineray, T White	W Parker resigned 30/12/23 B Hewlett resigned 31/10/23 R McLeod resigned 31/10/23 M Wynne appointed 01/10/23 D Fear appointed 01/10/23 F Whineray appointed 01/10/23
Quayside Barnett Place Limited	D Caloni, M Jefferies	M Jefferies appointed 01/09/23 A Settle resigned 01/09/23
Quayside Mystery Valley Limited	D Caloni, M Jefferies	M Jefferies appointed 01/09/23 A Settle resigned 01/09/23
Quayside Portside Drive Limited	D Caloni, M Jefferies	M Jefferies appointed 01/09/23 A Settle resigned 01/09/23
Quayside Tauriko Limited	D Caloni, M Jefferies	M Jefferies appointed 01/09/23 A Settle resigned 01/09/23
Quayside Te Papa Tipu Limited	D Caloni, M Jefferies	M Jefferies appointed 01/09/23 A Settle resigned 01/09/23
Quayside The Vault Limited	D Caloni, M Jefferies	M Jefferies appointed 01/09/23 A Settle resigned 01/09/23
Lakes Commercial Development	D Caloni, M Jefferies	M Jefferies appointed 08/09/23 S Newbury resigned 08/09/23 T Bradley resigned 24/7/23

Quayside Holdings Limited
and Subsidiaries

ANNUAL FINANCIAL STATEMENTS

For the year ended 30 June 2024

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For the year ending 30 June 2024

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INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF QUAYSIDE HOLDINGS LIMITED'S GROUP CONSOLIDATED ANNUAL FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2024

The Auditor-General is the auditor of Quayside Holdings Limited (the 'Group'). The Auditor-General has appointed me, Trevor Newland, using the staff and resources of KPMG, to carry out the audit of the consolidated annual financial statements and performance information of the Group on his behalf.

Opinion

We have audited:

- the consolidated annual financial statements of the Group on pages 71 to 157, that comprise the consolidated statement of financial position as at 30 June 2024, the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date and the notes to the consolidated annual financial statements that include accounting policies and other explanatory information; and
- the performance information of the Group on pages 158 to 163.

In our opinion:

- the consolidated annual financial statements of the Group:
  - present fairly, in all material respects:
    - its consolidated statement of financial position as at 30 June 2024; and
    - its consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards; and
- the performance information of the Group presents fairly, in all material respects, the Group's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Group's objectives for the year ended 30 June 2024.

Our audit was completed on 29 August 2024. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters, that, in our professional judgement, were of most significance in our audit of the consolidated financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the shareholders as a body may better understand the process by which we arrived at our audit opinion. Our procedures were undertaken in the context of and solely for the purpose of our statutory audit opinion on the consolidated annual financial statements as a whole and we do not express discrete opinions on separate elements of the financial statements.

The Key Audit Matter	How The Matter Was Addressed in Our Audit
Rangiuru Business Park - Investment Property Work in Progress	
Refer to note 6 and 23 of the financial statements. As at 30 June 2024, the Group has spent $66.5m in Financial Contributions for the development of the enabling infrastructure at the Rangiuru Business Park ("RBP"), of which a portion is capitalised as Investment Property and a portion is recognised as an expense. RBP is split into 4 stages of which the Group owns land within Stages 1 and 2. The Financial Contributions ("FINCOs") not attributable to Stage 1 or 2 (Investment Property owned by the Group), are recoverable at a future date, if the other landowners within RBP choose to develop their land. This is not within the control of the Group. RBP is considered a key audit matter for the following reasons: - The FINCOs are considered a significant unusual transaction for the Group. As such the accounting treatment requires a high level of judgement in the classification of costs between investment property and expenditure. - A high level of judgement is required when assessing recognition of FINCOs recoverable from 3rd party landowners.	Our audit procedures included: - Assessing the competence and objectivity of the external accounting specialists used by the Group; - Engaging internal Accounting Advisory Specialists to review and challenge the Group's adopted accounting position; - Agreeing on a sample basis, the accuracy of FINCOs recognised by the Group; - Assessing whether the recognition of FINCOs as either Investment Property cost or expenditure was consistent with the accounting position adopted; - Assessing the recognition of FINCOs recoverable from 3rd party landowners as a contingent asset; and - Assessing the accuracy of the disclosures in the financial statements relating to RBP. As a result of the above procedures, we are satisfied the accounting treatment of RBP is appropriate. We are also satisfied with the accuracy of the disclosures.
Valuation of property, plant and equipment.	
Refer note 10 of the financial statements. The Group has property, plant and equipment ('PP&E') of $2,492 million. The Group has a policy of valuing land, buildings, wharves, hardstanding and harbour improvements ('Revalued PP&E') at fair value. Full Independent valuations are obtained at least every 3 years (by an independent valuer) over these asset classes. In the current year, the fair value of land, wharves & hardstandings, and harbour improvements was revalued by independent valuers. The Revalued PP&E is considered a key audit matter due to the judgement involved in the assessment of the fair value and the material value of PP&E on the balance sheet.	Our procedures focused on the appropriateness of the Group's assessment as to whether the carrying values of Revalued PP&E materially represent their fair values, and if a revaluation of a class of asset was required, that the revalued assets have been accurately reflected in the financial statements. For land and buildings we have: - Assessed the competence and objectivity of the valuer used by the Group; - Assessed the methodology applied by the valuer and assessed whether the valuation approach was in accordance with professional valuation standards and suitable for determining the fair value of the identified assets; - Compared the asset holdings in the fixed asset register to those valued to ensure all relevant property was captured; - Compared the key assumptions within each assessment to market evidence; - Assessed the reasonableness of valuation movements between financial years with consideration to broader sector/local market evidence (where available); and - Assessed whether the increase in valuation was correctly accounted for within the Revaluation Reserve and Statement of Comprehensive Income. For wharves & hardstandings and harbour improvements we have: - Assessed the competence and objectivity of the valuer used by the Group; - Assessed the methodology applied by the valuer and whether the valuation approach was in accordance with professional valuation standards and suitable for determining the fair value of the identified assets; - Assessed whether the key assumptions (unit costs and on-costs inflation/escalation) and the relevant data (price indices and depreciation) used by the Group were appropriate with regard to observable data points (where available); and - Verified the mathematical accuracy of the Group's revaluation calculations.

	As a result of the above procedures, we are satisfied the carrying value of property, plant and equipment is reasonable and supportable. We are also satisfied with the accuracy of the disclosures.

Valuation of investment in Equity Accounted Investees

Refer note 14 of the financial statements. The Group has a 50 percent investment in Coda Group Limited Partnership ("Coda") which is accounted for as an equity accounted investee. The investment in Coda was tested for impairment at 30 June 2024 which involved determining the recoverable amount of the investment, being the higher of fair value and value in use. In the current year, the recoverable amount was determined with the assistance of an independent valuer. This is considered to be a key audit matter due to the judgement involved in forecasting future performance and selecting relevant assumptions such as the discount rates to be used in determining the recoverable amount.	Our audit procedures included: - Assessing the competence and objectivity of the valuer used by the Group; - Assessing the methodology applied by the valuer and whether the valuation approach was suitable for determining the recoverable amount of Coda; - Performing retrospective analysis over the accuracy of previous forecasts prepared for Coda; - Performing our own independent assessment of the recoverable amount of the investment in Coda; and - Engaging our internal valuation specialists to determine the key assumptions in our independent assessment, including but not limited to the discount rate and terminal growth rate to be applied to future cash flows of the business. As a result of the above procedures, we are satisfied the carrying value of Coda is reasonable and supportable. We are also satisfied with the accuracy of the disclosures.

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the Group for preparing consolidated annual financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the Group.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare consolidated annual financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual financial statements and the performance information, the Board of Directors is responsible on behalf of the Group for assessing the Group's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Financial Markets Conduct Act 2013 and the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the consolidated annual financial statements and the performance information, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of *readers*, taken on the basis of these financial statements and the performance information.

We did not evaluate the security and controls over the electronic publication of the consolidated annual financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the consolidated annual financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- We evaluate the appropriateness of the reported performance information within the Group's framework for reporting its performance.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the consolidated annual financial statements and the performance information, including the disclosures, and whether the consolidated annual financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the Statutory Information and Directory, but does not include the consolidated annual financial statements and the performance information, and our auditor's report thereon.

Our opinion on the consolidated annual financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated annual financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the consolidated annual financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information included in the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors

Independence

We are independent of the Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1)* issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit we have carried out engagements in the area of Agreed Upon Procedures and GHG pre-assurance services for subsidiaries within the Group, which are compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with, or interests in, Quayside Holdings Limited or any of its subsidiaries.

Trevor Newland
KPMG

On behalf of the Auditor-General
Wellington, New Zealand

Quayside Holdings Limited and Subsidiaries
Consolidated Income Statement
For the year ended 30 June 2024

	Note	30 June 2024 $000	30 June 2023 $000
Income			
Trading revenue	4(a)	**424,509**	425,036
Other income	4(b)	**10,352**	6,053
Other gains	4(c)	**14,305**	17,145
Operating income	4	**449,167**	448,233
Expenses			
Employee benefit expenses	5	**(61,870)**	(53,975)
Trading and other expenses	6(a)	**(188,915)**	(166,210)
Other losses	6(b)	**(652)**	(8,226)
Operating expenses		**(251,437)**	(228,411)
Results from operating activities		**197,730**	219,822
Depreciation and amortisation	10, 11, 12	**(44,307)**	(41,315)
Impairment of property, plant and equipment		**(28)**	-
Operating profit before finance costs, share of profit from equity accounted investees and taxation		**153,395**	178,507
Finance income	7(a)	**3,700**	3,192
Finance expenses	7(b)	**(28,620)**	(24,128)
Net finance costs		**(24,920)**	(20,936)
Impairment of investment in equity accounted investees	14	**(6,503)**	(9,679)
Share of profit from equity accounted investees	14	**14,123**	13,824
Profit before income tax		**136,095**	161,716
Income tax expense	8	**(50,627)**	(40,833)
Net profit after tax		**85,468**	120,884
Attributable to:			
Equity holders of the parent		**44,312**	67,819
Non controlling interest		**41,156**	53,065
		85,468	120,884

Quayside Holdings Limited and Subsidiaries
Consolidated Statement of Comprehensive Income
For the year ended 30 June 2024

	Note	30 June 2024 $000	30 June 2023 $000
Net profit after tax		**85,468**	120,884
Other comprehensive income			
Items that will be reclassified to profit or loss when specific conditions are met:			
Cash flow hedge - changes in fair value, net of tax*		**587**	2,293
Cash flow hedge - reclassified to profit or loss, net of tax*		**(3,114)**	(44)
Share of net change in cash flow hedge reserves of equity accounted investees		**(218)**	209
		(2,745)	2,458
Items that will not be reclassified to profit or loss:			
Bearer plant revaluation, net of tax *		**-**	(232)
Kiwifruit licence revaluation, net of tax *		**(585)**	(571)
Asset revaluation, net of tax*		**52,006**	23,530
Share of net change in revaluation reserve of equity accounted investees		**12,398**	16,283
		63,819	39,010
Total other comprehensive income		**61,074**	41,468
Total comprehensive income for the period		**146,542**	162,352
Attributable to:			
Equity holders of the parent		**78,839**	90,138
Non-controlling interest		**67,703**	72,214
		146,542	162,352

* Net of tax effect is disclosed in notes 8 and 9

Quayside Holdings Limited and Subsidiaries
Consolidated Statement of Changes in Equity
For the year ended 30 June 2024

	Share capital $000	Hedging reserve $000	Revaluation reserve $000	Retained earnings $000	Non controlling interest $000	Total equity $000
Balance at 30 June 2022	200,011	5,023	1,043,498	283,597	934,140	2,466,269
Profit after tax	-	-	-	67,819	53,065	120,884
Net effective portion of changes in fair value of cash flow hedges, net of tax	-	1,254	-	-	1,039	2,293
Net change in fair value of cash flow hedges transferred to profit or loss, net of tax	-	(24)	-	-	(20)	(44)
Net change in share of Equity Accounted Investees' cash flow hedge reserves	-	114	-	-	95	209
Net change in share of Equity Accounted Investees' revaluation reserve	-	-	8,907	-	7,376	16,283
Asset revaluation, net of tax	-	-	12,899	-	10,631	23,530
Bearer plant revaluation, net of tax	-	-	(232)	-	-	(232)
Kiwifruit licence revaluation, net of tax	-	-	(571)	-	-	(571)
Total Comprehensive Income	-	1,344	21,004	67,819	72,185	162,352
Non-controlling interest adjustment	-	-	-		20	20
Increase / (Decrease) in share capital	-	-	-	(39)	(33)	(72)
Shares issued upon vesting of management LTI plan	-	-	-	153	(153)	-
Equity settled share-based payment	-	-	-	-	1,462	1,462
Adjustment for vesting of equity settled share-based payment	-	-	-	(3,499)	3,499	-
Dividends to shareholders (Note 16)	-	-	-	(47,547)	(46,788)	(94,336)
Balance at 30 June 2023	200,011	6,367	1,064,502	300,483	964,332	2,535,695

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Quayside Holdings Limited and Subsidiaries
Consolidated Statement of Changes in Equity
For the year ended 30 June 2024

	Share capital $000	Hedging reserve $000	Revaluation reserve $000	Retained earnings $000	Non controlling interest $000	Total equity $000
Balance at 30 June 2023	**200,011**	**6,367**	**1,064,502**	**300,483**	**964,332**	**2,535,695**
Profit after tax	**-**	**-**	**-**	**44,312**	**41,156**	**85,468**
Net effective portion of changes in fair value of cash flow hedges, net of tax	**-**	**321**	**-**	**-**	**266**	**587**
Net change in fair value of cash flow hedges transferred to profit or loss, net of tax	**-**	**(1,703)**	**-**	**-**	**(1,411)**	**(3,114)**
Net change in share of Equity Accounted Investees' cash flow hedge reserves	**-**	**(119)**	**-**	**-**	**(99)**	**(218)**
Net change in share of Equity Accounted Investees' revaluation reserve	**-**	**-**	**8,167**	**-**	**4,231**	**12,398**
Asset revaluation, net of tax	**-**	**-**	**28,446**	**-**	**23,560**	**52,006**
Kiwifruit licence revaluation, net of tax	**-**	**-**	**(585)**	**-**	**-**	**(585)**
Total Comprehensive Income	**-**	**(1,501)**	**36,028**	**44,312**	**67,703**	**146,542**
Non-controlling interest adjustment	**-**	**-**	**-**	**(166)**		**(166)**
Decrease in share capital	**-**	**-**	**-**	**(448)**	**(371)**	**(819)**
Shares issued upon vesting of management LTI plan	**-**	**-**		**279**	**(279)**	**-**
Equity settled share-based payment	**-**	**-**	**-**	**-**	**1,499**	**1,499**
Share based payment reserve	**-**	**-**	**-**	**2,583**	**(2,583)**	**-**
Dividends to shareholders (Note 16)	**-**	**-**	**-**	**(54,562)**	**(46,160)**	**(100,722)**
Balance at 30 June 2024	**200,011**	**4,866**	**1,100,530**	**292,481**	**984,141**	**2,582,031**

Quayside Holdings Limited and Subsidiaries
Consolidated Statement of Financial Position
For the year ended 30 June 2024

	Note	30 June 2024 $000	30 June 2023 $000
ASSETS			
Current assets			
Cash and cash equivalents		**27,756**	39,362
Receivables and prepayments	15	**72,720**	72,031
Inventories		**2,004**	1,986
Derivative financial instruments	19	**340**	35
Loans to Equity accounted investees	17	**560**	400
Held for Sale - Investment Property	23	**4,200**	-
Total current assets		**107,580**	113,814
Non-current assets			
Intangible assets	12	**23,377**	25,676
Property, plant and equipment	10	**2,492,355**	2,425,734
Investments in equity accounted investees	14	**288,737**	274,760
Investment property	23	**163,638**	100,057
Other financial assets	17	**320,656**	300,554
Right-of-use assets	11	**53,361**	50,853
Deferred tax asset	9	**1,057**	1,107
Derivative financial instruments	19	**11,869**	15,514
Receivables and prepayments	15	**17,272**	18,890
Total non-current assets		**3,372,322**	3,213,145
Total assets		**3,479,902**	3,326,959
LIABILITIES			
Current liabilities			
Trade and other payables	20	**53,934**	45,004
Revenue in advance		**212**	2,951
Loans and borrowings	18	**313,500**	181,875
Lease liability	11	**1,049**	1,039
Employee benefit provisions	5	**4,090**	4,371
Derivative financial instruments	19	**82**	7
Contingent consideration		**28**	359
Current taxation		**9,114**	13,540
Total current liabilities		**382,009**	249,147
Non-current Liabilities			
Loans and borrowings	18	**305,064**	354,877
Lease liability	11	**55,972**	52,621
Employee benefit provisions	5	**1,635**	1,524
Deferred tax liabilities	9	**145,948**	123,824
Contingent consideration		**-**	30
Derivative financial instruments	19	**7,244**	9,242
Total non-current Liabilities		**515,863**	542,118
Total liabilities		**897,872**	791,265
NET ASSETS		**2,582,031**	2,535,694

Quayside Holdings Limited and Subsidiaries
Consolidated Statement of Financial Position
For the year ended 30 June 2024

	Note	30 June 2024 $000	30 June 2023 $000
EQUITY			
Paid up capital	16(a)	**200,011**	200,011
Reserves	16(c)	**1,105,398**	1,070,869
Retained earnings		**292,481**	300,483
Total equity attributable to equity holders of the		**1,597,880**	1,571,362
Non-controlling interest	16(e)	**984,141**	964,333
TOTAL EQUITY		**2,582,031**	2,535,694

These financial statements have been authorised for issue by the Board of Directors on 29 August 2024.

Director

Director

Quayside Holdings Limited and Subsidiaries
Consolidated Statement of Cash Flows
For the year ended 30 June 2024

	Note	30 June 2024 $000	30 June 2023 $000
Cash flows from operating activities			
Receipts from customers		**425,427**	418,509
Dividends received		**5,357**	5,255
Interest received		**(2,783)**	2,217
Other income		**5,282**	-
Payments to suppliers and employees		**(223,278)**	(214,576)
Taxes refunded		**334**	137
Taxes/subvention paid		**(44,105)**	(42,995)
Interest paid		**(30,006)**	(22,136)
Net cash flow from operating activities		**136,228**	146,411
Cash flows from investing activities			
Proceeds from sale of investments		**80,612**	54,467
Purchase of investments		**(86,742)**	(64,627)
Distributions from equity investments		**6,909**	649
Advances to equity accounted investees		**(26,223)**	(4,990)
Investment in equity accounted investees		**(12,893)**	(23,875)
Distributions from equity accounted investees		**14,539**	20,681
Purchase of intangible assets		**(80)**	(582)
Purchase of investment property		**-**	(13,582)
Improvements to investment property		**(65,179)**	(1,524)
Purchase of property, plant and equipment		**(42,649)**	(44,860)
Proceeds from sale of property, plant and equipment		**17**	109
Interest capitalised on property, plant and equipment		**(845)**	(335)
Payment of contingent consideration		**(521)**	(3,136)
Net cash flow used in investing activities		**(133,055)**	(81,605)
Cash flows from financing activities			
Proceeds from borrowings		**92,356**	49,288
Repurchase of shares		**(801)**	-
Repayment of lease liabilities		**(1,147)**	(1,060)
Repayment of borrowings		**(3,400)**	(25,000)
Capital distributions		**(1,300)**	-
Dividends paid	16	**(100,722)**	(94,334)
Net cash flow used in financing activities		**(15,014)**	(71,105)
Effects of exchange rate changes on cash and cash equivalents		**235**	(19)
Decrease in cash and cash equivalents		**(11,606)**	(6,318)
Cash and cash equivalents at the beginning of the year		**39,362**	45,680
Cash and cash equivalents at the end of the year		**27,756**	39,362

Quayside Holdings Limited and Subsidiaries
Consolidated Statement of Cash Flows
For the year ended 30 June 2024

	Note	30 June 2024 $000	30 June 2023 $000
RECONCILIATION OF PROFIT FOR THE PERIOD TO CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		**85,468**	120,884
Items classified as investing/financing activities:			
Finance lease interest revenue	7a	**(60)**	(59)
Net gain on investments		**(12,629)**	(12,287)
Financial contributions write off		**21,318**	-
Gain on sale of property, plant and equipment		**(167)**	-
		93,930	108,262
Non cash and non operating items:			
Depreciation and amortisation	10,11,12	**44,326**	41,243
Impairment of property, plant and equipment	10	**28**	3,456
Impairment of property, plant and equipment on revaluation	10		
Increase / (Decrease) in deferred taxation expense		**7,596**	(1,760)
Ineffective portion of change in fair value of cash flow hedge		**-**	
Movement in derivative taken to P&L		**96**	(38)
Reversal of previous year deficit			
Share of net profit after tax retained by equity accounted investees	14	**(14,123)**	(13,824)
Impairment of investment in equity accounted investees		**6,503**	9,679
Increase in equity settled share-based payment accrual		**1,499**	1,462
Loss on disposal of Equity Accounted Investees			
Non-cash interest		**(621)**	(500)
Revenue received in advance			
Revaluation losses through the P&L		**(622)**	-
Capitalised interest		**(251)**	-
Change in the fair value of contingent consideration		**207**	551
		44,638	40,268
Movements in working capital:			
Change in trade receivables and prepayments		**(8,063)**	(7,685)
Change in inventories		**(18)**	91
Change in taxation payable		**(1,050)**	(188)
Change in trade, other payables and revenue received in advance		**6,896**	5,703
Changes in foreign cash deposits		**(137)**	(40)
		(2,340)	(2,119)
Net cash flow from operating activities		**136,228**	146,411

Quayside Holdings Limited and Subsidiaries
Notes to the Consolidated Financial Statements
For the year ended 30 June 2024

1 Company Information

Reporting Entity

Quayside Holdings Limited (referred to as the "Parent" company) is a company domiciled in New Zealand and registered under the Companies Act 1993.

The Group is wholly owned by Bay of Plenty Regional Council ("Council"). The Group is a holding company for the investment activity of Council. Through appropriate subsidiaries, the Parent is the majority shareholder in Port of Tauranga Limited, and the owner of a diversified investment portfolio, property and commercial ventures.

The Parent is also issuing debt instruments on the New Zealand Stock Exchange (NZX) and hence 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 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.

Consolidated financial statements are presented. The consolidated financial statements comprise the Group wholly owned subsidiaries (Quayside Holdings Limited, Quayside Properties Limited, Quayside Securities Limited, Quayside Investment Trust, Quayside Unit Trust, Aqua Curo Limited, Quayside Barnett Place Limited, Quayside The Vault Limited, Quayside Portside Drive Limited, Quayside Mystery Valley Limited, Quayside Tauriko Limited), its interests in Equity Accounted Investees, Port of Tauranga Limited (54.14% owned) and the Port's subsidiaries and interests in Equity Accounted Investees (together referred to as "the Group"). Although Toi Moana Trust comes under the governance of the Quayside Group, through Quayside Securities Limited being the appointed Trustee, it is beneficially owned and controlled by Bay of Plenty Regional Council and is therefore not consolidated by Quayside Holdings Limited. 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, Quayside The Vault Limited, Quayside Portside Drive Limited, Quayside Mystery Valley Limited, Quayside Tauriko Limited., 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 equity accounted investees. The Port of Tauranga group is owned 54.14% (2023: 54.14%) by the Quayside Group.

Port of Tauranga Limited is a port company. It carries out business through the provision of wharf facilities, land and buildings, for the storage and transit of import and export cargo, berthage, cranes, tugs and pilot services for customers. Port of Tauranga Limited holds investments in other New Zealand ports and logistics companies.

The Group is classified as a-profit entity.

2. Basis of Preparation

Statement of compliance and 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).

The financial statements comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards as appropriate to Tier 1 for-profit entities. The financial statements also comply with International Financial Reporting Standards (IFRS) and the NZX Listing Rules.

The Company applies External Reporting Board Standard A1 'Accounting Standards Framework (For-profit Entities)' ('XRB A1'). Under the framework, the Group is a Tier 1 entity, required to apply NZ IFRS, on the basis that it does have public accountability and is a large for-profit public sector entity.

The financial statements are prepared on the historical cost basis except for the following assets and liabilities which are stated at their fair value: other financial assets and liabilities at fair value through the income statement, land, buildings, harbour improvements, wharves and hardstanding, kiwifruit licences, investment properties, bearer plants and biological assets.

These financial statements are presented in New Zealand dollars ($), which is the Group's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest thousand.

Material accounting policies that are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

Other material accounting policies not disclosed elsewhere are as follows:

Cash and Cash Equivalents: Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cashflows. Cash balances in the current and prior year are comprised solely of on call bank accounts.

The financial statements were authorised for issue by the Board of Directors on 29 August 2024.

Accounting estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have a significant effect on the amount recognised in the financial statements, are detailed below:

- valuation of land, buildings, harbour improvements, and wharves and hardstanding (refer to note 10);
- assessment of significant influence or joint control in relation to Equity Accounted Investees (refer to note 14);
- valuation of derivative financial instruments (refer to note 19);
- impairment assessment of intangible assets (refer note 12);
- impairment assessment of investments in equity accounted investees (refer to note 14);
- valuation of investment properties (refer to note 23).
- Valuation of unlisted private equity investment (refer to note 17).

2 Basis of Preparation (continued)

Classification of Perpetual Preference Shares as equity

The directors have considered the terms and conditions of Perpetual Preference Shares and have classified these shares as equity. Note 16 explains the terms and conditions of the Perpetual Preference Shares and why they are classified as equity.

Classification of property

The Group owns several properties, which have been purchased for long term capital appreciation and/or rental rather than for short term sale in the ordinary course of business. The current carrying value of this investment property is $171.3 m (2023: $100.1m). In the case of the industrial land held by Quayside Properties Limited for development as Rangiuru Business Park, the revenue derived from operating the land as kiwifruit orchards and leased grazing is incidental to holding these properties and provides short-term benefit in the form of cash returns to the Group whilst the land is developed. These incidental cash flows are independent of the cashflows generated by other assets held by the Group. The kiwifruit bearer plants on the land are classified as property, plant and equipment – refer to note 10, while the underlying land is classified as investment property.

The directors in applying their judgement have classified these properties as investment property according to NZ IAS 40. Also refer to note 23 for more information on the classification of Rangiuru Land.

Fair value hierarchy

A number of the Group's accounting policies and disclosures require the determination of fair value, being market value, for both financial and non financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Assets and liabilities measured at fair value are classified according to the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Financial Instruments

Financial Assets – Classification and Subsequent Measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value Through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or Fair Value Through Profit and Loss (FVTPL). Financial assets are not reclassified after their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2 Basis of Preparation (continued)

Financial Liabilities – Classification, Subsequent Measurement and Gains and Losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other

financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

New accounting standards and interpretations not yet adopted

Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to NZ IAS 12) from 1 July 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences, eg leases and decommissioning liabilities. For leases and decommissioning liabilities, an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur on or after the beginning of the earliest period presented.

The Group previously accounted for deferred tax on leases and decommissioning liabilities by applying the 'integrally linked' approach, resulting in a similar outcome as under the amendments, except that the deferred tax was recognised on a net basis. Following the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and deferred tax liability in relation to its right-of-use assets. However, there was no impact on the statement of financial position because the balances qualify for offset under paragraph 74 of NZ IAS 12. There was no impact on the opening retained earnings as at 1 July 2022 as a result of the change. The key impact for the Group relates to the disclosure of the deferred tax asset and liabilities recognised (see note 9).

There are no other new or amended accounting standards and interpretations that are issued but not yet adopted that are expected to have a material impact on the Group.

3 Segmental Reporting

At 30 June 2024 the Group comprises two main operating segments: The first being the business of facilitating export and import activities (Port), and the second being the business of investment (Investing). Both operating segments operate in one geographic segment, being New Zealand, are managed separately as they provide different services to customers and have their own operational and marketing requirements. The only transaction during the year between these two operating segments was the payment and recording of a dividend by the Port segment to the Investing segment. Although *Port of Tauranga Group* reports three main reportable segments, at the Group level, information provided by *Port of Tauranga Group* is presented to the Chief Operating Decision Maker as one operating segment.

The *Port of Tauranga Group* operates in one geographical area, that being New Zealand. During the year the Group had two external customers which comprised more than 10% of total revenue. Revenue from these two customers is included in Port Operations and accounts for 28% and 13% (2023: 31% and 13%) of total revenue.

	Port $000	Investing $000	Total $000
30 June 2024			
Total segment revenue	**417,356**	**61,682**	**479,038**
Inter-segment revenue	**-**	**(54,529)**	**(54,529)**
Revenue (from external customers)	**417,356**	**7,153**	**424,509**
Other income/gains	**606**	**24,052**	**24,658**
Finance income	**657**	**3,044**	**3,701**
Finance costs	**(23,128)**	**(5,492)**	**(28,620)**
Depreciation & amortisation	**(43,770)**	**(537)**	**(44,307)**
Fixed asset impairment	**(28)**	**-**	**(28)**
Other expenditure/losses	**(218,546)**	**(32,891)**	**(251,437)**
Income tax (expense) / benefit	**(47,243)**	**(3,384)**	**(50,627)**
Impairment of equity accounted investees	**0**	**(6,503)**	**(6,503)**
Share of profit of equity accounted investees	**4,945**	**9,178**	**14,123**
Net profit after tax	**90,849**	**(5,381)**	**85,468**

	Port $000	Investing $000	Total $000
30 June 2023			
Total segment revenue	420,929	59,372	480,301
Inter-segment revenue	-	(55,266)	(55,266)
Revenue (from external customers)	420,929	4,106	425,035
Other income/gains	-	23,198	23,198
Finance income	1,161	2,031	3,192
Finance costs	(20,522)	(3,606)	(24,128)
Depreciation & amortisation	(40,422)	(893)	(41,315)
Other expenditure/losses	(210,589)	(17,823)	(228,412)
Income tax (expense) / benefit	(42,161)	1,328	(40,833)
Impairment of equity accounted investees	(7,871)	(1,808)	(9,679)
Share of profit of equity accounted investees	16,611	(2,787)	13,824
Net profit after tax	**117,136**	**3,747**	**120,884**

3 Segmental Reporting (continued)

The segment assets at 30 June are:

	Port $000	Investing $000	Total $000
30 June 2024	**2,900,158**	**579,745**	**3,479,903**
30 June 2023	2,824,269	502,690	3,326,959

Policies

The Group determines and presents operating segments based on the information that is internally provided to the Chief Executive, who is the Group's Chief Operating Decision Maker (CODM).

4 Operating Income

	30 June 2024 $000	30 June 2023 $000
(a) Trading revenue		
Revenue from contracts with customers		
Container terminal revenue	**252,751**	268,951
Multi cargo revenue	**71,702**	65,043
Marine services revenue	**50,644**	48,582
Sale of goods – kiwifruit	**4,110**	2,227
	379,207	384,803
Other revenue		
Rental income	**44,690**	39,167
Other	**613**	1,042
Total trading revenue	**424,510**	425,036
Inter segment revenue	**54,529**	55,266
Revenue as reported in Note 3	**479,039**	480,301

Inter segment revenue represents the dividend distributed by the *Port of Tauranga Group* to the *Quayside Group* in the financial year.

(b) Other Income		
Foreign dividends	**1,831**	2,497
New Zealand dividends	**2,991**	3,066
Other	**5,530**	489
Total other income	**10,352**	6,053

Other income includes $5.1m representing the portion of PGF funding received and allocated to the interchange portion attributable to third-party landowners**.** The treatment of the PGF Fund was recognized as described above in consideration of the fact the Company has reasonable assurance of the fact that the funding will not clawed back and that the conditions attached to the grant are met. Refer to the paragraph below and to Note 23.

(c) Other gains		
Net gains on financial assets through profit and loss	**2,844**	-
Fair value gains on investment property	**10,839**	
Reversal of previous revaluation deficit	**622**	17,145
Total other gains	**14,305**	17,145

Gain and losses from financial assets measured at fair value through profit and loss are presented on a net basis (including the comparatives).

Fair value gains on investment property are affected by the portion of PGF funding attributed to the Rangiuru investment property and allocated to Quayside's land ($10.8m).

The Group has several kiwifruit orchards. All the orchards are managed by post-harvest provider Seeka Kiwifruit Industries Limited, and all kiwifruit is sold to Zespri under a supply agreement. All income from trays of kiwifruit is net of the point of sale and cool store costs. Kiwifruit income this year has been derived from 26.35 canopy hectares of kiwifruit orchards (2023: 26.45 hectares).

Sale of goods – kiwifruit for an amount of $4.1m is included in the Segment "Investing "as disclosed in note

4. Operating Income (continued)

Policies

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Standard credit terms are a month following invoice with any rebate variable component calculated at the client's financial year end. Rebateable sales are eligible for sales volume rebates. When the rebate is accrued, it is accrued as a current liability (rebate payable) based on contracted rates and estimated volumes. For financial reporting purposes rebates are treated as a reduction in profit or loss. Revenue is shown, net of GST, rebates and discounts. Revenue is recognised as follows:

- *Container terminal revenue:* relates to the handling, processing, storage and rail of containers. Contracts are entered into with shipping lines and cargo owners. The primary performance obligations identified include the load and discharge of containers (which include the services provided to support the handling of containers). Container terminal revenue is recognised over time based on the number of containers exchanged (an output method). This method is considered appropriate as it allows revenue to be recognised based on the Port of Tauranga group's effort to satisfy the performance obligation. The transaction price is determined by the contract and adjusted by variable consideration (rebates). Rebates are based on container volume and the Port of Tauranga group accounts for the variable consideration using the expected value method. The expected value is the sum of probability weighted amounts in a range of possible consideration amounts. The Port of Tauranga group estimates container volumes based on market knowledge and historical data.
- *Multi cargo revenue*: relates to the wharfage and storage of bulk goods. Contracts are entered into with cargo owners. The stevedoring services are provided by a third party. Multi cargo revenue is recognised after the vessel's departure, at a point in time, except storage revenue which is recognised over time. The transaction price for multi cargo services is determined by the contract.
- *Marine services revenue*: relates directly to the visit of a vessel to the port and includes fees for pilotage, towage and mooring. Contracts are entered into with vessel operators. The performance obligations identified include vessel arrival, departure and berthage. Revenue is recognised over time, based on time elapsed, as customers are charged a daily service fee for each day in the Port. The transaction price for marine services is determined by the contract.
- *Dividend Income*: is recognised on the date that the Group's right to receive payment is established, being the ex-dividend date.
- *Rental Income*: from property leased under operating leases is recognised in the income statement on a straight line basis over the term of the lease. Lease incentives provided are recognised as an integral part of the total lease income, over the term of the lease.
- *Kiwifruit Income*: Revenue from the sale of kiwifruit is recognised in the income statement when the control of the kiwifruit is transferred to the buyer i.e. Zespri. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods, or where there is continuing management involvement with the goods. Income at year-end is based on the highly probable income per tray to be received, based on the latest forecast from Zespri. Any revision of the income recognised during the year will be recognised in the income statement.
- *Gain/loss on equity investments*: Equity securities designated at fair value through profit and loss are revalued to fair value based on quoted market prices at the reporting date. Net gains and losses on individual equities securities are presented either in other income or in other losses.

Quayside Holdings Limited and Subsidiaries
Notes to the Consolidated Financial Statements
For the year ended 30 June 2024

5. Employee Benefit Expenses

	2024 $000	2023 $000
Wages and salaries	**58,379**	51,136
ACC Levy	**323**	263
Kiwisaver contribution	**2,474**	1,962
Medical subsidy	**469**	401
Other	**225**	213
Total employee benefit expenses	**61,870**	53,975

Employee Benefit Provisions

	Long Service Leave $000	Profit Sharing and Bonuses $000	Total $000
Balance at 30 June 2023	**1,477**	**4,418**	**5,895**
Additional provision	**278**	**3,816**	**4,094**
Unused amounts reversed	**(83)**	-	**(83)**
Utilised during the period	**(96)**	**(4,085)**	**(4,181)**
Balance at 30 June 2024	**1,576**	**4,149**	**5,725**
Total current provisions	**93**	**3,997**	**4,090**
Total non-current provisions	**1,483**	**152**	**1,635**

Employee Benefits – Long Service Leave
Underlying assumptions for provisions relate to the probabilities of employees reaching the required vesting period to qualify for long service leave. Probability factors for reaching long service leave entitlements are based on historic employee retention information.

Employee Benefits – Profit Sharing and Bonuses
The Profit Sharing and Bonus Scheme rewards eligible employees based on a combination of Port of Tauranga performance against budget and personal performance. The incentive is generally paid biannually.

6. Other Expenses

The following items of expenditure are included in other expenses:

	30 June 2024 $000	30 June 2023 $000
(a) Trading and other expenses		
Audit Fees for the audit and review of the financial statements:		
Audit NZ – audit fees paid to principal auditor	**-**	307
KPMG – other Quayside group entities	**457**	10
KPMG - audit fees paid to principal auditor of the *Port of Tauranga Group*	**430**	357
Contracted services for Port operations	**95,668**	98,975
Direct fuel and power expenses	**18,761**	18,822
Maintenance of property, plant and equipment	**16,553**	15,497
Financial Contributions write off (Note 23)	**21,318**	-
Orchard expenses	**1,312**	1,345
Directors' fees	**620**	506
Other	**33,796**	30,391
Total trading and other expenses	**188,915**	166,211
(b) Other losses		
Loss on revaluation investment properties	**-**	4,129
Impairment loss on investment property under construction	**-**	3,456
Loss on revaluation bearer plants	**652**	641
Total other losses	**652**	8,226

Financial contributions write off
Trade and other expenses include the write off of the spending for the enabling infrastructure (Financial Contributions) incurred by the Group for the development of the Rangiuru Business Park, inclusive of financing interests of 1.5% plus OCR, as disciplined in the Western Bay of Plenty Operative District Plan (the Plan) The amount expensed is relative to the spending attributable to third party landowners. Please refer to Note 23.

Contingent asset
The Financial Contributions written off, including accrued interests, for a total amount of $23.4 million are recoverable by Quayside Group from the various third-party landowners in accordance with the Plan. Financial Contributions are payable for subdivisions and the development in the Rangiuru Business Park, with any resource consent subject to a condition imposing a financial contribution and the condition providing for the amount of any financial contributions. Notwithstanding the above, the recoverability of this asset is dependent on the specific third parties' decision to develop the land within the Rangiuru Business Park and hence, is not wholly controlled by Quayside Group. Quayside will separately recover a portion of Financial Contributions when a party obtains title to develop.

7. .Finance Income and Expenses

	30 June 2024 $000	30 June 2023 $000
(a) Finance income		
Interest income on bank deposits	**892**	**1,507**
Interest income on fixed interest investments	**554**	**309**
Interest on advances to equity accounted investees	**960**	**497**
Ineffective portion of changes in fair value of cash flow hedges	**-**	**133**
Fair value adjustment on interest rate derivatives	**-**	**316**
Convertible note interest	**638**	**429**
Interest income other	**657**	**-**
Total finance income	**3,701**	**3,191**
(b) Finance expense		
Interest expense on borrowings	**(28,066)**	(21,739)
Less: interest capitalised to property, plant and equipment	**845**	335
Less: interest capitalised to investment property	**1,447**	-
	(25,774)	(21,404)
Interest expense on lease liabilities	**(2,691)**	(2,550)
Ineffective portion of changes in fair value of cash flow hedges	**(66)**	(96)
Change in fair value of hedged risk	**(89)**	(19)
Amortisation of interest rate collar premium	**-**	(59)
Total finance expense	**(28,620)**	(24,128)
Net finance cost	**(24,919)**	(20,937)

Capitalised interest

The average weighted interest rate for interest capitalised to property, plant and equipment, was 6.01% for the current period (2023: 3.52%). Total interest capitalised to property, plant and equipment was $0.84 million for the current period (2023: $0.33m).

The average weighted interest rate for interest capitalised to investment properties was 5.17% for the current period. Total interest capitalised investment property was $1.4 million for the current period.

Policies

Finance income comprises interest income on bank deposits, finance lease interest, other interest income and gains on hedging instruments that are recognised in the income statement. Interest income is measured at amortised cost and is recognised as it accrues, using the effective interest method. Finance lease interest is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

Finance expenses comprise interest expense on borrowings, finance lease interest expense, unwinding of the discount of provisions and losses on hedging instruments that are recognised in the income statement. Except for interest that is capitalised directly attributable to the purchase or construction of qualifying assets, all borrowing costs are measured at amortised cost and recognised in the income statement using the effective interest method.

8. Income Tax

	30 June 2024 $000	30 June 2023 $000
Components of tax expense		
Profit before income tax for the period	**136,095**	161,716
Income tax on surplus at 28% (2023: 28%)	**38,107**	45,281
Tax effect of amounts which are non (deductible)/taxable:		
Fair value loss through profit and loss	**(630)**	(3,914)
Exempt dividends (Wholly owned group)	**-**	(15,471)
Foreign dividend regime	**716**	1,097
Impairment of investment in equity accounted investees – refer to note 14	**1,821**	2,876
Share of equity accounted investees after tax income, excluding Coda Group Limited Partnership	**(4,611)**	
Dividend imputation credits/Other tax credits	**(934)**	15,764
PIE attributed income	**(4)**	678
Other attributed income loss / income	**675**	(463)
Group loss offset election	**241**	-
Tax losses utilised	**-**	(29)
Tax losses unutilised	**(646)**	1,947
Prior period adjustment	**(558)**	(727)
Non-deductible Financial Contributions	**5,969**	-
Temporary differences	**-**	64
Removal of tax depreciation on buildings	**10,865**	-
Other	**(384)**	(1,871)
Income tax (benefit)/expense	**50,627**	40,833
The income tax (benefit)/expense is represented by:		
Current tax expense		
Tax payable in respect of the current period	**39,317**	43,395
Adjustment for prior period	**290**	(905)
Total current tax expense	**39,607**	42,490
Deferred tax expense		
Origination/reversal of temporary differences	**12,158**	(1,253)
Adjustment for prior period	**(1,137)**	(405)
Total deferred tax expense (note 9)	**11,021**	(1,658)
Income tax (benefit)/expense	**50,627**	40,833

8 Income Tax (continued)

	30 June 2024 $000	30 June 2023 $000
Income tax recognised in other comprehensive income:		
Revaluation of property, plant and equipment	**12,290**	
Revaluation of bearer plants	**-**	**(90)**
Revaluation of intangibles	**(227)**	**(222)**
Cash flow hedges	**(982)**	**874**
Total (note 9)	**11,081**	**562**
Imputation credit account		
Imputation credits available for use in subsequent periods	**145,987**	**139,376**

Policies

Income tax expense includes components relating to current tax and deferred tax. Current tax is the amount of income tax payable based on the taxable profit for the current year, and any adjustments to income tax payable in respect of prior years. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or equity.

9. Deferred Taxation

	Assets		Liabilities		Net	
Group	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
	$000	**$000**	**$000**	**$000**	**$000**	**$000**
Deferred tax (asset)/liability						
Tax losses	**(1,054)**	(1,107)	**-**	-	**(1,054)**	(1,107)
Biological assets	**-**	-	**-**	-	**0**	0
Property, plant and equipment	**(16)**	-	**137,459**	115,789	**137,443**	115,789
Investment property	**-**	(40)	**9,962**	6,399	**9,962**	6,359
Intangible assets	**-**	-	**1,002**	1,477	**1,002**	1,477
Finance lease receivables	**-**		**-**	-	**-**	
Derivatives	**-**	-	**3,312**	4,294	**3,312**	4,294
Provisions and accruals	**(3,881)**	(2,307)	**-**	-	**(3,881)**	(2,307)
Equity accounted investees	**(854)**	(834)	**-**	-	**(854)**	(834)
Others	**(11)**	-	**-**	-	**-**	-
Contingent consideration	**-**	(151)	**-**	-	**(11)**	(151)
Right of use of assets	**-**	(14,816)	**14,692**		**14,692**	(14,816)
Lease liabilities	**(15,720)**	-	**-**	14,013	**(15,720)**	14,014
Total	**(21,536)**	(19,255)	**166,427**	141,972	**144,891**	122,718

	Recognised in the Income Statement		Recognised in Comprehensive Income	
Group	**2024 $000**	**2023 $000**	**2024 $000**	**2023 $000**
Tax benefit		-		-
Tax losses		(480)		
Property, plant and equipment	**9,553**	(671)	**12,290**	(90)
Biological asset	**(182)**	-	**-**	-
Investment property	**3,601**	(502)	**-**	-
Intangible assets	**(247)**	(353)	**(227)**	(222)
Finance lease receivables	**(1)**	35	**-**	-
Derivatives	**-**	-	**(982)**	874
Provisions and accruals	**(1,576)**	451	**-**	-
Equity Accounted Investees	**(20)**	(46)	**-**	-
Contingent consideration	**140**	114	**-**	-
Right of use of assets	**657**	2,990	**-**	
Lease liabilities	**(904)**	(3,228)	**-**	
Total	**11,021**	(1,690)	**11,081**	562

9 Deferred Taxation (continued)

Unrecognised tax losses or temporary differences

There are no material unrecognised temporary differences in the Group.

Policies

Deferred tax is recognised on temporary differences that arise between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse.

A deferred tax asset is recognised only to the extent it is probable it will be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of buildings classified as property, plant and equipment carried at cost is presumed to be recovered through use.

Tax depreciation on buildings

The Group will no longer be able to claim tax depreciation on buildings, with estimated useful lives of 50 years or more, from its income tax year ending 30 June 2025. This has resulted in an increased deferred tax liability in respect of these buildings of $10.9 million.

10. Property, Plant and Equipment

	Freehold Land $000	Freehold Buildings $000	Wharves and Hardstanding $000	Harbour Improvements $000	Bearer Plants $000	Plant and Equipment $000	Work in Progress $000	Total $000
Group								
Gross carrying amount:								
Balance at 1 July 2022	1,468,895	142,108	447,938	208,979	2,669	262,370	10,358	2,543,317
Additions	-	231	19,598	846	-	6,000	18,384	45,059
Disposals	-	-	-	-	-	(3,546)	-	(3,546)
Transfers between asset classes	-	-	-	-	-	-	-	-
Revaluation	23,530	-	-	-	(1,169)	-	-	22,361
Balance at 30 June 2023	1,492,425	142,339	467,536	209,825	1,500	264,824	28,742	2,607,211
Balance at 1 July 2023	**1,492,425**	**142,339**	**467,536**	**209,825**	**1,500**	**264,824**	**28,742**	**2,607,211**
Additions	**-**	**502**	**8,300**	**2,053**	**(777)**	**16,701**	**15,527**	**42,306**
Disposals		**-**	**-**		**-**	**(14,145)**	**-**	**(14,145)**
Transfers between asset classes	**200**		**(8,974)**	**15,440**	**-**	**-**	**-**	**6,666**
Revaluation			**-**		**-**	**-**	**-**	
Balance at 30 June 2024	**1,492,625**	**143,745**	**465,958**	**227,318**	**723**	**267,380**	**44,269**	**2,642,018**
Accumulated depreciation and								
Balance at 1 July 2022	-	(106)	(14,612)	(1,250)	-	(131,212)	-	(147,180)
Depreciation expense	-	(4,773)	(18,923)	(1,838)	(205)	(12,193)	-	(37,932)
Disposals	-	-	-	-	-	3,431	-	3,431
Revaluation	-	-	-	-	205	-	-	205
Balance at 30 June 2023	-	(4,879)	(33,535)	(3,088)	-	(139,974)	-	(181,476)
Balance at 1 July 2023	-	**(4,879)**	**(33,535)**	**(3,088)**	**0**	**(139,974)**		**(181,476)**
Depreciation expense	-	**(4,877)**	**(19,981)**	**(1,798)**	**(208)**	**(13,932)**		**(40,796)**
Impairment			**-**					
Disposals	-		**-**			**14,144**		**14,144**
Transfers between asset classes	-	**-**						
Revaluation	-		**53,370**	**4,886**	**208**			**58,464**
Balance at 30 June 2024	**-**	**(9,831)**	**(71)**			**(139,762)**		**(149,664)**
Carrying amounts:								
Net book value as at 30 June 2023	1,492,425	137,460	434,001	206,737	723	124,850	28,742	2,425,715
Net book value as at 30 June 2024	**1,492,625**	**133,914**	**465,887**	**227,318**	**723**	**127,618**	**44,269**	**2,492,354**

10 Property, Plant and Equipment (continued)

Notional carrying amounts

For each revalued class of property, plant and equipment, the notional carrying amount that would have been recognised, had the assets been carried under the cost model, would be:

	Group	
	2024 Notional carrying amount **$000**	**2023 Notional carrying amount** **$000**
Freehold land	**119,203**	119,203
Freehold buildings	**78,436**	81,285
Wharves and hardstanding	**124,704**	123,819
Harbour improvements	**61,259**	60,899
Bearer plants	**723**	715
Total notional carrying amount	**384,325**	385,921

Security

Certain items of property, plant and equipment have been pledged as security against certain loans and borrowings of *Port of Tauranga Group* (refer to note 18).

Occupation of foreshore

Port of Tauranga Limited holds consent to occupy areas of the Coastal Marine Area to enable Management and operation of port related commercial undertakings that it acquired under the Port Companies Act 1988. The consented area includes a 10 metre radius around navigation aids and a strip from 30 to 60 metres wide along the extent of the wharf areas at both Sulphur Point and Mount Maunganui.

Capital commitments

The estimated capital expenditure for property, plant and equipment contracted for at balance date but not provided for is $9.2m (2023: $38.3m).

Judgements

Fair values

Bearer plants, land, buildings, harbour improvements, and wharves and hard standing assets

This fair value measurement has been categorised as a Level 3 fair value based on the inputs for the assets which are not based on observable market data (unobservable inputs), (refer to note 2 for fair value measurement hierarchy).

Judgement is required to determine whether the fair value of land, buildings, wharves and hard standing, and harbour improvements assets have changed materially since the last revaluation. The determination of fair value at the time of the revaluation requires estimates and assumptions based on market conditions at that time. Changes to estimates, assumptions or market conditions subsequent to a revaluation will result in changes to the fair value of property, plant and equipment.

Remaining useful lives and residual values are estimated based on Management's judgement, previous experience and guidance from registered valuers. Changes in those estimates affect the carrying value and the depreciation expense in the income statement.

At the end of each reporting period, the Group makes an assessment whether the carrying amounts differ materially from the fair value and whether a revaluation is required (excepting land, which is revalued annually). The assessment considers movements in the capital goods price indices and other market indicators since the previous valuations.

As at 30 June 2024, the Group revalued land in line with policy. For the remaining asset classes, the Group has assessed that there has been no material change in the fair value of each asset class since the last revaluation.

10 Property, Plant and Equipment (continued)

Bearer plants

Fair value of the bearer plants (kiwifruit vines) has been determined by independent registered valuation at 30 June 2024 undertaken by CBRE. The fair value measurement has been categorised as a level 2 fair value based on the inputs to the valuation technique. Fair value has been determined with reference to comparative orchard sales in the region, taking in to account the quality of the orchard, potential production and orchard gate return.

Land valuation

The valuation of Port of Tauranga land assets as at 30 June 2024 was carried out by Colliers International New Zealand Limited. The valuation increased the carrying amount of land by $0.2 million.

Land assets are valued using the direct sales comparison approach which analyses direct sales of comparable properties on the basis of the sale price per square metre which are then adjusted to reflect stronger and weaker fundamentals relative to the subject properties.

The significant assumptions applied in the valuation of these assets are:

Asset valuation method	Key valuation assumptions	Hectares	2024 Range of significant assumptions	2024 $ Weighted average	2023 Range of significant assumptions	2023 $ Weighted average
Direct sales comparison	Tauranga (Sulphur Point) / Mount Maunganui – wharf and industrial land per square metre	182.2	$470-$1,650	766	$470-$1,650	766
	Auckland land – land adjacent to MetroPort Auckland per square metre	6.8	$1,053	1,053	$1,050	1,050
	Rolleston land – MetroPort Christchurch per square metre	15.0	$160	160	$160	160

- *Waterfront Access Premium:* A premium of approximately 25% has been applied to the main wharf land areas reflecting the locational benefits this land asset gains from direct waterfront access.
- *No Restriction of Title*: Valuation is made on the assumption that having no legal title to the Tauranga harbour foreshore will not detrimentally influence the value of land assets.
- *Highest and Best Use of Land: Subject to relevant local authority's zoning regulations.*
- *Tauranga and Mount Maunganui: The majority of land is zoned "Port Industry" under the Tauranga City Plan and a small portion of land at both Sulphur Point and Mount Maunganui has "Industry" zoning.*
- *Auckland: The land is zoned "Heavy Industry Zone" under the Auckland Unitary Plan.*
- *Rolleston: The land is zoned "Business 2A" under the Selwyn District Plan.*

Building valuations

The last full independent valuation of buildings was carried out on 30 June 2022 by Colliers International New Zealand Limited.

The majority of assets are valued on a combined land and building basis using a Capitalised Income Model with either contract income or market income. A small number of specialised assets, such as gatehouses and toilet blocks, are valued on a Depreciated Replacement Cost basis due to their specialised nature and the lack of existing market.

The Capitalised Income Model uses either the contracted rental income or an assessed market rental income of a property and then capitalises the valuation of the property using an appropriate yield. Contracted rental income is used when the contracted income is receivable for a reasonable term from secured tenants. Market income is used when the current contract rent varies from the assessed market rent due to over or under renting, vacant space and a number of other factors.

The value of land is deducted from the overall property valuation to give rise to a building valuation.

Quayside Holdings Limited and Subsidiaries
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10 Property, Plant and Equipment (continued)

The significant assumptions applied in the valuation of these building assets are:

Asset valuation method	Key valuation assumptions	2024 Range of significant assumptions	2024 Weighted average	2023 Range of significant assumptions	2023 Weighted average
Capitalised income model	Market capitalisation rate	1.75%-9.50%	3.71%	1.75%-9.50%	3.71%

Wharves and Hardstanding, and Harbour Improvements

The valuation of wharves and hard standings, and harbour improvements was carried out by WSP New Zealand. The valuation increased the carrying value of these asset classes by $64.8 million.

Wharves, hardstanding and harbour improvements assets are classified as specialised assets and have accordingly been valued on a Depreciated Replacement Cost basis.

The significant assumptions applied in the valuation of these assets are:

- Replacement Unit Costs of Construction Rates – Cost Rates are Calculated Taking into Account:
  - The Parent Company's historic cost data, including any recent competitively tendered construction works.
  - Publicly available price indices from Statistics New Zealand and Waka Kotahi NZ Transport Agency.
  - The WSP New Zealand Limited construction cost database.
  - QV Cost Builder construction cost database.
  - An allowance is included for costs directly attributable to bringing assets into working condition, management costs and the financing cost of capital held over construction period.
- Depreciation – the Calculated Remaining Lives of Assets Were Reviewed, Taking Into Account:
  - Observed and reported condition, performance and utilisation of the asset.
  - Expected changes in technology.
  - Consideration of current use, age and operational demand.
  - Discussions with the Port of Tauranga Limited's operational officers.
  - WSP New Zealand Limited Consultants' in-house experience from other infrastructure valuations.
  - Residual values.

10 Property, Plant and Equipment (continued)

The significant assumptions applied in the valuation of these wharves and hardstanding, and harbour improvements assets are:

Asset valuation method	Key valuation assumptions	2024 Range of significant assumptions	2024 Weighted average	2023 Range of significant assumptions	2023 Weighted average
Depreciated replacement cost basis	Wharf construction replacement unit cost rates per lineal metre – high performance wharves	$191,135 - $391,434	$273,358	$137,300 - $282,000	$232,500
	Earthworks construction replacement unit cost rates per square metre	$9-$10	$9	$8	$8
	Basecourse construction replacement unit cost rates per square metre	$35 - $117	$56	$23.45 - $45	$37
	Asphalt construction replacement unit cost rates per square metre	$47 - $100	$85	$29 - $59	$47
	Capital dredging replacement unit cost rates per square metre	$5 - $91	*	$5 - $89	*
	Depreciation method	Straight line basis	Not applicable	Straight line basis	Not applicable
	Channel assets (capital dredging) useful life	Indefinite	Not applicable	Indefinite	Not applicable
	Pavement – remaining useful lives	2-39 years	14 years	1-37 years	14 years
	Wharves remaining useful lives	0-59 years	17 years	0-61 years	20 years

* Weighted average unit cost rates are not presented due to the complexity in measuring the types and locations of removed quantities.

Quayside Holdings Limited and Subsidiaries
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10 Property, Plant and Equipment (continued)

Sensitivities to changes in key valuation assumptions for land, buildings, wharves and hardstanding, and harbour improvements

The following table shows the impact on the fair value due to a change in significant **unobservable input:**

		Impact of change in assumption NZ/000	
Unobservable inputs within the direct sales comparison approach for land			
Rate per square metre	10% decrease/increase	$(149,263)	$149,263
Unobservable inputs within the income capitalisation approach for buildings			
Market rent	10% decrease/increase	-25,500 / +92,200	
Market capitalisation rate	0.5% decrease/increase	+105,300 / -24,500	
Unobservable inputs within depreciated replacement cost analysis for buildings, wharves and hardstanding, and harbour improvements			
Unit costs of construction	The greatest uncertainty is the level of the unit rates. We have used a 90% confidence interval in these unit rates to be between -11% to 10%	-75,200	$71,600

10 Property, Plant and Equipment (continued)

Policies

Property, plant and equipment is initially measured at cost, which includes capitalised interest, and subsequently stated at either fair value or cost, less depreciation and any impairment losses. Subsequent expenditure that increases the economic benefits derived from the asset is capitalised.

Land, buildings, harbour improvements, and wharves and hard standing are measured at fair value, based upon periodic valuations by external independent valuers. The Port of Tauranga group undertakes an annual revaluation of land and a three yearly revaluation cycle for all other asset classes to ensure the carrying value of these assets do not differ materially from their fair value. If during the three-year revaluation cycle there are indicators that fair value of a particular asset class may differ materially from its carrying value, an interim revaluation of that asset class is undertaken.

Bearer plants are accounted for using the revaluation method and are revalued annually. The revaluation method requires a revaluation to fair value. The accumulated depreciation is eliminated against the gross carrying amount of the asset.

Any increase in carrying value from revaluation shall be recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. If an asset's carrying amount is decreased as a result of revaluation, the decrease shall be recognised in profit or loss unless there is a credit balance existing in the revaluation reserve in respect of that asset – in which case the reserve should be offset first.

Depreciation of property, plant and equipment, other than freehold land and capital dredging (included within harbour improvements), is calculated on a straight line basis and expensed over their estimated useful lives.

Major useful lives are:

Bearer plants	20 years
Freehold buildings	33 to 72 years
Maintenance dredging	3 years
Wharves	44 to 70 years
Basecourse	50 years
Asphalt	15 years
Gantry cranes	10 to 40 years
Floating plant	10 to 25 years
Other plant and equipment	5 to 25 years
Electronic equipment	3 to 5 years

Capital and maintenance dredging are held as harbour improvements. Capital dredging has an indefinite useful life and is not depreciated as the channel is maintained via maintenance dredging to its original depth and contours. Maintenance dredging is depreciated over three years.

Work in progress relates to self constructed assets or assets that are being acquired which are under construction at balance date. Once the asset is fit for intended service, it is transferred to the appropriate asset class and depreciation commences. Software developed undertaken as part of a project is transferred to intangibles on completion.

An item of property, plant and equipment is derecognised when it is sold or otherwise disposed of, or when its use is expected to bring no future economic benefit. Upon disposal or derecognition, any revaluation reserve relating to the particular asset being disposed or derecognised is transferred to retained earnings.

11. Leases

Leases as a lessee*

The Group as lessee has various non-cancellable leases predominantly for the lease of land and buildings. The leases have varying term and renewal rights.

Information about leases for which the Group is a lessee is presented below:

	30 June 2024 $000	30 June 2023 $000
Right of use assets		
Opening balance	**50,852**	40,407
Additions to right of use assets	**-**	75
Depreciation	**(1,589)**	(1,856)
Adjustments to existing right of use assets	**4,099**	12,226
Closing balance	**53,361**	50,852
Lease liabilities		
Opening balance	**53,661**	42,523
Additions	**-**	74
Adjustments to existing lease liabilities	**4,505**	12,189
Interest	**2,674**	2,550
Repayments	**(3,819)**	(3,675)
Closing balance	**57,021**	53,661
Lease liabilities maturity analysis		
Between 0 – 1 year	**1,049**	1,039
Between 1 – 5 years	**4,860**	4,358
More than 5 years	**51,112**	48,263
Total lease liabilities	**57,021**	53,661

Leases as a Lessor

Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate. Where considered necessary to reduce credit risk, the company may obtain bank guarantees for the term of the lease. Although the company is exposed to changes in the residual value at the end of the current leases, the company typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

Future minimum lease receivables from non cancellable operating leases where the Group is the lessor are:

	30 June 2024 $000	30 June 2023 $000
Within one year	**24,952**	26,792
One to two years	**19,240**	16,789
Two to three years	**16,562**	14,107
Three to four years	**13,489**	11,382
Four to five years	**8,253**	11,335
Greater than five years	**20,800**	23,082
Total	**103,296**	103,487

11 Leases (continued)

Included in the financial statements are land and buildings classified under property, plant and equipment leased to customers under operating leases.

	2024 Valuation $000	2024 Accumulated Depreciation $000	2023 Valuation $000	2023 Accumulated Depreciation $000
Land	**783,280**	-	773,077	-
Buildings	**104,297**	**(6,231)**	103,521	-
Total	**887,577**	**(6,231)**	876,598	-

Leases are classified as operating leases whenever the terms of the lease do not substantially transfer all the risks and rewards of ownership to the lessee.

Policies

Where the Group is the Lessor, assets leased under operating leases are included in property, plant and equipment or investment property in the statement of financial position as appropriate.

Payments and receivables made under operating leases are recognised in the income statement on a straight line basis over the term of the lease.

Lease incentives are recognised as an integral part of the total lease expense/revenue, over the term of the lease.

Where the Group is a lessee, a right-of-use asset and a lease liability are recognised at the lease commencement date.

The right-of-use asset is initially measured at a cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial indirect costs. The right-of-use asset is subsequently depreciated using the straight-line method over the life of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments or if the Group changes its assessment of whether it will exercise a right of renewal.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset.

12. Intangible Assets

Group	Kiwifruit G3 Licences $000	Goodwill $000	Computer Software $000	Consents and Contracts $000	Total $000
Revalued cost					
Balance at 1 July 2022	4,422	18,420	5,416	4,171	32,429
Additions	-	-	740	-	740
Disposals	-	-	-	(157)	(157)
Revaluation	(1,051)	-	-	-	(1,051)
Balance at 30 June 2023	3,371	18,420	6,156	4,014	31,961
Balance at 1 July 2023	**3,371**	**18,420**	**6,156**	**4,014**	**31,961**
Additions	**-**	**-**	**80**	**-**	**80**
Adjustments	**-**	**-**	**-**	**-**	**-**
Revaluation	**(1,021)**	**-**	**-**	**-**	**(1,021)**
Balance at 30 June 2024	**2,350**	**18,420**	**6,236**	**4,014**	**31,020**
Accumulated amortisation and impairment					
Balance at 1 July 2022	-	-	(3,706)	(1,293)	(4,999)
Amortisation expense	(258)	-	(526)	(760)	(1,544)
Disposals	-	-	-	-	-
Revaluation	258	-	-	-	258
Balance at 30 June 2023	-	-	(4,232)	(2,053)	(6,285)
Balance at 1 July 2023	**-**	**-**	**(4,232)**	**(2,053)**	**(6,285)**
Amortisation expense	**(209)**	**-**	**(600)**	**(758)**	**(1,567)**
Disposals	**-**	**-**	**-**	**-**	**-**
Revaluation	**209**	**-**	**-**	**-**	**209**
Balance at 30 June 2024	**-**	**-**	**(4,832)**	**(2,811)**	**(7,643)**
Carrying amounts					
Net book value 30 June 2023	3,371	18,420	1,924	1,961	25,676
Net book value 30 June 2024	**2,350**	**18,420**	**1,404**	**1,203**	**23,377**

	30 June 2024 $000	30 June 2023 $000
Kiwifruit Licence Revaluation Reserve		
Opening balance	**2,966**	3,536
Revaluation, net of tax	**(584)**	(570)
License disposal	**-**	-
Closing balance	**2,382**	2,966

G3 licences

The G3 licences held are for a total of 5.53 hectares (2023: 5.53 hectares).

A registered valuer at 30 June 2024 determined that the fair value for licences held by the Group was $2,350,250 (2023: $3,371,470). The current valuation is based on $425,000 (2023: $610,000) per hectare, which was the median G3 licence cost from Zespri's 2024 release of licences. The original cost of the licences is $57,649. There are no restrictions over the title of the intangible assets. The fair value measurement for these assets is categorised as a level 1 fair value. The notional carrying amount that would have been recognised, had the licences been carried under the cost model, would be $38,449 (2023: $38,449).

12 Intangible assets (continued)

Judgements

Goodwill relates to goodwill arising on the acquisition of Quality Marshalling (Mount Maunganui) Limited and Timaru Container Terminal Limited.

Goodwill was tested for impairment at 30 June 2023 and confirmed that no adjustment was required. For impairment on the goodwill, the calculation of value in use was based upon the following key assumptions:

- Cash flows were projected using management forecasts over the five-year period. Average EBITDA growth for this period is:
  - *Quality Marshalling (Mount Maunganui) Limited – 6%*
  - *Timaru Container Terminal Limited –10%*
- Terminal cash flows were estimated using a constant growth rate of 2% after year five.
- A pre-tax discount rate of 12% was used.

Restrictions and Security

There are no restrictions over the title of the intangible assets. No intangible assets are pledged as security for liabilities.

Policies

Kiwifruit licences

Kiwifruit licences are initially measured at cost and are then subsequently revalued each year. Previously kiwifruit licences were not amortised as the useful life of the Plant Variety Rights was undetermined. In September 2016, Zespri issued a statement that Plant Variety Rights had been granted for the Gold3 (G3) variety and that these rights have an expiration date of 6 September 2039. Amortisation has been calculated on the licences from September 2016 based on this licence period.

After initial recognition, licences are carried at a revalued amount, being fair value at the date of revaluation less any subsequent accumulated impairment losses. Increases in the carrying amount arising on revaluation are credited to the revaluation reserve in other comprehensive income. To the extent that the increase reverses a decrease previously recognised in the Income Statement, the increase is recognised in the Income Statement. If the carrying amount is decreased as a result of revaluation, the decrease shall be recognised in the Income Statement unless there is a credit balance existing in the revaluation reserve in respect of that asset – in which case the reserve should be offset first.

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The Group measures goodwill as the fair value of consideration transferred, less the fair value of the net identifiable assets and liabilities assumed at acquisition date. Goodwill is measured at cost less accumulated impairment losses.

Goodwill is tested for impairment annually, based upon the value in use of the cash generating unit to which the goodwill relates. The cash flow projections include specific estimates for five years and a terminal growth rate thereafter.

Other

Other intangible assets acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

The estimated useful lives for the current and comparative periods are:

Consents and contracts	4 to 35 years
Computer software	1 to 10 years

The carrying amounts of the Group's intangibles other than goodwill are reviewed at each reporting date to determine whether there is any objective evidence of impairment.

13. Investment in Subsidiaries

Investments in subsidiaries comprise:

Name of entity	Principal activity	2024 %	2023 %	Balance Date
Subsidiaries of Quayside Holdings Limited				
Quayside Unit Trust (QUT)	Majority shareholder in POT	100.00	100.00	30 June
Quayside Investment Trust (QIT)	Holds equity and fixed income investments	100.00	100.00	30 June
Quayside Securities Limited (QSL)	Trustee for QUT, QIT and Toi Moana Trust	100.00	100.00	30 June
Quayside Properties Limited (QPL)	Holds investment properties	100.00	100.00	30 June
Aqua Curo Limited (ACL)	Involvement with macroalgae for bioremediation purposes	100.00	100.00	30 June
Quayside Te Papa Tipu Limited (QTPTL)	Development company	100.00	100.00	30 June
Quayside Mystery Valley Limited (QMVL)	Holds investment property	100.00	100.00	30 June
Quayside Barnett Place Limited (QBPL)	Holds investment property for annuity	100.00	100.00	30 June
Quayside Portside Drive Limited (QPDL)	Holds investment property for annuity	100.00	100.00	30 June
Quayside The Vault Limited	Holds investment property for annuity	100.00	100.00	30 June
Lakes Commercial Development Limited (LCD)*	Holds investment property for annuity	100.00	50.00	30 June
Quayside Tauriko Limited (QTL)	Holds investment property.	100.00	100.00	30 June
Port of Tauranga Limited (POT)	Port company	54.14	54.14	30 June
Subsidiaries of Port of Tauranga Limited				
Port of Tauranga Trustee Company Limited	Holding company for employee share scheme	100.00	100.00	30 June
Quality Marshalling (Mount Maunganui) Limited	Marshalling and terminal operations services	100.00	100.00	30 June
Timaru Container Terminal Limited	Sea Port	100.00	100.00	30 June

**Reclassified as a subsidiary during 2024.*

13 Investment in Subsidiaries (continued)

The subsidiaries of the Group are incorporated / established in New Zealand and have their place of business in New Zealand.

The principal place of business of Quayside Holdings Limited's wholly owned subsidiaries is Tauranga, New Zealand.

Port of Tauranga Limited facilitates export and import activities through the Port of Tauranga, located in Mount Maunganui in the Bay of Plenty, New Zealand.

On 26 June 2024, the Bay of Plenty Regional Council approved a managed sell down of the Port of Tauranga Limited subject to certain parameters that must be agreed. These parameters have not been agreed yet and hence no adjustments were made to these accounts.

	30 June 2024 $000	30 June 2023 $000
Ownership Interest in Port of Tauranga Limited		
Non current assets	**2,811,196**	2,744,590
Current assets	**88,962**	79,679
Non current liabilities	**(392,224)**	(469,916)
Current liabilities	**(324,777)**	(220,637)
Net assets (100%)	**2,183,157**	2,133,716
Group's share of net assets – 54.14% (2023: 54.14%)	**1,181,961**	1,155,194
Non Controlling Interest – 45.86 % (2023: 45.86%)	**1,001,196**	978,522
Accounting adjustment to non-controlling interest (refer note 16(e))	**(17,054)**	(13,947)
	984,142	964,575
Port of Tauranga Group – summary of financial performance and cash flow		
Operating revenue	**417,375**	420,928
Profit after income tax	**90,849**	117,136
Total comprehensive income	**149,450**	159,941
Net cash inflow from operating activities	**135,837**	144,572
Ending cash and cash equivalents	**18,728**	8,506

Policies

Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In assessing control, potential voting rights that presently are exercisable, are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Non-Controlling Interest

The share of the net assets of controlled entities attributable to non controlling interests is disclosed separately on the statements of financial position. In the income statements, the profit or loss of the Group is allocated between profit or loss attributable to non controlling interest and profit or loss attributable to owners of the Parent Company.

Quayside Holdings Limited and Subsidiaries
Notes to the Consolidated Financial Statements
For the year ended 30 June 2024

14. Investments in Equity accounted Investees

Investments in Equity Accounted Investees are comprised as follows. (A) denotes an 'associate' and (JV) 'Joint Venture':

Name of entity	Principal activity	2024 %	2023 %	Balance Date
Quayside Holdings Limited				
Huakiwi Developments Limited Partnership (JV)	Orchard development	50.00	50.00	31 Mar*
TRG Pharmaceuticals Limited (A)	Honey products	26.97	25.74	31 Mar*
Oriens Capital (A)	Private Equity Fund	19.77	19.77	31 Mar*
Techion Group Limited (A)	Diagnostic Technology	24.33	29.18	30 Jun
PF Olsen Holdings Limited (A)	Forestry Management	44.43	44.43	31 Dec*
HRL Property Limited (JV)	Land ownership	63.70	49.00	30 Jun
Goodbuzz Limited (A)	Kombucha Manufacturer	32.11	33.30	31 Mar*
Panorama Towers Limited	Commercial property development to rent	33.33	-	31 Mar*
Tauranga Crossing Limited	Mixed use investment property	36.10	-	31 Mar*
Quayside Properties Limited				
Tauranga Commercial Developments Limited (JV)	Commercial property development	50.00	50.00	30 June
Port of Tauranga Limited				
Coda Group Limited Partnership (JV)	Freight logistics and warehousing	50.00	50.00	30 June
NorthPort Limited (JV)	Sea port	50.00	50.00	30 June
PrimePort Timaru Limited (JV)	Sea port	50.00	50.00	30 June
PortConnect Limited (JV)	On line cargo management	50.00	50.00	30 June
Ruakura Inland Port. LP (JV)	Inland Port	50.00	50.00	30 June

* Non-standard balance dates of Group equity accounted investees are aligned to their business cycle and are accepted on the basis they are not material to the Group. The equity accounting for these investments with non-aligned balance dates is based on unaudited management accounts as at 30 June, which have been reviewed by management.

As of 30 June 2024, WNT Ventures were reclassified as financial assets, as the Group has no substantial decision-making power as at 30 June 2024 Quayside has no Board member on WNT.

The equity Accounted Investees of the Group are all incorporated / established in New Zealand.

The joint venture and associate investments of Quayside Holdings Limited and Quayside Properties Limited are held for investment purposes, to diversify Quayside Group's income earning asset base.

During the year, Quayside Holdings has acquired additional ownership Lakes Commercial Development. Quayside management has performed a control assessment for this entity and determined that a reclassification as subsidiary was necessary. The assessment is mainly based on the substantial decision-making process in existence for the entity.

14 Investments in Equity Accounted Investees (continued)

During the financial year Quayside Holdings Limited acquired 36.10% of Tauranga Crossing Limited (TCL) in two tranches of $25.0m each. The purchase of TCL fits into the Group strategy to grow a diversified asset base and is also envisaged to generate cash returns for its shareholder.

Quayside paid an initial purchase price of $25m in September 2023 and exercised an option of a further investment of $25m in June 2024. As at 30 June 2024, Quayside has paid $3m of the option price and will pay the residual $22m in different tranche through December 2024. The investment was structured with a combination of equity and shareholder loans (refer to Note 17).
Management concluded that Quayside Holdings has significant influence of TCL and accounted for the transaction using the equity method. The investment has been recognised at cost.

Carrying value of investments in Equity Accounted Investees:

	30 June 2024 $000	30 June 2023 $000
Associates		
Balance at 1 July	**36,629**	41,965
Share of net profit / (loss) after tax	**7,994**	(858)
Share of revaluation reserve	**723**	(534)
Share of total comprehensive income	**8,717**	(1,392)
New investment during the year	**11,818**	1,143
Impairment of investment	**(6,503)**	(1,808)
Distributions received	**(1,308)**	(1,161)
Transfers	**(771)**	(2,118)
Balance at 30 June	**48,582**	36,629
Joint Ventures		
Balance at 1 July	**238,131**	208,625
Share of after net profit after tax	**5,979**	14,671
Share of hedging reserve	**(218)**	209
Share of revaluation reserve	**11,675**	16,817
Share of total comprehensive income	**17,436**	31,697
New investment during the year	**2,135**	25,324
Impairment of investment	**-**	(7,870)
Disposal	**(4,147)**	-
Distributions received	**(13,399)**	(19,645)
Balance at 30 June	**240,155**	238,131
Total equity accounted investees	**288,737**	274,760

Quayside Group

The Group has uncalled capital commitments in its equity accounted investees of $24.7m (2023: $2.9m).

There are no contingent liabilities relating to the Group's interests in its equity accounted investees.

The following table summarises the financial information of individually immaterial Equity Accounted interests in associates, as included in their own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. PF Olsen and Tauranga Crossing Limited are presented separately as considered a material equity accounted investee.

14 Investments in Equity Accounted Investees (continued)

Summarised financial information of individually material equity accounted investees – Associates:

Group	2024 Individually immaterial associates NZ$000	2024 Tauranga Crossing Limited NZ$000	2024 PF Olsen Group Holdings NZ$000	2024 Total NZ$000	2023 Total NZ$000
Cash and cash equivalents	**1,213**	**3,572**	**4,234**	**9,019**	3,051
Total current assets	**6,157**	**7,198**	**57,071**	**70,426**	64,440
Total non current assets	**91,947**	**282,226**	**36,377**	**410,550**	84,415
Total assets	**98,104**	**289,424**	**93,448**	**480,975**	151,906
Current financial liabilities excluding trade and other payables and provisions	**23,639**	**-**	**10,347**	**33,986**	964
Total current liabilities	**24,477**	**5,415**	**52,551**	**82,443**	60,473
Non current financial liabilities excluding trade and other payables and provisions	**10**	**242,383**	**13,979**	**256,373**	17,593
Total non current liabilities	**10**	**255,967**	**13,979**	**269,957**	18,197
Total liabilities	**24,487**	**261,382**	**66,530**	**352,400**	78,669
Net assets	**73,841**	**28,042**	**26,918**	**128,801**	73,823
Adjustment to net assets	**-**	**(1,793)**	**-**	**(1,793)**	1,263
Group's share of net assets	**21,143**	**5,623**	**11,965**	**38,731**	21,086
Goodwill acquired on acquisition of Equity Accounted Investees	**(213)**	**-**	**10,064**	**9,851**	16,068
Carrying amount of Equity Accounted Investees	**20,930**	**5,623**	**22,029**	**48,582**	36,629
Revenues	**9,253**	**10,495**	**106,633**	**126,381**	111,808
Depreciation and amortisation	**(165)**	**(1,819)**	**(2,305)**	**(4,288)**	3,151
Interest expense	**(93)**	**(10,378)**	**(777)**	**(11,247)**	505
Net profit / (loss) before tax	**25,347**	**(12,766)**	**5,628**	**18,209**	684
Tax expense	**54**	**4,197**	**(1,611)**	**2,640**	(37)
Net profit / (loss) after tax	**25,401**	**(8,569)**	**4,016**	**20,849**	762
Other comprehensive income	**-**	**-**	**1,625**	**1,625**	1,202
Total comprehensive income / (loss)	**25,401**	**(8,569)**	**5,642**	**22,474**	968
Group's share of net profit / (loss) after tax	**8,045**	**(1,835)**	**1,785**	**7,994**	(858)
Group's share of total comprehensive income / (loss)	**8,045**	**(1,835)**	**2,508**	**8,717**	(1,392)
Group's share of dividends/distributions	**328**	**-**	**980**	**1,308**	1,161

14 Investments in Equity Accounted Investees (continued)

The following table summarise the financial information of Northport Limited, PrimePort Timaru Limited and Coda Group Limited Partnership and the combined value of other Joint Venture Equity Accounted Investees as included in their own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies.

Summarised financial information of equity accounted investees – Joint Ventures:

Group 2024	Northport Limited	Coda Group Limited Partnership	Prime Port Timaru Limited	Other Equity Accounted Investees	Total
	NZ$000	NZ$000	NZ$000	NZ$000	NZ$000
Cash and cash equivalents	**594**	**13,115**	**884**	**5,483**	**20,076**
Total current assets	**4,445**	**32,423**	**5,889**	**12,288**	**55,045**
Total non current assets	**241,209**	**52,626**	**185,092**	**97,790**	**576,717**
Total assets	**245,654**	**85,049**	**190,981**	**110,078**	**631,762**
Current financial liabilities excluding trade and other payables and provisions	**-**	**-**	**-**	**2,894**	**2,894**
Total current liabilities	**(3,962)**	**(30,693)**	**(4,287)**	**(3,541)**	**(42,483)**
Non current financial liabilities excluding trade and other payables and provisions	**(43,300)**	**(29,812)**	**(59,000)**	**3,719**	**(128,393)**
Total non current liabilities	**(43,300)**	**(29,812)**	**(60,214)**	**3,719**	**(129,607)**
Total liabilities	**(47,262)**	**(60,505)**	**(64,501)**	**178**	**(172,090)**
Net assets	**198,392**	**24,544**	**126,480**	**100,822**	**450,238**
Group's share of net assets	**99,197**	**12,272**	**63,240**	**50,861**	**225,570**
Goodwill acquired on acquisition of Equity Accounted Investees less impairment losses	**-**	**14,557**	**-**	**28**	**14,585**
Carrying amount of Equity Accounted Investees	**99,197**	**26,829**	**63,240**	**50,895**	**240,155**
Revenues	**40,725**	**249,554**	**29,771**	**15,968**	**336,018**
Depreciation and amortisation	**(5,383)**	**(11,360)**	**(3,650)**	**(3,456)**	**(23,849)**
Interest expense	**(2,945)**	**(2,026)**	**(3,505)**	**(105)**	**(8,581)**
Net profit before / (loss) tax	**17,885**	**(3,926)**	**2,331**	**1,735**	**18,025**
Tax expense	**(4,431)**	**-**	**(1,429)**	**(214)**	**(6,074)**
Net profit / (loss) after tax	**13,454**	**(3,926)**	**902**	**1,521**	**11,951**
Other comprehensive income	**15,172**	**-**	**2**	**7,740**	**22,914**
Total comprehensive income / (loss)	**28,626**	**(3,926)**	**904**	**9,261**	**34,865**
Group's share of net profit /(loss) after tax	**6,727**	**(1,963)**	**451**	**762**	**5,979**
Group's share of total comprehensive income / (loss)	**14,313**	**(1,963)**	**452**	**4,634**	**17,436**
Group's share of dividends/distributions	**7,061**	**5,000**	**758**	**580**	**13,399**

14 Investments in Equity Accounted Investees (continued)

Group 2023	Northport Limited	Coda Group Limited Partnership	Prime Port Timaru Limited	Other Equity Accounted Investees	Total
	NZ$000	NZ$000	NZ$000	NZ$000	NZ$000
Cash and cash equivalents	523	19,958	509	3,085	24,075
Total current assets	4,989	46,762	3,693	8,381	63,825
Total non current assets	231,417	66,275	176,869	100,104	574,692
Total assets	236,406	113,037	180,562	109,357	639,362
Current financial liabilities excluding trade and other payables and provisions	-	(8,936)	-	(2,888)	(11,851)
Total current liabilities	(3,998)	(30,185)	(4,369)	(4,296)	(42,848)
Non current financial liabilities excluding trade and other payables and provisions	(48,519)	(44,384)	(49,101)	(11,007)	(153,091)
Total non current liabilities	(48,519)	(44,384)	(49,101)	(11,007)	(153,137)
Total liabilities	(52,517)	(74,569)	(53,470)	(15,349)	(195,985)
Net assets	183,889	38,468	127,092	94,008	443,377
Group's share of net assets	91,945	19,234	63,546	48,819	223,543
Goodwill acquired on acquisition of Equity Accounted Investees less impairment losses	-	14,557	-	28	14,585
Carrying amount of Equity Accounted Investees	91,946	33,791	63,546	48,847	238,130
Revenues	40,576	272,100	28,399	5,133	346,208
Depreciation and amortisation	(5,504)	(14,003)	(3,386)	(545)	(23,438)
Interest expense	(2,647)	(2,256)	(2,429)	(290)	(7,622)
Net profit before tax	19,051	14,950	5,766	(3,182)	36,585
Tax expense	(4,859)	-	(1,968)	(141)	(6,968)
Net profit after tax	14,192	14,950	3,798	(3,345)	29,595
Other comprehensive income	6,322	-	27,730	-	34,252
Total comprehensive income	20,514	14,950	31,528	(3,345)	63,647
Group's share of net profit after tax	7,096	7,475	1,899	(1,784)	14,686
Group's share of total comprehensive income	10,257	7,475	15,764	(1,784)	31,712
Group's share of dividends/distributions	8,420	10,000	1,100	125	19,645

14 Investments in Equity Accounted Investees (continued)

Tax Treatment of Limited Partnerships

Coda Group Limited Partnership and Ruakura Inland Port Limited Partnership are treated as partnerships for tax purposes and are not taxed at the partnership level. 50% of the income and expenses flow through the limited partnership to the Port of Tauranga Limited who is then taxed.

Judgements

Quayside Holdings Limited

As at 30 June 2024 the Quayside Holdings Limited had either appointed a director to the board or was entitled to appoint a director to the board of its associates. The entitlement to appoint a director and appointment of a director permits Quayside Holdings to participate in the financial and operating policy decisions of the companies. Despite holding less than 20% of the voting rights of the entities, an entitlement and appointment of a director is considered "significant influence" and allows the accounting for each investment as an equity accounted investee.

Two investments were tested for impairment at 30 June 2024, and the total impairment recorded for the year was $6.5m.

In order to determine the impairment amount, the Quayside Holdings Limited compared the carrying value to their recoverable amount, with the recoverable amount being the highest of fair value lest cost to sell and value in use. In both cases, and based on the current trading conditions of the investments, Management assessed that neither the value in use or the fair value less cost to sell is higher than nil. Both companies' balance sheet is technically insolvent and a capital raising process is ongoing to cover operating losses.

Port of Tauranga Group

It has been determined that the Port of Tauranga has joint control over its investees, due to the existence of contractual agreements which require the unanimous consent of the parties sharing control over relevant business activities.

The investment in Coda Group Limited Partnership (Coda) was tested for impairment at 30 June 2024, based upon the higher of fair value and value-in-use. Fair value represents an amount obtainable in an arm's length transaction, less cost of disposal. An external specialist was engaged to perform an independent valuation of Coda.

The fair value has been calculated by multiplying an EV/EBITDA multiple of 8x with a maintainable EBITDA of $4.1 million and adding the fair value of surplus assets the business intends to sell. The multiple has been determined based on listed and transaction multiples of comparable entities and a maintainable EBITDA has been determined using management forecasts with adjustments overlayed by the external specialist.

Coda has one key customer with circa 90% of its revenue coming from this customer. The fair value calculation assumes that this customer relationship will continue on substantially the same terms. If the relationship is not continued then it is likely the fair value of Coda will be materially less and the carrying value will be impaired. Based on the fair value calculated no impairment has been recorded at 30 June 2024.

In the prior year, the Parent Company impaired its investment in Coda Group Limited Partnership by $7.871 million.

Policies

The Group's interests in Equity Accounted Investees comprise interests in associates and joint ventures.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Associates, are those entities in which the Group has significant influence, but not control or joint control over the financial and operating policies.

Equity Accounted Investees are accounted for using the equity method. The consolidated financial statements include the Group's share of the income and expenses of Equity Accounted Investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences, until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity investee, the carrying amount of that interest (including any long term investments) is reduced to nil and the recognition of further losses is discontinued, except to the extent that the Group has an obligation or has made payments on behalf of the investee.

In respect of Equity Accounted Investees, the carrying amount of goodwill is included in the carrying amount of the investment and not tested for impairment separately.

Quayside Holdings Limited and Subsidiaries
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For the year ended 30 June 2024

15. Receivables and Prepayments

	30 June 2024 $000	30 June 2023 $000
Non current		
Prepayments and sundry receivables	**17,272**	18,890
Total non current	**17,272**	18,890
Trade receivables	**63,940**	63,216
Provision for expected credit losses – trade receivables (refer to note 19(ii)).	**(30)**	(70)
Trade receivables from Equity Accounted Investees, subsidiaries and related parties	**757**	147
	64,667	63,293
Kiwifruit income receivable	**3,121**	2,042
Advances to Equity Accounted Investees (refer note 21)	**1,400**	1,400
Provision for expected credit losses – advances to equity accounted investees (refer to note 19(ii))	**(166)**	(158)
Prepayments and sundry receivables	**3,697**	5,454
Total current	**72,719**	72,031
Total receivables and prepayments	**89,991**	90,921

Aging of trade receivables		
Not past due	**49,620**	45,586
Past due 0 – 30 days	**13,172**	14,481
Past due 30 – 60 days	**828**	700
Past due 60 – 90 days	**702**	983
More than 90 days	**345**	1,542
	64,667	63,293

15 Receivables and Prepayments (continued)

Advances to equity accounted investees

The Group makes advances to its Equity Accounted Investees for short term funding purposes. These advances are repayable on demand and interest rates charged on these advances are varied.

Kiwifruit income receivable

The kiwifruit income receivable is based on a forecast of proceeds to be received from Zespri on the harvest of the 2024 crop. This is based on the actual number of trays supplied to Zespri and latest forecast information from Zespri on the revenue per tray expected to be received. Revisions of income receivable during the year are recorded against profit and loss – refer to note 4.

Fair values

The nominal value less impairment provision of trade receivables are assumed to approximate their fair values due to their short term nature.

Judgements

A provision for expected credit losses is established when the assessment under NZ IFRS 9 deems a provision is required (refer to note 19).

Prepayments

Prepayments is predominantly made up of consideration paid to KiwiRail Limited in 2020 for the extension of the rail agreement at MetroPort. The current balance of this prepayment is $18.4 million (2023: $19.6 million). The payment is amortised over 20 years.

Policies

Receivables and prepayments are initially recognised at transaction price. They are subsequently measured at amortised cost and adjusted for impairment losses. Receivables with a short duration are not discounted

16. Equity

(a) Share Capital

Number of shares held	30 June 2024 No.	30 June 2023 No.
Ordinary share capital		
Balance as at 1 July	10,000	10,000
Balance as at 30 June	10,000	10,000
Redeemable preference shares		
Balance as at 1 July	2,003,190,217	2,003,190,217
Balance as at 30 June	2,003,190,217	2,003,190,217
Perpetual preference shares		
Balance as at 1 July	200,000,783	200,000,783
Balance as at 30 June	200,000,783	200,000,783

Paid up and uncalled	2024 $ paid up	2023 $ paid up	2024 $ uncalled	2023 $ uncalled
Ordinary Share capital				
Balance as at 1 July	**10,000**	10,000	**-**	-
Balance as at 30 June	**10,000**	10,000	**-**	-
Redeemable preference shares				
Balance as at 1 July	**82**	82	**81,829,918**	81,829,918
Balance as at 30 June	**82**	82	**81,829,918**	81,829,918
Perpetual preference shares				
Balance as at 1 July	**200,000,783**	200,000,783	**-**	-
Balance as at 30 June	**200,000,783**	200,000,783	**-**	-

Share capital

The holders of the ordinary shares are entitled to dividends as declared from time to time and all shares have equal voting rights at meetings of the Parent, and rank equally with regard to the Parent's residual assets on wind up. The shares were issued for $1 and are fully paid up.

16 Equity (continued)

Redeemable Preference Shares

On or about 28 July 1991, capital of 9,000 redeemable preference shares of $1 each (issued at a premium of $9,999 per share) were issued to the Council. On the same date the Council subscribed $0.01 each for these 9,000 Redeemable Preference Shares (total paid $90). As at 30 June 2007, 817 shares had been fully paid.

On 31 January 2008 the Redeemable Preference Shares were subdivided at a ratio of 1:244,799. Accordingly, the 817 fully paid Redeemable Preference Shares were split and reclassified into 200,000,783 Perpetual Preference Shares. The 8,183 Redeemable Preference Shares (paid to 1 cent) were split into 2,003,190,217 Redeemable Preference Shares (paid to .000004 cents).

The Redeemable Preference Shares have no voting rights. The constitution provides that dividends are payable on these shares from time to time and in such amount as determined by the directors. The Redeemable Preference Shares have no fixed maturity date but are redeemable 60 days after a request from the holder. The unpaid issue price can be called by the Board of Directors of the Parent. As at 30 June 2024, the amount uncalled is $81,829,918 (2022: $81,829,918). The Parent has no current intention of making a call on the uncalled redeemable preference shares.

Perpetual Preference Shares

Quayside Holdings Limited issued a registered prospectus in which Council offered 200,000,000 Perpetual Preference shares in Quayside Holdings Limited to the public at $1 per share. On 12 March 2008 200,000,000 Perpetual Preference Shares were transferred to the successful applicants for Perpetual Preference Shares under the prospectus. The proceeds from the sale of shares are available to the Council to invest in infrastructure projects in the Bay of Plenty region.

The Perpetual Preference Shares have no fixed term and are not redeemable. Holders of Perpetual Preference Shares are entitled to receive Dividends which are fully imputed (or “grossed up” to the extent they are not fully imputed), quarterly in arrears. These dividends are at the discretion of the board of directors. On a liquidation of Quayside Holdings Limited, the Holder of a Perpetual Preference Share will be entitled to receive the Liquidation Preference in priority to the holders of its Uncalled Capital, its Ordinary Shares, its Redeemable Preference Shares and any other shares ranking behind the Perpetual Preference Shares.

Holders of Perpetual Preference Shares will not be entitled to receive notice of, attend, vote or speak at any meetings of Quayside Holdings (or its shareholders), but will be entitled to attend any meetings of, and vote on any resolutions of Holders (for example, in relation to exercise of the Put Option, or as required by the Companies Act in relation to any action affecting the rights attached to Perpetual Preference Shares held by members of any “interest group” of Holders).

The Council may, at any time after 12 March 2010, call all or part (pro rata across all Holders, and if in part, subject to a minimum number of Perpetual Preference Shares left uncalled) of the Perpetual Preference Shares. No call or part call has been exercised. In certain circumstances (including Quayside Holdings becoming insolvent, electing not to pay a Dividend or ceasing to have a majority shareholding (directly or indirectly) in Port of Tauranga), the Put Option, as defined by the prospectus dated 12 March 2008, will be triggered.

Depending on the event which has triggered the Put Option, the Administrative Agent will either be automatically required (on receipt of notice), or may by a Special Resolution of Holders (or by Special Approval Notice) be required, on behalf of all Holders of Perpetual Preference Shares, to require the Council to purchase all the Perpetual Preference Shares.

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16 Equity (continued)

Perpetual Preference Shares Put Option trigger events

There are a number of the factors which could result in Quayside Holdings being unwilling or unable to pay a Dividend on the Perpetual Preference Shares. Such factors could conceivably give rise to other circumstances under which the Put Option would be exercisable, such as the insolvency of Quayside Holdings. In addition, the Put Option could become exercisable if Quayside Holdings ceases to have a majority shareholding (directly or indirectly) in Port of Tauranga or if the liability to it of the holder/s of its Uncalled Capital is reduced (other than by payment of calls).

Quayside Holdings has no present intention of reducing its (indirect) majority shareholding in Port of Tauranga or reducing the liability to it of holders of Uncalled Capital. However, its (indirect) majority shareholding in Port of Tauranga could be lost as a result of actions outside its control, such as a non pro rata share issue by Port of Tauranga. If the Administrative Agent (Guardian Trust) exercised the Put Option, Perpetual Preference Shareholders would be entitled to receive $1.00 plus any Unpaid Amount plus (unless Quayside Holdings has elected to pay a Dividend prior to and in anticipation of the transfer of all the Perpetual Preference Shares following the exercise of the Put Option) an amount representing a return on their Perpetual Preference Shares at the prevailing Dividend Rate from (and including) the last Dividend Payment Date to (but excluding) the Transfer Date but, from the Transfer Date, would no longer have any entitlement to further Dividends.

Perpetual Preference Shares are transferable and listed on the NZDX under the symbol QHLHA.

Quayside Holdings Limited has classified the Perpetual Preference Shares as equity for the following reasons:

- The Perpetual Preference Shares have no fixed term and are not redeemable.
- The quarterly payment of dividends by Quayside Holdings Limited to Perpetual Preference shareholders is optional and resolved on by the Board of Quayside Holdings Limited.
- Dividends on the Perpetual Preference Shares may be imputed, and as such are equity instruments.
- PUT or CALL options, if exercised are payable by Council, the ordinary shareholder of Quayside Holdings Limited.

Quayside Holdings may issue further securities (including further perpetual preference shares) ranking equally with, or behind, the Perpetual Preference Shares without the consent of any Holder. However, it may not issue any other shares ranking in priority to the Perpetual Preference Shares as to distributions without the approval of the Holders by way of a Special Resolution or pursuant to a Special Approval Notice.

The arrangement has had the benefit of consecutive private rulings issued by Inland Revenue from 17 September 2007. A binding ruling retaining the existing tax treatment was recently issued by Inland Revenue for five years to 16 September 2026, hence the dividend payable to PPS Holders are fully imputed.

16 Equity (continued)

(b) Dividends

The following dividends were declared and paid during the period by Quayside Holdings Limited:

	30 June 2024 $000	30 June 2023 $000
Ordinary shares		
Total dividends paid of $4,500 per share (2023: $4,250)	**45,000**	42,500
	45,000	42,500
Perpetual preference shares		
Total dividends paid of $0.0478 per share (2023: $0.0252)	**9,562**	5,047
	9,562	5,047
Total dividends paid	**54,562**	47,547

The dividends are fully imputed. Dividends paid by the Port of Tauranga Limited to non-controlling interests were $46.1m (2023: $46.8m)

The Perpetual Preference Shares are subject to a fixed Dividend Rate reset every three years at the Dividend Rate Reset Date. This date occurred on 12 March 2023, where the rate for the following three-year period was set at 6.46%. The next dividend reset date will be 13 March 2026.

Dividends declared subsequent to balance date

The Port of Tauranga approved a final dividend of 8.7 cents per share to a total of $59.2 million after reporting date.

No other dividends were declared after balance date but prior to the date of signing of these accounts.

(c) Reserves

Revaluation reserve

The Group's revaluation reserve relates to the revaluation of land, buildings, wharves and hardstanding, harbour improvements, bearer plants and kiwifruit licences.

Hedging reserve

The Group's hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments, related to hedged transactions that have not yet occurred.

Share Based Payment Reserve – Container Volume Commitment Agreement

On 1 August 2014 the Port of Tauranga Limited issued 2,000,000 shares as a volume rebate to Kotahi Logistics Limited Partnership ("Kotahi") as part of a 10-year freight alliance. Due to the Port of Tauranga Limited completing a 5:1 share split on 17 October 2016, the number of shares originally issued to Kotahi increased to 10,000,000. Of these shares, 5,500,000 are subject to a call option allowing the Port of Tauranga Limited to "call" shares back at zero cost if Kotahi fails to meet the volume commitments.

The increase in the reserve of $1.3m (2023: $1.2m) recognises the shares earned based on containers delivered during the period.

16 Equity (continued)

Equity Settled Share Based Payments

The grant-date fair value of equity settled share based payments is recognised as a rebate against revenue, with a corresponding increase in equity, over the vesting period. The amount recognised as a rebate is adjusted to reflect the number of awards for which the related service is expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date. As at 30 June 2024 the balance of the equity settled share-based payment reserve was $1.6m (2023: $5.1m). This amount is recorded in the Statement of Changes in Equity under the column 'Non controlling interest'.

Share Based Payment Reserve – Management Long Term Incentive

Share rights are granted to employees in accordance with the Port of Tauranga Limited's Management Long Term Incentive Plan. The fair value of share rights granted under the plan are measured at grant date and recognised as an employee expense over the vesting period with a corresponding increase in equity. The fair value at grant date of the share rights are independently determined using an appropriate valuation model that takes into account the terms and conditions upon which they were granted (refer to note 22).

This reserve is used to record the accumulated value of the unvested shares rights, which have been recognised as an expense in the income statement. Upon the vesting of share rights, the balance of the reserve relating to the share rights is offset against the cost of treasury stock allotted to settle the obligation, with any difference in the cost of settling the commitment transferred to retained earnings.

(d) Employee Share Ownership Plan

The Port of Tauranga Limited has an Employee Share Ownership Plan (ESOP). During the year no shares were issued to employees from Port of Tauranga Trustee Company Limited as part of the Employee Share Ownership Plan (2023: nil).

(e) Non-controlling interest

Non controlling interest of 45.86% (2023: 45.86%) is the existing share of Port of Tauranga Limited's consolidated equity which is not owned by *Quayside Group*. A change in non controlling interest arises from Port of Tauranga Limited's freight alliance with Kotahi involving the issue of ordinary shares to Kotahi, subject to meeting certain freight volume commitments over a 10 year period, as disclosed in (c) above.

16 Equity (continued)

Policies

The Group's capital is its equity, which comprises paid up capital, retaining earnings and reserves. Equity is represented by net assets less non controlling interest.

Quayside Group

Quayside Group's objectives when managing capital are to safeguard *Quayside Group's* ability to continue as a going concern in order to provide a long-run risk-adjusted commercial rate of return to the holder of the ordinary shares and to provide fixed dividends to the holders of issued Perpetual Preference shares. Capital is structured to minimise the cost of capital.

Quayside Group's Statement of Intent requires that it retain a majority shareholding in the Port of Tauranga Limited, currently 54.14%; complementing that, the policy of the Board is to provide the best possible management of all other investments by diversifying across sectors away from the port/transport sector, both within Australasia and internationally. To provide for a growing and sustainable flow of dividends to the ordinary shareholder, *Quayside Group* has adopted a distribution policy which will ensure that dividends are maintained with regard to retentions for regional growth and inflation, and can be maintained through periods of income fluctuation.

Quayside Group is required to comply with certain financial covenants in respect of external borrowings, namely security over shares in Port of Tauranga Limited owned by Quayside Securities Limited as trustee for the Quayside Unit Trust.

There have been no changes in *Quayside Group's* approach to capital management during the year. Quayside Holdings Limited has complied with all capital management policies and covenants during the reporting period.

Port of Tauranga Group

The Board's policy is to maintain a strong capital base, which the *Port of Tauranga Group* defines as total shareholders' equity, so as to maintain investor, creditor and market confidence, and to sustain the future business development of the *Port of Tauranga Group*. The *Port of Tauranga Group* has established policies in capital management, including the specific requirements that interest cover is to be maintained at a minimum of three times and that the [debt/ (debt + equity)] ratio is to be maintained at a 40% maximum. It is also *Port of Tauranga Group* policy that the ordinary dividend payout is maintained between a level of between 70% and 100% of profit after tax for the period.

Port of Tauranga Group has complied with all capital management policies and covenants during the reporting periods.

17. Other Financial Assets

	30 June 2024 $000	30 June 2023 $000
Loan to Equity accounted investees	**560**	400
Total current	**560**	400
Measured at amortised cost		
Advances to Equity accounted investees	**25,157**	7,288
Mandatorily measured at fair value through income statement		
Other financial assets	**295,499**	293,266
Total non-current	**321,216**	300,554

Other financial assets represent the diversified portfolio of the Group that are traded in active markets and direct investment into private equity and managed funds.

Quayside Investment Trust has invested in New Zealand, Australian and International Equities which are managed by an investment manager. Investment reports from the investment manager are received to provide a basis for the valuation. The investment manager values the investments using quoted market prices.

Below a detail of the composition of other financial assets:

Other financial assets	30 June 2024 $000	30 June 2023 $000
Listed assets	**207,218**	206,878
Unlisted direct equity investments	**1,839**	18,943
Venture capital managed funds	**83,893**	62,552
Convertible Notes	**2,549**	4,893
Total other financial assets	**295,499**	293,266

17 Other Financial Assets (continued)

The Group has other equity investments of $85.7m (2023: $86.5m) comprising unlisted direct equity investments and investments in venture capital managed funds. All of the Group's other equity investments are either audited to a balance date earlier than 30 June 2023 (31 December or 31 March) or are unaudited. The accounting as at 30 June is based on unaudited management accounts. Management accepts the use of management accounts on the basis that these are reviewed by management and changes, if any, between management accounts and audited accounts, would be unlikely to result in a material impact on the carrying value of the investment.

Venture capital managed funds are measured to fair value based on the latest quarterly reports provided by the fund managers. The fund managers have used a variety of valuation techniques in valuing the underlying investments consistent with the guidance from the International Private Equity and Venture Capital Valuation Board (IPEV). These include revenue and earnings multiples, discounted cash flows or earnings, market evidence, and transaction prices for recent investment. In some cases cost is assessed as a reasonable approximation of fair value.

While the Board is of the view that the fair values of the venture capital managed funds and unlisted equity investments in these financial statements represent the best available information, uncertainty exists over the fair value of the investments in the absence of an active market to determine fair value. There is inherent uncertainty and difficulty in measuring the fair value of early stage unlisted investments.

The Group has additional other financial assets of $2.5m (2023: $4.9m). There are represented by convertible notes. Management reviewed the value of the notes and fair valued the instrument. The fair value of the convertible note was assessed considering the specific provisions included in the different agreements.

Where relevant information was available Management assessed the fair value of the convertible notes weighting the probability of conversion for the potential fair value derived from conversion and the probability of non-conversion for the value obtained under this second scenario.

The Group company has uncalled commitments of $55.4m (2023: $72.8m) in relation to equity managed fund investments.

The following tables group equity investments as at 30 June 2024based on the typology and the valuation techniques and inputs used by the Group to derive the fair value of these investments:

Venture capital managed funds

Valuation Technique	Audited Information	Fair Value 2024 $000	Significant Inputs	Fair value sensitivity to inputs $000
Adjusted share of net assets	31/03/2024	**24,422**	1. Manager audited financial statements 2.Management assessment of the unaudited period 3.Manager quarterly report	Please refer to Note 19 for a sensitivity of the financial assets group.
Adjusted share of net assets	31/12/2023	**59,471**		
Total venture capital managed funds		**83,893**		

Unlisted direct equity investments

Valuation Method	Audited Information	Fair Value 2024 $000	Significant Inputs	Fair value sensitivity to inputs $000
Weighted average of Discounted Cash Flow and Net Tangible Assets (NTA)	30/06/2023	-	1.Compound annual growth in Revenue and Gross Profit, Discount Rate, Terminal value growth rate 2.Weighted probability of each method (80% NTA, 20% DCF).	While a change of probability of +/- 10% to the NTA assigned probability would not result in a movement in fair value of the equity investment, it would decrease / increase by $1.05m of the convertible notes as disclosed in the table in the previous page.
Cost	n/a	**464**	n/a	Please refer to Note 19 for a sensitivity of the financial assets group.
Orderly liquidation value	n/a	**1,375**	1.Specialised assets discount (50%) 2.General assets discount (10%)	Please refer to Note 19 for a sensitivity of the financial assets group.
Total direct equity investments		**1,839**		

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17 Other Financial Assets (continued)

Policies

A financial asset is mandatorily measured at fair value through profit or loss if it is not measured at amortised cost or designated at fair value through comprehensive income upon initial recognition. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets mandatorily measured at fair value through profit or loss are measured at fair value and changes therein, which takes in to account any dividend income, are recognised in profit or loss.

Financial assets mandatorily measured at fair value through profit or loss include: share market investments and other equity investments.

The fair value of share market investments measured at fair value through the income statement is based on quoted market prices at the reporting date and are categorised under the level 1 fair value hierarchy. Share market investments are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Investments in unlisted venture capital funds and unlisted equity investments are not traded in active markets. The fair value is categorised under the level 3 fair value hierarchy. The valuation approaches for these investments are explained above.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Net gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement and other comprehensive income within other gains and other losses.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Partnership has transferred substantially all risks and rewards of ownership. On derecognition, any gain and loss is recognised in the income statement.

Intercompany loans are initially recognised at fair value. They are subsequently measured at amortised cost and adjusted for impairment losses. An impairment gain or loss is recognised in profit or loss and is the amount of expected credit losses (or reversal).

18. Loans and Borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For additional information about the Group's exposure and sensitivity to interest rate risk, refer to note 19.

Term and debt repayment schedule

Group 2024	Maturity	Coupon	Committed facilities NZ$000	Undrawn facilities NZ$000	Fair Value Adjustment NZ$000	Carrying value NZ$000
Non current						
Fixed rate bond	2028	3.55%	100,000	-	(7,038)	92,962
Standby revolving cash advance facility	2028	Floating	50,000	50,000	-	-
Standby revolving cash advance facility	2026	Floating	130,000	130,000	-	-
Fixed rate bond	2025	1.02%	100,000	-	-	100,000
Standby revolving cash advance facility	2025	Floating	100,000	100,000	-	-
Bay of Plenty Regional Council	2030	Floating	50,000	400	-	49,600
Bay of Plenty Regional Council	2033	Floating	100,000	37,498	-	62,502
Total non current			**630,000**	**317,898**	**(7,038)**	**305,064**
Current						
Multi option facility	2024	Floating	5,000	5,000	-	-
Standby revolving cash advance facility	2024	Floating	100,000	-	-	100,000
Commercial papers	<3 months	Floating	-	-	-	170,000
Westpac borrowings	2024	Floating	65,000	21,500	-	43,500
Total current			**170,000**	**26,500**	**-**	**313,500**
Total			**800,000**	**344,398**	**(7,038)**	**618,564**

18 Loans and Borrowings (continued)

Group 2023	Maturity	Coupon	Committed facilities NZ$000	Undrawn facilities NZ$000	Fair Value Adjustment NZ$000	Carrying value NZ$000
Non current						
Fixed rate bond	2028	3.55%	100,000	-	(9,225)	90,775
Standby revolving cash advance facility	2026	Floating	130,000	130,000	-	-
Fixed rate bond	2025	1.02%	100,000	-	-	100,000
Standby revolving cash advance facility	2025	Floating	100,000	100,000	-	-
Standby revolving cash advance facility	2024	Floating	100,000	-	-	100,000
Bay of Plenty Regional Council	2024	Floating	50,000	400	-	49,600
Bay of Plenty Regional Council	2033	Floating	100,000	85,498	-	14,502
Total non current			**680,000**	**315,898**	**(9,225)**	**354,877**
Current						
Multi option facility	2023	Floating	5,000	5,000	-	-
Standby revolving cash advance facility	2023	Floating	50,000	50,000		
Commercial papers	<3 months	Floating	-	-	-	160,000
Westpac borrowings	2023	Floating	75,000	53,125	-	21,875
Total current			**130,000**	**88,125**	**-**	**181,875**
Total			**810,000**	**404,023**	**(9,225)**	**536,752**

18 Loans and Borrowings (continued)

Westpac Banking Corporation

Quayside Holdings Limited has a $65.0 million (2023: $75.0 million) financing arrangement with Westpac Banking Corporation. The balance was voluntary reduced to $65.0 million during 2024. This facility envisages a Specific Security Deed in relation to the shares held in the Port of Tauranga Limited, and provides direct borrowings for the Quayside Group. The facility is expiring on 30 November 2024, hence for the year ended 30 June 2024 has been classified as current.

Quayside is in negotiations with Westpac and other banking parties and is comfortable with the ability to extend the maturity of the facility for at least another year to November 2025.

Bay of Plenty Regional Council

In October 2018, Quayside Holdings Limited entered in to a $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 was due on 1 July 2024. The facility was renewed and extended to 1 July 2030 before the end of the financial year.

In December 2021, Quayside Holdings Limited entered in to a $100 million facility 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 30 June 2033.

Fixed rate bonds

The Port of Tauranga has issued two $100 million fixed rate bonds, a five-year bond with a final maturity on 29 September 2025, and a seven-year bond with a final maturity on 24 November 2028.

Commercial papers

Commercial papers are secured, short term discounted debt instruments issued by the Port of Tauranga Limited for funding requirements as a component of its banking arrangements. The commercial paper programme is fully backed by committed term bank facilities. At 30 June 2024 the Port of Tauranga group had $170 million of commercial paper debt that is classified within current liabilities (2023: $160 million). Due to this classification, the Group's current liabilities exceed the Group's current assets. Despite this fact, the Group does not have any liquidity or working capital concerns as a result of the commercial paper debt being interchangeable with direct borrowings within the standby revolving cash advance facility which is a term facility.

Standby revolving cash advance facility agreement

The Port of Tauranga Limited has a $380 million financing arrangement with ANZ Bank New Zealand Limited, Bank of New Zealand Limited, Commonwealth Bank of Australia, New Zealand Branch and MUFG Bank, Ltd, Auckland Branch (2023: $380 million). The facility, which is secured, provides for both direct borrowings and support for issuance of commercial papers.

Multi option facility

The Port of Tauranga has a $5 million multi option facility with Bank of New Zealand Limited, used for short term working capital requirements (2023: $5 million).

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18 Loans and Borrowings (continued)

Security

Bank facilities and fixed rate bonds are secured by way of a security interest over certain floating plant assets ($13.9 million, 2023: $14.6 million), mortgages over the land and building assets ($1,626 million, 2023: $1,629 million), and by a general security agreement over the assets of the Port of Tauranga ($2,741 million, 2023: $2,671 million).

Covenants

The Port of Tauranga Limited borrows under a negative pledge arrangement, which with limited circumstances does not permit it to grant any security interest over its assets. The negative pledge deed requires the Port of Tauranga Limited to maintain certain levels of shareholders' funds and operate within defined performance and debt gearing ratios. The Port of Tauranga group has complied with all covenants during the reporting periods.

As of 30 June 2024, Quayside was in technical informational undertaking breach with the existing Westpac Facility. Hence the loan was repayable on demand. Subsequent to year end the bank waived the breach.

Fair values

The fair value of fixed rate loans and borrowings is calculated by discounting the future contractual cash flows at current market interest rates that are available for similar financial instruments. The amortised cost of variable rate loans and borrowings is assumed to closely approximate fair value as debt facilities are repriced every 90 days.

Interest rates

The weighted average interest rate of interest-bearing loans was 4.70% at 30 June 2024 (2023: 4.38%) for the Group.

Policies

Loans and borrowings are recognised at fair value, plus any directly attributable transaction costs, if the Group becomes a party to the contractual provisions of the instrument. Loans and borrowings are derecognised if the Group's obligations as specified in the contract expire or are discharged or cancelled.

Subsequent to initial recognition, loans and borrowings are measured at amortised cost using the effective interest method, less any impairment losses.

19. Financial Instruments

a) Accounting Classification and Fair Values

The following tables show the classification, fair value and carrying amount of financial instruments held by the Group at reporting date. The carrying amounts of the following financial instruments are reasonable approximations of their fair value:

- Cash and cash equivalents
- Receivables
- Trade and other payables

Group 2024	Mandatorily at Fair Value through Profit and Loss $000	Other Amortised Cost $000	Total Carrying Amount $000	Fair Value $000
Assets				
Cash and cash equivalents	-	27,756	27,756	27,756
Derivative instruments	340		340	340
Advances to Equity accounted investees	560		560	560
Receivables	-	69,188	69,188	69,188
Total current assets	900	96,944	97,844	97,844
Derivative instruments	11,869	-	11,869	11,869
Advances to equity accounted investees	25,157	-	25,157	25,157
Other financial assets	295,499	-	295,499	295,499
Total non current assets	332,525	-	332,525	332,525
Total assets	**333,425**	**96,944**	**430,369**	**430,369**
Liabilities				
Loans and borrowings	-	313,500	313,500	313,500
Lease liabilities	-	1,049	1,049	867
Trade and other payables	-	27,987	27,987	27,987
Derivative instruments	82	-	82	82
Contingent consideration	28	-	28	28
Total current liabilities	110	342,536	342,646	342,464
Loans and borrowings	-	305,064	305,064	294,539
Lease liabilities	-	55,972	55,972	43,514
Derivative instruments	7,244	-	7,244	7,244
Total non current liabilities	7,244	361,036	368,280	345,297
Total liabilities	**7,354**	**703,572**	**710,926**	**687,761**

19 Financial Instruments (continued)

Group 2023	Mandatorily at Fair Value through Profit and Loss $000	Other Amortised Cost $000	Total Carrying Amount $000	Fair Value $000
Assets				
Cash and cash equivalents	-	39,362	39,362	39,362
Derivative instruments	35		35	35
Advances to Equity accounted investees	400		400	400
Receivables	-	66,577	66,577	66,577
Total current assets	435	105,940	106,374	106,374
Derivative instruments	15,514	-	15,514	15,514
Advances to equity accounted investees	7,288		7,288	7,288
Other financial assets	293,266	-	293,266	293,266
Total non current assets	316,068	-	316,068	316,068
Total assets	316,503	105,939	422,442	422,442
Liabilities				
Loans and borrowings	-	181,875	181,875	181,875
Lease liabilities	-	1,039	1,039	816
Trade and other payables	-	14,067	14,067	14,067
Derivative instruments	7	-	7	7
Contingent consideration	359	-	359	359
Total current liabilities	366	196,981	197,347	197,124
Loans and borrowings	-	354,877	354,877	344,352
Lease liabilities	-	52,621	52,621	40,515
Derivative instruments	9,242	-	9,242	9,242
Contingent consideration	30	-	30	30
Total non current liabilities	9,272	407,498	416,770	394,139
Total liabilities	9,638	604,479	614,117	591,263

b) Financial risk management

The Group's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. For the purposes of this note, the Group comprises two governance structures: *Quayside Group* and *Port of Tauranga Group*.

The Board of Directors of each Group has overall responsibility for the establishment and oversight of the Group's financial risk management framework; however each of the Groups described above has its own Audit Committee appointed by its Board of Directors. Each Audit Committee is established on 'best practice' principles and is responsible for developing and monitoring risk management policies, and reports regularly to their respective Board of Directors on its activities. The Group's financial risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Financial risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Each Board ultimately oversees how management monitors compliance with the Group's financial risk management policies and procedures and reviews the adequacy of the financial risk management framework in relation to the risks faced by the Group.

19 Financial Instruments (continued)

The Group has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Refer to (i) for derivative financial instruments used by the Port of Tauranga Group to manage its financial risks.

(i) Derivative Financial Instruments

The Group has the following derivative financial instruments in the following line items in the Statement of Financial Position:

	30 June 2024 NZ$000	30 June 2023 NZ$000
Current assets		
Interest rate derivatives	**340**	-
Foreign exchange derivatives – cash flow hedges	**-**	35
Total current assets	**340**	35
Non current assets		
Interest rate derivatives – cash flow hedges	**11,869**	15,497
Foreign exchange derivatives – cash flow hedges	**-**	17
Total non current assets	**11,869**	15,514
Current liabilities		
Foreign exchange derivatives – cash flow hedges	**(82)**	(7)
Total current liabilities	**(82)**	(7)
Non current liabilities		
Interest rate derivatives – Fair value hedge	**(7,244)**	(9,242)
Total non current liabilities	**(7,244)**	(9,242)

Policies

The Port of Tauranga Group uses derivative financial instruments to hedge its exposure to foreign exchange, commodity and interest rate risks arising from operational, financing and investment activities. In accordance with its Treasury Policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments qualifying for hedge accounting are classified as non current if the maturity of the instrument is greater than 12 months from reporting date and current if the instrument matures within 12 months from reporting date. Derivatives accounted for as trading instruments are classified as current.

Derivative financial instruments are recognised initially at fair value and transaction costs are expensed immediately. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the income statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the hedging relationship.

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19 Financial Instruments (continued)

(ii) Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at reporting date was:

	30 June 2024 $000	30 June 2023 $000
Credit risk		
Trade and other receivables	**69,188**	66,577
Loans to equity accounted investees	**25,717**	7,688
Derivative financial instruments	**12,209**	15,549
Cash and cash equivalents	**27,756**	39,362
Total	**134,870**	129,176

The Group recognises an allowance for expected credit losses (ECLs) for all financial assets. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For advances to Equity Accounted Investees, which have not had a significant increase in credit risk since initial recognition, ECLs are calculated based on the probability of a default event occurring within the next 12 months. An industry-accepted probability of default is obtained annually from the Standard & Poor's Global Corporate Default Study for use in this calculation.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for any significant known amounts that are not receivable.

On that basis, the following table details loss allowance for trade receivables:

19 Financial Instruments (continued)

Group 2024	Not past due	Past due 0-30 days	Past due 30-60 days	More than 60 days	Total
Expected loss rate (%)	-	-	-	2.86	-
Gross carrying amount – trade receivables ($000)	49,596	13,169	822	1,050	64,637
Loss allowance on trade receivables ($000)	-	-	-	30	30

Movements in provision and impairment of financial assets are:

	30 June 2024 $000	30 June 2023 $000
Opening Balance	228	211
Provision for trade receivables	(40)	70
Provision for advances to Equity Accounted Investees	8	(53)
Closing balance	196	228

19 Financial Instruments (continued)

Credit risk management policies

Quayside Group

Counterparty credit risk is the risk of losses (realised or unrealised) arising from a counterparty failing to meet its contractual obligations. Financial instruments which potentially subject the *Quayside Group* to credit risk, principally consist of bank balances. Unless otherwise approved by the Board, New Zealand cash deposits are required to be with institutions with a credit rating of B or above. Foreign cash deposits are required to be with institutions with a credit rating of A or above.

Port of Tauranga Group

Counterparty credit risk is the risk of losses (realised or unrealised) arising from a counterparty failing to meet its contractual obligations. Financial instruments which potentially subject the *Port of Tauranga Group* to credit risk, principally consist of bank balances, trade receivables, advances to Equity Accounted Investees and derivative financial instruments.

The *Port of Tauranga Group* only transacts in treasury activity (including investment, borrowing and derivative transactions) with Board approved counterparties. Unless otherwise approved by the Board, counterparties are required to be New Zealand registered banks with a Standard & Poor's credit rating of A or above. The *Port of Tauranga Group* continuously monitors the credit quality of the financial institutions that are counterparties and does not anticipate any non performance.

The *Port of Tauranga Group* adheres to a credit policy that requires that each new customer to be analysed individually for credit worthiness before *Port of Tauranga Group's* standard payment terms and conditions are offered. Customer payment performance is constantly monitored with customers not meeting credit worthiness being required to transact with *Port of Tauranga Group* on cash terms. The *Port of Tauranga Group* generally does not require collateral.

Default

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as security (if any is held).

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Concentration of credit risk

The only significant concentration of credit risk at reporting date relates to bank balances and advances to Equity Accounted Investees. The nature of the *Port of Tauranga Group's* business means that the top ten customers account for 62.1% of total Port of Tauranga group revenue (2023: 63.6%). The *Port of Tauranga Group* is satisfied with the credit quality of these debtors and does not anticipate any non performance.

There are no significant concentrations of credit risk for the *Quayside Group*.

(iii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient cash and borrowing facilities available to meet its liabilities when due, under both normal and adverse conditions. The Group's cash flow requirements and the utilisation of borrowing facilities are continuously monitored. The *Port of Tauranga Group's* committed bank facilities are required to be always maintained at a minimum of 10% above maximum forecast usage.

Funding risk is the risk that arises when either the size of borrowing facilities or the pricing thereof is not able to be replaced on similar terms, at the time of review with the Groups banks. To minimise funding risk it is Board policy to spread the facilities' renewal dates and the maturity of individual loans. Where this is not possible, extensions to, or the replacement of, borrowing facilities are required to be arranged at least six months prior to each facility's expiry.

The inflows/outflows disclosed in the below tables represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

19 Financial Instruments (continued)

The following table sets out the contractual cash outflows for all financial liabilities (including estimated interest payments) and derivatives:

	Statement of Financial Position $000	Contractual Cash Flows $000	6 Months or Less $000	6 – 12 Months $000	1 – 2 Years $000	2 – 5 Years $000	More Than 5 Years $000
Group 2024							
Non derivative financial liabilities							
Loans and borrowings	619,092	662,459	343,641	2,827	139,965	176,027	-
Lease liabilities	56,140	110,852	1,880	1,880	3,750	11,201	92,141
Trade and other payables	14,223	14,223	14,223	-	-	-	-
Contingent consideration	28	39	39	-	-	-	-
Total non derivative liabilities	689,483	787,573	359,783	4,707	143,715	187,228	92,141
Derivatives							
Interest rate derivatives							
- Cash flow hedges outflow	(224)	(364)	-	-	-	(330)	(34)
- Cash flow hedges inflow	12,209	14,331	2,482	1,854	3,509	5,754	732
- Fair value hedges - outflow	(7,020)	(8,056)	(1,510)	(1,285)	(1,840)	(3,421)	-
Foreign exchange derivatives							
Cash flow hedges - outflow	(82)	(3,529)	(3,529)	-	-	-	-
Cash flow hedges - inflow	-	3,446	3,446	-	-	-	-
Total derivatives	4,863	5,828	889	569	1,669	2,003	698
Total	**(684,620)**	**(781,745)**	**(358,894)**	**(4,138)**	**(142,046)**	**(185,225)**	**(91,443)**

	Statement of Financial Position $000	Contractual Cash Flows $000	6 Months or Less $000	6 – 12 Months $000	1 – 2 Years $000	2 – 5 Years $000	More Than 5 Years $000
Group 2023							
Non derivative financial liabilities							
Loans and borrowings	536,752	576,006	311,909	28,229	5,592	128,500	101,776
Lease liabilities	53,660	73,293	1,099	1,088	2,170	6,449	62,486
Trade and other payables	14,067	14,067	14,067	-	-	-	-
Contingent consideration	389	579	-	579	-	-	-
Total non derivative liabilities	604,868	663,945	327,075	29,896	7,762	134,949	164,262
Derivatives							
Interest rate derivatives							
- Cash flow hedges outflow	-	(179)	-	-	-	(168)	(11)
- Cash flow hedges inflow	15,373	18,394	2,511	2,653	3,974	7,486	1,770
- Fair value hedges - outflow	(9,118)	(10,678)	(1,619)	(1,554)	(2,527)	(4,260)	(718)
Foreign exchange derivatives							
Cash flow hedges - outflow	-	(20,246)	(11,225)	(5,492)	(3,529)	-	-
Cash flow hedges - inflow	45	20,294	11,229	5,518	3,547	-	-
Total derivatives	6,300	7,585	896	1,125	1,465	3,058	1,041
Total	**(598,568)**	**(656,360)**	**(326,179)**	**(28,771)**	**(6,297)**	**(131,891)**	**(163,221)**

19 Financial Instruments (continued)

(iv) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, commodity prices and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The *Quayside Group* is exposed to equity securities price risk because of investments held by the Group. This risk is managed through diversification of the portfolio. Refer to further information in Note 19(iii). The *Quayside Group* has no exposure to commodity price risk.

The *Port of Tauranga Group* uses derivative financial instruments such as interest rate swaps and foreign currency options to hedge certain risk exposures. All derivative transactions are carried out within the guidelines set out in The *Port of Tauranga Group's* Treasury Policy which have been approved by the Board of Directors. Generally the *Port of Tauranga Group* seeks to apply hedge accounting in order to manage volatility in the income statement.

Interest rate risk

Interest rate risk is the risk of financial loss, or impairment to cash flows in current or future periods, due to adverse movements in interest rates on borrowings or investments. The *Port of Tauranga Group* uses interest rate derivatives to manage its exposure to variable interest rate risk by converting variable rate debt to fixed rate debt.

The Port of Tauranga Group's policy is to keep its exposure to borrowings at fixed rates of interest between parameters as set out in the its treasury policy.

The *Port of Tauranga Group* enters into derivative transactions into International Swaps Derivatives Association (ISDA) master agreements. The ISDA agreements do not meet the criteria for offsetting in the balance sheet for accounting purposes.

For nominal value of interest rate derivatives and foreign exchange derivatives along with the respective average interest rate please refer to the Profile Timing section.

The *Quayside Group* has deposits and borrowings that are subject to movements in interest rates.

19 Financial Instruments (continued)

At reporting date, the interest rate profile of the Group's interest-bearing financial assets /(liabilities) were:

	30 June 2024 $000	30 June 2023 $000
Carrying amount		
Fixed rate instruments		
Fixed rate bond	**(192,962)**	(190,775)
Lease liabilities	**(57,021)**	(53,660)
Total	**(249,983)**	(244,435)
Variable rate instruments		
Commercial papers	**(170,000)**	(160,000)
Standby revolving cash advance facility	**(100,000)**	(100,000)
Interest rate derivatives	**4,965**	6,255
Westpac borrowings	**(43,500)**	(21,875)
Bay of Plenty Regional Council Borrowings	**(112,102)**	(64,102)
Cash balances	**27,756**	39,362
Total	**(392,881)**	(300,359)

Sensitivity analysis

Interest rate movements have been applied to the Group's variable rate debt to demonstrate the sensitivity to interest rate risk. If, at reporting date, bank interest rates had been 100 basis points higher/lower, with all other variables held constant, the result would increase/(decrease) post tax profit or loss and the hedging reserve by the amounts shown below. The analysis is performed on the same basis used for the year ended June 2023.

The effect on equity is the movement in the valuation of derivatives that are designated as cash flow hedges due to an increase or decrease in interest rates. All derivatives that are effective as at 30 June 2024 are assumed to remain effective until maturity. Therefore, any movements in these derivative valuations are taken to the cash flow hedge reserve within equity and they will reverse entirely by maturity date.

	Profit or Loss		Cash Flow Hedge Reserve	
	100 bp Increase $000	100 bp Decrease $000	100 bp Increase $000	100 bp Decrease $000
Group 2024				
Variable rate instruments	**(2,920)**	**2,941**	-	-
Interest rate derivatives - paying fixed	**1,404**	**(1,352)**	**5,288**	**5,563**
Interest rate derivatives - paying floating	**(720)**	**720**	-	-
Total	**(2,236)**	**2,309**	**5,288**	**5,563**
Group 2023				
Variable rate instruments	(2,603)	2,622		
Interest rate derivatives - paying fixed	1,404	(1,352)	5,143	(5,418)
Interest rate derivatives - paying floating	(722)	722	-	-
Total	(1,921)	1,992	5,143	(5,418)

19 Financial Instruments (continued)

Foreign exchange risk

Quayside Group

Foreign currency risk is the risk arising from the variability of the NZD currency values of the Group's assets, liabilities and operating cash flows, caused by changes to foreign exchange rates. The Group held the following foreign equities and cash balances at balance date:

	30 June 2024 $000	30 June 2023 $000
Cash – AUD	**2**	7,817
Cash – USD, EUR, GBP, CAD	**169**	7,703
Equities – AUD	**33,446**	33,476
Equities – USD, EUR, GBP, CAD, SGD	**75,187**	63,135
	108,804	112,131

Sensitivity analysis

If at reporting date, a 10% strengthening/weakening of the above currencies against the New Zealand dollar occurred with all other variables held constant, it would increase/(decrease) post tax profit or loss and the cash flow hedges reserve by the amounts shown below. The analysis is performed on the same basis used for the year ended June 2023.

	Profit or Loss	
	10% Strengthening $000	10% Weakening $000
Group		
Cash – AUD	**-**	**(-)**
Cash – USD, EUR, GBP	**17**	**(17)**
Equities – AUD	**3,345**	**(3,345)**
Equities – USD, EUR, GBP, CAD, SGD	**7,519**	**(7,519)**
30 June 2024	**10,880**	**(10,880)**
Cash – AUD	782	(782)
Cash – USD, EUR, GBP	770	(770)
Equities – AUD	3,348	(3,348)
Equities – USD, EUR, GBP, CAD, SGD	6,314	(6,314)
30 June 2023	11,214	(11,214)

Port of Tauranga

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant Group entity. The risk is measured through a forecast of highly probable foreign currency expenditures. The risk is hedged with the objective of minimising the volatility of the NZD cost of highly probable forecast property, plant and equipment purchases.

The Port of Taranga Group's policy is to hedge between 0% and 50% of foreign exchange exposures for property, plant and equipment purchases following approval from the Board for the capital expenditure, and a minimum of 75% hedging is required at the time a supply contract is signed. The above limits apply to foreign currency imports of capital items exceeding NZD500,000.

19 Financial Instruments (continued)

At reporting date, the Port of Tauranga Group's exposure to foreign exchange risk, expressed in NZD, was as follows:

	2024		2023	
	USD NZ$000	EUR NZ$000	USD NZ$000	AUD NZ$000
Foreign currency forwards				
Buy foreign currency (cash flow hedges)	-	3,529	2,285	17,961

As shown in the table above, the Port of Tauranga Group is primarily exposed to changes in US/NZ, EUR/NZ and AU/NZ exchange rates. The impact on equity arises from foreign forward exchange contracts designated as cash flow hedges.

If, at reporting date, foreign exchange rates had been 5% higher/lower, with all other variables held constant, the result would increase/(decrease) the hedging reserve by the amounts shown below. Based on historical movements, a 5% increase or decrease in the NZD exchange rate is considered to be a reasonable estimate.

The analysis was performed on the same basis for 2023.

	Cash Flow Hedge Reserve	
	2024 NZ$000	2023 NZ$000
EUR/NZ exchange rate – increase 5% (2023: 5%)	(117)	(596)
EUR/NZ exchange rate – decrease 5% (2023: 5%)	130	659
US/NZ exchange rate – increase 5% (2023: 5%)	-	(78)
US/NZ exchange rate – decrease 5% (2023: 5%)	-	86

Other price risk

Quayside Group is exposed to equity securities price risk because of investments classified as fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group's Statement of Investment Policy Objectives. The Group's investments are in both listed and unlisted equities and managed funds. Equities by nature are subject to volatility. The Group holds equities in a number of markets. The Group held the following equities at balance date:

	30 June 2024 $000	30 June 2023 $000
Unlisted private equity and managed funds	88,281	86,389
Listed Equities - NZD	98,586	110,266
Listed Equities - AUD	33,446	33,476
Listed Equities – USD, EUR, GBP, CAD, SGD	75,187	63,135
	295,500	293,266

19 Financial Instruments (continued)

Sensitivity analysis

The table below summarises the impact of increases/decreases in the equity prices on the Group's pre-tax profit for the year – all movements in equity prices are reflected through profit or loss. The analysis is based on the assumption that the equity prices had increased/decreased by 10% with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index.

	10% Increase $000	10% Decrease $000
Unlisted private equity and managed funds	8,828	(8,828)
Listed Equities - NZD	9,859	(9,859)
Listed Equities - AUD	3,345	(3,345)
Listed Equities – USD, EUR, GBP, CAD, SGD	7,519	(7,519)
30 June 2024	29,551	(29,551)
Unlisted private equity and managed funds	8,639	(8,639)
Listed Equities - NZD	11,027	(11,027)
Listed Equities - AUD	3,348	(3,348)
Listed Equities – USD, EUR, GBP, CAD, SGD	6,314	(6,314)
30 June 2023	29,328	(29,328)

The Group is also exposed to other price risk arising from the variability of kiwifruit prices which impact on the valuation of the Group's income and receivables. The Group's Kiwifruit income and related receivable at year-end are based on forecast revenue per tray, made at the beginning of the season.

Sensitivity analysis

At 30 June 2024, if the forecast revenue per tray had been 10% higher/lower with all other variables held constant, the Group's post tax profit for the year would increase/decrease by $0.3m (2023: $0.2m).

19 Financial Instruments (continued)

Market liquidity risk

Market liquidity risk is the risk that insufficient liquidity in the market for a security will limit the ability of the security to be sold, resulting in the Group suffering a financial loss. The Group is subject to market liquidity risk if investments are made in relatively illiquid securities, such as unlisted investments. The Group seeks to minimise its exposure to this risk through having sufficient liquid investments.

Financial instruments categories and fair value hierarchy

The Group's other equity investments are mandatorily measured at fair value through the income statement. The table below analyses financial instruments carried at fair value, by level of valuation.

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 June 2024 and 30 June 2023.

	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
30 June 2024				
Financial assets at fair value through profit or loss				
Listed equity investments	**207,218**	-	-	**207,218**
Unlisted direct investments	-	-	**1,839**	**1,839**
Unlisted managed funds	-	-	**83,893**	**83,893**
Other instruments	-	-	**2,549**	**2,549**
	207,218	-	**88,281**	**295,500**

	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
30 June 2023				
Financial assets at fair value through profit or loss				
Listed equity investments	206,878	-	-	206,878
Unlisted direct investments	-	-	18,943	18,943
Unlisted managed funds	-	-	62,552	62,552
Other instruments	-	-	4,893	4,893
	206,878	-	86,388	293,266

Transfers between levels in the fair value hierarchy

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Board and management determine whether transfers have occurred between levels in the hierarchy by reassessing categorisation throughout each reporting period. There were no transfers between levels in the current or prior year.

19 Financial Instruments (continued)

Reconciliation of fair value measurement under Level 3 hierarchy

The table below shows a reconciliation of fair value movements in Level 3 financial instruments.

	30 June 2024 $000	30 June 2023 $000
Opening Balance	**86,389**	68,447
Purchases	**17,319**	14,579
Sales	**(6,797)**	(650)
Interest Income	**623**	533
Transfers	**160**	-
Unrealised gains and losses recognised in net fair value gains / (losses) on financial instruments held at fair value through profit or loss	**(9,413)**	3,480
Closing Balance	**88,281**	86,389

For recurring fair value measurements categorised within Level 3 of the fair value hierarchy the amount of the total gains or losses for the period included in income that is attributable to the change in unrealised gains or losses relating to those assets and liabilities held at the end of the reporting period was a $9.5m loss (2023: $3.5m gain), and these amounts are recognised as part of the 'Other Gains' (Note 4c) or 'Other Losses' (Note 6 b) line item of the income statement.

Fair value sensitivity

	Non-market observable input	Movement	Impact on fair value measurement	
		%	Increase $000	Decrease $000
2024 –Group				
Unlisted direct investments	(i)	(i)	**368**	**(368)**
Unlisted managed funds	(i)	(i)	**16,779**	**(16,779)**
2023 –Group				
Unlisted direct investments	(i)	(i)	3,789	(3,789)
Unlisted managed funds	(i)	(i)	12,510	(12,510)

(i) The Group's investments that have been categorised as private equity and are held either directly or via externally managed investment vehicles. The Board and management have assessed that the reasonably likely movement in fair value in a one-year period is: 20% for direct private equity investments and 20% for managed funds based on internal risk modelling.

Valuations for these investments are provided by investment managers or administrators if held via a managed structure. The Group does not always have access to the underlying valuation models to fully disclose sensitivities to specific assumptions.

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19 Financial Instruments (continued)

(v) Hedging activity

i) Cash Flow Hedges

The details of hedging instruments and hedged items for cash flow hedges are as follows:

			Carrying Amount of Hedging Instrument		Carrying Amount of Hedged Item		Change in Fair Value of Outstanding Hedging Instruments	Change in Fair Value of Hedged Item Used to Determine Hedge Ineffectiveness	Hedge Ineffectiveness Recognised in Profit or Loss	Line item in Profit of Loss that includes hedge effectiveness
Group 2024	Hedging	Hedged	Assets	(Liabilities)	Assets	(Liabilities)				
	Instrument	Item	NZ$000	NZ$000	NZ$000	NZ$000	NZ$000	NZ$000	NZ$000	
Cash flow hedge	Interest rate derivatives	Loans and borrowings	12,209	(224)	-	(195,000)	(3,405)	4,125	(7)	Finance income
Cash flow hedge	Foreign exchange derivatives	Plant, property, and equipment	-	(82)	-	-	(187)	128	(59)	Finance income
Total			12,209	(306)	-	(195,000)	(3,592)	4,253	(66)	

**Includes forward starting derivatives.*

			Carrying Amount of Hedging Instrument		Carrying Amount of Hedged Item		Change in Fair Value of Outstanding Hedging Instruments	Change in Fair Value of Hedged Item Used to Determine Hedge Ineffectiveness	Hedge Ineffectiveness Recognised in Profit or Loss	Line item in Profit of Loss that includes hedge effectiveness
Group 2023	Hedging	Hedged	Assets	(Liabilities)	Assets	(Liabilities)				
	Instrument	Item	NZ$000	NZ$000	NZ$000	NZ$000	NZ$000	NZ$000	NZ$000	
Cash flow hedge	Interest rate derivatives	Loans and borrowings	15,497	(124)	-	(195,000)	3,483	(4,617)	78	Finance income
Cash flow hedge	Foreign exchange derivatives	Plant, property, and equipment	52	(7)	-	-	(304)	304	55	Finance income
Total			15,549	(131)	-	(195,000)	3,179	(4,313)	133	

**Includes forward starting derivatives.*

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19 Financial Instruments (continued)

ii) Fair value hedges

			Carrying Amount of Hedging Instrument		Carrying Amount of Hedged Item		Accumulated Amount of Fair Value Hedge Adjustments on the Hedged Item included in the Carrying Amount of the Hedged Item		Change in Fair Value of Outstanding Hedging Instruments	Change in Fair Value of Hedged Item Used to Determine Hedge Ineffectiveness	Hedge Ineffectiveness Recognised in Profit or Loss
Group 2024	Hedging	Hedged	Assets	(Liabilities)	Assets	(Liabilities)	Assets	(Liabilities)			
	Instrument	Item	NZ$000	NZ$000	NZ$000	NZ$000	NZ$000	NZ$000	NZ$000	NZ$000	NZ$000
Fair value hedge	Interest rate derivatives	Loans and borrowings	-	(7,020)	-	(96,962)	7,038	-	2,098	(2,187)	(89)

			Carrying Amount of Hedging Instrument		Carrying Amount of Hedged Item		Accumulated Amount of Fair Value Hedge Adjustments on the Hedged Item included in the Carrying Amount of the Hedged Item		Change in Fair Value of Outstanding Hedging Instruments	Change in Fair Value of Hedged Item Used to Determine Hedge Ineffectiveness	Hedge Ineffectiveness Recognised in Profit or Loss
Group 2023	Hedging	Hedged	Assets	(Liabilities)	Assets	(Liabilities)	Assets	(Liabilities)			
	Instrument	Item	NZ$000	NZ$000	NZ$000	NZ$000	NZ$000	NZ$000	NZ$000	NZ$000	NZ$000
Fair value hedge	Interest rate derivatives	Loans and borrowings	-	(9,118)	-	(90,775)	9,224	-	(1,715)	1,696	(19)

19 Financial Instruments (continued)

The accumulated amount of fair value adjustments remaining in the balance sheet of any hedged items that have ceased to be adjusted for hedging gains and losses is $nil (2023: $nil). The changes in fair value deemed to be hedge ineffective are recognized in finance income or expenses.

Profile of Timing

The following table sets out the profile of timing of the notional amount of the hedging instrument:

Group 2024	Less than 12 months NZ$000	1-4 Years NZ$000	Maturity 4-7 Years NZ$000	More than 7 years NZ$000	Total NZ$000
Interest rate derivatives					
Notional amount – fixed (NZ$000)	90,000	120,000	175,000	-	385,000
Average fixed rate (%)	2.91	2.81	3.31	-	2.93
Notional amount – variable (NZ$000)	-	-	100,000	-	100,000
Average variable rate (%)	6.35	5.23	4.95	-	5.46
Foreign exchange derivatives					
Notional amount (EUR$000)	1,957	-	-	-	1,957
Average EUR:NZD forward contract rate	0.55	-	-	-	0.55

Group 2023	Less than 12 months NZ$000	1-4 Years NZ$000	Maturity 4-7 Years NZ$000	More than 7 years NZ$000	Total NZ$000
Interest rate derivatives					
Notional amount – fixed (NZ$000)	-	155,000	160,000	-	315,000
Average fixed rate (%)	3.09	2.62	2.47	-	2.69
Notional amount – variable (NZ$000)	-	-	100,000	-	100,000
Average variable rate (%)	6.72	5.39	5.26	-	5.60
Foreign exchange derivatives					
Notional amount (US$000)	1,410	-	-	-	1,410
Notional amount (EUR$000)	8,074	1,957	-	-	10,031
Average USD:NZD forward contract rate	0.62	-	-	-	0.62
Average EUR:NZD forward contract rate	0.56	0.55			0.56

19 Financial Instruments (continued)

Hedging reserves

The details of movements within the hedging reserve are as follows:

	30 June 2024 NZ$000	30 June 2023 NZ$000
Opening balance	**11,509**	9,051
Fair value gains included in OCI	**816**	3,438
Reclassified to income statement – included in finance expenses	**(4,325)**	(82)
Reclassified to the cost of property, plant and equipment – not included in OCI	**-**	(255)
Amortisation of interest rate collar premium	**-**	22
Movement in hedging reserve of Equity Accounted Investees	**(218)**	209
Tax impact (refer to note 8)	**982**	(874)
Closing balance	**8,764**	11,509

Hedge effectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

For hedges of foreign currency purchases, the Port of Tauranga Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The Port of Tauranga Group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Port of Tauranga Group uses the hypothetical derivative method to assess effectiveness.

In hedges of foreign currency purchases, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of the Port of Tauranga Group or the derivative counterparty.

The Port of Tauranga Group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Port of Tauranga Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. As all critical terms matched during the year, there is an economic relationship.

Hedge ineffectiveness for interest rate swaps is assessed using the same principles as for hedges of foreign currency purchases. It may occur due to:

- the credit value/debit value adjustment on the interest rate swaps which is not matched by the loan;
- differences in critical terms between the interest rate swaps and loans; and
- drawn liabilities that fall below the hedging amount, causing the hedge ratio to exceed 100%.

Cash flow hedges

The Port of Tauranga Group manages its interest rate risk and foreign exchange risk by designating cash flow hedges.

The Port of Tauranga Group's policy of ensuring a certain level of its interest rate risk exposure is at a fixed rate, is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate and using interest rate swaps as hedges of the variability in cash flows attributable to movements in interest rates.

The Port of Tauranga Group uses foreign exchange forwards to hedge its foreign exchange risk exposure in respect of highly probable forecast transactions. The Port of Tauranga Group designates the forward rates of foreign currency forwards in hedge relationships.

The Port of Tauranga Group applies a hedge ratio of 1:1.

19 Financial Instruments (continued)

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in the cash flow hedge reserve to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the income statement. The change in fair value of the cash flow hedge is accounted for as a cost of hedging and recognised in the hedging reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

- Where the hedged item subsequently results in the recognition of a non-financial asset (such as property, plant and equipment), the deferred hedging gains and losses, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (e.g. through depreciation).

- The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

If the hedging instrument no longer meets the criteria for hedge accounting, expires, or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in the hedging reserve remains there until the highly probable forecast transaction, upon which the hedging was based, occurs. When the hedged item is a non-financial asset, the amount recognised in the hedging reserve is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in the hedging reserve is transferred to the income statement in the same period that the hedged item affects the income statement.

Fair Value Hedges

The Group designates as fair value hedges derivative financial instruments on fixed rate debt where the fair value of the debt changes as a result of changes in interest rates. The carrying amount of the hedged items are adjusted for gains and losses attributable to the risk being hedged. The hedging instruments are also measured to fair value. Gains and losses from both are recognised in the income statement. The Port of Tauranga Group applies a hedge ratio of 1:1.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in profit or loss within finance expenses, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

Fair values

The fair value of derivatives traded in active markets is based on quoted market prices at the reporting date. The fair value of derivatives 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 based on observable forward price curves. The fair value of forward exchange contracts is calculated as the present value of future cash flows based on quoted forward exchange rates at the reporting date.

All derivative financial instruments held by the Group and measured at fair value are classified as level 2 under the fair value measurement hierarchy (refer to note 2).

20 Trade and other payables

	30 June 2024 $000	30 June 2023 $000
Accounts payable	**25,847**	10,594
Accrued employee benefit liabilities	**8,463**	6,730
Accruals	**19,345**	27,468
Payables to Equity Accounted Investees and related parties	**279**	213
Total trade and other payables	**53,934**	45,005

Payables denominated in currencies other than the functional currency are nil (2023: nil). Trade and other payables are non-interest-bearing and are normally settled on 30 day terms; therefore the carrying value of trade and other payables approximates their fair value.

The classification of prior year comparatives between payables and accruals have been revised to better reflect how these items are classified in the current year.

Policies

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost.

21 Related Party Transactions

Parent and ultimate controlling entity

The Group is 100% owned by the Bay of Plenty Regional Council – refer Note 1.

Transactions with key management personnel

The below disclosure refers to Quayside Group and Port of Tauranga Group. The Group does not provide any non cash benefits to Directors in addition to their Directors' fees. Key management personnel compensation comprised the following:

	30 June 2024 $000	30 June 2023 $000
Directors		
Directors' fees recognised during the period	**1,425**	1,283
Executive Officers		
Executive officer's salaries and other short-term employee benefits recognised during the period (cash settled)	**4,402**	4,537
Executive officer's share based payments (equity settled) recognised during the period	**129**	397
Post-employment executive officers' employee benefits recognised during the period	**-**	27
Total	**5,956**	6,244

All *Port of Tauranga Group* Executive Management Team participate in Management Long Term Incentive Plans and may receive cash or non cash benefits as a result of these plans (refer note 22).

Quayside Holdings Limited and Subsidiaries
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21 Related Party Transactions (continued)

Other related entities

Other related parties include subsidiaries in the Group – refer Note 1. During the year, the Group entered into transactions with companies in which directors hold directorships. These directorships have not resulted in the Group having a significant influence over the operations, policies or key decisions of these companies.

Quayside Group transactions with related parties:	30 June 2024 $000	30 June 2023 $000
Transactions with Ultimate Controlling Entity		
Bay of Plenty Regional Council		
Services provided to Quayside Properties Limited		
Interest paid by Quayside Holdings Limited	**796**	-
Interest payable by Quayside Holdings Limited	**3,394**	**2,158**
Dividends paid by Quayside Holdings Limited	**45,000**	**42,500**
Loan repaid by Quayside Holdings Limited	**-**	**-**
Loan payable by Quayside Holdings Limited	**112,102**	**64,101**
Subvention payable by Quayside Unit Trust		
Subvention payable by Quayside Properties Limited		

Quayside Group transactions with related parties:	30 June 2024 $000	30 June 2023 $000
Transactions with Equity Accounted Investees		
Directorship fees received by Quayside Holdings Limited	**95**	135
Accounts receivable by Quayside Holdings Limited	**27**	16
Loans receivable by Quayside Holdings	**-**	7,688
Advances to equity accounted investees	**26,488**	5,061
Loan repaid by equity accounted investees	**855**	-
Distributions from equity accounted investees	**1,888**	1,287

21 Related Party Transactions (continued)

Further information on investment in to, and distributions from Equity Accounted Investees, can be found in note 14.

In the *Quayside Group*, interest is on charged on intercompany loans at the actual rate of interest incurred by Quayside Holdings Limited. No related party debts have been written off, forgiven or provided for as doubtful during the year. The Parent has issued Perpetual Preference Shares on the NZX. The following transactions were recorded by directors:

	30 June 2024 No	30 June 2023 No
R A McLeod (a director) as Trustee	-	100,000

	30 June 2024 $000	30 June 2023 $000
Port of Tauranga Group transactions with related parties:		
Transactions with ultimate controlling entity:		
Bay of Plenty Regional Council		
Services provided to Port of Tauranga Limited	-	-
Transactions with equity accounted investees		
Services provided to Port of Tauranga Limited	**3,244**	774
Services provided by Port of Tauranga Limited	**7,561**	5,184
Accounts receivable by Port of Tauranga Limited	**1,187**	160
Accounts payable by Port of Tauranga Limited	**90**	51
Advances by Port of Tauranga Limited	**1,400**	1,400
Services provided to Quality Marshalling (Mount Maunganui) Limited	**1**	2
Services provided by Quality Marshalling (Mount Maunganui) Limited	**1,007**	319
Accounts receivable by Quality Marshalling (Mount Maunganui) Limited	**72**	27
Services provided to Timaru Container Terminal Limited	**3,893**	3,046
Services provided by Timaru Container Terminal Limited	**635**	156
Accounts receivable by Timaru Container Terminal Limited	**19**	-
Accounts payable by Timaru Container Terminal Limited	**188**	202
Transactions with Directors and Members of the Executive Leadership Team		
Directors' fees recognised during the period	**922**	**862**
Executive officers' salaries and other employee benefits recognised during the period (cash settled)	**3,971**	**4,083**
Executive officers' share-based payments (equity settled) recognised during the period	**129**	**397**
Post employment executive officers' employee benefits recognised during the period	**-**	**27**

In March 2013, the Ultimate Controlling Party granted Port of Tauranga Limited a resource consent to widen and deepen the shipping channels. As a condition of this consent, an environmental bond to the value of $1.0 million is be held in escrow in favour of the Ultimate Controlling Party. The bond is to ensure the remedy of any unforeseen adverse effects on the environment arising from the dredging. The resource consent expires on 6 June 2027.

22. Management Long Term Incentive Plan

Members of the Port of Tauranga Group's executive management team participate in an equity settled long term incentive (LTI) plan. Under this LTI plan, share rights are issued to participating executives and have a three-year vesting period. The vesting of share rights, which entitles the executive to the receipt of one Port of Tauranga Limited ordinary share at nil cost, is subject to the executive remaining employed by Port of Tauranga Limited during the vesting period and the achievement of certain earnings per share (EPS) and total shareholder return (TSR) targets. For EPS share rights granted, the proportion of share rights that vest depends on the Port of Tauranga Group achieving EPS growth targets. For TSR share rights granted, the proportion of share rights that vests depend on the *Port of Tauranga Groups* TSR performance ranking relative to the NZX50 index less Australian listed stocks. To the extent that performance hurdles are not met, or executives leave Port of Tauranga Limited prior to vesting, the share rights are forfeited. The share-based payment expense relating to the LTI plan for the year ended 30 June 2024 is $0.17 million (2023: $0.23 million) with a corresponding increase in the share based payments reserve (refer note 16).

The members of Quayside Group Senior Leadership Team participate in a long term incentive plan based on the adjusted net assets growth achieved over a 3 years period. As at 30 June 2024, no amount is accrued in respect of this incentive plan.

Number of Share Rights Issued to Executives:

Grant Date	Scheme End Date	Right Type	Balance at 30 June 2023	Granted During the Year	Vested During the Year	Forfeited During the Year	Balance at 30 June 2023
1 July 2020	30 June 2023	EPS	88,409	-	(87,524)	(885)	-
1 July 2020	30 June 2023	TSR	73,674	-	-	(73,674)	-
1 July 2021	30 June 2024	EPS	79,203	-	-	-	79,203
1 July 2021	30 June 2024	TSR	66,003	-	-	-	66,003
1 July 2022	30 June 2025	EPS	100,972	-	-	-	100,972
1 July 2022	30 June 2025	TSR	84,143	-	-	-	84,143
1 July 2023	30 June 2026	EPS	-	108,216	-	-	108,216
1 July 2023	30 June 2026	TSR	-	90,047	-	-	90,047
Total LTI Plan			**492,404**	**198,263**	**(87,524)**	**(74,559)**	**528,584**

Fair Value of Share Rights Granted

Share rights are valued as zero cost in-substance options at the day at which they are granted, using the Black-Scholes-Merton model. The following table lists the key inputs into the valuation:

Grant Date	Scheme End Date	Right Type	Grant Date Share Price $	Risk Free Interest Rate %	Expected Volatility of Share Price %	Valuation per Share Right $
1 July 2021	30 June 2024	EPS	7.00	1.38	25.9	6.88
1 July 2021	30 June 2024	TSR	7.00	1.38	25.9	4.19
1 July 2022	30 June 2025	EPS	6.17	4.24	27.2	6.09
1 July 2022	30 June 2025	TSR	6.17	4.24	27.2	2.92
1 July 2023	30 June 2026	EPS	6.21	5.57	20.3	5.51
1 July 2023	30 June 2026	TSR	6.21	5.57	20.3	2.93

PAYE Liability
Upon vesting of share rights, the Port of Tauranga funds the PAYE liability and issues the net amount of shares to executives.

22 Management Long Term Incentive Plan (continued)

Policies

The Port of Tauranga group provides benefits to the Port of Tauranga Limited's Executive Management Team in the form of share-based payment transactions, whereby executives render services in exchange for rights over shares (equity settled transactions) or cash settlements based on the price of the Port of Tauranga Limited's shares (cash settled transactions). The cost of the transactions is spread over the period in which the employees provide services and become entitled to the awards.

Equity Settled Transactions

The cost of the equity settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The cost of equity settled transactions is recognised in the income statement, together with a corresponding increase in the share-based payment reserve in equity.

23 Investment Properties

	30 June 2024 $000	30 June 2023 $000
Balance at 1 July	**100,057**	**97,308**
Additions – Work in progress (at cost, net of attributed PGF funding)	**55,512**	**13,609**
Capitalised interest	**1,447**	**-**
Sales	**-**	**(3,050)**
Fair value gains / (losses) on valuation	**10,822**	**(7,810)**
Balance at 30 June	**167,838**	**100,057**
Classified as:		
Investment property – Held for sale - current	**4,200**	-
Investment Property – Non current	**163,638**	100,057
	167,838	100,057
Rental / lease income from investment properties	**3,044**	1,856
Expenses from investment property generating income	**759**	593

Description of investment properties

Investment properties held include the following:

Asset type	Location	Current use
Commercial Building	Tauranga CBD	Commercial Lease
Industrial Building	Mount Maunganui	Commercial Lease
Industrial Building	Hamilton, Te Rapa	Commercial Lease
Residential Rural Block	Tauriko	Residential Rental
Industrial Zoned Land under development as a 'Rangiuru Business Park'.	Rangiuru, Te Puke	Kiwifruit orchards, leased dairy grazing land and residential rentals.
Commercial Building	Sala Street, Rotorua	Commercial Lease

The Lot 1 of the office building located in Tauranga CBD is under contract and is unconditional from 19 of July 2024. Hence has been classified as non-current asset held for sale as at 30 June 2024.

Rangiuru Business Park classification

Management have run an assessment in order to determine the classification of Rangiuru Business Park as at 30 June 2024. The decision to classify the land as investment property instead of inventory requires a high degree of judgement from Management.

23 Investment Properties (continued)

In 2005 the Group undertook a plan change which changed the land from rural to industrial. There has been no change in designation of the land since this time. In parallel, the Group obtained a number of long-term consents for the park. All are deemed operative, by virtue of the Tauranga Eastern Link development.

As at balance date, buildings and vines had been removed from stage one land while the development is ongoing. Earthworks are being carried out and the works for the other relevant infrastructure as disclosed in the plan are ongoing.

Management is still evaluating a range of options around timing and actions to be taken with the plan plots and the development of the Business Park. The Company is currently seeking expressions of interest in the development and is evaluating to sell the land, lease the land or develop vertical builds.

Due to the existing uncertainties disclosed above, Management believes that the classification of the land as investment property is appropriate.

Financial Contribution expense (refer to Note 6)

As at 30 June 2024, the Group has spent $66.5m in Financial Contributions for the development of the enabling infrastructure at the Rangiuru Business Park.

The development of the Rangiuru Business Park is disciplined by the Western Bay of Plenty District Council Operative District Plan ("the Plan"). In line with the Plan, Quayside must fund a portion of the enabling infrastructure that for Stage 3 and 4.

The Financial Contributions spent as at 30 June 2024 not attributable to Stage 1 and 2 are expensed and payable to the Company by owners of Stage 3 and 4. These Financial Contributions are recoverable, but the recoverability is not wholly within the control of the Group and as such are disclosed as contingent assets. Refer to Note 6. The amounts expensed include interests calculated as outlined in the plan (OCR plus 1.5%).

Provincial Growth Fund ("PGF") classification

The total amount of PFG received as at 30 June 2024 is $16m. The funding was attributed (netted off) to work in progress for the portion allocated to Quayside land ($10.9m) and to "Financial contribution expense for the portion allocated to third-party landowners ($5.1m), refer to Note 6.

Valuation of investment properties

Investment properties are revalued annually to fair value. The fair value measurements have been categorised as a level 2 fair value based on the inputs to the valuation technique. The valuation of all investment property was carried out by independent registered valuers. The valuers are experienced valuers with extensive market knowledge in the type of investment properties owned by Quayside Properties Limited. All investment properties were valued based on open market evidence and 'highest and best use' currently for the land Improvement values have been assessed with regard to their income producing capacity, depreciated replacement cost and an analysis of sales where properties have included similar asset types.

23 Investment Properties (continued)

A summary of the valuation methods and significant assumptions applied in the valuation of these assets are:

Asset type	Valuation method adopted	Highest and best use	Significant assumptions
Commercial and Industrial Buildings	Capitalisation approach and Discounted Cash Flow Analysis	Current use	Commercial Tauranga CBD – no assumption, held for sale (2023: $400.00) per sqm Industrial, Mount Maunganui - Net market rent of $206.85 (2023: $189.80) Industrial, Hamilton - Net market rent of $150.00-$240.00 sqm (2023: $173.02) Sala Street, Rotorua – Capitalisation Rate 7.75%
Residential Rural Block – Tauriko – Internal valuation	Market approach	Current use	$550/sqm to $250,000/ha for improvements and land respectively.
Rangiuru Business Park – External Valuation	Market approach (with residual approaches as a control method)	Stage 1 Land – Industrial park development (2023: Industrial park development) Stage 2 land – Industrial park development (2023: Orchard/rural use)	-Comparable sales. - Stage 1 land - $3 to $215/sqm (2023: $5 to $112.5/sqm) - Stage 2 land – 15$ to $900/sqm (2023: n/a, change of high and best use)

Commitments

The Company has $40.2m of commitments in relation to the development of the Rangiuru Business Park.

23 Investment Properties (continued)

Policies

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss. Cost includes any expenditure that is directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. Properties leased to third parties under operating leases are generally classified as investment property unless:

- the occupants provide services that are integral to the operation of the Group's business and those services could not be provided efficiently and effectively by the lessee in another location;
- the property is being held for future delivery of services by the Group; or
- the lessee uses services of the Group and those services are integral to the reasons for the lessee's occupancy of the property.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its costs for subsequent accounting.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Any improvements in investment property will be recognised initially at cost whilst the work is in progress, and will subsequently be included in the fair value revaluation once the work is complete.

Quayside Holdings Limited and Subsidiaries
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24 Contingencies

Refer to the Capital Commitments section of note 10 for details on the construction contingency the Port of Tauranga may be required to fund in relation to Ruakura Inland Port LP.

25 Subsequent Events

The financial statements were approved by the Board of Directors on 29 August 2024.

On 28 August 2024, Quayside obtained a waiver for the breach disclosed in Note 18.

On 26 July 2024, the Port of Tauranga refinanced a tranche of its $380 million Standby Revolving Cash Advance Facility, increasing the facility size by $20 million to $400 million.

Tranche 1 was reduced from $100 million to $70 million and a new $50 million facility, tranche 6, was added. The maturity date of tranche 1 was extended from 31 December 2024 to 31 December 2026, and the maturity date of tranche 6 is 31 December 2027.

After the reporting date, the Port of Tauranga approved a final dividend of 8.7 cents per share. Please refer to Note 16(b).

26 Quayside Group Performance Information

The Company is a member of the *Quayside Group*. The *Quayside Group* is required to prepare a Statement of Service Performance reporting on performance measures and results. Recorded below are the ten targets and results of the *Quayside Group's* Statement of Intent categorised under five portfolio activities.

(a) Port portfolio

The *Quayside Group* has a majority shareholding in Port of Tauranga.

Performance target	Performance measure	2024 result	
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.	Quayside held 54.14% of Port of Tauranga shares as at 30 June 2024.	●

Target met: **Yes**

The Port of Tauranga continues to provide the *Quayside Group* and Council with dividend returns and long-term capital growth. The *Quayside Group* is a long-term investor in Port of Tauranga and must maintain a majority shareholding in accordance with Council policy. The *Quayside Group* cannot sell any Port shareholding without the endorsement from Council.

Of significant interest to shareholders of Quayside is the financial performance of the Port of Tauranga and the participation rate of Quayside as shareholder in governance of the Port of Tauranga.

	30 June 2024	30 June 2023
Shareholding		
Issued shares*	680,581,230	680,581,230
Quayside shares	368,437,680	368,437,680
% held By Quayside	54.14%	54.14%
Operations		
Operating revenues	$417.4m	$420.9m
Results from operating activities	$198.8m	$210.6m
Net profit	$90.8m	$117.1m
Cash flows		
Ordinary dividends paid out	$100.7m	$102.1m
Ordinary dividends received by Quayside	$54.5m	$55.3m
Ordinary dividends as percent of profit	116%	86%
Dividend declared post balance date	$59.2m	$59.9m
Asset Backing		
Share price (last bid price)	$4.72	$6.15
Market value of Port	$3,211.7m	$4,184.7m
Market value of Quayside Holding	$1,735.3m	$2,265.8m
Net tangible assets per share (dollars per share)	$3.27	$3.14
Governance		
Number of directors	7	7
Number of Quayside affiliated directors	2	2

**Includes treasury shares*

Further information on Port of Tauranga's non-financial performance can be found in its Annual Report or on its website www.port-tauranga.co.nz.

26 Quayside Group Performance Information

(b) Investment portfolio

Performance target	Performance measure	2024 result	
2. Generate commercial returns across the Investment portfolio.	Five year rolling gross return target of >/= 7.0% per annum.	9.65% 2023: 9.78%	●

Target met: **Yes**

The *Quayside Group* manages a diversified investment portfolio with a market value of $204.5m at 30 June 2024. These investments include domestic and foreign equities, and cash. Quayside holds equity investments as part of a portfolio of non-port assets, to diversify our investments in a targeted manner, reducing our reliance on one investment stream and thereby supporting sustainable, intergenerational shareholder returns over time.

The 7% p.a. five year rolling gross return target *(2023 7.0%)* is based on current industry and analyst expectation of long-term performance of equity markets. This target is reviewed annually. The Quayside Group exceeded its rolling five year gross return objective with a return of 9.65%.

Quayside's Statement of Investment Policy and Objectives (SIPO), sets out the investment governance and management framework. Quayside's Responsible Investment Policy ensures Quayside invests in a manner that is complementary to the policies and objectives of the Bay of Plenty Regional Council and is a responsible, commercially focused investor. The primary objectives of the strategic investment policies for the portfolio, are to ensure that the value of the assets is protected long term, managed and grown while generating income that can be distributed to the shareholder as required.

Quayside Consolidated Group Investment Portfolio financial highlights are tabled below:

	30 June 2024	30 June 2023
Investment portfolio value	**$204.5**	**$202.3**
1 year gross return (actual)	**10.17%**	**14.06%**
5 year rolling gross return (actual)	**9.65%**	**9.78%**
5 year rolling gross return (target)	**7.00%**	**7.00 %**

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(c) Real asset portfolio

Performance target	Performance measure	2024 result	
3. Generate long term commercial returns through a portfolio of real assets.	Pricing and Valuation quarterly meeting to regularly assess individual assets.	Pricing & Valuation Committee meetings held on 18th August 2023, 15th November 2023, 20th February 2024, 30th May 2024	

Target met: **Yes**

The *Quayside Group* real asset portfolio currently comprises commercial buildings in Mount Maunganui, Tauranga, Rotorua and Hamilton, industrial land at Rangiuru and horticulture investments locally and in the Nelson/Tasman region. As at year end the Pricing and Valuation Committee has determined that each of the currently held real assets continue to remain strong long-term assets for future growth and return.

Real asset portfolio financial highlights are tabled below.

	30 June 2024	30 June 2023
Invested*	$235.3	$143.5

*Real assets as a total, is reflective of investment assets and regional benefit assets.

(d) Private equity

Performance target	Performance measure	2024 result
4. Generate long-term commercial returns through a portfolio of private equity assets.	Pricing and Valuation Quarterly meeting to assess individual asset performance.	Pricing & Valuation Committee meetings held on 18th August 2023, 15th November 2023, 20th February 2024, 30th May 2024

Target met: **Yes**

Quayside currently has investments in a number of private equity entities both through direct holdings and third-party management. These investments continue to provide promising returns for the Group, Council and the wider region, with further capital invested into these entities during the year.

	30 June 2024	30 June 2023
Invested	**$121.6**	$121.5m
Undrawn Commitments	**$55.7**	$73.9m

26 Quayside Group Performance Information

(e) Regional benefit assets

Performance target	Performance measure	2024 result
5. Develop the business park at Rangiuru to create long term benefit for the Bay of Plenty region.	Quarterly reporting by Quayside to Council on progress and matters related to strategic risk and financial aspects and regional and social benefits of the development.	Development of the Rangiuru Business Park is tracking to programme with intent to seek title during 2025. Stormwater Pond for stage 1a commenced in April with expectation for completion in October with stage 1b commencing in April 2025.
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.	Quayside presented to Council 30th August 2023 (Briefing), 20th September 2023 (Workshop), 25th October 2023 (Workshop), 26th October 2023 (Presentation), 14th March 2024 (Presentation), 26th June 2024 (Workshop) Quayside continues to hold the land at Tauriko.

Target met: **Yes**

The Quayside Group owns land at the future Rangiuru Business Park; a 148-hectare industrial business park development. The Business Park, once completed, will provide much needed industrial development for the region.

During the year, core infrastructure projects commenced such as the wastewater rising main, stage 1a civils, ongoing earthworks and the commencing of the 48-hectare stormwater pond. The Interchange is programmed to be completed before summer FY25. The park is now a multi contractor area therefore significant resources as PCBU have been invested into health, safety and wellness process and initiatives. Sales and Marketing programme commences in July 2024.

26 Quayside Group Performance Information

(f) Governance

This activity relates to the policies and procedures the *Quayside Group* will adopt to satisfy governance requirements and expectations and ensures that open dialogue exists between the *Quayside Group* and Council, so that Council are kept informed of all significant matters relating to the *Quayside Group* at the earliest opportunity.

Performance measure	Performance target	2024 result
6. 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. Timely advice and support as required. Matters of urgency are reported to Council at the earliest opportunity. Long term forecasting of key financial information and key risks provided to Council annually.	Quayside presented to Council 30th August 2023 (Briefing), 20th September 2023 (Workshop), 25th October 2023 (Workshop), 26th October 2023 (Presentation), 14th March 2024 (Presentation), 26th June 2024 (Workshop). Regular meetings are held at CEO and executive levels through all areas of the business. Financial forecasting and risk information provided through: • Presentations & Workshops with Council. • Statement of Intent annual process. • Quayside Distribution & Reserving Policy.
7. Ensure Group policies and procedures are current and appropriate.	All policies and procedures reviewed no less than biennially by the Quayside Executive.	All policies are reviewed in accordance with the Policy & Charter Schedule or as directed by our Board.
8. Meet shareholder distribution expectations as outlined in the Statement of Intent.	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. Quayside will make a recommendation to Council on the use of any special dividends received from the Port.	Cash dividends of $45m (target $45m) paid to Council as forecast in SOI. Gross PPS dividend of $13.28 (target $13.28m) paid to PPS Holders No special dividend from POTL in 2023.

26 Quayside Group Performance Information

Performance measure	Performance target	2024 result
9. Compliance with NZX listing requirements for PPS.	Disclosures are made in line with continuous disclosure requirements. Board reporting of PPS compliance and monitoring.	Filing of interim and annual financial statements achieved within legislative timelines. Board receives regular reporting on PPS compliance in line with NZX requirements.
10. 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 (for example for the Framework being adopted as part of the climate related disclosures).	The Group holds written principles for responsible investment. As part of the rollout of the Investment Committee, the external review of our Statement of Investment Principles (SIPO) and the inaugural reporting of our Climate Related Disclosures Report, these principles will be reviewed during the FY25 year. A benchmark review of holdings was done in June 2024 against the New Zealand Super Fund Responsible Investment Exclusion List. Our investment approach was consistent with this list. It should be noted that restrictions or prohibitions by international conventions are included in the review although not explicit. New investments are screened against responsible investment principles and ESG analysis is included in investment proposals. The Group annual report contains responsible investment reporting.

Targets met: **10/10**

The Group maintains an extensive suite of policies which are subject to internal operational review regularly, and Board review no less than biennially.

Key

Met *Not met* *Not applicable*

Interest register

The company is required to maintain an Interests Register in which the particulars of certain transactions and matters involving the directors must be recorded. The interest register for Quayside Holdings Limited is available for inspection at the registered office. The directors of the Parent Company have made general disclosures of interest in accordance with S140(2) of the Companies Act. Current interests and those which ceased during the year, are tabulated below. New disclosures advised since 1 July 2023 are italicised.

Director	Entity	Position
WYNNE, Mark (Chair)	Quayside Holdings Limited	Director
	Quayside Properties Limited	Director | Chair
	Quayside Securities Limited	Director
	Alliance Group Limited	Director
	Waipura Forestry Limited	Shareholder
CROSBY, Stuart Alan	Bay of Plenty Regional Council	Councillor
	Quayside Holdings Limited	Director
	Quayside Securities Limited	Director
	Quayside Properties Limited	Director
	Templogger NZ Limited	Director | Shareholder
FEAR, David	Quayside Holdings Limited	Director
	Quayside Properties Limited	Director
	Quayside Securities Limited	Director
	Upstream Poplars Limited	Shareholder
	NorthWest Water Limited	Shareholder
HORNE, Keiran Anne	Hamilton City Council	ARC Chair
	Quayside Holdings Limited	Director
	Quayside Securities Limited	Director
	Quayside Properties Limited	Director
	ScreenSouth Limited	Director | Chair
	Enable Networks Limited	Director | ARC Chair
	Enable Services Limited	Director
	University of Canterbury	ARC Chair
	The Co-operative Bank Limited (appointed 16/1/24)	*Director*

Interest register (continued)

The entities listed above against each director and executive may transact with Quayside Holdings Limited. Refer to Note 21 of the Financial Statements.

Director	Entity	Position
MCTAVISH, Fiona Catherine	Bay of Plenty Regional Council	Officer
	BOPLASS Limited	Director
	McTavish – Huriwai Investments Limited	Director | Shareholder
	Priority One WBOP Inc	Executive Board Member
	Quayside Holdings Limited	Director
	Quayside Securities Limited	Director
	Quayside Properties Limited	Director
	Regional Software Holdings Ltd	Director
WHINERAY, Fraser	Quayside Holdings Limited	Director
	Quayside Securities Limited	Director
	Quayside Properties Limited	Director
	Triplejump Group Holdings Limited	Shareholder
	Waste Management NZ Limited	Director
	WMNZ Holdings Limited	Director
	Tui Bidco Limited	Director
	Port of Tauranga Limited	Director
	Focus Radiotherapy Limited	Director | Shareholder
	Tui Topco Limited	Director
	PSX Group Limited	Director | Shareholder
	Centre for Climate Action Joint Venture Limited	Director
WHITE, Te Taru	Bay of Plenty Regional Council	Councillor
	Indigenuity Limited	Director
	Pukahukiwi Kaokaoroa Inc	Trustee
	Noa New Zealand Limited	Director | Shareholder
	Quayside Holdings Limited	Director
	Quayside Properties Limited	Director
	Quayside Securities Limited	Director
	Te Taru White Consultancy Limited	Director | Shareholder
	Whenua Fruits Limited	Shareholder
	Te Tatau o Te Arawa Charitable Trust	Board Member

Quayside Holdings Limited and Subsidiaries
Statutory Information
For the year ended 30 June 2024

Information used by directors

During the financial year there were no notices from directors of Quayside Holdings Limited, or any subsidiary, requesting to use information received in their capacity as a director which would not otherwise have been available to them.

Indemnification and insurance of directors and officers

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

Donations

No donations were made by Quayside Holdings Limited during the year ended 30 June 2024.

Auditors remuneration

The following amounts are payable to the auditors of the company for the year:

KPMG: Audit Fees $456,630 (excluding GST)

Directors

The following directors of Quayside Holdings Limited and its subsidiaries held office during the year ended 30 June 2024:

	Remuneration	
	Paid by parent $000	Paid by subsidiaries $000
M Wynne (Chair) *(Appointed 1.10.2023)*	**42**	**35**
S Crosby	**32**	**33**
D. Fear *(Appointed 1.10.2023)*	**32**	**25**
K Horne	**42**	**33**
F Whineray *(Appointed 1.10.2023)*	**24**	**25**
T White	**32**	**33**
R. McLeod *(Resigned 31.10.2023)*	**21**	**22**
B Hewlett *(Resigned 31.10.2023)*	**11**	**11**
W Parker *(Resigned 30.12.2023)*	**28**	**22**
Total	**264**	**239**

The fees above do not include director fees paid the Port of Tauranga. The fees above are exclusive of GST. F McTavish was remunerated by the Bay of Plenty Regional Council.

Quayside Holdings Limited and Subsidiaries
Statutory Information
For the year ended 30 June 2024

Port of Tauranga

The following directors of Port of Tauranga Limited held office during the year ended 30 June 2024:

	2024 $000	2023 $000
D A Pilkington (Chair)	**-**	**12**
A M Andrew	**127**	**117**
K R Ellis	**-**	**39**
D J Bracewell*	**128**	**100**
J C Hoare	**214**	**182**
A R Lawrence	**117**	**111**
D W Leeder	**108**	**100**
R A McLeod	**35**	**104**
F S Whineray	**72**	**-**
J B Stevens	**121**	**96**
Total	**922**	**862**

Loans

There were no loans by Quayside Holdings Limited, or the Port of Tauranga Limited, to directors.

Quayside Holdings Limited and Subsidiaries
Statutory Information
For the year ended 30 June 2024

Employees

The number of employees whose total annual remuneration including salary, performance bonuses, an Economic Value Added Based Executive Incentive Scheme, employer's contributions to superannuation and health schemes, and other sundry benefits received in their capacity as employees, was within the specified bands as follows:

	Port of Tauranga Limited		Quayside Holdings Limited	
Remuneration range $000	Number of employees 2024	Number of employees 2023	Number of employees 2024	Number of employees 2023
100 – 109	21	22	3	1
110 – 119	20	32	1	0
120 – 129	26	30	1	1
130 – 139	36	20	1	1
140 – 149	15	13	0	1
150 – 159	16	8	0	0
160 – 169	13	14	1	0
170 – 179	10	7	0	1
180 – 189	9	1	0	0
190 – 199	7	2	0	0
200 – 209	3*	1	0	0
210 – 219	4	1	1	0
220 – 229	0	3	0	1
230 – 239	3	1*	0	0
240 – 249	1	1	0	1
250 – 259	3	3	1	0
260 – 269	0	1	0	1
270 – 279	1	1	1	2
280 – 289	5	0	1	0
290 – 299	2	3	0	0
300 - 309	1	2*	1	0
310 – 319	2*	0	1	0
320 – 329	0	1*	0	0
330 – 339	1	0	0	0
380 - 389	1*	0	0	0
420 – 429	0	1*	2	0
430 - 469	0	0	0	1
490 - 499	1*	0	0	0
560 – 569	1*	0	0	0
570 – 579	0	1*	0	0
650 - 659	0	1*	0	0
660 - 679	0	0	0	1
700 - 709	0	1*	1	0
790 – 799	1	0	0	0
810 – 819	1*	0	0	0
1,350 – 1,360	0	1*	0	0
1,460-1,469	1*	0	0	0

**Includes vesting of Long Term Incentive Scheme and payment of Short Term Incentive*

Quayside Holdings Limited and Subsidiaries
Statutory Information
For the year ended 30 June 2024

Perpetual Preference Shareholder Information

The Perpetual Preference Shares of Quayside Holdings Limited are listed on the NZDX. The information in the disclosures below has been taken from the Company's share registers as at 30 June 2024.

Twenty largest holders of perpetual preference shares

Rank	Name	Units at 30 June 2024	% of Units
1	CUSTODIAL SERVICES LIMITED <A/C 4>	51,210,000	25.60
2	JBWERE (NZ) NOMINEES LIMITED <NZ RESIDENT A/C>	28,034,000	14.02
3	FNZ CUSTODIANS LIMITED	19,031,000	9.52
4	FORSYTH BARR CUSTODIANS LIMITED <1-CUSTODY>	14,479,000	7.24
5	JBWERE (NZ) NOMINEES LIMITED <RES INST A/C>	4,760,000	2.38
6	INVESTMENT CUSTODIAL SERVICES LIMITED <A/C C>	3,609,000	1.80
7	TAPPENDEN HOLDINGS LIMITED	2,117,000	1.06
8	FORSYTH BARR CUSTODIANS LIMITED <ACCOUNT 1 E>	1,937,000	0.97
9	ATT INVESTMENTS LIMITED	1,000,000	0.50
9	FAITH PRISCILLA TAYLOR	1,000,000	0.50
9	FLETCHER BUILDING EDUCATIONAL FUND LIMITED	1,000,000	0.50
9	JBWERE (NZ) NOMINEES LIMITED <44626 A/C>	1,000,000	0.50
9	KIA INVESTMENTS LIMITED	1,000,000	0.50
14	FNZ CUSTODIANS LIMITED <DRP NZ A/C>	972,000	0.49
15	NZX WT NOMINEES LIMITED <CASH ACCOUNT>	924,000	0.46
16	JBWERE (NZ) NOMINEES LIMITED <50986 A/C>	700,000	0.35
17	PHILIP MAURICE CARTER	625,000	0.31
18	STEPHEN LEONARD JOHNS	600,000	0.30
19	JONATHAN AYLMER RATTRAY	515,000	0.26
19	PUBLIC TRUST - NZCSD <THE ASPIRING FUND>	515,000	0.26
	Totals: Top 20 holders of perpetual preference shares	**135,028,000**	**67.51**
	Total remaining holders balance	**64,972,783**	**32.49**
	Total	**200,000,783**	**100%**

Quayside Holdings Limited and Subsidiaries
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For the year ended 30 June 2024

Distribution of perpetual preference shares

Range of equity holdings	Number of holders	Number of shares held	% of issued equity
1 - 499	0	0	0.00
500 - 999	1	783	0.00
1,000 - 1,999	0	0	0.00
2,000 - 4,999	0	0	0.00
5,000 - 9,999	193	1,098,000	0.55
10,000 - 49,999	1,256	25,186,000	12.59
50,000 - 99,999	304	17,563,000	8.78
100,000 - 499,999	136	20,625,000	10.31
500,000 - 999,999	8	5,351,000	2.68
1,000,000 Over	13	130,177,000	65.09
TOTAL	**1,911**	**200,000,783**	**100.00**

Ordinary shareholder information

Holder	Number held	% of issued equity
Bay of Plenty Regional Council	10,000	100.00

Quayside Holdings Limited and Subsidiaries
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For the year ended 30 June 2024

Registered office

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

Postal address

Level 2 41 The Strand
Tauranga 3110

Auditors

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

Solicitor

Cooney Lees Morgan
PO Box 143
Tauranga 3110

Share registrar

Computershare Investor Services Limited
Private Bag 92119
Auckland 1142
159 Hurstmere Road
Takapuna, Auckland 0622

Managing Your Shareholding Online:
To change your address, update your payment instructions and to view your registered details including transactions, please visit;

www.investorcentre.com/nz

General enquiries can be directed to:

enquiry@computershare.co.nz
Private bag 92119, Auckland 1142
Telephone +64 9 488 8777 Facsimile +64 9 488 8787

Please assist our registrar by quoting your CSN or shareholder number.

Quayside Holdings ©

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