



QUAYSIDE
INVESTMENT TRUST

Annual Report 2023



Quayside Securities Limited as Trustee for Quayside Investment Trust

Director's Declaration

For the year ended 30 June 2023

Quayside Investment Trust is part of the 'Quayside Group'. The Quayside Group's Statement of Intent, prepared in accordance with the Local Government Act 2002, covers prudent financial management and risk management. The Quayside Group achieved the majority of its objectives as set out in the Statement of Intent for the year ended 30 June 2023. Refer to note 5 for further information.

The performance of Quayside Securities Limited as Trustee for Quayside Investment Trust in undertaking its monitoring and advisory functions will be assessed with respect to:

- The quality of financial and other analysis.
- The robustness and accuracy of the information relied upon in providing advice.
- The clarity, timeliness and materiality of advice.
- Compliance with the shareholder's expectation that there should be "no surprises" arising from the company.
- Compliance with the shareholder's expectation for optimal commercial performance from the company.

Achievements

During the year the Bay of Plenty Regional Council (Council) has been fully informed by the directors of the company as to the performance of Quayside Securities Limited as Trustee for Quayside Investment Trust. The performance has met the shareholder's expectations as defined in the Quayside Group's Statement of Intent.

The directors of Quayside Securities Limited, as Trustee for the Quayside Investment Trust, are pleased to present the financial statements for the year ended 30 June 2023.

For and on behalf of the Board of Directors:



Director



Director

Quayside Securities Limited as Trustee for Quayside Investment Trust

For the year ending 30 June 2023

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Independent Auditor's Report

To the readers of Quayside Securities Limited as Trustee for Quayside Investment Trust's financial statements and performance information for the year ended 30 June 2023

The Auditor-General is the auditor of Quayside Securities Limited as Trustee for Quayside Investment Trust (the Trust). The Auditor-General has appointed me, Leon Pieterse, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the company on his behalf.

Opinion

We have audited:

- the financial statements of the company on pages 5 to 13 and pages 20 to 24, that comprise the statement of financial position as at 30 June 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on pages 14 to 19.

In our opinion:

- the financial statements of the company on pages 5 to 13 and pages 20 to 24:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2023; and
 - its financial performance and 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 Reduced Disclosure Regime; and
- the performance information of the company on pages 14 to 19 presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company's objectives for the year ended 30 June 2023.

Our audit was completed on 29 August 2023. 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.

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

The Board of Directors is responsible on behalf of the company for preparing 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 company.

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

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the company for assessing the company'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 company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from 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 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 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 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 company'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 company'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 company'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 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 company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the 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 information included on pages 25 to 28, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the 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 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 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.

Independence

We are independent of the company 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 issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Trust.



Leon Pieterse
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand

Quayside Securities Limited as Trustee for Quayside Investment Trust
Income Statement
For the year ended 30 June 2023

	Note	30 June 2023 \$000	30 June 2022 \$000
Income			
Dividend income	6 (a)	5,435	5,606
Net fair value gains / (losses) on financial assets through profit or loss	6 (b)	14,302	(20,942)
Operating income / (loss)		19,737	(15,336)
Expenses			
Trading and other expenses	7 (a)	(667)	(620)
Operating expenses		(667)	(620)
Operating profit before finance costs and taxation		19,070	(15,956)
Finance income	8	863	198
Profit/(loss) before income tax		19,933	(15,758)
Income tax expense	9	-	-
Net profit/(loss) after tax		19,933	(15,758)

**Quayside Securities Limited as Trustee for Quayside Investment Trust Statement
of Comprehensive Income
For the year ended 30 June 2023**

	30 June 2023	30 June 2022
	\$000	\$000
Net profit/(loss) after tax	19,933	(15,758)
Other comprehensive income	-	-
Total comprehensive income /(loss) for the period	19,933	(15,758)

Quayside Securities Limited as Trustee for Quayside Investment Trust
Statement of Changes in Equity
For the year ended 30 June 2023

	Units issued \$000	Retained earnings \$000	Total equity \$000
Balance at 1 July 2021	138,624	107,604	246,228
Profit/(loss) after tax	-	(15,758)	(15,758)
Total comprehensive income	-	(15,758)	(15,758)
Changes in units issued	(22,500)	-	(22,500)
Balance at 30 June 2022	116,124	91,846	207,969
Balance at 1 July 2022	116,124	91,846	207,969
Profit/(loss) after tax	-	19,933	19,933
Total comprehensive income	-	19,933	19,933
Changes in units issued	-	-	-
Balance at 30 June 2023	116,124	111,789	227,902

Quayside Securities Limited as Trustee for Quayside Investment Trust
Statement of Financial Position
As at 30 June 2023

	Note	30 June 2023 \$000	30 June 2022 \$000
Assets			
Current assets			
Cash and cash equivalents		21,496	15,663
Trade and other receivables	10	417	148
Total current assets		21,913	15,811
Non-current assets			
Other financial assets	12	206,217	192,277
Total assets		228,130	208,088
Liabilities			
Current liabilities			
Trade and other payables	13	228	118
Net assets		227,902	207,970
Equity			
Paid up units		116,124	116,124
Retained earnings		111,778	91,846
Total equity		227,902	207,970

These financial statements have been authorised for issue by the Board of Directors on 29th August 2023.



Director



Director

Quayside Securities Limited as Trustee for Quayside Investment Trust
Statement of Cash Flows
For the year ended 30 June 2023

	2023 \$000	2022 \$000
Cash flows from operating activities		
Dividends received	5,127	5,588
Interest received	727	198
Payments to suppliers	(776)	(634)
Net cash flow from operating activities	5,078	5,152
Cash flows from investing activities		
Proceeds from sale of investments	50,547	56,598
Purchase of investments	(49,986)	(27,800)
Net cash flow from investing activities	561	28,798
Cash flows from financing activities		
Proceeds from the issue of units		-
Cost of redemption of units	-	(22,500)
Intercompany borrowing	(218)	
Net cash flow from financing activities	(218)	(22,500)
Effects of exchange rate changes on cash and cash equivalents	22	481
Net increase in cash and cash equivalents	5,833	11,931
Cash and cash equivalents at the beginning of the year	15,663	3,732
Cash and cash equivalents at the end of the year	21,496	15,663

Quayside Securities Limited as Trustee for Quayside Investment Trust

Notes to the Financial Statements

For the year ended 30 June 2023

1 Reporting entity

Quayside Investment Trust (the “Trust”) was established under a Trust Deed (Quayside Investment Trusts) in March 2014.

Quayside Securities Limited is the Trustee for Quayside Investment Trust. These financial statements are for Quayside Investment Trust. The Parent of Quayside Securities Limited as Trustee for Quayside Investment Trust is Quayside Holdings Limited, and the ultimate controlling entity is the Bay of Plenty Regional Council. The Trust is a council-controlled trading organisation as defined under Section 6 of the Local Government Act 2002, by virtue of the Council’s right to appoint the Board of Quayside Holdings Limited.

The Trust is a Portfolio Investment Entity (PIE) for the purpose of income taxation in New Zealand.

The Trust has investments in equities, shares, and other investments. The Trust is classified as a for-profit entity.

For the purposes of these financial statements, the Quayside Group comprises Quayside Holdings Limited and its subsidiaries including Quayside Investment Trust. Refer to the diagram below of the Quayside Group.

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			
	Huakwi 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 25% QHL

Quayside Securities Limited as Trustee for Quayside Investment Trust

Notes to the Financial Statements (continued)

For the year ended 30 June 2023

2 Basis of preparation

Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

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

NZ IFRS – Reduced disclosure regime

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

The financial statements were approved by the Board of Directors on 29th August 2023.

Basis of measurement

The financial statements have been prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: other financial assets mandatorily measured at fair value through the income statement. The methods used to measure fair values are discussed further in note 4.

Functional and presentation currency

These financial statements are prepared in New Zealand dollars (\$), which is the Trust’s functional currency. Where presented, all financial information has been rounded to the nearest thousand.

Changes in accounting policies

There have been no changes in accounting policies. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Use of 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 relates to the valuation of financial instruments (refer note 4(b)).

Quayside Securities Limited as Trustee for Quayside Investment Trust
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a) Foreign currency

Transactions in foreign currencies are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement.

b) Financial instruments

(i) Non-derivative financial assets

The Trust initially recognises non-derivative financial assets on the date that they originated. Financial assets mandatorily measured at fair value through profit and loss, are recognised initially on the trade date at which the Trust becomes a party to the contractual provisions of the instrument.

The Trust classifies non-derivative financial assets into the following categories:

Financial assets mandatorily measured at fair value through profit or loss

A financial asset is classified 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: equity securities

Financial assets at amortised cost

Financial assets at amortised cost are those financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Financial assets at amortised cost include: cash and cash equivalents; trade and other receivables.

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, when applicable, are shown within borrowings in current liabilities in the Statement of Financial Position.

(ii) Non-derivative financial liabilities

The Trust initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Trust becomes a party to the contractual provisions of the instrument. The Trust derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Trust classifies non-derivative financial liabilities into the financial liabilities measured at amortised cost category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Financial liabilities measured at amortised cost comprise: trade and other payables.

c) Dividend income

Dividend income is recognised on the date that the right to receive payment is established, being the ex-dividend date.

d) Finance income and expense

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues, using the effective interest method. Finance expenses comprise interest expense on borrowings. All borrowing costs are recognised in profit or loss using the effective interest method.

Quayside Securities Limited as Trustee for Quayside Investment Trust
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

3 Significant accounting policies (continued)

e) Income tax expense

The Trust qualifies and has elected to be a Portfolio Investment Entity (PIE) for the purpose of taxation in New Zealand. Under the PIE regime, income is effectively taxed in the hands of the unit holders of the Trust, and therefore the Trust does not have any tax expense.

Investors in the Trust are obliged to provide the Trust with their Prescribed Investor Rate (PIR) of 0%, 10.5%, 17.5% or 28%.

Under the PIE legislation, the income of the Trust is attributed to the unit holders of the Trust in accordance with their proportional interest in the Trust. In the case of the Quayside Investment Trust all investors have a PIR of 0%.

f) Units issued

Units issued are classified as equity.

Where the Trust issues new or cancels existing units, the value of units issued or cancelled is calculated on the value of net assets of the Trust divided by the units on issue.

g) Goods and Services Tax (GST)

The Trust is not registered for GST. All amounts stated are inclusive of GST.

4 Determination of fair values

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

Fair values have been determined for measurement and/or disclosure purposes based on the following methods:

a) Trade receivables and payables

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

b) Non-derivative financial assets

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

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


Quayside Securities Limited as Trustee for Quayside Investment Trust
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

5. Quayside Group Statement of Service Performance

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	2023 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 2023.	

Target met: **Yes**

The Port of Tauranga continues to provide the *Quayside Group* and Council with dividend returns and 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 2023	30 June 2022
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	\$420.9m	\$375.2m
Results from operating activities	\$210.6m	\$193.1m
Net profit	\$117.1m	\$111.4m
Cash flows		
Ordinary dividends paid out	\$102.1m	\$95.2m
Ordinary dividends received by Quayside	\$55.3m	\$51.6m
Ordinary dividends as percent of profit	86%	73%
Dividend declared post balance date	\$59.9m	\$55.8m
Asset Backing		
Share price (last bid price)	\$6.15	\$6.16
Market value of Port	\$4,184.7m	\$4,140.5m
Market value of Quayside Holding	\$2,265.8m	\$2,269.6m
Net tangible assets per share (dollars per share)	\$3.14	\$3.05
Governance		
Number of directors	7	7
Number of Quayside affiliated directors	2	2
<i>*Includes treasury shares</i>		

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.

Quayside Securities Limited as Trustee for Quayside Investment Trust
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

5. Quayside Group Statement of Service Performance (continued)

(b) Investment portfolio

Performance target	Performance measure	2023 result
2. Generate commercial returns across the Investment portfolio.	Five year rolling gross return target of $\geq 7.0\%$ per annum.	Five year rolling gross return of 9.78% for the Quayside consolidated group achieved at 30 June 2023. 

Target met: **Yes**

The *Quayside Group* manages a diversified investment portfolio with a market value of \$202.3m at 30 June 2023. 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 (2022 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 9.78%.

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 2023	30 June 2022
Investment portfolio value	\$202.3	\$189.8
1 year gross return (actual)	14.06%	(5.36%)
5 year rolling gross return (actual)	9.78%	10.78%
5 year rolling gross return (target)	7.00 %	7.00 %

Quayside Securities Limited as Trustee for Quayside Investment Trust
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

5. Quayside Group Statement of Service Performance (continued)

(c) Real asset portfolio

Performance target	Performance measure	2023 result
3. Generate long term commercial returns through a portfolio of real assets.	Pricing and Valuation quarterly meeting to regularly assess individual assets.	Pricing and Valuation Meetings held 18 August 2022, 30 November 2022, 22 February 2023, 22 May 2023. 

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 2023	30 June 2022
Invested	\$143.5*	\$141.2*

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

(d) Private equity

Performance target	Performance measure	2023 result
4. Generate long term commercial returns through a portfolio of private equity assets.	Pricing and Valuation quarterly meeting to regularly assess individual assets.	Pricing and Valuation Meetings held 18 August 2022, 30 November 2022, 22 February 2023, 22 May 2023. 

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 2023	30 June 2022
Invested	\$121.5m	\$105.6m
Undrawn Commitments	\$73.9m	\$58.1m

Quayside Securities Limited as Trustee for Quayside Investment Trust
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

5. Quayside Group Statement of Service Performance (continued)

(e) Regional benefit assets

Performance target	Performance measure	2023 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 business park is well advanced with 2 seasons of earthworks and the interchange works underway.
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 regarding the development at Rangiuru in September 2022, December 2022 (workshop) March 2023 (workshop verbal update only) and April 2023. 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, significant progress was made with Quayside completing another season of earthworks for stage one and making steady progress on the interchange works. Activity is set to ramp up again next year with key infrastructure works to begin. Design work has continued at pace and enduring relationships with key stakeholders are being formed to ensure the Park is a future focussed asset which represents its local community and the history of the whenua.

Quayside Securities Limited as Trustee for Quayside Investment Trust
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

5. Quayside Group Statement of Service Performance (continued)



(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	2023 result
<p>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.</p>	<p>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.</p>	<p>Quayside presented to Council in September 2022, December 2022 (workshop) March 2023 (workshop verbal update only) and April 2023. Open communication with Council maintained during the year through regular meetings with Quayside CE and Council executive. Financial forecasting and risk information provided through:</p> <ul style="list-style-type: none"> - Quarterly presentations/ workshops to Council, - Statement of Intent preparation process, - Quayside Distribution and Reserving Policy.
<p>7. Ensure Group policies and procedures are current and appropriate.</p>	<p>All policies and procedures reviewed no less than biennially by the Quayside Executive.</p>	<p>All policies reviewed in accordance with the Policy and Charter Schedule.</p>
<p>8. Meet shareholder distribution expectations as outlined in the Statement of Intent.</p>	<p>Distributions paid in accordance with the Distribution Policy. Such distributions are based on actual assets and performance and may vary from the forecast provided in the SOI. Quayside will make a recommendation to Council on the use of any special dividends received from the Port.</p>	<p>Cash dividends of \$42.5m (target \$42.5m) paid to Council as forecast in the SOI. Gross PPS dividend of \$7m (target \$6.7m) paid to PPS holders. No special dividend from POTL in 2023</p>

Quayside Securities Limited as Trustee for Quayside Investment Trust
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

5. Quayside Group Statement of Service Performance (continued)

Performance measure	Performance target	2023 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 deadlines. Internal audit compliance systems show no open issues or instances of non-compliance with NZX requirements. Board receives regular reporting on PPS Compliance. 
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. These were last reviewed in June 2022. These are currently under review by management and will be updated to align with claim related risks and opportunities identified by the Group through its inaugural climate related disclosures. A benchmark review of holdings was done as at 31 December 2022 and 30 June 2023 against the New Zealand Super Fund Responsible Investment Exclusion List (February 2021), no breaches were identified. Exchange Traded Funds (ETF's) were reviewed down to a constituent level of 5% against the Exclusion list no breaches were identified. No investments were made in excluded categories. 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  Substantially met  Not met  Not applicable

Quayside Securities Limited as Trustee for Quayside Investment Trust
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

6 Operating income

	2023 \$000	2022 \$000
<i>a) Dividend income</i>		
Foreign dividends	2,497	2,609
New Zealand dividends	2,938	2,997
Total dividend income	5,435	5,606
 <i>b) Fair value gains /(losses on financial assets at fair value through profit or loss)</i>		
Net gain / (losses) New Zealand equities	4,364	(12,460)
Net gain / (losses) New Zealand fixed interest	(44)	0
Net gain / (losses) Australian equities	3,195	(1,243)
Net gain / (losses) International equities	5,710	(15,942)
Net foreign exchange gain / (losses)	1,077	8,702
Net gains / (losses) on financial assets	14,302	(20,942)

Gain and losses from financial assets measured at fair value through profit and loss are presented on a net bases, compared to last year, when these were presented on a gross basis.

7 Expenses

	2023 \$000	2022 \$000
<i>a) Trading and other expenses</i>		
Audit NZ – fees for financial statements	(11)	(11)
Other expenses	(656)	(609)
Total trading and other expenses	(667)	(620)

Quayside Securities Limited as Trustee for Quayside Investment Trust
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

8 Finance income

	2023 \$000	2022 \$000
Finance income		
Interest income on bank deposit	554	198
Interest income on fixed interest instruments	309	-
Total	863	198

9 Income tax

The trust is a PIE for income tax purposes.

	30 June 2023 \$000	30 June 2022 \$000
Taxable income		
Net profit before income tax	19,933	(15,759)
Amounts which are non-deductible / (non- taxable):		
Loss / (gain) on investments	(14,387)	21,423
Other non-assessable income	(186)	(146)
Non-deductible expenditure		-
Imputation credits received	1,014	1,041
Foreign dividend regime	2,309	3,056
Taxable income attributed to unit holders	8,684	6,846
Tax credits		
Imputation credits	(1,010)	(1,034)
Australian withholding tax	(4)	(7)
Foreign tax paid	(233)	(234)
Tax credits applied to unit holders	(1,247)	1,115

As the Trust is a PIE, its taxable income and tax credits have been attributed to unit holders.

10 Trade and other receivables (current)

	30 June 2023 \$000	30 June 2022 \$000
Interest receivable	100	
Dividends receivable	316	148

Current trade and other receivables are non interest-bearing and receipt is normally on 30 day terms, therefore the carrying value of debtors and other receivables approximate their fair value.

Quayside Securities Limited as Trustee for Quayside Investment Trust
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

11 Capital and reserves

a) Units issued

	30 June 2023 No.	30 June 2022 No.	30 June 2023 \$000	30 June 2022 \$000
Units held				
Quayside Holdings Limited				
Balance as at 1 July	82,658,430	91,227,032	207,970	246,228
Balance as at 30 June	82,658,430	82,658,430	227,902	207,970
Quayside Properties Limited				
Balance as at 1 July	1	1	-	-
Balance as at 30 June	1	1	-	-
Total				
Balance as at 1 July	82,658,431	91,227,033	207,970	246,228
Balance as at 30 June	82,658,431	82,658,431	227,902	207,970

Units in the trust were valued at 30 June 2023 at \$2.757 per unit (2022: \$2.516). Unit price is calculated on the value of net assets of the Trust divided by the total number of units on issue.

(b) Distributions

No distributions were made during the period.

12 Other financial assets

Other financial assets comprise the trust's diversified equity portfolio that is traded in active markets. These assets are valued at fair value based on quoted market prices at reporting date and are mandatorily valued at fair value through profit and loss. The movement in the balance of these assets represents share sales and purchases during the year and unrealised/realised gains and losses on the investments.

	30 June 2023 \$000	30 June 2022 \$000
NZ equities/fixed income	109,605	93,538
AUD equities	33,476	34,336
International equities	63,135	64,403
Balance as at 30 June	206,216	192,277

Quayside Securities Limited as Trustee for Quayside Investment Trust
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

13 Trade and other payables

	30 June 2023 \$000	30 June 2022 \$000
Accruals	11	118
QPL/QIT intercompany	217	-
Balance as at 30 June	228	118

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.

14 Related party transactions

Parent and ultimate controlling entity

The Parent entity of Quayside Securities Limited as Trustee for the Quayside Investment Trust is Quayside Holdings Limited, which is 100% owned by the Bay of Plenty Regional Council – refer Note 1.

Transactions with key management personnel

The administration and management of the Trust is undertaken by Quayside Securities Limited as Trustee for Quayside Investment Trust, therefore there is no management personnel compensation in relation to the Trust.

Other related entities

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

Related party transaction values and outstanding balances are as follows:

	30 June 2023 \$000	30 June 2022 \$000
Quayside Holdings Limited		
Consideration for units redeemed by Quayside Holdings Limited	-	(22,500)
Consideration for shares transferred by Quayside Holdings Limited	-	9,701
Quayside Securities Limited		
Trustee fees paid by Quayside Investment Trust	61	61

Quayside Properties Limited holds one unit in Quayside Investment Trust, acquired in April 2014 for \$1.00. The value of this unit is \$2.757 (2022: \$2.516). There are no other obligations between Quayside Properties Limited and Quayside Investment Trust. A share sale took place between Quayside Holdings and Quayside Investment Trust during the year.

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

Quayside Securities Limited as Trustee for Quayside Investment Trust
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

15 Capital commitments and contingencies

The Trust has no capital commitments or contingencies at 30 June 2023 (2022: nil).

16 Financial instruments

Categories of financial instruments

	30 June 2023 \$000	30 June 2022 \$000
Financial assets at amortised cost		
Cash and cash equivalents	21,496	15,663
Trade and other receivables	417	148
Balance as at 30 June	21,913	15,811
 Financial assets at fair value through profit and loss		
Other financial assets	206,217	192,276
 Financial liabilities at amortised cost		
Trade and other payables - current	228	118

17 Subsequent events

There were no significant events after balance date.

Quayside Securities Limited as Trustee for Quayside Investment Trust

Statutory Information

For the year ended 30 June 2023

Interests register

The Trust is required to maintain an Interests Register in which the particulars of certain transactions and matters involving the directors must be recorded. The interests register for Quayside Securities Limited is available for inspection at the registered office. The directors of the 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 2022 are italicised.

Director	Entity	Position
MCLEOD, Robert (Chair)	China Construction Bank (New Zealand) Limited	Director
	Ngāti Porou Holding Company Limited	Director Chair
	Port of Tauranga Limited	Director
	QHL Perpetual Preference Shares	Shareholder
	Quayside Holdings Limited	Director Chair
	Quayside Properties Limited	Director Chair
	Quayside Securities Limited	Director Chair
	Sanford Limited	Chair
	Sanford LTI Limited	Director
	<i>Singita Holdings Limited (appointed 28/3/23)</i>	Director
<i>Singita Investments Limited (appointed 27/3/23)</i>	Director	
<i>Real Fresh Limited (appointed 4/4/23)</i>	Director	
CROSBY, Stuart Alan	Bay of Plenty Regional Council	Councillor
	Equip GP Limited	Director
	Quayside Holdings Limited	Director
	Quayside Securities Limited	Director
	Quayside Properties Limited	Director
Templogger NZ Limited	Director Shareholder	
HEWLETT, Brett Donald	Comvita Limited	Chair Director
	Oriens Capital	Shareholder
	Quayside Holdings Limited	Director
	Quayside Properties Limited	Director
Quayside Securities Limited	Director	
HORNE, Keiran Anne	Hamilton City Council	ARC Chair
	Quayside Holdings Limited	Director
	Quayside Securities Limited	Director
	Quayside Properties Limited	Director
	ScreenSouth Limited	Director Chair
	Spey Downs Limited	Shareholder
	Television New Zealand Limited	Director ARC Chair
	University of Canterbury	Council Member ARC Chair
	<i>Enable Networks Limited (appointed 24/1/23)</i>	Chair
<i>Enable Services Limited (appointed 24/1/23)</i>	Director ARC Chair	
	Director	

Quayside Securities Limited as Trustee for Quayside Investment Trust
Statutory Information (continued)
For the year ended 30 June 2023

Interests register (continued)

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
PARKER, Warren James	Quayside Properties Limited	Director
	FarmIQ Systems Limited (appointed 1 August 2021)	Director Chair
	Farmlands Cooperative Society Limited	Director
	Focus Genetics	Director
	Landcorp Estates Limited	Director Chair
	Landcorp Holdings Limited	Director Chair
	Landcorp Pastoral Limited	Director Chair
	PAMU, Landcorp Farming Limited	Director Chair
	Quayside Holdings Limited	Director
Quayside Securities Limited	Director	
WHITE, Te Taru	Quayside Properties Limited	Director
	Bay of Plenty Regional Council	Councillor
	Indigenuity Limited	Director
	Pukahukiwi Kaokaoroa Inc	Trustee
	Kahukiwi Management Limited	Director
	Noa New Zealand Limited	Director Shareholder
	Quayside Holdings Limited	Director
	Quayside Securities Limited	Director
	Te Taru White Consultancy Limited	Director Shareholder
	Whenua Fruits Limited	Shareholder
	<i>Manaakiora Trust (appointed 18.5.23)</i>	Director
Te Tatau o Te Arawa Charitable Trust	Board Member	

The entities listed above against each director may transact with Quayside Securities Limited as Trustee for Quayside Investment Trust. Refer to Note 14 of the financial statements.

Quayside Securities Limited as Trustee for Quayside Investment Trust

Statutory Information (continued)

For the year ended 30 June 2023

Information used by directors

During the financial year there were no notices from directors of Quayside Securities Limited as Trustee for Quayside Investment Trust 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 Securities Limited as Trustee for Quayside Investment Trust during the year ended 30 June 2023 (2022: nil).

Directors

The following directors of Quayside Securities Limited as Trustee for Quayside Investment Trust held office as at 30 June 2023:

R McLeod (Chair)

S Crosby

B Hewlett

K Horne

F McTavish

W Parker

T White

Directors were remunerated by Quayside Securities Limited except for F McTavish who was remunerated by the Bay of Plenty Regional Council.

Loans

There were no loans by Quayside Securities Limited as Trustee for Quayside Investment Trust, to directors.

Employees

The Trust does not have any employees. All administration is carried out by Quayside Holdings Limited under a management agreement with Quayside Securities Limited.

Auditor's remuneration

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

Audit New Zealand Audit Fees \$12,075 (GST inclusive)

Quayside Securities Limited as Trustee for Quayside Investment Trust Directory

Registered office

Level 2, 41 The Strand
Tauranga 3110
Ph: (07) 579 5925

Postal address

PO Box 13564
Tauranga 3141

Auditors

Audit New Zealand
On behalf of the Auditor-General
745 Cameron Road
PO Box 621
Tauranga 3110
New Zealand

Solicitor

Cooney Lees Morgan
PO Box 143
Tauranga 3110

