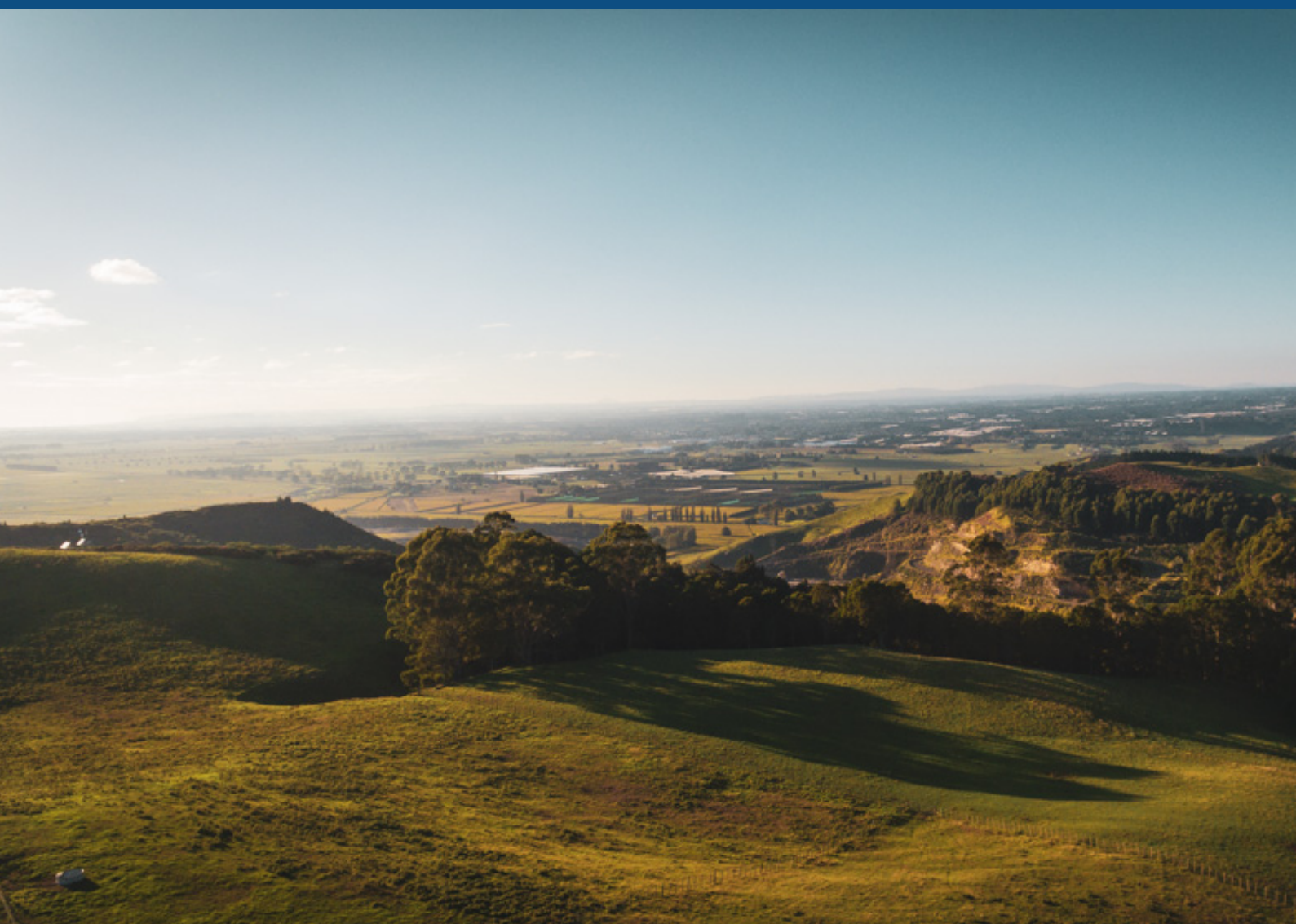




QUAYSIDE
SECURITIES

Annual Report 2023



Quayside Securities Limited

Directors' Declaration

For the year ended 30 June 2023

Quayside Securities Limited is part of the 'Quayside Group'. The 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 2022. Refer to Note 4 for further information.

Quayside Securities Limited acts as corporate trustee for Quayside Unit Trust, Quayside Investment Trust and Toi Moana Trust.

The performance of Quayside Securities Limited 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. The performance has met the shareholder's expectations as defined in the Quayside Group's Statement of Intent.

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

For and on behalf of the Board of Directors:



Director



Director

Quayside Securities Limited
For the year ending 30 June 2023

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Independent Auditor's Report

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

The Auditor-General is the auditor of Quayside Securities Limited (the Company). 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 11 and pages 18 to 19, 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 12 to 17.

In our opinion:

- the financial statements of the company on pages 5 to 11 and pages 18 to 19:
 - 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 12 to 17 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 page 1 and pages 20 to 23, 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 company.



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

Quayside Securities Limited
Statement of Comprehensive Income
For the year ended 30 June 2023

| | Note | 30 June 2023 \$000 | 30 June 2022 \$000 |
|-----------------------------------|------|-----------------------|-----------------------|
| Income | | | |
| Trustee fees | | 159 | 159 |
| Total income | | 159 | 159 |
| Expenditure | | | |
| Directors fees | | (86) | (83) |
| Management fees | | (77) | (77) |
| Audit fees | | (6) | (5) |
| Total expenditure | | (169) | (165) |
| Profit before income tax | | (10) | (6) |
| Income tax expense | 8 | - | - |
| Profit for the period | | (10) | (6) |
| Other comprehensive income | | | - |
| Total comprehensive income | | (10) | (6) |

Quayside Securities Limited
Statement of Changes in Equity
For the year ended 30 June 2022

| | 30 June 2023 | 30 June 2022 |
|---------------------------|---------------------|---------------------|
| | \$000 | \$000 |
| Balance at 1 July | 32 | 38 |
| Comprehensive income | | |
| Profit for the year | (10) | (6) |
| Balance at 30 June | 22 | 32 |

Quayside Securities Limited
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 | | 27 | 36 |
| Trade and other receivables | | 2 | 2 |
| Total assets | | 29 | 38 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | | 7 | 6 |
| Total liabilities | | 7 | 6 |
| Net assets | | 22 | 32 |
| Equity | | | |
| Share capital | 5 | - | - |
| Retained earnings | | 22 | 32 |
| Total equity | | 22 | 32 |

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



Director



Director

Quayside Securities Limited
Statement of Cash Flows
For the year ended 30 June 2023

| | 30 June 2023 \$000 | 30 June 2022 \$000 |
|---|-----------------------|-----------------------|
| Cash flows from operating activities | | |
| Trustee fees received | 159 | 159 |
| Payments to suppliers and directors | (168) | (165) |
| Net increase in cash and cash equivalents | (9) | (6) |
| Cash and cash equivalents at the beginning of the year | 36 | 42 |
| Cash and cash equivalents at the end of the year | 27 | 36 |

Quayside Securities Limited

Notes to the Financial Statements

For the year ended 30 June 2023

1 Reporting entity

Quayside Securities Limited is a company incorporated and domiciled in New Zealand and registered under the Companies Act 1993. The Parent is Quayside Holdings Limited and the ultimate controlling entity is the Bay of Plenty Regional Council. The Company 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 purpose of the Company is to act as Trustee to Quayside Investment Trust, Quayside Unit Trust and Toi Moana Trust. The diagram below illustrates the Quayside Group structure:

| Group Ownership | | | | | |
|--------------------------------|--|----------------------|--|-------------------------------------|-----------|
| Parent | | | | Type of Business | Ownership |
| Quayside Holdings Ltd (QHL) | | | | Holding Company | 100% |
| Subsidiaries | | | | | |
| | Aqua Caro 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 | | | | | |
| | Huskiwi Services Limited | | | Horticulture (Kiwifruit) | 50% |
| | Tauranga Commercial Developments Ltd (TCD) | | | Commercial Property JV | 50% |
| | Lakes Commercial Developments Ltd (LCD) ** | | | Commercial Property JV | 50% |
| | 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
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

2 Basis of preparation

Statement of compliance

The financial statements of the Company 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 Company is a reporting entity for the purposes of the Financial Reporting Act 2013 and its financial statements comply with that Act.

NZ IFRS – reduced disclosure regime

The Company applies External Reporting Board Standard A1 ‘Accounting Standards Framework (For-profit Entities Update)’ (‘XRB A1’). For the purposes of complying with NZ GAAP, the Company 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 a historical cost basis.

Presentation currency

These financial statements are presented in New Zealand dollars (\$), and where presented, 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.

Quayside Securities Limited
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

3 Significant accounting policies

Revenue

Revenue is measured at the fair value of the consideration received.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Trade and other receivables

Trade and other receivables are measured at their cost less impairment losses.

Trade and other payables

Trade and other payables are stated at cost.

Goods and services tax

Quayside Securities Limited is registered for Goods and Services Tax (GST). Trade receivables and trade payables are stated inclusive of GST.

Income tax

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.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

Current tax and deferred tax are measured using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Current and deferred tax is recognised against the profit or loss for the period, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, trade and other payables. A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Non-derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.


Quayside Securities Limited
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

4. 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 |
| *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.

Quayside Securities Limited
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

4. 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
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

4. 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
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

4. 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
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

4. 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
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

4. 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
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

5 Share capital

| | 30 June 2023 No. | 30 June 2022 No. |
|---------------------------|---------------------|---------------------|
| Number of ordinary shares | | |
| Balance at 1 July | 100 | 100 |
| Issue of ordinary shares | - | - |
| Balance at 30 June | 100 | 100 |

At 30 June 2023, share capital comprised 100 shares (2022: 100). All shares are fully paid to \$1 per share. 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 Company, and rank equally with regard to the Company's residual assets on wind up.

6 Financial instruments

| | 30 June 2023 \$000 | 30 June 2022 \$000 |
|---|-----------------------|-----------------------|
| Categories of financial instruments | | |
| Financial assets at amortised cost | | |
| Cash and cash equivalents | 27 | 36 |
| Financial liabilities at amortised cost | | |
| Trade and other payables | 7 | 5 |

Taxes payable/receivable included within trade and other payables and trade and other receivables in the statement of financial position, are not classified as financial instruments.

7 Related party transactions

Parent and ultimate controlling entity

The Parent entity of the Company is Quayside Holdings Limited, which is 100% owned by the Bay of Plenty Regional Council – refer to Note 1.

Key management personnel

The Company has a related party relationship with its directors. The Company does not have any employees as Quayside Securities Limited contracts with Quayside Holdings Limited for management services. A monthly management fee is charged by Quayside Holdings Limited.

Trustee services

Quayside Securities Limited acts as corporate trustee to other group entities Quayside Investment Trust, Quayside Unit Trust and Toi Moana Trust. Quayside Securities Limited charges trustee fees for this service.

Other related entities

Other related parties include subsidiaries in the Group – refer Note 1.

Quayside Securities Limited
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

7. Related party transactions (continued)

Related party transaction values and balances outstanding for the year are as follows:

| | 30 June 2023 \$000 | 30 June 2022 \$000 |
|--|-----------------------|-----------------------|
| Management fees paid to Quayside Holdings Limited | 77 | 77 |
| Trustee fees received from Quayside Unit Trust | 53 | 53 |
| Trustee fees received from Quayside Investment Trust | 53 | 53 |
| Trustee fees received from Toi Moana Trust | 53 | 53 |

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

Transactions with key management personnel

The Company does not provide any non-cash benefits to Directors in addition to their Directors' fees or salaries. Directors' fees paid during the year were \$87,000 (2022: \$73,000). No directors fees were owed at 30 June 2023 (2022: nil).

8 Income tax

| | 30 June 2023 \$000 | 30 June 2022 \$000 |
|--|-----------------------|-----------------------|
| Net surplus before tax | (10) | (6) |
| Tax at 28% | 3 | 2 |
| Use of Quayside Group tax losses | (3) | (2) |
| Income tax receivable / (expense) | - | - |
| Income tax expense is represented by: | | |
| Current tax expense | - | - |
| Deferred tax expense | - | - |

9 Capital commitments and contingencies

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

10 Subsequent events

There were no significant events after balance date.

Quayside Securities Limited
Statutory Information
For the year ended 30 June 2023

Interests 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 Properties 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> | <i>Director ARC Chair</i> |
| <i>Enable Services Limited (appointed 24/1/23)</i> | <i>Director</i> | |

Quayside Securities Limited
Statutory Information
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 | |

Quayside Securities Limited

Statutory Information

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 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 Company 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 during the year ended 30 June 2023.

Remuneration of directors

The following directors of Quayside Securities Limited held office during the year ended 30 June 2023.

| | Remuneration \$000 |
|------------------|-----------------------|
| R McLeod (Chair) | 24 |
| S Crosby | 12 |
| B Hewlett | 12 |
| K Horne | 14 |
| F McTavish * | - |
| W Parker | 13 |
| T White | 12 |
| Total | 87 |

* F McTavish was remunerated by the Bay of Plenty Regional Council.

The fees above are exclusive of GST.

Loans

There were no loans by Quayside Securities Limited to directors.

Employees

Quayside Securities does not have any employees.

Auditor's remuneration

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

Audit NZ: Audit Fees \$6,555 GST inclusive

Quayside Securities Limited
Directory
For the year ended 30 June 2023

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

