

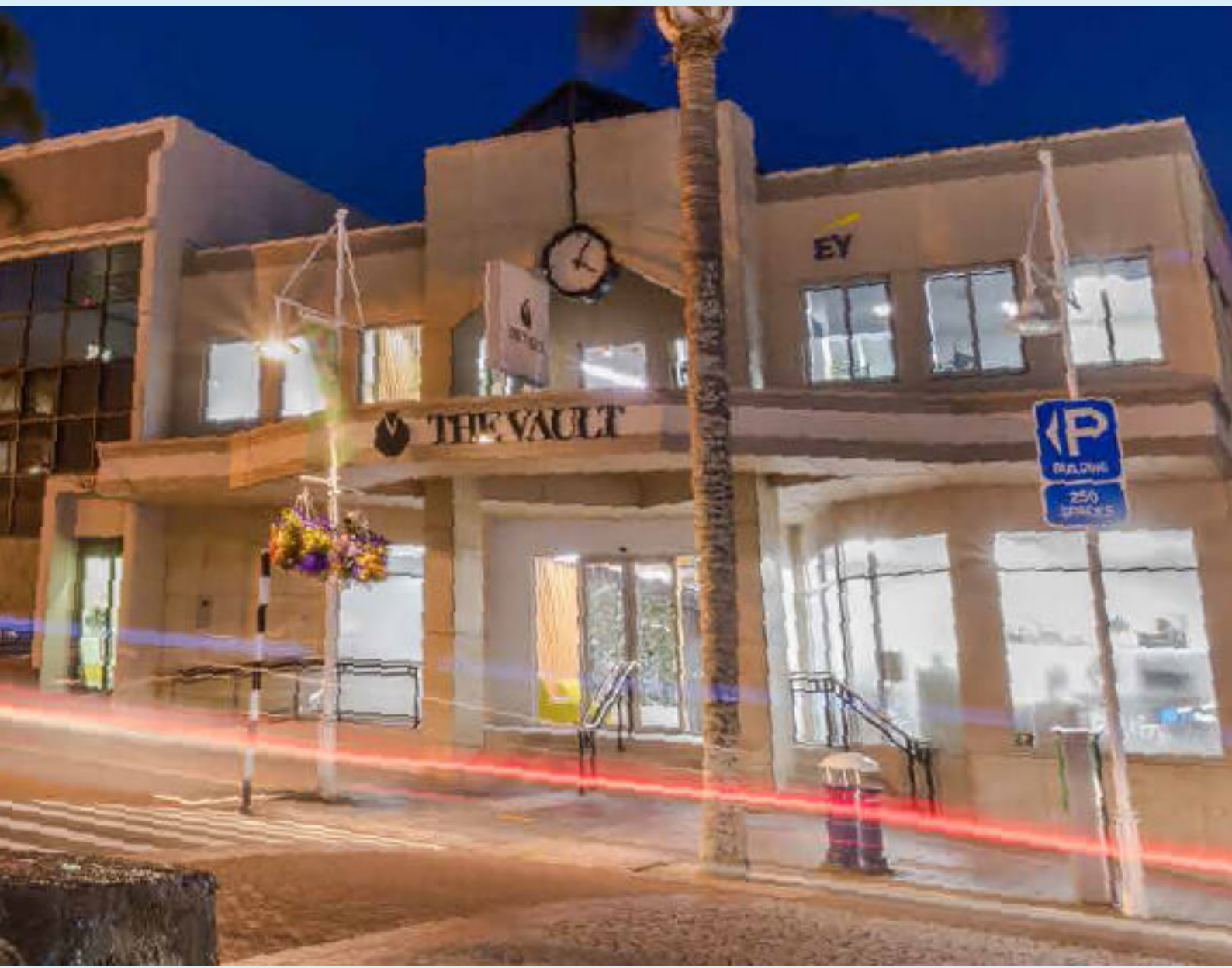


# QUAYSIDE

THE VAULT

## Annual Report 2022

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**Quayside The Vault Limited**  
**Annual Financial Statements**  
**For the five months ended 30 June 2022**

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# **Quayside The Vault Limited**

## **Director's Declaration**

### **For the five months ended 30 June 2022**

Quayside The Vault Limited ('the Company') is a wholly owned subsidiary of Quayside Holdings Limited whose ultimate controlling entity is the Bay of Plenty Regional Council. Quayside The Vault Limited is deemed to be a 'Council Controlled Trading Organisation' under the Local Government Act 2002. The company was incorporated in October 2021 and began trading in February 2022.

The Quayside Group's Statement of Intent, prepared in accordance with the Local Government Act 2002, covers prudent financial management and risk management. Refer to note 4 for further information.

The directors are pleased to present the financial statements of Quayside The Vault Limited for the five months ended 30 June 2022.

For and on behalf of the Board of Directors:

A handwritten signature in blue ink, consisting of a stylized 'A' followed by a horizontal line.

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Alexander Scott Hamilton - Director

## Independent Auditor's Report

### To the readers of Quayside The Vault Limited's financial statements and performance information for the year ended 30 June 2022

The Auditor-General is the auditor of Quayside The Vault 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 12 and 19 to 24 that comprise the statement of financial position as at 30 June 2022, 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 13 to 19.

In our opinion:

- the financial statements of the company on pages 5 to 12 and 19 to 24:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2022; 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 the New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime; and
- the performance information of the company on pages 13 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 2022.

Our audit was completed on 29 August 2022. 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 in Directors Declaration and pages 25 to 26 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 audits of the company and Quayside group entities, 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 The Vault Limited**  
**Statement of Comprehensive Income**  
**For the five months ended 30 June 2022**

	Note	2022 \$000
Trading revenue	5	177
Expenses	6	(123)
Fair value gain	11	300
<b>Operating profit before financing costs</b>		<b>353</b>
<b>Finance expenses</b>	<b>7</b>	<b>(31)</b>
Profit/(loss) before income tax		322
Income tax benefit/(expense)	8	(6)
<b>Profit/(loss) for the period</b>		<b>316</b>
Other comprehensive income		-
<b>Total comprehensive income</b>		<b>316</b>

**Quayside The Vault Limited**  
**Statement of Changes in Equity**  
**For the five months ended 30 June 2022**

	Share capital	Retained earnings	Total equity
	\$000	\$000	\$000
<b>Opening balance</b>	-	-	-
<b>Comprehensive income</b>			
Net profit for the period	-	316	316
<b>Total comprehensive income</b>	-	<b>316</b>	<b>316</b>
Ordinary shares issued (note 14)	2,620	-	2,620
<b>Total transactions with owners</b>	<b>2,620</b>	-	<b>2,620</b>
<b>Balance at 30 June 2022</b>	<b>2,620</b>	<b>316</b>	<b>2,936</b>

# Quayside The Vault Limited

## Statement of Financial Position

### As at 30 June 2022

	Note	2022 \$'000
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents		88
Trade and other receivables	10	1
<b>Total current assets</b>		<b>89</b>
<b>Non-current assets</b>		
Investment property	11	6,850
<b>Total non-current assets</b>		<b>6,850</b>
<b>Total assets</b>		<b>6,938</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	12	62
<b>Total current liabilities</b>		<b>62</b>
<b>Non-current liabilities</b>		
Borrowings	13	3,930
Deferred tax liability	9	11
<b>Total non-current liabilities</b>		<b>3,941</b>
<b>Total liabilities</b>		<b>4,003</b>
<b>Net assets</b>		<b>2,936</b>
<b>Equity</b>		
Share capital	14	2,620
Retained earnings		316
<b>Total equity</b>		<b>2,936</b>

These financial statements have been authorised for issue by the Board of Directors on 29 August 2022.



Alexander Scott Hamilton - Director

**Quayside The Vault Limited**  
**Statement of Cash Flows**  
**For the five months ended 30 June 2022**

	2022 \$000
<b>Cash flows from operating activities</b>	
Receipts from customers	181
Interest paid	(31)
GST (paid) / received	11
Payments to suppliers and directors	(72)
<b>Net cash flow from operating activities</b>	<b>89</b>
 <b>Cash flows from investing and financing activities</b>	 -
<b>Net cash flow from investing and financing activities</b>	<b>-</b>
 <b>Net increase in cash and cash equivalents</b>	 <b>89</b>
Cash and cash equivalents at the beginning of the year	-
<b>Cash and cash equivalents at the end of the year</b>	<b>89</b>

# Quayside The Vault Limited

## Notes to the Financial Statements

### For the five months ended 30 June 2022

## 1 Reporting Entity

Quayside The Vault Limited (the Company) is a company incorporated and domiciled in New Zealand and registered under the Companies Act 1993. The Company is a council-controlled trading organisation as defined under Section 6 of the Local Government Act 2002, as the parent company of its Quayside Holdings Limited, whose ultimate controlling entity is the Bay of Plenty Regional Council.

The primary purpose of the Company is for the long-term hold of an office building property in Tauranga CBD.

## 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 29 August 2022.

### Basis of measurement

The financial statements have been prepared on a historical cost basis except that the following assets are stated at their fair value: investment properties

### Presentation currency

These financial statements are presented in New Zealand dollars (\$), and where presented, rounded to the nearest thousand.

### Changes in accounting policies

As this is the first year of operation, there were no changes in accounting policies during the period.

### Comparatives

As this is the first year of operation, there are no comparative figures shown.

## 2 Basis of Preparation (continued)

### Use of estimate and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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

- Valuation of investment properties (note 11).

### Classification of property

The Company owns a property, which has been purchased for long term capital appreciation or rental rather than for short-term sale in the ordinary course of business. The directors in applying their judgement have classified these properties as investment property according to NZ IAS 40.

## 3 Significant Accounting Policies

### Revenue

The principal source of revenue is rental income.

Rental income is recognised on a straight-line basis over the lease term. Lease incentives provided to tenants are amortised on a straight-line basis over the non-cancellable portion of the lease to which they relate, as a reduction of rental income.

### Interest income

Interest income is recognised as it accrues, using the effective interest method.

### Finance expenses

Finance expenses comprise interest expense on borrowings. Except for interest capitalised directly attributable to the purchase or construction of qualifying assets, all borrowing costs are recognised in the Statement of Comprehensive Income using the effective interest method.

### Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts, when applicable, are shown within borrowings in current liabilities in the Statement of Financial Position.

### Trade and other receivables

Trade and other receivables are measured at amortised cost less provision for impairment.

### 3 Significant Accounting Policies (continued)

#### Investment properties

Investment properties are property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, used in the production or supply of goods or services or for administrative purposes. Where part of the investment property is used for administrative purposes, the property is deemed to be investment property if an insignificant portion is held for this purpose. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss. Cost includes any expenditure that is directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

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

#### Trade and other payables

Trade and other payables are stated at amortised cost.

#### Borrowings

Borrowings are initially recognised at their fair value plus transaction costs, if any. After initial recognition, all borrowings are measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

#### Share capital

Incremental costs incurred in the issue of ordinary shares and share options are recognised as a deduction from equity.

#### Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, trade and other payables and loans and borrowings.

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.

#### Goods and services tax

All amounts are shown exclusive of Goods and Services Tax (GST), except for trade receivables and trade payables that 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. Current tax also includes 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.



### 3 Significant Accounting Policies (continued)

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.


Quayside The Vault Limited  
Notes to the Financial Statements (continued)  
For the year ended 30 June 2022

## 4 Quayside Group Statement of Service Performance

In accordance with section 64 of the Local Government Act 2002, the Company is required to prepare an annual Statement of Intent. As it is its first year of operation it falls under the Quayside Group Statement of Intent. This Statement of Service Performance reports on the Statement of Intent targets and results for the period ending 30 June 2022:

### (a) Port portfolio

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

Performance measure	Performance target	2022 result
1. Maintain a majority holding in the Port of Tauranga Limited.	Holding of greater than 50.1%. Council consultation and endorsement must be sought prior to any change to the current shareholding.	Quayside held 54.14% of Port of Tauranga shares as at 30 June 2022. 

Target met: **Yes**

The *Quayside Group* and Council deem maintaining a majority shareholding in the Port of Tauranga as strategically important, as well as providing long-term financial security. 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 go below a majority 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.

Port of Tauranga financial highlights are tabled below:


	30 June 2022	30 June 2021
<b>Shareholding</b>		
Issued shares*	680,581,230	680,581,230
Quayside shares	368,437,680	368,437,680
% held By Quayside	54.14%	54.14%
<b>Operations</b>		
Operating revenues	\$375.2m	\$338.3m
Results from operating activities	\$193.1m	\$177.1m
Net profit	\$111.3m	\$102.4m
<b>Cash flows</b>		
Ordinary dividends paid out	\$95.2m	\$84.4m
Ordinary dividends received by Quayside	\$51.6m	\$45.7m
Ordinary dividends as percent of profit	73%	82%
Dividend declared post balance date	\$55.8m	\$51.0m
<b>Asset Backing</b>		
Share price (last bid price)	\$6.16	\$6.98
Market value of Port	\$4,140.5m	\$4,750.5m
Market value of Quayside Holding	\$2,269.6m	\$2,571.7m
Net tangible assets per share (dollars per share)	\$3.05	\$2.04

#### 4 Quayside Group Statement of Service Performance (continued)

	30 June 2022	30 June 2021
<b>Governance</b>		
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](http://www.port-tauranga.co.nz).

##### (b) Investment portfolio

Performance measure	Performance target	2022 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 10.78% for the Quayside consolidated group achieved at 30 June 2022.	

Target met: **Yes**

The *Quayside Group* manages a diversified investment portfolio with a market value of \$189.8 million at 30 June 2022. 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 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 10.78%.

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.

There were two passive breaches of the SIPO during the year. The breaches were the result of fluctuations in share values, one as a result of a takeover announcement and the other a result of a private equity investment becoming a listed entity on the NZX.


Quayside Consolidated Group Investment Portfolio financial highlights are tabled below:

	30 June 2022	30 June 2021
Investment portfolio value *	\$189.8	\$246.5
1 year gross return (actual)	(5.36%)	22.22%
5 year rolling gross return (actual)	10.78%	14.49%
5 year rolling gross return (target)	7.0%	7.50%

\* Movement in the value of the investment portfolio reflects a combination of market performance and rebalancing into other investment segments.

#### 4 Quayside Group Statement of Service Performance (continued)

##### (c) Real asset portfolio

Performance measure	Performance target	2022 result
3. Generate long term commercial returns and / or regional benefit through a portfolio of real assets.	Annual board assessment of the benefit of real assets, considering portfolio alignment, long term commercial return and any regional benefit factors.	The annual board assessment was completed in June 2022, reaffirming long term objectives. 

Target met: **Yes**

The real asset portfolio refers to direct investment for commercial return in regional infrastructure including (but not exclusively) water, energy, communications, transport, land and buildings.

The *Quayside Group* real asset portfolio currently comprises commercial buildings in Mount Maunganui, Tauranga, Rotorua and Hamilton, a forestry/agriculture block at Paengaroa and horticulture investments locally and in the Nelson/Tasman region. An annual board assessment in June 2022 has determined that each of the currently held real assets continue to remain strong long-term assets for future growth and return or provide appropriate regional benefit.

Investment continued into the commercial property joint ventures, with the development of a new commercial premises in Rotorua.


Quayside also has a joint venture interest in Huakiwi Developments Ltd, developing kiwifruit orchards on prime horticultural Maori Land. This investment provides governance and employment opportunities and significant GDP opportunity for these areas. Transformation of Maori-owned land into profitable kiwifruit orchards provides more than commercial returns, with full ownership of the orchards targeted to transfer back to tangata whenua within a generation. This partnership produced a solid return in 2022 from its first full harvest.

Real asset portfolio financial highlights are tabled below.

	30 June 2022	30 June 2021
Invested	\$141.2*	\$75.8*

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

##### (d) Private equity

Performance measure	Performance target	2022 result
4. Generate long term commercial returns and or regional benefit through a portfolio of private equity assets.	Annual board assessment of the benefit of each private equity asset holding, considering portfolio alignment, long term commercial return and any regional benefit factors.	The annual board assessment was completed in June 2022, noting short term performance and reaffirming long term objectives. 

Target met: **Yes**

The *Quayside Group* has created a commercial portfolio of investments deriving long term growth and income performance with targeted regional benefits where possible. This portfolio is part of a financial strategy to reinvest retained profits for the purpose of enhancing regional development and diversifying investments to make the dividend to Council more stable.

#### 4 Quayside Group Statement of Service Performance (continued)

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 2022	30 June 2021
Invested	\$105.6m	\$80.7m
Undrawn Commitments	\$58.1m	\$33.5m

##### (e) Regional benefit assets

Performance measure	Performance target	2022 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 has started with earthworks undertaken in to the 21/22 season.
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 quarterly reports to Council regarding the development at Rangiuru in September 2021, December 2021 (workshop), April 2022 and June 2022 (workshop). Quayside continues to hold the land at Tauriko.

Target met: **Yes**

The Quayside Group owns land at the future Rangiuru Business Park; a 148 hectare industrial business park development. The Business Park, once completed, will provide much needed industrial development for the region, with a focus on connectedness to direct transport links. The Business Park will be a modern, high quality, vibrant industrial development, creating a shared vision that benefits the whole Bay of Plenty community.

During the year, significant progress was made with Quayside completing a successful season of earthworks for stage one and tendering for the interchange works which will commence next season. 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. Planning continues for a busy year ahead, with the continuation of earthworks from September, and the start of construction works on the interchange.

#### 4 Quayside Group Statement of Service Performance (continued)

##### (e) 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	2022 result
6. Keep Council informed on a no surprises basis, providing quality and timely information. Provide Council with timely advice on financial and commercial decision making as required.	<p>A minimum of four presentations per annum to Council, as shareholders.</p> <p>Quarterly reporting on Group financial position and risk.</p> <p>Timely advice and support as required.</p> <p>Matters of urgency are reported to Council at the earliest opportunity.</p> <p>Long term forecasting of key financial information and key risks provided to Council annually.</p>	<p>Quarterly presentations/workshops with Council in September 2021, December 2021, April 2022 and June 2022 including key financial/risk reporting.</p> <p>Open communication with Council maintained during the year through regular meetings with Quayside CE and Council management.</p> <p>Financial forecasting and risk information provided through:</p> <ul style="list-style-type: none"> <li>- Quarterly presentations/workshops to Council,</li> <li>- Statement of Intent preparation process,</li> <li>- Quayside Distribution and Reserving Policy.</li> </ul>
7. Ensure Group policies and procedures are current and appropriate.	All policies and procedures to be reviewed no less than biennially.	The Quayside Group policy framework was given a full review during the year. All Group policies were reviewed by management as part this process and amended/new policies resolved by the Board.
8. Meet shareholder distribution expectations as outlined in the Statement of Intent, Distribution Policy or as otherwise agreed.	<p>Distributions paid to forecast values where actual financial performance meets or exceed targets.</p> <p>Policy discussion with Council on the use of any future special dividends received from POTL.</p>	<p>Cash dividends of \$40m (target \$40m) paid to Council as forecast in the SOI.</p> <p>Gross PPS dividend of \$4.9m (target \$4.9m) paid to PPS holders.</p> <p>No special dividend from POTL in 2022</p>

#### 4 Quayside Group Statement of Service Performance (continued)

Performance measure	Performance target	2022 result
9. Compliance with NZX listing requirements for PPS.	<p>Matters of material impact are disclosed in line with continuous disclosure requirements.</p> <p>Board reporting of PPS compliance and monitoring.</p>	<p>Filing of interim and annual financial statements achieved within deadlines.</p> <p>Internal audit compliance systems show no open issues or instances of non-compliance with NZX requirements.</p>
10. Promote and support approaches to responsible investment that align capital with achieving a healthy, sustainable society, environment, and economy.	<p>Maintain a written set of principles for responsible investment which is reviewed no less than biennially.</p> <p>Benchmark, through biennial review, the Group responsible investment principles against international standards and comparative national entities (for example NZ Super Fund).</p> <p>Do not invest in companies whose principal business activity is -</p> <ul style="list-style-type: none"> <li>• The manufacture and sale of armaments</li> <li>• The manufacture and sale of tobacco</li> <li>• The promotion of gambling.</li> </ul> <p>Carry out an annual audit of all existing investments across all classes (listed assets, private equity, real assets, and regional benefit assets) to –</p> <ul style="list-style-type: none"> <li>• ensure continued adherence to the Group principles of responsible investment; and</li> <li>• monitor ESG risks and opportunities.</li> </ul> <p>For new investments –</p> <ul style="list-style-type: none"> <li>• screen investments for compliance with the Group principles of responsible investment;</li> <li>• research and analyse ESG factors as part of due diligence;</li> <li>• report on ESG factors (including risks and opportunities) in new investment proposals to the Board;</li> <li>• pursue sustainably themed investments which meet commercial imperatives.</li> </ul> <p>Include responsible investment reporting within the Group annual report.</p>	<p>The Group holds written principles for responsible investment. These were last reviewed in June 2022.</p> <p>A benchmark review of holdings was done as at 30 June 2021 against the New Zealand Super Fund Responsible Investment Exclusion List (February 2021), no breaches were identified.</p> <p>Exchange Traded Funds (ETF's) were reviewed down to a constituent level of 5% against the Exclusion list no breaches were identified.</p> <p>No investments were made in excluded categories.</p> <p>Annual audit of existing investments was presented to the Board in June 2022.</p> <p>New investments are screened against responsible investment principles and ESG analysis is included in investment proposals.</p> <p>The Group annual report contains responsible investment reporting.</p>

#### 4 Quayside Group Statement of Service Performance (continued)

Targets met: 5/5

The Quayside Group policy framework was subject to a full review during the year. Consolidated policies were broken out into stand-alone policies and new policies were added. The Group maintains an extensive suite of policies which are subject to internal operational review regularly, and Board review no less than biennially.

The Group held written principles for responsible investment as contained within its Statement of Investment Policy and Objectives. In June 2022 this was reviewed and made a stand-alone policy and is due for substantive review in the next financial year as Quayside continues to strengthen and grow its commitment to ESG principles and best practice.

#### Key

 *Met*
 *Substantially met*
 *Not met*
 *Not applicable*

#### 5 Trading revenue

	2022 \$000
Rental and lease income	177

#### 6 Expenses

	2022 \$000
Property expenses	(112)
Audit fees	(7)
Others	(0)
Valuation fees	(4)
	(123)

#### 7 Net finance costs

	2022 \$000
Interest – borrowings (promissory note)	(31)



Quayside The Vault Limited  
Notes to the Financial Statements (continued)  
For the five months ended 30 June 2022

## 8 Income tax

	2022 \$000
<b>Reconciliation of effective tax rate</b>	
Profit/(loss) before tax for the period	322
Income tax for the period at 28%	(90)
<b>Tax effect of amounts which are non (deductible) / taxable</b>	
- Fair value (loss) / gain through profit and loss	84
<b>Income tax benefit / (expense)</b>	<b>(6)</b>
<b>The income tax benefit / (expense) is represented by:</b>	
<b>Current tax expense</b>	
Tax receivable in respect of the current period	4
<b>Deferred tax expense</b>	
Recognition of temporary differences	(11)
<b>Income tax benefit / (expense)</b>	<b>(6)</b>

## 9 Deferred taxation

	Assets \$000	Liabilities \$000	Net \$000
<b>Deferred tax asset / (liability)</b>			
Investment properties – depreciation	-	(11)	(11)
<b>Total</b>		<b>(11)</b>	<b>(11)</b>

## 10 Trade and other receivables

	2022 \$000
Lease and outgoings income receivable	1

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

Quayside The Vault Limited  
Notes to the Financial Statements (continued)  
For the five months ended 30 June 2022

## 11 Investment properties

	2022 \$000
<b>Opening balance</b>	-
Additions - Acquisitions (at cost)	6,550
Fair value gains/(loss) on valuation	300
<b>Balance at 30 June</b>	<b>6,850</b>
Lease income from investment properties	177
Expenses from investment property generating income	112

Investment property is revalued annually to fair value. The property is located in central Tauranga and comprises of an office building. The valuation was carried out by Preston Rowe Paterson. The valuer is experienced with extensive market knowledge in this type of investment property. The date of valuation was 30 June 2022.

The valuer in particular took note of the following:

- Central and prominent location
- Good quality of accommodation provided
- Diverse range of reputable tenants
- Excellent onsite carpark
- Seismic rating of 80%.
- Securing tenants through renewal periods
- Increased interest rates
- Covid-19 market uncertainty

## 12 Trade and other payables

	2022 \$000
GST payable	3
Sundry accruals	26
Trade payables	33
	<hr/> 62

Trade and other payables are non-interest bearing and are normally settled on 30-day terms. The carrying value of trade and other payables approximates their fair value.

Quayside The Vault Limited  
Notes to the Financial Statements (continued)  
For the five months ended 30 June 2022

### 13 Borrowings

	2022 \$000
<b>Non current</b>	
Balance as at 1 July	-
Advances	3,930
Repayments	-
<b>Balance at 30 June</b>	<b>3,930</b>

The company has an intercompany loan from Quayside Holdings Limited in the form of a promissory note. This loan has interest charged the Bank Bill Benchmark Rate (BKBM) at the beginning of each quarter plus a margin. The loan is repayable on demand; however, Quayside Holdings has undertaken that they will not recall this loan within the next twelve months.

### 14 Capital and reserves

#### (a) Share capital

	2022 No.
<b>Ordinary shares</b>	
Opening balance	-
Issue of ordinary shares	2,620,000
<b>Balance at 30 June</b>	<b>2,620,000</b>

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. All shares are fully paid.

### 15 Financial instruments

#### Categories of financial instruments

	2022 \$000
<b>Financial assets at amortised cost</b>	
Cash and cash equivalents	88
Trade and other receivables	1
	<b>89</b>
<b>Financial liabilities at amortised cost</b>	
Trade and other payables	62

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

## 16 Related party transactions

### Identity of related parties

#### Ultimate controlling parties

The Company is 100% owned by Quayside Holdings Limited. Quayside Holdings Limited is part of the Quayside Group which is ultimately owned by the Bay of Plenty Regional Council.

#### Key management personnel

The Company has a related party relationship with its directors. The Company has no employees.

#### Other related entities

Other related parties include subsidiaries and equity accounted investees in the Quayside Group.

Transaction values and balances outstanding with related parties at 30 June 2022 include:

	2022 \$000
<b>Quayside Holdings Limited</b>	
Shares issued to Quayside Holdings Limited	2,620
Loan payable to Quayside Holdings Limited	3,930
Interest charged by Quayside Holdings Limited	31

The Company purchased the property from QPL for an amount of \$6.5m. The management assessed the transaction price reasonably approximated the fair value of the property at the transaction date.

There were no related party debts have been written off or forgiven during the period.

#### Transactions with key management personnel

There has been no director remuneration.

## 17 Operating leases as lessor

The investment property is leased to tenants under operating leases with rentals payable monthly.

Future minimum lease receivables in the current year relate to operating leases for the lease of commercial space at The Vault.

Future minimum lease receivables from non-cancellable operating leases are as follows:

	2022 \$000
Within one year	252
One year to two years	232
Two years to five years	461
Greater than five years	130
<b>Total</b>	<b>1,076</b>

**18 Capital commitments and contingencies**

The Company has no contractual commitments or contingencies.

**19 Subsequent events**

There have been no events subsequent to balance date which would materially affect the financial statements.

# Quayside The Vault Limited

## Statutory Information

### For the year ended 30 June 2022

#### Information used by directors

During the financial period there were no notices from directors of Quayside The Vault 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 The Vault Limited during the period ended 30 June 2022.

#### Directors

Scott Hamilton was the sole director and held office during the period ended 30 June 2022.

There was no director remuneration.

#### Loans

There were no loans by Quayside The Vault Limited to directors.

#### Employees

Quayside The Vault Limited 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 \$7,000 (GST excl)

# Quayside The Vault Limited 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

