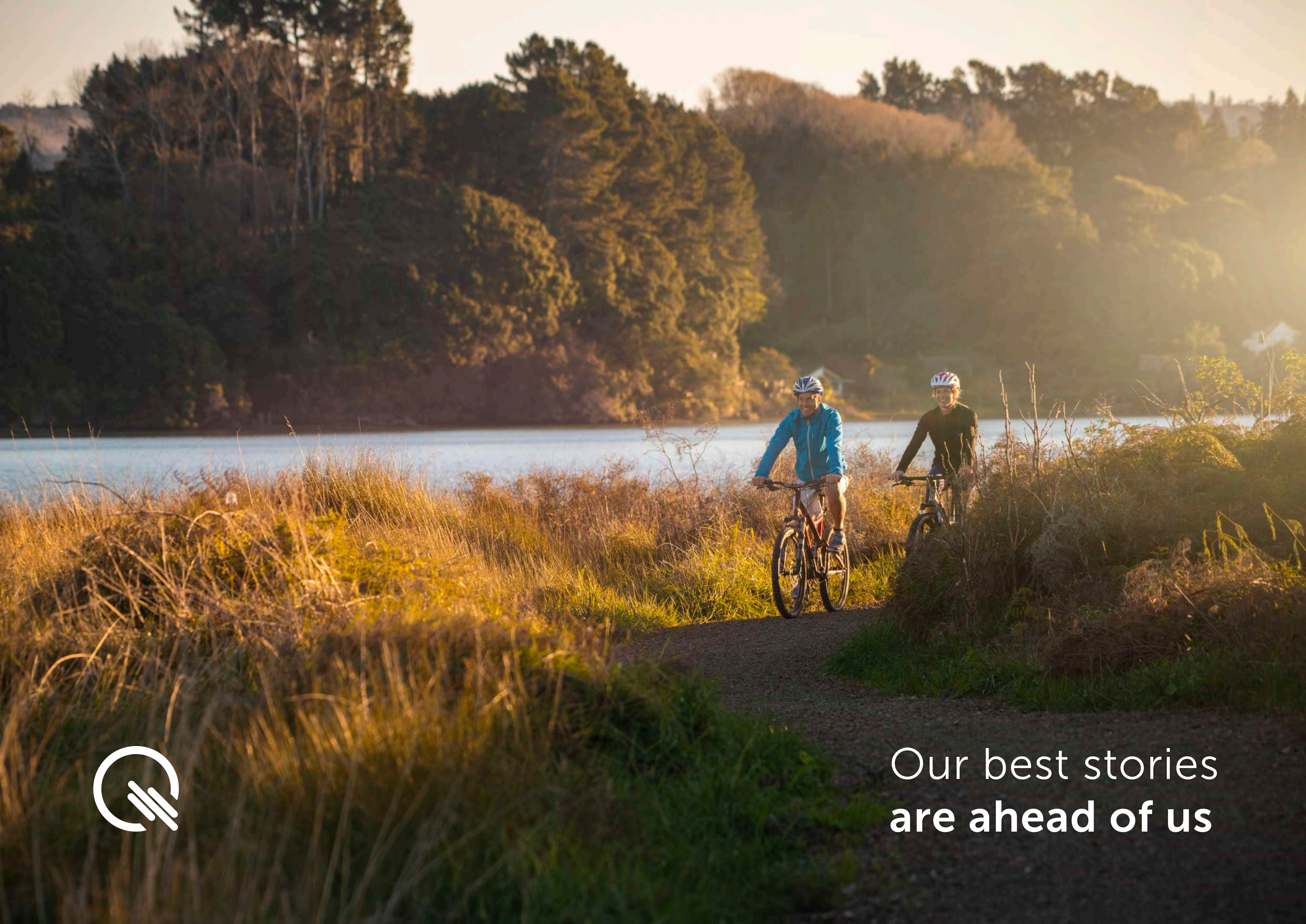
Annual Report 2021
Quayside Holdings Limited

Quayside Holdings Limited
Level 2, 41 The Strand
Tauranga 3110, New Zealand


Our best stories
are ahead of us

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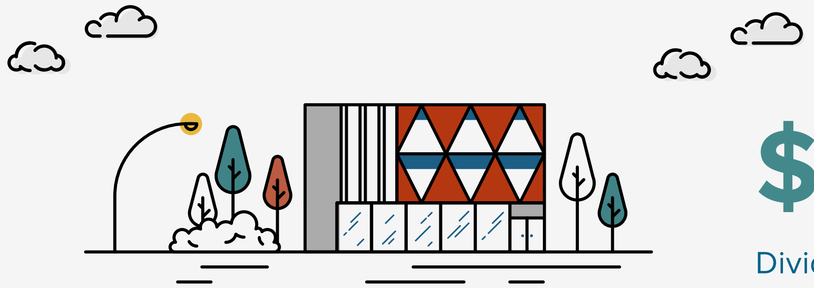
SPOTLIGHT ON 2021

$33.1m

Dividend to the Bay of Plenty Regional Council 2021



$347.1m

Dividends to Council since 1991

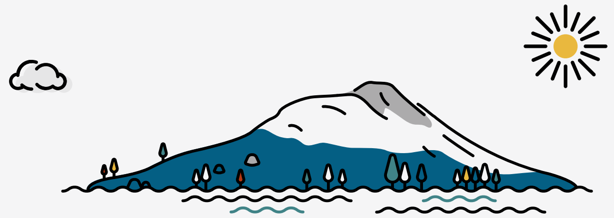
Quayside impact on Bay of Plenty Region 2020/21: Dividend reduces general rates by

$289

per property

Since 1991, Council has leveraged Quayside to the benefit

$253.4m



$600m

Total cash benefit to Council since 1991

Shares in the Port of Tauranga Ltd ("the Port") increase in asset value to

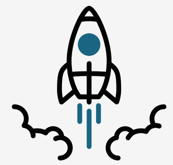
$2.57b

The Port total trade increased by

3.8% to

25.7

million tonnes



The Port group net profit after tax

15.4%

increase

Growth in non-port assets:

22.22% Return on Investment on listed equities (last 12 months)

17 # of direct investments (private equity and properties)

10 # of BOP businesses Quayside has invested in

Partnerships:
strengthening relationship with local iwi to deliver outcomes

People:
continued investment into capability and capacity to grow our non-port returns

ESG:
a continued emphasis on ESG Principles - $1 million invested in new sustainable technologies through Aqua Curo Limited

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Quayside Holdings

Summary of Group Performance

COVID-19 has had, and continues to have, a significant impact on the New Zealand and global economy. Despite this backdrop, 2021 has been an extraordinary financial year for Quayside.

Through a variety of lenses - financial, people, stakeholder relationships, and our wider community - significant results have been achieved, laying a new foundation for the future. Investment in our capabilities and capacity in 2021 has been substantial, resulting in a larger Quayside team that can deliver to future shareholder expectations.

Throughout 2021, we also increased our focus on our stakeholder management and Quayside's presence in the community through our brand and communications strategies. We appreciate the importance of understanding and nurturing strong relationships and partnerships. With the breadth of Quayside investments in the Bay of Plenty ("BOP") and beyond, this focus on stakeholders and community will continue over the coming 12 months and into the future.

The ongoing challenges ahead will require a dynamic, nimble organisation that can move swiftly to take-up opportunities and address headwinds. Quayside's strong financial position, diversity of assets and increased capacity provide a robust platform to meet the objectives that lie ahead of us.

The Quayside Group

Quayside Holdings Limited ("Quayside" or "QHL") and its 100% owned subsidiaries provide a brighter future for the Bay of Plenty through investment that's deeper than profits.

Quayside and its 100% owned subsidiaries (together the "Group") provide a brighter future for the Bay of Plenty through investments that produce more than just profit.

Quayside is a Council-Controlled Trading Organisations ("CCTO"), owned by the Bay of Plenty Regional Council ("the Council"), and acts as the investment arm for the Council to build prosperity for the region with an intergenerational approach.

Quayside is required to retain a majority shareholding in the Port, currently 54.14%, with a value of $2.57 billion (as at 30 June 2021).
The Port maintains strong independent governance, a proven model, that separates the Council's regulatory role from the Port's operational role.

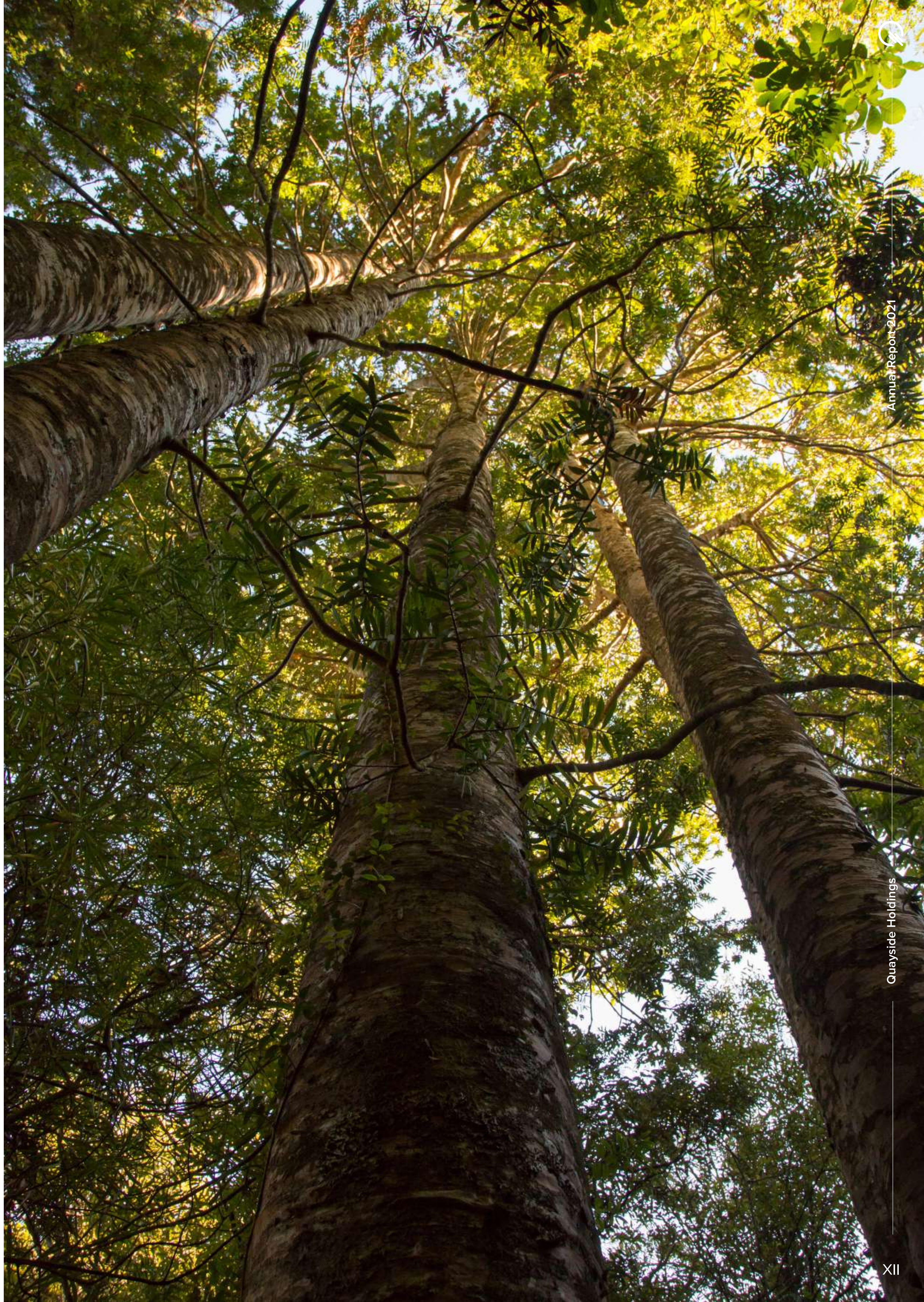
Our Mandate

Quayside was born from an innovative idea to improve the Bay of Plenty by efficiently managing investment assets for commercial return across generations. This has grown beyond the majority shareholding of the Port to other asset classes through a variety of industries, and partnerships; and where values are aligned.

Quayside's annual performance targets are set with the Council and published through the Statement of Intent, which is available on Quayside's website (www.quaysideholdings.co.nz). The Statement of Intent aligns with the Council's strategic objectives as outlined in their Long-Term Plan.

Twice a year, Quayside reports to Perpetual Preference Shareholders via the NZDX (the New Zealand Debt Market) on the financial performance of the Group.

The challenges facing the region require Quayside to remain a strong and resilient organisation and able to sustain dividend payments to the Council to support regional development and services.
A key part of this mandate is retaining a majority shareholding in the Port. Investing strategically into non-Port assets, using an endowment fund approach, will underpin our future ability to grow shareholder returns and support regional prosperity.



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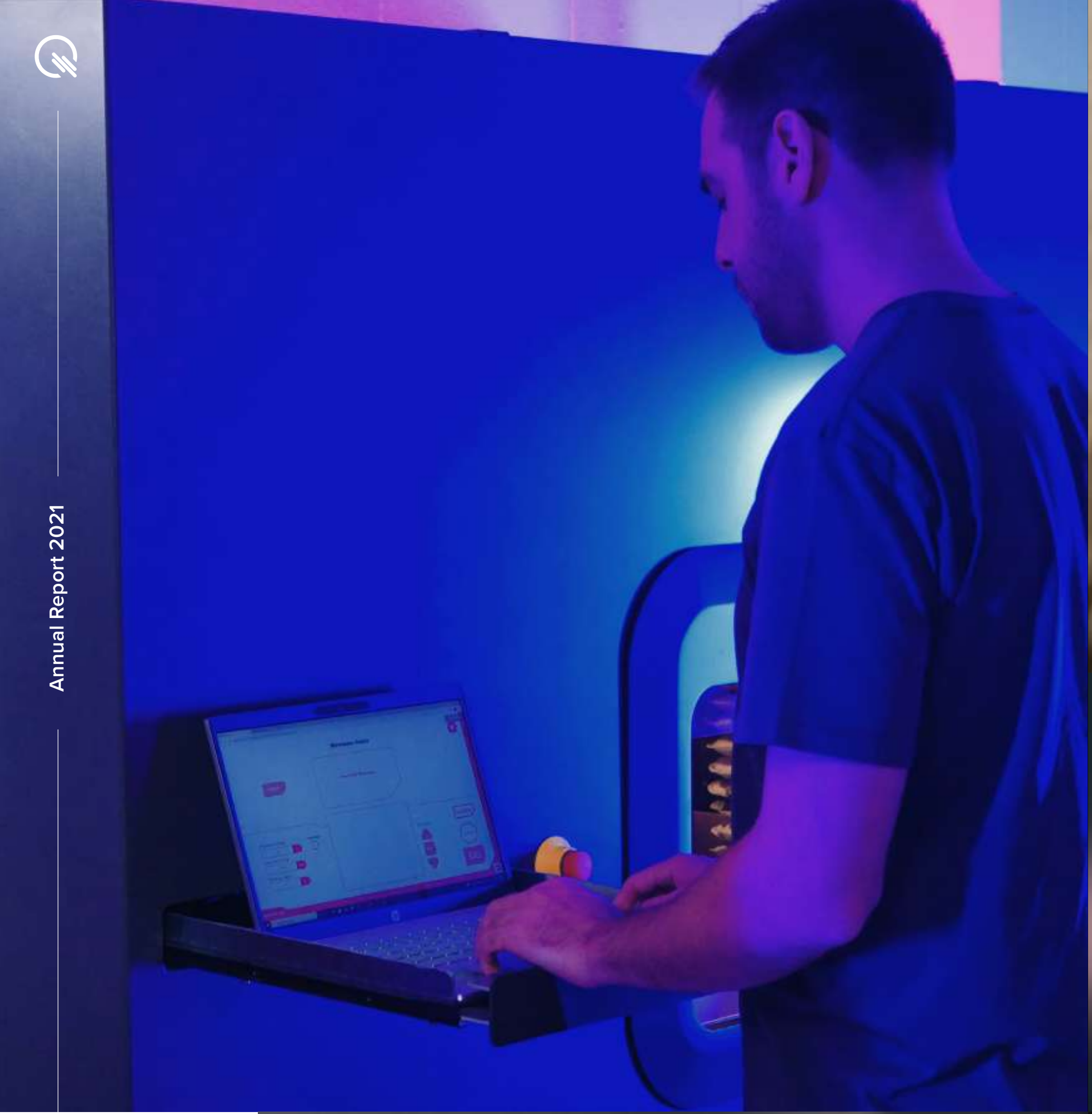



ARGO NAVIS
AEROSPACE


Aqua Curo

Chair & Chief Executive Officer's Report

Tēnā koutou katoa, ngā mihi nui ki a tatou katoa

It has been a challenging year for the broader community to deal with the ongoing effects of the COVID-19 pandemic. This challenge, while physically distancing us at times and creating significant economic and social issues for our region, has also given us the opportunity to come together and embrace different ways of working and doing business.

Quayside has achieved excellent results despite this difficult and uncertain economic environment. Driven through thoughtful and targeted investment strategies, growing commercial returns remain at the forefront of our outputs to our shareholder. In the 2021 financial year, we are pleased to report Quayside paid $33.1 million in dividends to the Council, bringing total distributions since 1991 at $347.1 million

We will continue to use our commercial expertise for the good of the region, creating intergenerational wealth for ratepayers. This is reflected in a significant up-lift in our proposed dividend to the Council to $40 million in 2022. To achieve this Quayside must remain steadfast in pursuing its vision and ensure investment opportunities align with a strategy and business model that embraces a commercial focus, innovation and asset diversification.

Innovation lies at the heart of our business model. We have diversified by investing in a range of ventures, which will ultimately reduce our reliance on the Port's performance and underpin long-term growth in dividends to the Council. Aqua Curo is one such example of bold innovation, where science, investment and passion have combined to create an enterprise that has potential for long-lasting positive effects on our waterways and infrastructure.

Alongside our continued commercial emphasis, over the last year, we have added further talent to our team of specialists. In a tightening labour market, Quayside has attracted experienced people that will enable us to deliver on our strategic vision for the region. We have revisited our brand strategy and created an Employee Value Proposition as we align all parts of our people strategies with attracting, retaining and motivating our team.

In July 2021 we celebrated our 30th anniversary. This is a major milestone for Quayside, one that allows us to reflect on our achievements and contributions to the Bay of Plenty region, and use these as a springboard for our future. We are proud of our contributions to date, and excited by the future before us.

Sir Robert McLeod
Chair

Scott Hamilton
Chief Executive

Our Story

Quayside was born from an innovative idea to improve the Bay of Plenty, an approach we continue to live by every day.

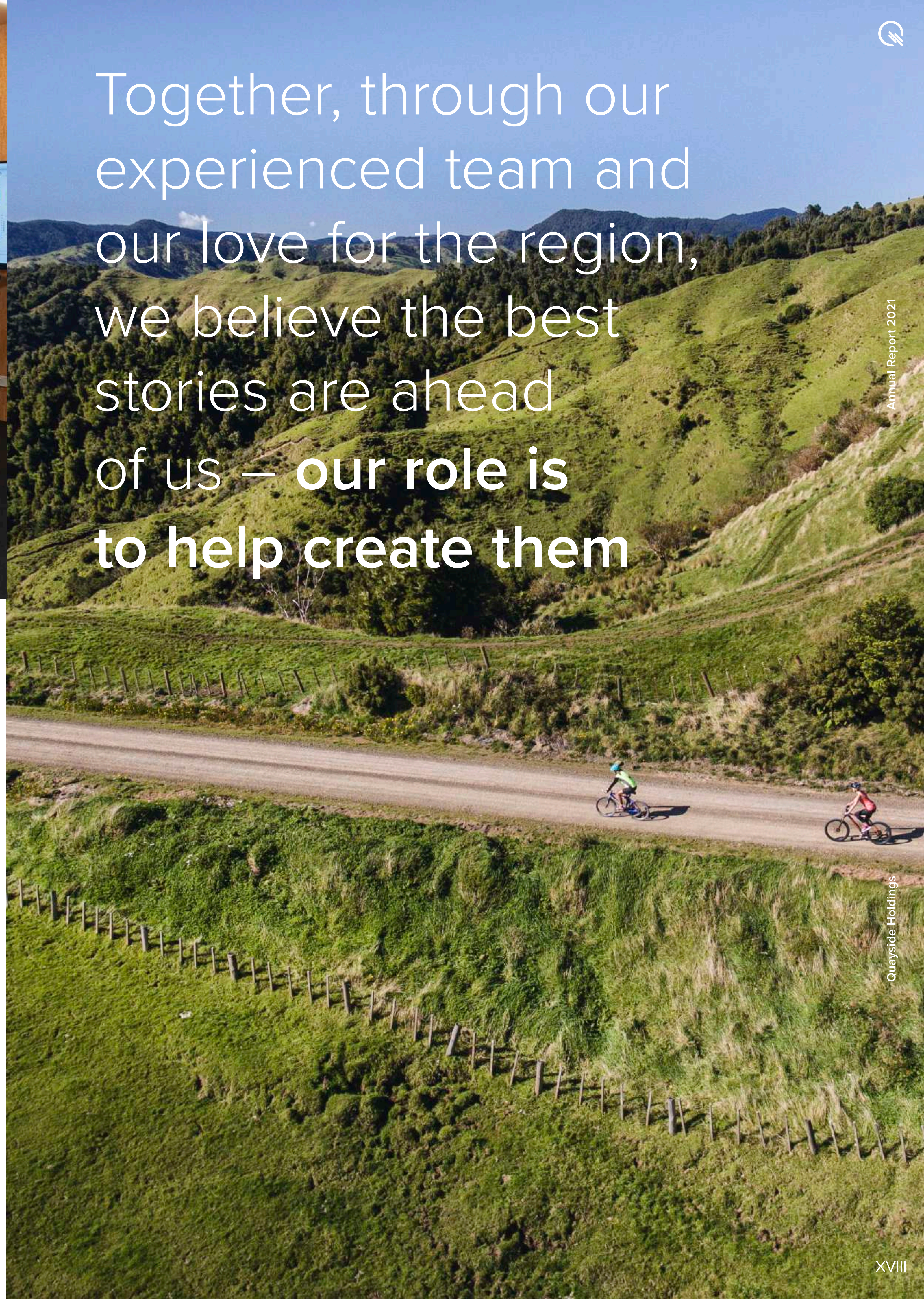
In 1991 the Council took a bold step, establishing Quayside as a separate investment arm, taking a majority share in the Port. By 1998, we paid our first dividend of $1.29 million to our Council shareholder. Our growing success gave Quayside the opportunity to look further than the Port, to find new ways to invest. The economic, social and environmental growth of the Bay of Plenty drives our decision-making, as we continue to look for ways to diversify our opportunities to protect the overall investment for our community.

Over the last 30 years we have worked with value-based partners and iwi, choosing innovative investments that contribute to a brighter future for our community. We retain a majority share of the Port, an asset that has grown from $53 million in 1991 to $2.57 billion in 2021 – a key economic driver for the Region that we are proud to be part of. Our dividend back to the Council has grown to $33.1 million in 2021, with a target of $40 million for 2022.

Quayside has created $600 million worth of value for regional ratepayers with the inclusion of a $200 million Regional Infrastructure Fund through the issuance of Perpetual Preference Shares ("PPS") and the initial payment to the Council to acquire the Port stake.

We have partnered with Te Tumu Paeroa (the Māori Trustee) to create profitable Kiwifruit orchards (Huakiwi) on Māori land, with ownership targeted to pass back to the landowners within a generation. Similarly, our partnership with WNT Ventures, a unique collaboration that focuses on technology start-ups, has supported up to 15 new companies in incubation stage across the nation, bringing deep-tech ideas to life. These are but of few of our successes in supporting and driving outcomes, for our regional community and beyond.

Our vision for a more prosperous and sustainable region attracts people and partnerships that want to use their skills for good and create returns that benefit the community.



Together, through our experienced team and our love for the region, we believe the best stories are ahead of us – **our role is to help create them**

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1989
Council established, recieves 77% shares in the Port from disestablished BOP Harbour Board

1991
QHL established as commercial investment arm of Council

QHL borrows $53,000,000 to acquire POTL shares from Council

1992
The Port lists on NZDX. QHL shareholding reduces to 55%

1997
QHL achieves first year as a viable entity in its own right

1998
QHL pays first dividend to Council of $1,290,000

1999
First diversification opportunity for QHL when the Port provides unimputed special dividend of $8,400,000

2001
QHL net assets exceed $250,000,000

2003
QHL establishes QPL to enable diversification into property

2005
QPL purchases 162ha of land at Rangiuru for the Rangiuru Business Park

2008
Consent gained by QPL for development of the Rangiuru Business Park

QHL raises $200,000,000 through issue of PPS to retail investors, tradeable on NZDX. Proceeds held by Council for infrastructure projects

$500,000,000

2010
QHL appoints first full time Chief Executive

2011
QHL net assets exceed $500,000,000

2012
Strike at Ports of Auckland increases container volumes via the Port resulting in 40% increase in dividends

New QHL policy of holding surplus profits for new opportunities

NZ Productivity Commission attributes part of the Port's success as top performing NZ port to the QHL/Council structure

$1,000,000,000

2013
QHL net assets exceed $1,000,000,000

2014
QHL establishes Quayside Investment Trust, a wholly owned portfolio investment equity trust

QHL founding shareholder in Tauranga tech incubator, WNT Ventures

2015
The Port enters Kotahi joint venture with Fonterra and Silver Fern Farms, QHL shareholding reduces to 54.14%

QHL & Te Tumu Paeroa (the Maori Trustee) invest into OPAC, the largest seasonal employer in Opotiki

Council formalises QHL strategy to retain 20% of cash profit, fostering further economic and regional development

2016
QHL underwrites the concept of a BOP-based mid-tier private equity firm and becomes cornerstone investor in Oriens Capital

QPL purchases 53 Spring St, Tauranga and develops a regional investment hub (The Vault) with aligned businesses as tenants

2017
Huakiwi Services Ltd founded, a joint venture between QHL and Te Tumu Paeroa

Huakiwi invests in new kiwifruit orchards in BOP on Maori freehold land

2018
QHL net assets exceed $2,000,000,000

QHL creates joint venture Tauranga Commercial Development Limited, acquiring commercial site in Tauranga for future development

$2,000,000,000

2019
QHL creates joint venture Lakes Commercial Development Limited, acquiring commercial site in Rotorua for future development of Council office

$3,000,000,000

2020
QHL net assets exceed $3,000,000,000

Provincial Growth Fund funding received to advance the Rangiuru Business Park

Our Guiding Principles & Our Values

Our Guiding Principles

- To be a responsible and commercially focused investor
- To be an open, effective and respectful communicator
- To ensure an intergenerational focus
- To be disciplined in operational management to ensure consistently good decision-making
- To promote and enhance regional growth

Our Values

We do work we're proud to stand by:
- Pioneering is part of our process
- Work life balance happens daily
- Commercial sits alongside ethical
- No-one gets left behind

Stakeholders

The Value of Relationships

While our stakeholders have always been at the heart of Quayside's purpose, over the last 12 months we recognised the need to strengthen and foster these relationships as we grew as an organisation.

Delivery of long term, sustainable commercial dividends to the Council, who in turn target these returns (dividends) into value for the wider regional community, drives what we do and how we do it.

As a CCTO of the Council, we must operate through a different lens to many organisations, governed by the Local Government Act 2002, ensuring we manage Council assets in a commercially responsible manner.

We have enhanced our relationship with Council using a multi-level approach, striving to better understand the long-term needs of our shareholder to ensure we deliver to their strategic objectives. The added capabilities within our Quayside team enables stronger functional relationships through key roles within the Council, with a view to becoming a trusted advisor in the provision of intergenerational, inflation-proof returns.

"We receive an annual dividend from Quayside Holdings each year, which we use to reduce the amount we need to collect through general rates. Quayside Holdings has been achieving strong profit growth for several years and has retained a portion of its profits for future regional investment. This ensures that our communities' benefit from investments"

— Bay of Plenty Regional Council, 2021 Long Term Plan

As we have matured as an organisation, so has the breadth and depth of our stakeholders – direct or indirect. The wider business community (both regionally and nationally) remain an important avenue for Quayside in looking for investment opportunities across asset classes.

Engagement with local iwi and an understanding of te ao Māori has also been a key focus this year. Our partnership with Te Tumu Paeroa and Tapuika Iwi Authority has demonstrated the real value that can be achieved when values and long-term objectives align.

The Rangiuru Business Park, working alongside local iwi including the Tapuika Iwi Authority, will create yet another long-held opportunity for the region. Key social and environmental outcomes for the immediate and wider community that are important to the Council, local iwi, businesses and Quayside will be realised in increasing ways as development of the Rangiuru Business Park gets underway.

We are excited to continue strengthening these relationships with measurable outcomes that provide value to the community, engaging with others to tell the Quayside story.

The Port of Tauranga

Quayside, as mandated from Council, is required to maintain a majority shareholding in the Port, currently holding 54.14%. The Port has posted an excellent financial result for the year, at $102.4 million, an increase of 15.4% from the previous year, driven by the Port's continued highly effective logistics and supply chains despite the ongoing cargo issues and pressure on freight globally.

This result is underpinned by strong governance with a future focus that will ensure the Port remains a key economic driver for the region.

Quayside manages the Port shareholding on behalf of the Council, providing a one-step removal for the Council as the Port's regulator. In 2012, this model was recognised by the NZ Productivity Commission as one of the factors of the Port's undoubted success.

Today, Quayside's Port shareholding is valued at $2.57 billion, from a value of $53 million in 1991. The Port remains the largest container and bulk export port in New Zealand, with continued plans for expansion.

Financial Performance

The Port reported a Group Net Profit After Tax of $102.4 million, on revenue of $338.3 million, which represents an increase of 15.4% compared to the restated previous year, also topping its 2019 result of $100.6 million.

Revenue growth has been registered in all major Port segments in comparison to 2020:

- Port Operations grew by 13.6% to $302.5 million;
- Port Services grew by 4.3% to $30.9 million; and

Based on the reported results, the Port declared a final dividend of 7.5 cents per share.

Port total trade increased by

3.8%* to **25.7** million tonnes

* from last financial year

Imports have increased by **4.0%** to **9.4** million tonnes

Exports have increased by **3.6%** to **16.3** million tonnes

Tauranga Container Terminal – Sulphur Point

The Port's business division is located at The Tauranga Container Terminal at Sulphur Point, providing 24/7 service to ships and associated logistics. As New Zealand's largest port by volume and the largest port for containers, the Port's total trade increased 3.8% in the year to 30 June 2021, even with the volume of containers decreasing from 2020 by 4.1% to 1,200,831 twenty foot equivalent unit.

This terminal has direct rail and road links to other parts of the country. The capital works programme and further expansion will continue to drive the Port's value for Quayside, the Council and the community.

The resource consent application to extend the existing container ship berths to the south, has been lodged, focusing on the conversion of land that is currently utilised for cargo storage. If consent is approved, the $68.5 million project will create an estimated 368 jobs through the construction phase and more than 81 jobs after completion.

Mount Maunganui wharves

Other diversified cargo departs and arrives from the Mount Maunganui side of the Port. Fumigated logs, flour and horticultural and dairy products.

License to operate

The Port is a nationally significant asset and it resides in a naturally beautiful part of New Zealand. As cornerstone shareholders we encourage the Port to have a strong focus on the precious environment in which the Port is situated, providing its notional licence to operate. We are pleased with progress to date and we support the management of these issues by the Port. The Port has CEMARS (Certified Measurement and Reduction Scheme) accreditation in place for its carbon emissions measurement and management.

Whilst the Port's overall carbon emissions went up slightly, this is due to increased straddle diesel consumption in the overcrowded container terminal and the inclusion of 100% of the Timaru Container Terminal emissions. The Port has recorded significant improvements in air and stormwater quality due to dust suppression measures.

Diversification

With such volumes of cargo now reaching the Port, particularly with the congestion at other ports as the pandemic continues to impact shipping schedules, there is further opportunity for the Port to gain further traction as New Zealand's most productive port in the coming years.

The investment in, and alliance with, Prime Port Timaru continues to grow from the strength to strength, allowing South Island exporters and importers to efficiently access Timaru through flexible and cost-effective routes.

The Port's forward-thinking joint venture with Tainui Group Holdings, to develop an inland port at the Ruakura Super Hub, is also an exciting prospect. Leveraging off the Golden Triangle between Tauranga, Hamilton and Auckland, this venture will create significant economic, environmental and cultural connections and benefits for both regions.

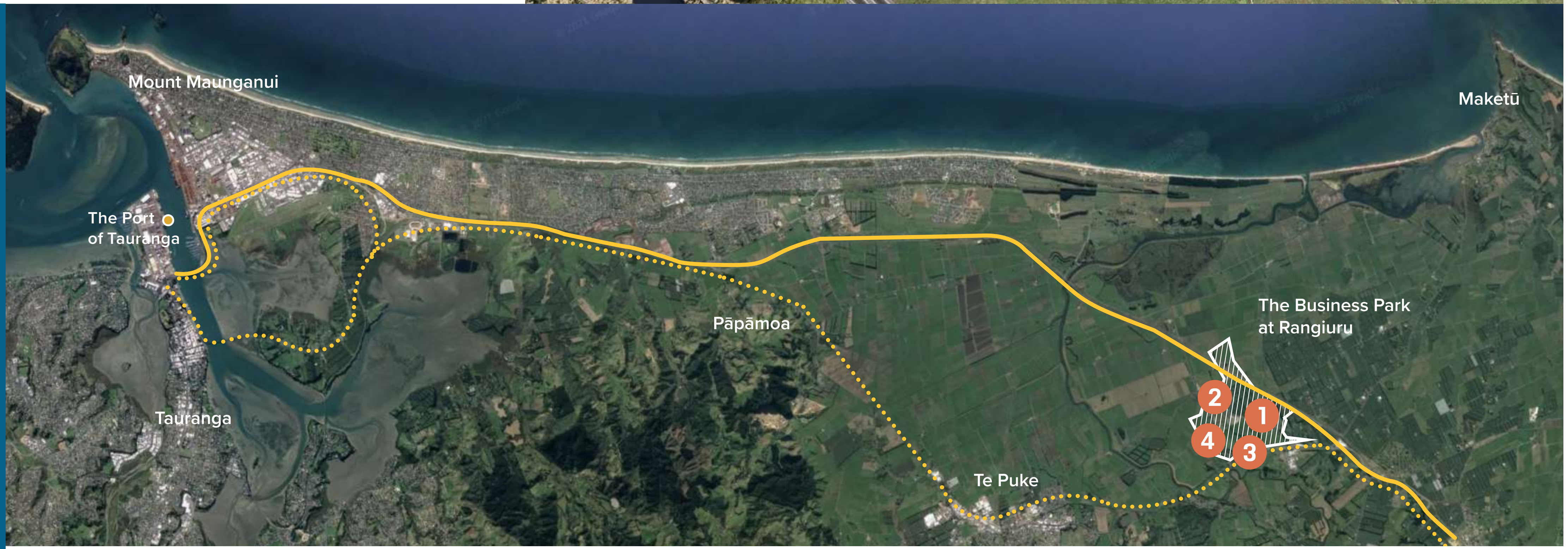
Construction has begun with Ruakura's inland port due to open mid-2022.

The Rangiuru Business Park – artist's impression

Rangiuru Business Park

In 2020, $18 million was secured through the Provincial Growth Fund to build the motorway interchange to the Rangiuru Business Park, with Stage 1a earthworks starting in spring 2021. A key element of the Rangiuru Business Park lies in its "connectedness", with the golden triangle of Tauranga, Hamilton and Auckland, and its proximity to the Port.

The Tauranga Eastern Link expressway will connect the Rangiuru Business Park to the Port along with Whakatane, Rotorua and Taupo. This connection is a critical factor for future tenants and owners within the Rangiuru Business Park.



^ The Tauranga Eastern Link expressway will connect the Rangiuru Business Park to the Port along with Whakatane, Rotorua and Taupo. This connection is a critical factor for future tenants and owners within the Rangiuru Business Park.

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Our mission

World-class endowment manager and trusted advisor

Our vision

Quayside delivers sustainable, long-term prosperity to the region by prudently building capital through a disciplined investment process.

Value Creation

Investment management

- Diversified portfolio (early/mid/late) to generate 5 year rolling IRR >= 7.0 post tax.
- Maximise value of non-port assets across asset classes
- Manage treasury needs through best utilisation of capital
- Shareholder value: $33.1m dividend 2021

Governance

- Ensure Port is expertly managed
- Best practice investment framework
- Adhere to ESG principles

Shareholder relationships

- Trusted relationship with Council
- Trusted partner to other stakeholders and the community

People

- Capability and capacity to deliver growth strategies
- Retention of key specialist talent
- Employee value proposition

Innovation

- Investment diversification
- Agility across investments and liquidity

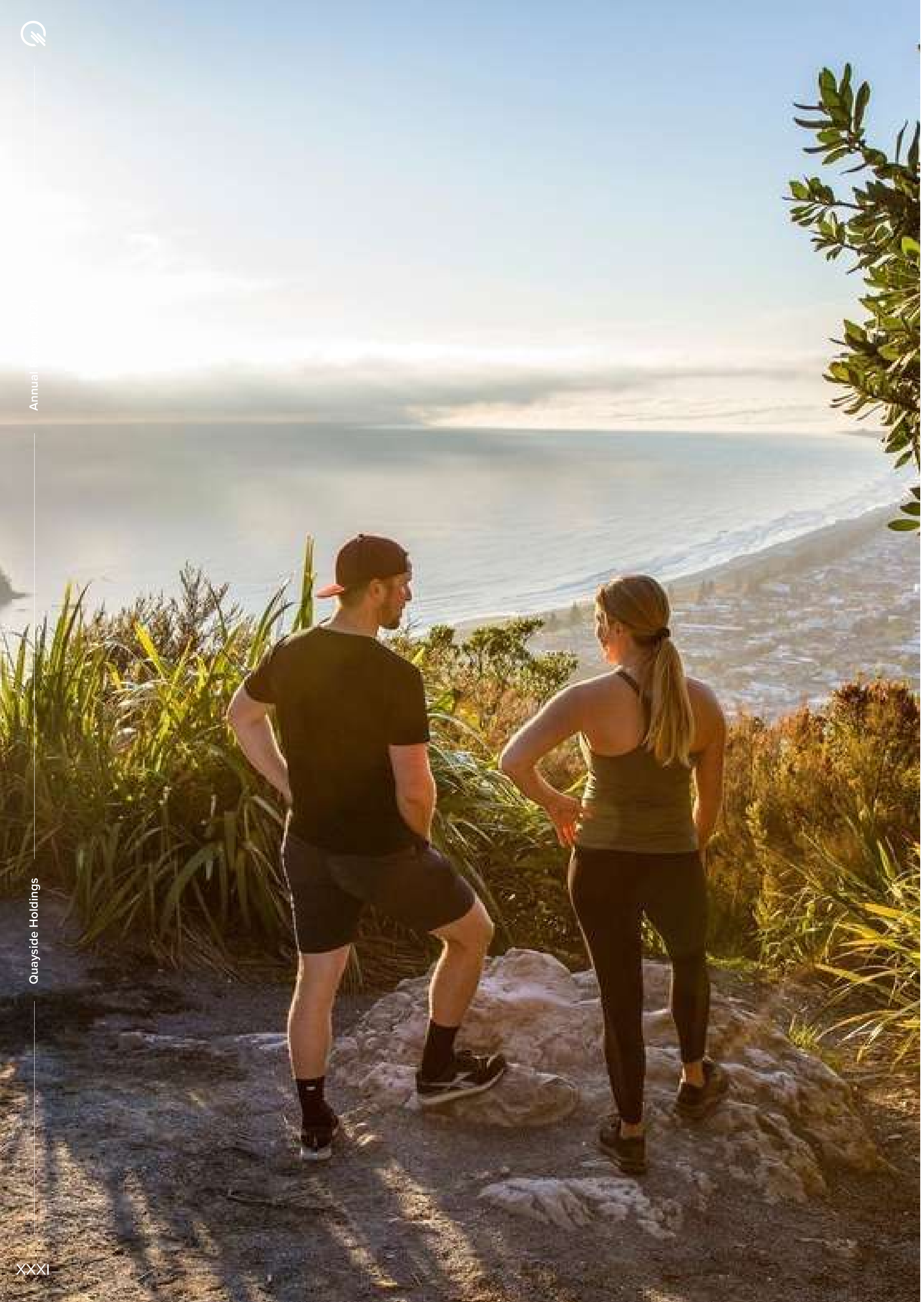
Community

$347.1 million

dividend since 1991

$600 million

invested into community overall



Environmental, Social & Governance

As a publicly owned entity, we take our responsibility to the region seriously. We consider environmental, social and governance ("ESG") issues when analysing investment opportunities and consider how these may contribute to a brighter future for the BOP.

Providing a strong dividend to the Council is a clear objective for Quayside. Provision of a strong and intergenerational dividend enables the Council to deliver to the Council's four well beings for the community (a healthy environment, freshwater for life, safe and resilient communities, and a vibrant region).

What does ESG mean to Quayside?

We use our established guiding principles when assessing new investments to ensure opportunities meet our standards for investment. Assessment of commercial returns (short, medium and long-term) drives analysis of emerging opportunities, whilst our guiding principles are a sense check to incorporate ESG considerations.

Intergenerational returns will always be our mission, ensuring we achieve sustainable and long term returns for future generations, delivered back to our stakeholder through dividends. Assessment of ESG principles reinforces that intergenerational view – in considering ESG, Quayside must maintain a long-term, focused approach on our environment and social impact of our investments, and our alignment with our stakeholder and the wider community.

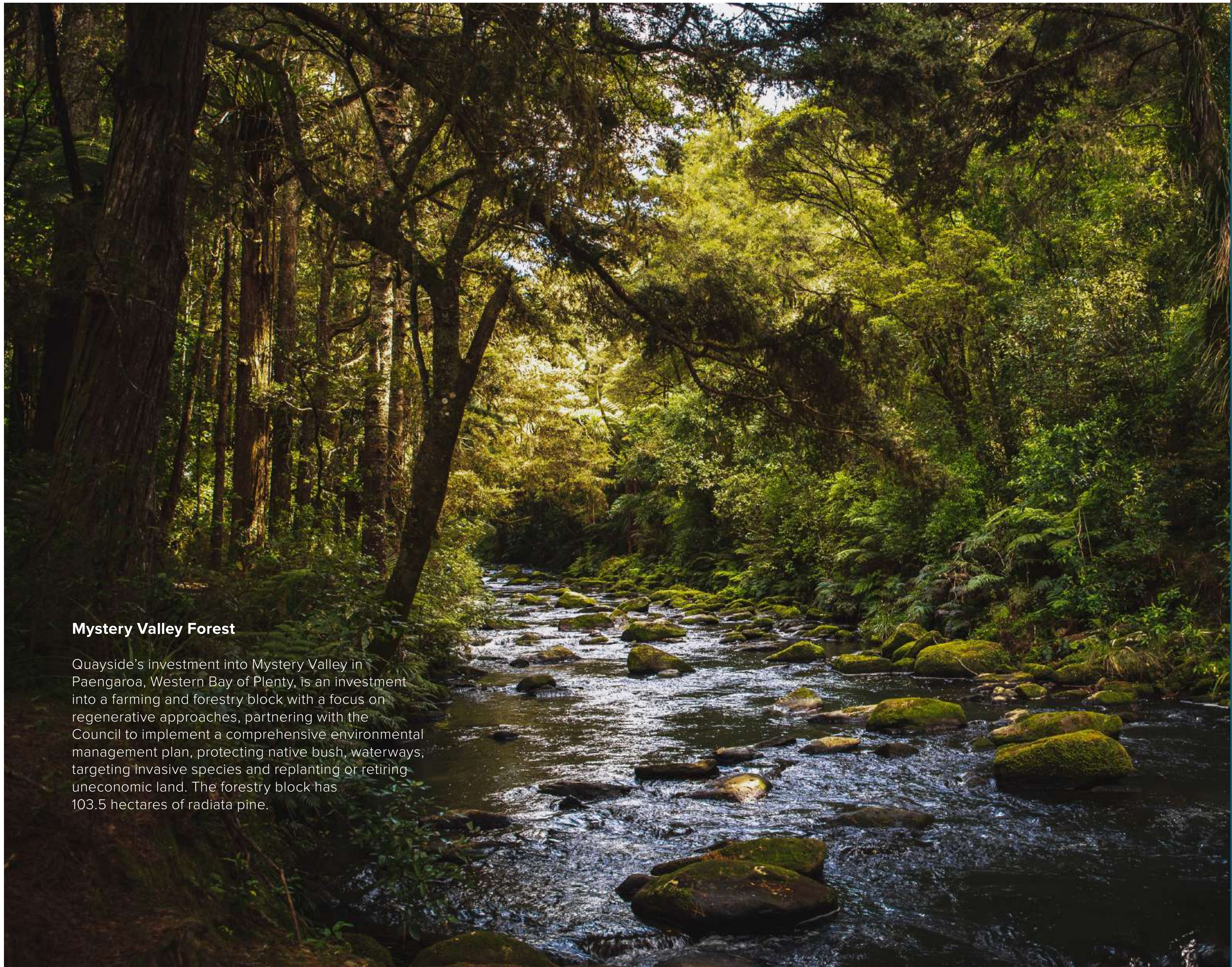
Huakiwi Services Limited (Huakiwi)

Huakiwi was established to pursue opportunities in the horticulture sector for the development and betterment of Māori land. The key priorities for Huakiwi are the sustainability of returns from existing kiwifruit orchards and the development of new orchards, and also providing employment opportunities for local iwi.

While the kiwifruit industry is vibrant and resilient, it holds challenges around the cost of licenses and environmental concerns with water usage. Diversification is key for Quayside, which leads us to new innovative investment opportunities, such as Aqua Curo Limited ("Aqua Curo").

The Port

The Port operation and their license to operate is critical to our ESG principles as a major asset to Quayside. Quayside continues to support high quality independent governance of the Port, with the Council as the regulator. We support the active steps the Port is taking to not only reduce air and water pollution, but also their engagement with local iwi and other partners, and their plan around carbon emission reduction.



Mystery Valley Forest

Quayside's investment into Mystery Valley in Paengaroa, Western Bay of Plenty, is an investment into a farming and forestry block with a focus on regenerative approaches, partnering with the Council to implement a comprehensive environmental management plan, protecting native bush, waterways, targeting invasive species and replanting or retiring uneconomic land. The forestry block has 103.5 hectares of radiata pine.

Spring Sheep

"Nature's super milk - from sheep"

www.springsheepnz.com

Spring Sheep is a New Zealand based company which is taking major steps onto the world stage in the production of sheep's milk as people experience the gentle digestion and nutritional benefits of sheep's milk. Sheep milk is naturally A2 and has a high proportion of short and medium chain fatty acids which are easier to digest. Pure sheep milk outperforms goat and cow milk nutritionally in many areas, with higher levels of key vitamins A, D, E & C.

Spring Sheep also embraces sheep dairying in a different way from traditional bovine dairying – resulting in a product that is has a lighter impact on the environment.

Spring Sheep is jointly owned by Pāmu (100% state-owned) and SLC Ventures, in which Quayside has invested.

Alignment of ESG principles and values

Spring Sheep is a sustainable business that supports positive economic land use change. Its farming and animal welfare practices are best-in-class and are a significant enhancement on traditional bovine dairying:

- Sheep dairying has a 30% reduction in nitrogen leaching compared to traditional conventional bovine dairy farming systems with up to 50% if using an indoor farming system;
- Sheep dairying may provide a much greater productivity per hectare than cow dairying may be able to in the future, especially if nitrogen caps limit stocking numbers.

In June 2021 Spring Sheep beat global heavyweight competitors Nestle and China Feihe to win Best Infant Nutrition product at the World Dairy Innovation Awards.

Commercial, Community & Innovation

Commercial

Financial returns for the Council and the regional community are the cornerstone of our business. In 1998, Quayside returned our first dividend of $1.29 million to the Council. In 2021, this dividend has grown to $33.1 million, with a forecasted $40 million in 2022.

The provision of strong dividend returns to our shareholder is fundamental to our business.

Our 54.14% majority shareholding in the Port is a key asset in our growth, and the success of the Port has seen the value of our shareholding grow to $2.57 billion, from $53 million in 1991, which in turn has allowed Quayside to springboard into non-port assets.

Diversification of our portfolio to reduce reliance on the Port's income stream, spreads investment risk and creates a buffer against fluctuations in the market to provide certainty that is intergenerational.

Quayside drives a commercially focused portfolio, through a disciplined approach led by a team of experienced advisors.

Over the last year, Quayside's investment team has strategically managed non-port investments to create real returns to our shareholder:

The Quayside team works within a wide array of asset classes to return value to our shareholder and community:

- Private equities
- Managed securities
- Land development
- Property development
- New and emerging technologies
- Innovative investment

Furthermore, Quayside is consciously working towards the creation of a strong portfolio from early stage to mature investments, embracing an endowment model that provides intergenerational returns.

Profit for 2021

$51.7m

Increased from

$18.8m

in 2020

Increase of

174%

Community

One of Quayside's enduring aspects is our people - not only are we led by a team of specialists who live, work and play in the Bay of Plenty region, but we are driven by a strong sense of community, an intergenerational focus, and by our love for the region.

Whilst diversification beyond the Bay of Plenty is important to ensure we can deliver intergenerational returns, we also know that investing in, and supporting businesses in the region, aligns with our shareholder's four well-beings and helps to create a strong economy for our region.

Development of a strong and enduring relationship with our stakeholders is critical to our ongoing success. The depth of these relationships have come to the forefront during the challenges and uncertainties of the past year. We will continue to support our community and our stakeholders, ensuring strong alignment of our core values and principles to deliver results.

We are proud to have worked alongside the following as partners and stakeholders to improve our community over the past year:

- Te Tumu Paeroa
- Tapuika Iwi Authority
- OPAC
- Spring Sheep

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Innovation

The concept of pioneering is at the heart of Quayside's business model, as part of our wider strategy to diversify our portfolio to create intergenerational returns for the Council. We pride ourselves on unearthing new investment opportunities and creating new partnerships to deliver our objectives to our stakeholder.

The creation of Aqua Curo is one such example – a collaboration generated by Quayside that looks to commercialise science to reduce common pollutants through bioremediation. The method in which Aqua Curo is harnessing this bioremediation process is a world's first, using innovative technologies to produce the most effective way to apply biological water treatment.

HoneyLab Limited (now TRG Natural Pharmaceuticals Limited, "TRG") is a research company with the ambitious goal to develop new, effective, natural medical products, in a sustainable manner. The products are developed from natural sources including Kānuka honey, bee venom, ginger, tart cherry and capsaicin. They can assist in a range of skin conditions, including relief of acne, rosacea and cold sores. TRG also has products to help with coughs and colds, nausea and vomiting, sleep and stress, and muscle and joint pain. In 2020, the company signed a licensing agreement with Taro Pharmaceuticals U.S.A. to distribute the products in the North American market. This agreement has validated the business model which ultimately allows significant value-add to natural New Zealand-sourced materials. Quayside has supported the company since 2016.

Our People & Culture

Quayside has a strong team of dedicated experts who all live in the Bay of Plenty – this is a key component of our story and our culture.

As a result of Quayside's success and growth, over the last year, we have focused our energy on both recruiting key talent to drive capability and capacity, and also engaging, re-energising and re-focusing our team for the years ahead.

We have implemented the following People initiatives which we expect to deliver positive outcomes as they are embedded in our daily work:

Resourcing

Quayside, in recognising that our continued success was impacting our people resourcing, implemented a review of our organisational workforce and capability to deliver to our strategic vision.

As a result of this review, Quayside successfully recruited for three new roles in late 2020, attracting key talent to the area:

- Chief Operating Officer
- Corporate Services Manager
- Investment Analyst

Learning & Development

In addition to this, Quayside has increased our focus on Learning and Development opportunities for our people, which will provide strong outcomes for the business as we deepen in-house capabilities and undertake succession planning.

Furthermore, as we engage with iwi to build strong and lasting partnerships, Quayside will embark on a further journey with local iwi to ensure we understand and connect to te ao Māori.

Governance

In the people sphere, this has meant a refresh of existing people policies, and addition of new frameworks as we look to guide, reward and support our people through firm commitments.

Employee Value Proposition

Quayside's Employee Value Proposition (EVP) is aimed at attracting and retaining critical talent with the right fit for our operating environment. Our EVP drives overall employee commitment, positively influences workplace culture and reduces turnover. A defined EVP allows consistent messaging within a broader recruitment strategy to the external labour market, as well as a strong internal communications strategy as part of an employee engagement programme and wider brand strategy.

Culture

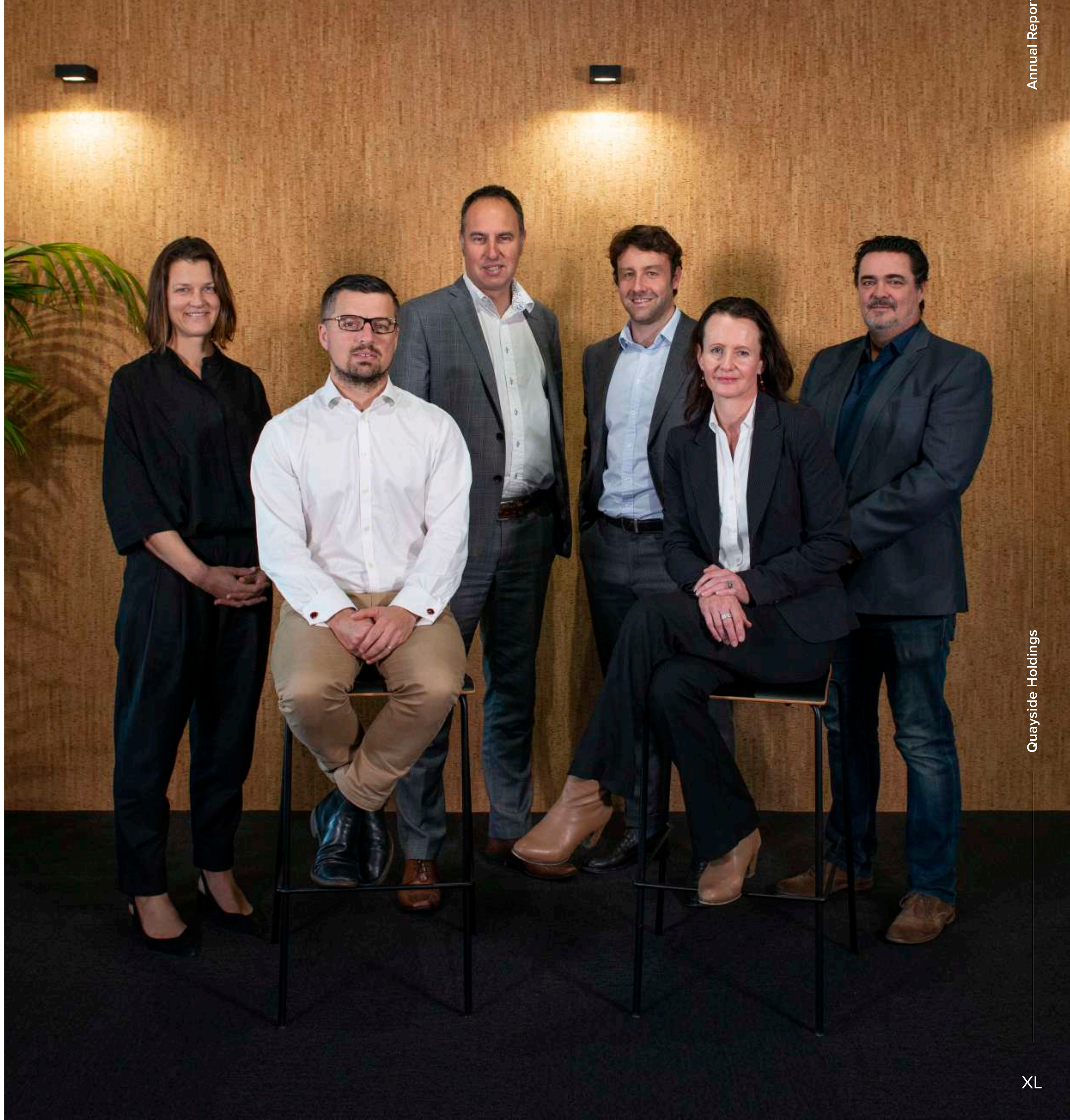
As with many organisations, COVID-19 created some difficult times for our people which required a change of outlook and the way we work. We have successfully overcome these challenges and embraced a new level of flexibility in our workplace.

Celebrating our successes cements our culture. Quarterly events for the entire team celebrate our accomplishments that not only focus on achievement, but also education – involving field trips to our investments to personalise what we do and why we do it.

Quayside's EVP Statement

Quayside is about generating stakeholder benefit externally while creating a community internally. We challenge, empower and drive our people with a focus on values, flexibility in life and work and creating opportunities. We expect the best from our people to create a lasting impact for our community and the Bay of Plenty region. We enjoy the challenges our work provides while supporting each other.

Innovation, impact, success



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Our role within the Bay of Plenty community is significant, **responsibility we don't take lightly**

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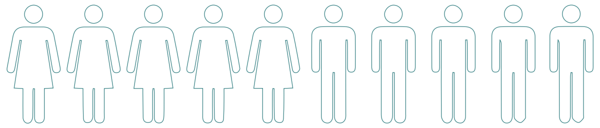
People Statistics

38.5% of our workforce are female

28.6% of our Board are female

33.3% of our Leadership team are female



Health & Safety: **0** reportable injuries

Pay Equity

Statistics N.Z and the Ministry for Women suggests that the minimum threshold for calculating a gender pay gap is 100 employees, with a minimum 20 male and 20 female employees. Whilst Quayside does not meet this threshold, there are some salient points around pay equality that we have considered.

Through Quayside's market-driven approach to remuneration to attract and retain key talent critical to our success, we provide equal pay for work of equal value. There is no distinction between genders when undertaking our structured performance reviews, salary reviews and bonus reviews. The value of the role to our company forms the basis of the total remuneration.

It is the nature of the investment industry to date, and supported by our own recruitment, that candidates for investment roles are overwhelmingly male. In addition, Quayside's administrative roles are taken up by females, which widens the pay equity gap further.

Initiatives

Quayside has recruited for an experienced People specialist, which sits within the Corporate Services function. This role will allow Quayside to not only focus on pay equity and recruitment strategies into the future, but on the vision for our people in the future.

Quayside has also recently revisited the flexible work practices for all staff, as well as strengthened our Diversity & Inclusion policy.

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Investment Highlights

Investment	Total	Change in FY21
Real Estate	7	0
Private Equity	10	2
BOP businesses	10	0

* Inclusive of LCD, TCD and WNT

During the year to 30 June 2021 period, no new real estate investments were made however existing investments continued to provide good returns to the portfolio, along with significant changes such as the demolition of the derelict building at 63 - 69 Spring St (Tauranga), the completion of 1088 Fenton Street in Rotorua and the continued performance of multiple mature assets.

Quayside successfully invested into two new private equity assets and completed five follow on investments into portfolio companies.

Quayside also successfully exited a significant private equity investment in OPAC to Seeka. This investment returned Quayside an Internal Rate of Return (“IRR”) of over 20%.

Quayside continued to support the local investment environment via an additional investment in WNT Fund III, of which Quayside maintains 20% equity in the fund’s manager WNT Ventures.

The listed portfolio continued to achieve market beating performance, providing an IRR of 22.22% for the 12 months to 30 June 2021.

Quayside in Focus

Aqua Curo
Nature-based water treatment
Commercialising science through innovation

Using world-first technology, Aqua Curo is a long-term trial in harnessing bioremediation to remove New Zealand's most common pollutants from our wastewater, and in turn our waterways. In this process macroalgae are used as a natural sponge, consuming pollutants like nitrogen and phosphorus and leaving the water cleaner and safer.

Through this trial, Aqua Curo will test innovative technology - the first of this process in the world - and produce the most effective way to apply this biological water treatment process right across New Zealand.

With the pilot based in the heart of the Western Bay of Plenty, it's not only cleaner water that the community can benefit from, but there's potential to create a whole new industry with employment opportunities, and better sustainable practices, led from right here in our home.

What is Bioremediation?

Bioremediation is when biological organisms (in this case, macroalgae) are used to remove or neutralise environmental pollutants (in this case, phosphorus and nitrogen) by a metabolic process (algae using the nutrients as their food).

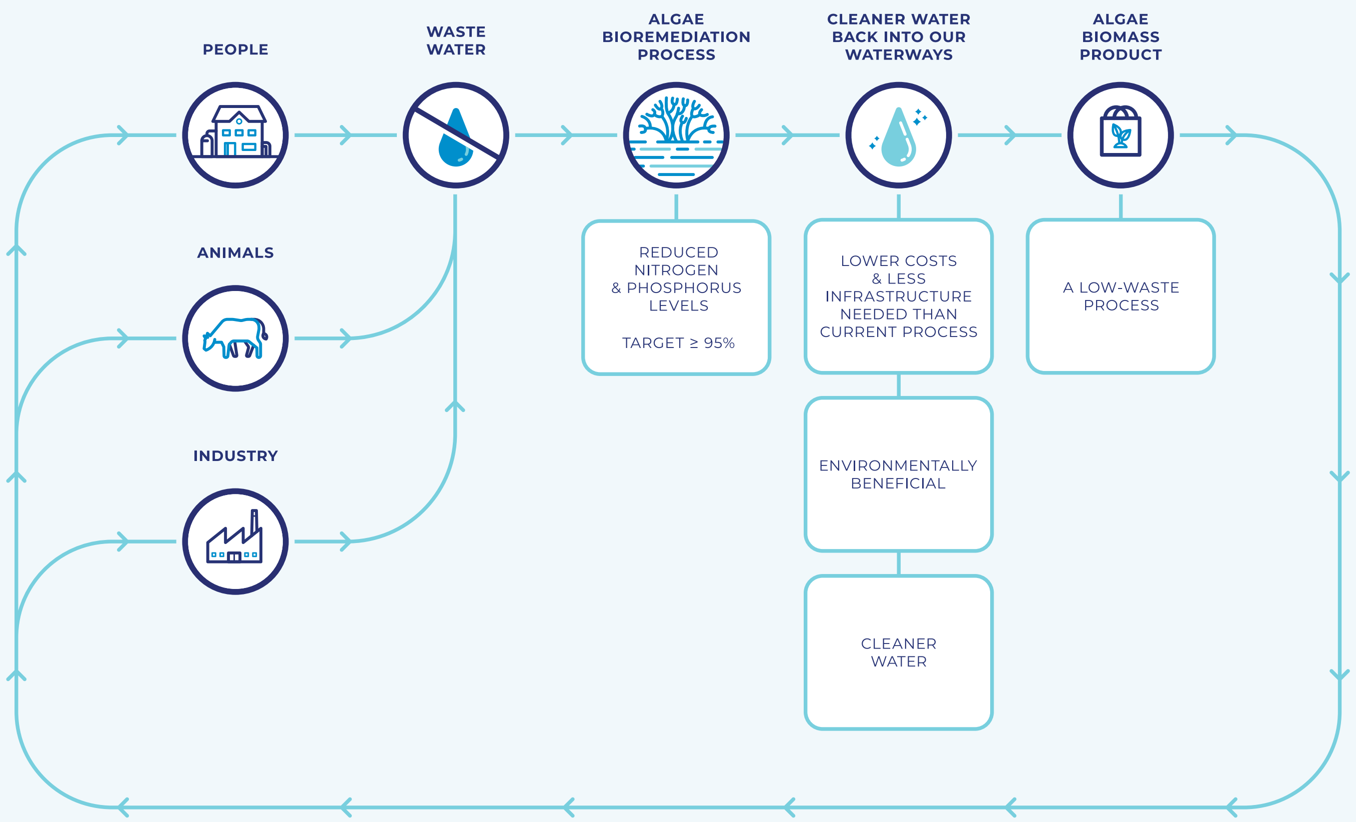
The team leading Aqua Curo are world-leading bioremediation experts, who are working in collaboration with Waikato University, Western Bay of Plenty District Council and Quayside to pioneer this process here in New Zealand.

Using Algae for good

Algae need sunlight, carbon dioxide, and nutrients (nitrogen and phosphorus) to grow. This is why algal blooms in the wild are usually a bad sign for our environment as they signal high nitrogen and phosphorus levels in our water.

However in this case, Aqua Curo are putting algal blooms to work for our nation's good. By using algae's natural consumption of our most common pollutants, we can reduce the problems that cause these environmental blooms in the first place. Part of the trial will be to identify products to create from the algae. This would create a waste-free process, as the algae can be harvested and potentially used for products such as fertiliser, animal feed and other plant-based products.

ALGAE BIOMASS PRODUCTION PROCESS



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Opōtiki Packing & Cool Storage Ltd ("OPAC")

In 2015, Quayside took a 10.1% stake in OPAC, investing new capital to assist their expansion. Whilst a strong force in the kiwifruit industry and wider community for decades, OPAC required capital to expand their packing and storage capacity, as well as equipment needs, to meet the industry's growing demand. Within three years, OPAC doubled its capacity, becoming a true regional success in the Bay of Plenty.

In a community that has high unemployment and material disadvantages, this partnership with OPAC has resulted in the creation of 50% more jobs since 2015. OPAC is both an engaged community partner providing real regional benefits to the area, as well as being the largest employer in the Opōtiki region.

This success led to an amalgamation of Seeka with OPAC on 3 May 2021.

Quayside is proud of our involvement in this business as both a commercial investor for the Bay of Plenty that brings financial return for our shareholder (the Council) as well as deriving broader economic benefits for the region and ratepayers.

The Rangiuru Business Park

Quayside is developing a 148-hectare industrial Business Park at Rangiuru, the largest greenfield consented industrial zone in the Bay of Plenty, broken into four stages of development.

Over the course of the last year, Quayside has positioned ourselves to take our vision of a modern, high quality, vibrant and connected industrial park to the market. In 2020, we obtained $18 million from the Provincial Growth Fund to build the motorway interchange, construction for this is intended to start in late 2021.

Whilst we are only part owners in the site, the Rangiuru Business Park is an example of our strong partnership between Quayside and the Council that goes beyond commercial investment - foreshadowing strong community outcomes from the development of this industrial land.

Quayside is working closely with community partners to deliver ESG principles and the wider vision of our stakeholder. We have a Relationship Agreement with the Tapuika Iwi Authority, as tangata whenua of the Te Puke region, working closely with them in the development of the Rangiuru Business Park on their ancestral land and the use of the word "Rangiuru", engaging Tapuika to provide cultural monitoring of Rangiuru Business Park during earthwork activities.

We have a desire to build and maintain successful partnerships with all iwi and other stakeholders, based on shared principles and values that supports the liveability of the region, creating a vision that benefits the entire community for future generations.

Four stages of development

Quayside owns 40% of the land overall, and 90% of the land in Stage 1. Other stages will start after 50% of Stage 1 is sold.

The Connected Park

Road, rail, sea. 25 mins to the Port of Tauranga, 3 hrs drive to 50% of NZ's population. Creation of 3,000 to 4,000 new jobs to the Region.

Vision for Park

Vibrant, modern, connected, high-quality, large footprints. Shared vision with landowners and buyers / tenants to create a Business Park that benefits the whole community for future generations, something we can all be proud of.

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Our Board & Governance

Perpetual Preference Shares

In 2008, Bay of Plenty Regional Council raised $200 million through the issue of Perpetual Preference Shares, in Quayside. Council used these funds to generate positive environmental, social and governance outcomes for the region.

The Preference shares continue to be traded on the NZDX under the ticker QHLHA. There are over 2,000 individual Perpetual Preference shareholders in Quayside.

Perpetual Preference Shares are subject to a private binding ruling for a period of five years to 2021. We are seeking a renewal of this ruling with the Department of Inland Revenue for a further five years.

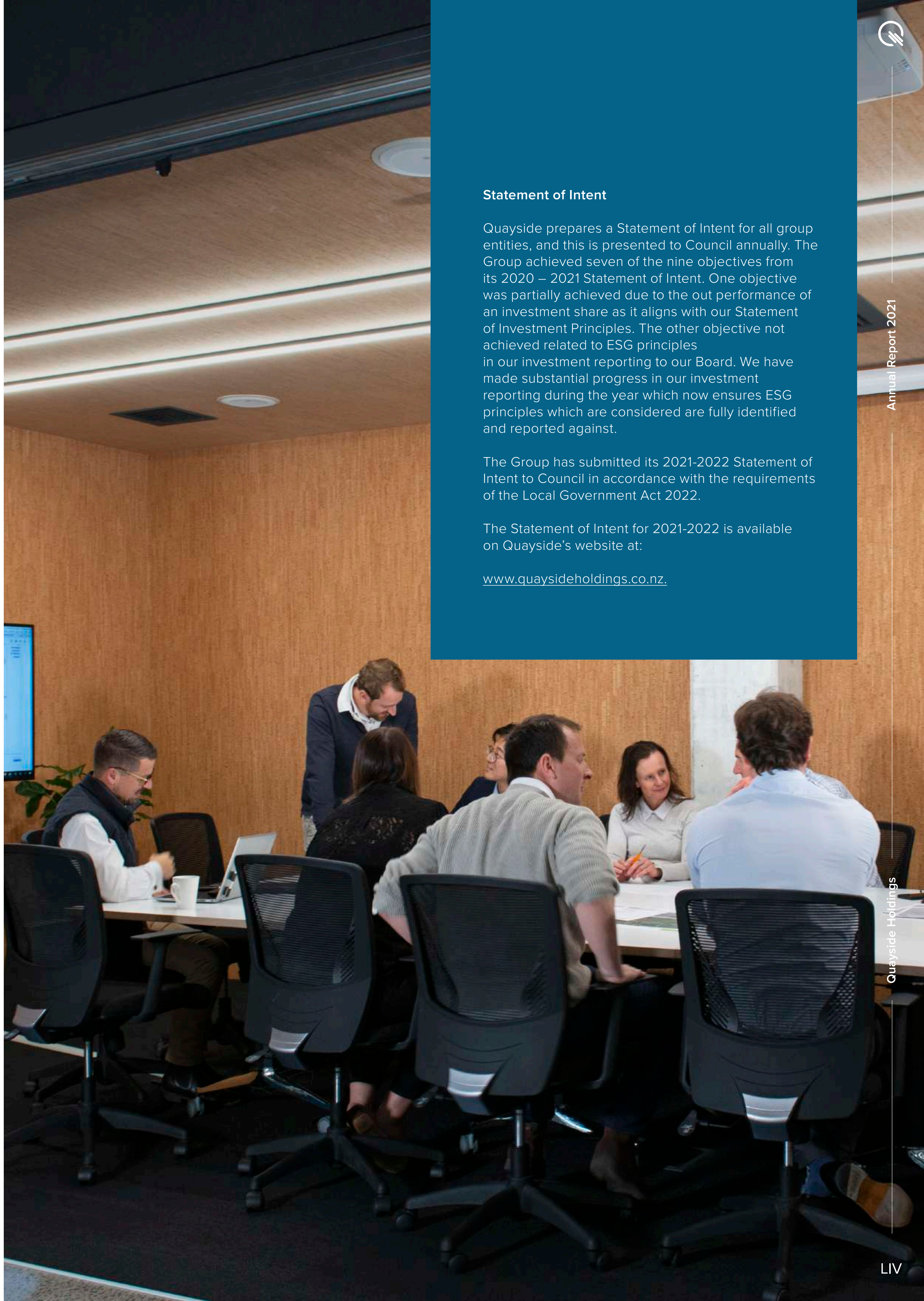
The shares are subject to a reset every three years, at the three-year swap rate, on the day plus a margin of 1.70%. On 12 March 2020 the preference shares rate was reset for the next three years to 2.46%. The next reset will occur on 13 March 2023.

Quayside made a gross distribution of $4.9 million to Perpetual Preference shareholders during the year.

Ordinary Shares

Council is the sole holder of the ordinary shares of Quayside. The Group consists of the following entities:

QHL	Quayside Holdings Limited (an investment holdings company)
QSL	Quayside Securities Limited (a corporate trustee company)
QUT	Quayside Unit Trust (a port holding trust)
QPL	Quayside Properties Limited (a property investment company)
QIT	Quayside Investment Trust (portfolio investment entity)
CTL	Cibus Technologies Limited (a shell company)
ACL	Aqua Curo Limited (macro algae or bioremediation purposes)



Statement of Intent

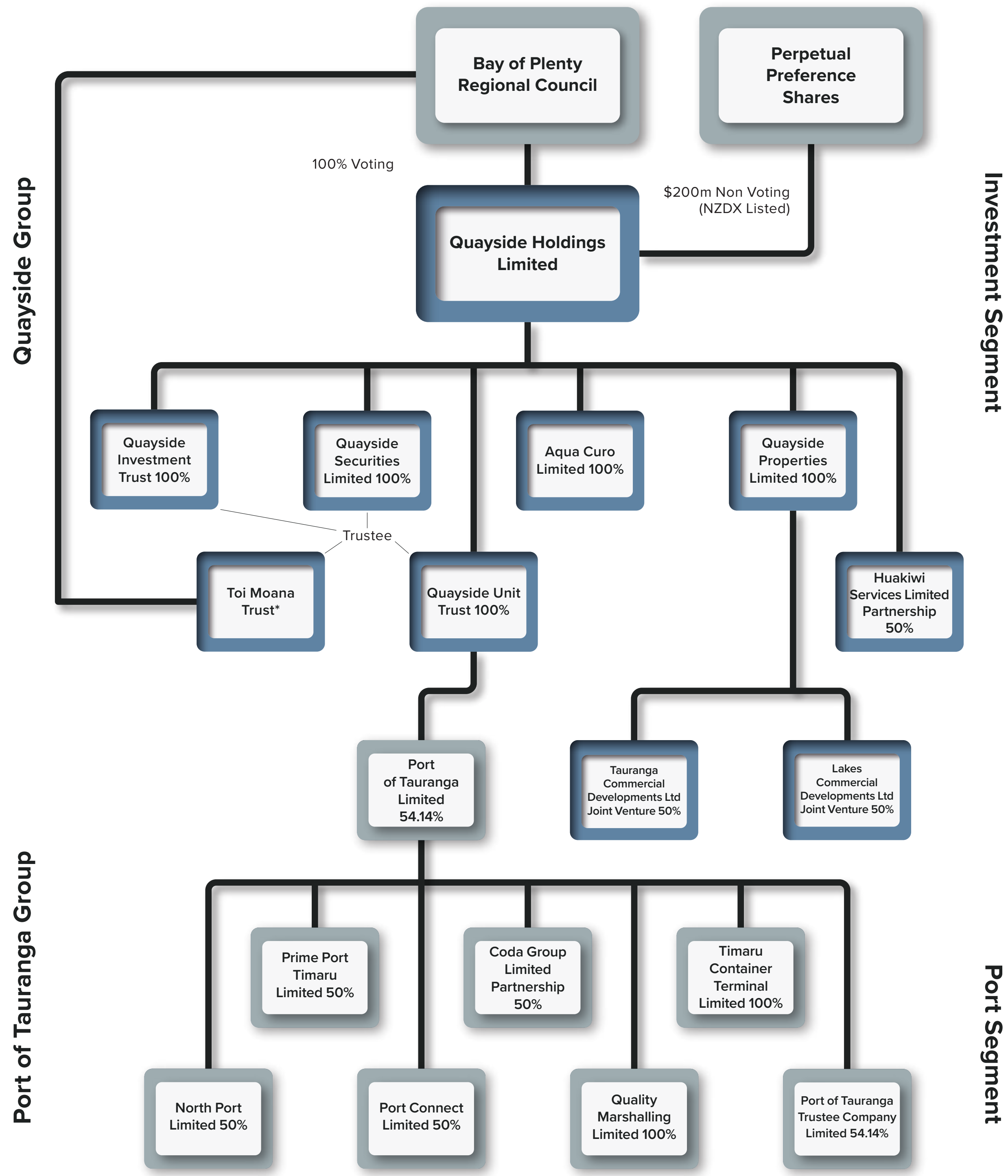
Quayside prepares a Statement of Intent for all group entities, and this is presented to Council annually. The Group achieved seven of the nine objectives from its 2020 – 2021 Statement of Intent. One objective was partially achieved due to the out performance of an investment share as it aligns with our Statement of Investment Principles. The other objective not achieved related to ESG principles in our investment reporting to our Board. We have made substantial progress in our investment reporting during the year which now ensures ESG principles which are considered are fully identified and reported against.

The Group has submitted its 2021-2022 Statement of Intent to Council in accordance with the requirements of the Local Government Act 2022.

The Statement of Intent for 2021-2022 is available on Quayside's website at:

www.quaysideholdings.co.nz.

Group Structure



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

Our Board & Corporate Governance

Sir Robert McLeod
Independent Director & Chair

Fiona McTavish
Director

Dr Warren Parker
Independent Director

Stuart Crosby
Director

Keiran Horne
Independent Director

Brett Hewlett
Independent Director

Te Taru White
Director

Corporate Governance

Role of the Board

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

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

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

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

An important objective is to monitor the performance of the Port of which it is a 54.14% shareholder as at 30 June 2021.

Board Composition

The Board must have at least five Directors, with a minimum of two being independent. As at 30 June 2021 the Board was comprised of seven members, including four independent directors.

The Council as voting shareholder adopted a policy regarding the appointment and reappointment of directors onto the Board of Quayside in June 2014.

Councillor T White was appointed in March 2021 with the pending retirement after nine years as a Director of Councillor P J Thompson in April 2021. We acknowledge and thank Councillor Thompson for her service and support to Quayside during her tenure.

Sir R A McLeod, W J Parker, K Horne and B Hewlett are independent directors.

F C McTavish, S A Crosby and T White are directors of the Board.

Sir R A McLeod is the chair of the Board.

Board Diversity

Quayside has a Diversity and Inclusion policy. Appointments to the Board of Quayside are made in accordance with the Council's 'Policy for the Appointment and Remuneration of Directors to the Boards of Council Subsidiaries'.

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

For the purpose of this disclosure, Mr A S Hamilton as Chief Executive is deemed the sole officer of Quayside.

	Female	Male
30 June 2018	3	5
30 June 2019	2	6
30 June 2020	3	5
30 June 2021	2	6

Director Remuneration

Director remuneration follows the Council's 'Policy for the Appointment and Remuneration of Directors to the Boards of Council Subsidiaries'.

During the year, Council approved a Directors pool of $197,500 (plus GST if any) with an equivalent aggregate sum for remuneration pools for directors divided between subsidiaries Quayside Securities Limited ("QSL") and Quayside Properties Limited ("QPL").

Board and Committees

Quayside's constitution sets out the procedures for the election of a Board chair, the convening of Board meetings and the establishment of Committees.

The directors of QHL met formally eight times during the year while the Board's Committees met as required.

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

The Annual Report of the Group and the audited financial statements for the period ended 30 June 2020, together with an unmodified Audit Certificate, were presented to the voting shareholder in October 2020.

The Annual Report incorporating the audited statements for the year ended 30 June 2021, is presented with this report.

The following table outlines the number of the Group's meetings which were attended by directors during the year.

The Board has two sub committees: an Audit and Risk Committee (ARC) and a People, Culture and Safety Committee (PCS)

	Board Committees		
	Full Board	ARC	PCS
Sir R A McLeod	8	6	2
S A Crosby	8	6	-
B Hewlett	8	6	-
K Horne	8	6	-
F C McTavish	8	-	1
W J Parker	8	-	2
P J Thompson (part)	6	-	1
T White (part)	2	-	-
Total Meetings Held	**8**	**6**	**2**

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Board Charter and Code of Ethics

The Board has adopted a board charter, setting out the vision, role, responsibilities, powers, delegations and membership of the board.

The Board adopted a Code of Ethics setting out the ethical and behavioural standards expected of directors and officers.

Share Trading

Quayside has a policy on share trading. The policy details times where directors, officers, and staff of the Group cannot transact, or encourage the transacting in, shares issued by the Port or Quayside.

Other Matters

Quayside maintains a register of directors' interests in which details of certain transactions and interests of directors must be recorded.

Quayside maintains both standard Directors' and Officers' liability and defence cost insurance.

During the year Quayside's website www.quaysideholdings.co.nz was updated.

The website facilitates communication of annual and interim reports to the Perpetual Preference Shareholders, as well as the Group's Statement of Intent.

Quayside Holdings Limited and Subsidiaries

Annual Financial Statements

For the year ended
30 June 2021

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Quayside Holdings Limited and Subsidiaries
For the year ending 30 June 2021

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AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Quayside Holdings Limited and group's financial statements and performance information for the year ended 30 June 2021

The Auditor-General is the auditor of Quayside Holdings Limited (the company) and its subsidiaries (the group). 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 the performance information of the company and group, on his behalf.

Opinion

We have audited:

- the financial statements of the company and group on pages 10 to 97, that comprise the statement of financial position as at 30 June 2021, the income statement, 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 the accounting policies and other explanatory information; and
- the performance information of the group on pages 98 to 102.

In our opinion:

- the financial statements of the company and group present fairly, in all material respects, the financial position of the company and group as at 30 June 2021, and their financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards; and
- the performance information presents fairly, in all material respects, the group's actual performance compared against the performance targets and other measures by which performance was judged in relation to the group's objectives for the year ended 30 June 2021.

Basis for opinion

We conducted 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 *Auditor's responsibilities for the audit of the company and group financial statements and performance information* section of our report. We are independent of the company and group in accordance with the Auditor-General's Auditing Standards, which incorporate Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other than in our capacity as auditor we have no relationship with, or interests in, Quayside Holdings Limited or any of its subsidiaries.

Key audit matters

Key audit matters are those that, in our professional judgement, were of most significance in our audit of the financial statements and the performance information of the current period. In applying our professional judgement to determine key audit matters, we considered those matters that are complex, have a high degree of estimation uncertainty, or are important to the public because of their size or nature.

These matters were addressed in the context of our audit of the financial statements and performance information as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How did the audit address this matter
Property, plant and equipment recorded at fair value	
Refer to note 11 of the financial statements. The group has property, plant and equipment of $1,768 million. The group has a policy of valuing land, buildings, wharves and hardstanding and harbour Improvements at fair value (Revalued PP&E). Full independent valuations are obtained at least every 3 years (by an independent valuer) over these asset classes. In the current year, the fair value of land was updated based on an index of movements in underlying land values. Buildings were assessed to not have materially moved in value and no adjustment was made. Wharves and hardstandings and harbour improvements were revalued by an independent valuer.	Our procedures focussed on the appropriateness of the group's assessment as to whether the carrying values of Revalued PP&E materially represent their fair values, and if a revaluation of a class of asset was required, that the revalued assets have been accurately reflected in the financial statements. • For land and buildings we have: ○ Assessed the methodology applied by management to determine the index of land values. ○ Reviewed the valuation reports of a sample of properties prepared by an independent valuer that inform the land index. ○ Assessed the competence, and objectivity of the valuer used.

Key audit matter	How did the audit address this matter
The Revalued PP&E is considered a key audit matter due to the judgement involved in the assessment of the fair value and the material value of Revalued PP&E on the balance sheet.	○ Corroborated the movements in the valuation reports with industrial property market movements to assess the estimated movements in the land indices. ○ Recalculated management's assessment of the movement in building values for the year. This included corroborating market capitalisation rates and recalculating the movement in rental income in the year. • For wharves, hardstandings and harbour improvements (including these asset classes contained within the equity accounted investment balance) we have: ○ Assessed the competence, and objectivity of the valuer used. ○ Reviewed the valuation reports and assessed whether the valuation approach was in accordance with professional valuation standards and suitable for determining the fair value of identified assets. ○ Compared the asset holdings in the fixed asset register to those valued to ensure all relevant property was captured. ○ Compared on a sample basis asset data used by the valuer to physical asset records and prior valuation reports. We assessed whether the increases in valuations across the different asset classes were correctly accounted for within the Revaluation Reserve and Statement of Comprehensive Income.

Key audit matter	How did the audit address this matter
	Wharves and hardstandings and harbour improvements within the group's associates have historically been held at cost. In the current year a revaluation was performed over these asset classes to align the accounting policies across the group. This resulted in changes to the fair value of PP&E in associates and restated amounts recorded in previously issued financial statements. We assessed the disclosure of the restatements against the requirements of NZ IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*. We found that the valuations adopted by the group were supportable and used approaches consistent with our expectations and that disclosures about the valuations were adequate.
Quayside Holdings Limited's investments in unlisted equity investments and venture capital managed funds	
Refer to note 18 of the financial statements. The company has investments of $49.6 million in unlisted direct equity investments, convertible notes and venture capital managed funds, which are accounted for at fair value. Management has assessed fair value for the managed funds based on the latest quarterly reports from the fund managers. Management has assessed the fair value of unlisted equity investments and convertible notes using valuation techniques as disclosed in note 18. The fair value of these investments is considered a key audit matter because there are significant judgements to be made in determining valuation approaches and inputs. There are significant uncertainties in the fair value of some of these investments because of the early stage nature of the investments and the absence of market transactions.	Our procedures for investments in unlisted equity investments and venture capital managed funds included the following: • We assessed management's and the Board's processes for reviewing and approving valuations. • For unlisted equity investments and convertible notes we: ○ Assessed the appropriateness of the chosen valuation techniques. ○ Identified the key inputs into the valuations (such as transaction prices, financial forecasts and discount rates) and assessed management's support for these. ○ Considered how management had taken into account the uncertainty inherent in the financial forecasts of early stage investments. ○ Considered the impact on value of alternative assumptions and alternative valuation approaches.

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Key audit matter	How did the audit address this matter
	• For investments in venture capital managed funds we: ○ obtained fund managers' valuation policies and assessed for consistency with industry practice (including the International Private Equity and Venture Capital Valuation (IPEV) Guidelines) and the group's accounting policies. ○ considered the extent to which the reporting from the funds had been audited by fund auditors and considered the audit reports where available. • We reviewed the overall valuation changes and obtained explanations for any significant or unusual changes in value. We found the valuations adopted by the group were reasonable and supportable and the disclosures about the valuations and valuation uncertainty were adequate.
Valuation of investment property	
Refer to note 26 of the financial statements. The group's investment property portfolio comprises of commercial, industrial, residential, rural and industrial investments throughout the Bay of Plenty region. Investment properties are revalued annually by independent valuers. The value of the portfolio is $56.9 million as at 30 June 2021. The value of the portfolio continues to grow as acquisitions are made and progress is made towards the Rangiuru land being developed into an industrial park. Significant judgements and assumptions in the valuation of investment property include an assesment of the classification of theRangiuru land based on the current progress of this development and future plans for this land. Further information regarding the judgements involved in determining fair value is contained in note 25.	Our audit procedures included the following: • We read the valuation reports, and met with the valuers to discuss the valuations. We assessed the valuers' expertise for the work and their objectivity, including reading their terms of engagement and considering the existence of other engagements or relationships. • We obtained representations from the valuers that the valuation was in accordance with accepted professional valuation standards. • We confirmed our understanding of the valuation methodology and key assumptions. We assessed them for compliance with the requirements of the applicable financial reporting standards and evaluated their reasonableness based on our experience and knowledge of other valuations.

Key audit matter	How did the audit address this matter
We consider this a key audit matter because of the judgements involved in determining the accounting classification and the fair value.	• We obtained an understanding of the market data sources used by the valuer and the reliability of this data. We engaged a property valuation specialist to assist with the assessment of the methodologies applied and critique and challenge the key assumptions used by the valuers. • We reviewed the basis for the classification of the Rangiuru land having regard to the progress and decisions to date. • We reviewed the overall valuation changes and obtained explanations from the valuers for any significant or unusual changes in value. • We considered the adequacy of the disclosures particularly in relation to the key assumptions and judgements. We found the valuations adopted by the group were reasonable and supportable and the disclosures about the valuations were adequate.

Other information

The directors are responsible on behalf of the company and group for the other information. The other information comprises the information included in the statutory information and directory (but does not include the financial statements and the performance information and our auditor's report thereon), which we obtained prior to the date of this auditor's report. The other information also includes management commentary, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the company and group 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 company and group financial statements and the performance information, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the company and group financial statements and the performance information or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

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Quayside Holdings

Directors' responsibilities for the company and group financial statements and performance information

The directors are responsible on behalf of the company and group for the preparation and fair presentation of the company and group financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of company and group financial statements that are free from material misstatement, whether due to fraud or error. The directors are also responsible for preparing the performance information for the group.

In preparing the company and group financial statements and the performance information, the directors are responsible on behalf of the company and group for assessing the company and group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company and group or to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the company and group financial statements and performance information

Our objectives are to obtain reasonable assurance about whether the company and group 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 conducted in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of readers taken on the basis of these company and group 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. We also:

- identify and assess the risks of material misstatement of the company and group 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.

- 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 and group's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- evaluate the appropriateness of the reported performance information within the group's framework for reporting its performance;

- conclude on the appropriateness of the use of the going concern basis of accounting by the 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 and group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 and group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the company and group financial statements and the performance information, including the disclosures, and whether the company and group financial statements and performance information represent the underlying transactions and events in a manner that achieves fair presentation; and

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the group financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the company and group financial statements and the performance information of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Annual Report 2021
Quayside Holdings

Our responsibilities arise from the Public Audit Act 2001.

Leon Pieterse
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand
10 September 2021

Quayside Holdings Limited and Subsidiaries
Income Statement
For the year ended 30 June 2021

		Group		Parent	
	Note	2021 $000	2020 Restated $000	2021 $000	2020 $000
Income					
Trading revenue	5(a)	**344,213**	307,942	**-**	-
Other income	5(b)	**5,211**	4,837	**46,314**	105,528
Other gains	5(c)	**69,796**	41,217	**10,406**	1,084
Operating income		**419,220**	353,996	**56,719**	106,612
Expenses					
Employee benefit expenses	6	**(45,498)**	(41,324)	**(1,978)**	(1,214)
Trading and other expenses	7(a)	**(125,532)**	(105,149)	**(1,148)**	(1,085)
Other losses	7(b)	**(23,624)**	(21,265)	**(480)**	(968)
Operating expenses		**(194,654)**	(167,738)	**(3,606)**	(3,267)
Results from operating activities		**224,566**	186,258	**53,113**	103,345
Depreciation and amortisation	11, 12, 13	**(34,800)**	(30,592)	**(169)**	(75)
Impairment of property, plant and equipment		**(12)**	-	**-**	-
Reversal of previous revaluation deficit		**-**	175	**-**	-
Operating profit before finance costs, share of profit from equity accounted investees and taxation		**189,754**	155,841	**52,944**	103,270
Finance income	8(a)	**376**	1,678	**125**	1,691
Finance expenses	8(b)	**(17,713)**	(20,421)	**(977)**	(1,581)
Net finance costs		**(17,337)**	(18,743)	**(853)**	110
Impairment of investment in equity accounted investees	15	**(2,707)**	(7,846)	**(2,707)**	(860)
Share of profit/(loss) from equity accounted investees	15	**17,018**	8,146	**2,784**	(1,963)
Profit before income tax		**186,728**	137,398	**52,168**	100,557
Income tax benefit/(expense)	9	**(32,630)**	(29,872)	**481**	235
Net profit after tax		**154,098**	107,526	**52,649**	100,792
Attributable to:					
Equity holders of the parent		**107,845**	67,356	**52,649**	100,792
Non controlling interest		**46,253**	40,170	**-**	-
		154,098	107,526	**52,649**	100,792

Quayside Holdings Limited and Subsidiaries
Statement of Comprehensive Income
For the year ended 30 June 2021

		Group		Parent	
		2021	2020 Restated	2021	2020
	Note	$000	$000	$000	$000
Net profit after tax		**154,098**	107,526	**52,649**	100,792
Other comprehensive income					
Items that will be reclassified to profit or loss when specific conditions are met:					
Cash flow hedge - changes in fair value*		**6,618**	(7,555)	**-**	-
Cash flow hedge - reclassified to profit or loss*		**3,903**	2,341	**-**	-
Share of net change in cash flow hedge reserves of equity accounted investees	15	**496**	(186)	**-**	-
		11,017	(5,400)	**-**	-
Items that will not be reclassified to profit or loss:					
Investment in subsidiaries revaluation	14	**-**	-	**(180,919)**	481,707
Bearer plant revaluation, net of tax *		**1,694**	(1,841)	**-**	-
Kiwifruit licence revaluation, net of tax *		**1,018**	685	**-**	-
Asset revaluation, net of tax*		**157,842**	36,876	**-**	-
Share of net change in revaluation reserve of equity accounted investees	15	**12,090**	286	**-**	70
		172,644	36,006	**(180,919)**	481,777
Total other comprehensive income		**183,661**	30,606	**(180,919)**	481,777
Total comprehensive income / (loss) for the period		**337,759**	138,132	**(128,270)**	582,569
Attributable to:					
Equity holders of the parent		**209,754**	83,670	**(128,270)**	582,569
Non controlling interest		**128,005**	54,462	**-**	-
		337,759	138,132	**(128,270)**	582,569

* Net of tax effect is disclosed in notes 9 and 10

Quayside Holdings Limited and Subsidiaries
Statement of Changes in Equity
For the year ended 30 June 2021

	Share capital	Hedging reserve	Revaluation reserve	Retained earnings	Non controlling interest	Total equity
	$000	$000	$000	$000	$000	$000
GROUP						
Balance at 1 July 2019, as previously stated	200,011	(9,244)	562,993	147,188	525,670	1,426,618
Impact of correction of errors	-	-	18,105	-	14,847	32,952
Balance at 1 July 2019, restated	200,011	(9,244)	581,098	147,188	540,517	1,459,570
Profit after tax	-	-	-	67,461	40,065	107,526
Net effective portion of changes in fair value of cash flow hedges, net of tax	-	(4,142)	-	-	(3,413)	(7,555)
Net change in fair value of cash flow hedges transferred to profit or loss, net of tax	-	1,283	-	-	1,058	2,341
Net change in share of Equity Accounted Investees' cash flow hedge reserves	-	(102)	-	-	(84)	(186)
Net change in share of Equity Accounted Investees'revaluation reserve	-	-	188	-	98	286
Asset revaluation, net of tax	-	-	20,216	-	16,660	36,876
Bearer plant revaluation, net of tax	-	-	(1,841)	-	-	(1,841)
Kiwifruit licence revaluation, net of tax	-	-	685	-	-	685
Total Comprehensive Income	-	(2,961)	19,248	67,461	54,384	138,132
Non-controlling interest adjustment	-	-	-	28	(27)	1
Decrease in share capital	-	-	-	(386)	(319)	(705)
Shares issued upon vesting of management LTI plan (Note 17c)	-	-	-	405	(405)	-
Equity settled share-based payment accrual (Note 17c)	-	-	-	-	1,167	1,167
Dividends to shareholders (note 17b)	-	-	-	(37,651)	(57,062)	(94,713)
Balance at 30 June 2020, restated	**200,011**	**(12,205)**	**600,346**	**177,045**	**538,255**	**1,503,452**
Balance at 30 June 2020, restated	**200,011**	**(12,205)**	**600,346**	**177,045**	**538,255**	**1,503,452**
Profit after tax	**-**	**-**	**-**	**107,845**	**46,253**	**154,098**
Net effective portion of changes in fair value of cash flow hedges, net of tax	**-**	**3,628**	**-**	**-**	**2,990**	**6,618**
Net change in fair value of cash flow hedges transferred to profit or loss, net of tax	**-**	**2,140**	**-**	**-**	**1,763**	**3,903**
Net change in share of Equity Accounted Investees' cash flow hedge reserves	**-**	**272**	**-**	**-**	**224**	**496**
Net change in share of Equity Accounted Investees'revaluation reserve	**-**	**-**	**6,628**	**-**	**5,462**	**12,090**
Asset revaluation, net of tax	**-**	**-**	**86,530**	**-**	**71,312**	**157,842**
Bearer plant revaluation, net of tax	**-**	**-**	**1,694**	**-**	**-**	**1,694**
Kiwifruit licence revaluation, net of tax	**-**	**-**	**1,018**	**-**	**-**	**1,018**
Total Comprehensive Income	**-**	**6,040**	**95,870**	**107,845**	**128,005**	**337,759**
Non-controlling interest adjustment	-	-	-	**25**	**-**	**25**
Increase / (Decrease) in share capital	-	-	-	**403**	**332**	**735**
Shares issued upon vesting of management LTI plan (Note 17c)	-	-	-	**123**	**(123)**	**-**
Equity settled share-based payment accrual (Note 17c)	-	-	-	**-**	**2,078**	**2,078**
Shares, previously subject to call option, issued	-	-	-	**2,168**	**(2,168)**	**-**
Dividends to shareholders (Note 17b)	-	-	-	**(36,642)**	**(38,667)**	**(75,309)**
Balance at 30 June 2021	**200,011**	**(6,165)**	**696,215**	**250,966**	**627,712**	**1,768,739**

Quayside Holdings Limited and Subsidiaries
Statement of Changes in Equity
For the year ended 30 June 2021

	Share capital $000	Subsidiaries revaluation reserve $000	Revaluation reserve $000	Retained earnings $000	Total equity $000
PARENT					
Balance at 1 July 2019	200,011	2,403,445	243	(40,262)	2,563,437
Profit after tax	-	-	-	100,792	100,792
Investment in subsidiaries revaluation (Note 14)	-	480,523	-	1,184	481,707
Net change in share of equity accounted investees' revaluation reserve	-	-	70	-	70
Total comprehensive income	-	480,523	70	101,976	582,569
Dividends to shareholders	-	-	-	(37,651)	(37,651)
Balance at 30 June 2020	**200,011**	**2,883,968**	**313**	**24,063**	**3,108,355**
Balance at 1 July 2020	**200,011**	**2,883,968**	**313**	**24,063**	**3,108,355**
Profit after tax	-	-	-	**52,649**	**52,649**
Investment in subsidiaries revaluation (Note 14)	-	**(180,919)**	-	-	**(180,919)**
Net change in share of equity accounted investees' revaluation reserve	-	-	-	-	-
Total comprehensive income	-	**(180,919)**	-	**52,649**	**(128,270)**
Dividends to shareholders	-	-	-	**(36,642)**	**(36,642)**
Balance at 30 June 2021	**200,011**	**2,703,049**	**313**	**40,070**	**2,943,443**

Quayside Holdings Limited and Subsidiaries
Statement of Financial Position
As at 30 June 2021

		Group			Parent	
	Note	2021 $000	2020 Restated $000	1 July 2019 Restated $000	2021 $000	2020 $000
ASSETS						
Current assets						
Cash and cash equivalents		**40,664**	72,330	66,987	**24,819**	30,022
Receivables and prepayments	16	**68,888**	59,839	64,134	**223**	4,845
Inventories		**1,009**	1,461	1,538	**-**	-
Other financial assets	18	**-**	-	25,000	**-**	-
Current taxation		**-**	-	-	**-**	6
Held for Sale - Investment Property	25	**-**	905	-	**-**	-
Total current assets		**110,560**	134,535	157,659	**25,042**	34,873
Non-current assets						
Intangible assets	13	**27,240**	22,294	21,515	**-**	-
Property, plant and equipment	11	**1,767,864**	1,592,636	1,542,217	**133**	118
Investments in subsidiaries	14	**-**	-	-	**2,851,388**	3,037,302
Investments in equity accounted investees	15	**208,502**	198,236	201,620	**34,783**	34,788
Investment property	25	**56,907**	53,561	27,886	**-**	-
Biological assets	26	**680**	502	390	**-**	-
Other financial assets	18	**293,950**	202,651	178,520	**96,759**	67,294
Right-of-use assets	12	**41,935**	25,011	-	**290**	131
Deferred tax asset	10	**710**	-	-	**710**	229
Derivative financial instruments		**77**	-	-	**-**	-
Receivables and prepayments	16	**16,502**	-	12	**-**	-
Total non-current assets		**2,414,368**	2,094,891	1,972,160	**2,984,063**	3,139,862
Total assets		**2,524,929**	**2,229,426**	2,129,819	**3,009,105**	3,174,735
LIABILITIES						
Current liabilities						
Trade and other payables	22	**39,838**	35,218	39,407	**679**	1,544
Revenue received in advance		**162**	93	260	**-**	-
Loans and borrowings	19	**334,706**	259,000	322,000	**64,706**	-
Lease liability	12	**987**	592	-	**117**	38
Employee benefit provisions	6	**3,389**	724	2,178	**-**	-
Derivative financial instruments	20	**1,151**	-	1,138	**-**	-
Contingent consideration	21	**434**	-	-	**-**	-
Current taxation		**10,005**	8,992	10,378	**-**	-
Total current liabilities		**390,672**	304,619	375,361	**65,502**	1,582
Non-current Liabilities						
Loans and borrowings	19	**215,000**	294,164	202,315	**-**	64,706
Lease liability	12	**42,241**	24,810	-	**160**	92
Employee benefit provisions	6	**2,244**	3,157	1,783	**-**	-
Deferred tax liabilities	10	**89,349**	69,865	69,895	**-**	-
Contingent consideration		**2,920**	-	-	**-**	-
Derivative financial instruments	20	**13,763**	29,359	20,895	**-**	-
Total non-current Liabilities		**365,517**	421,355	294,888	**160**	64,798
Total liabilities		**756,189**	725,974	670,249	**65,662**	66,380
NET ASSETS		**1,768,739**	1,503,452	1,459,570	**2,943,443**	3,108,355

Quayside Holdings Limited and Subsidiaries
Statement of Financial Position
As at 30 June 2021

		Group			Parent	
		2021	2020 Restated	1 July 2019 Restated	2021	2020
	Note	$000	$000	$000	$000	$000
EQUITY						
Paid up capital	17(a)	**200,011**	200,011	200,011	**200,011**	200,011
Reserves	17(c)	**690,050**	588,141	571,854	**2,704,238**	2,884,281
Retained earnings		**250,966**	177,045	147,188	**39,194**	24,063
Total equity attributable to equity holders of the parent		**1,141,027**	965,196	919,053	**2,943,443**	3,108,355
Non controlling interest	17(e)	**627,712**	538,255	540,517	**-**	-
TOTAL EQUITY		**1,768,739**	1,503,452	1,459,570	**2,943,443**	3,108,355

These financial statements have been authorised for issue by the Board of Directors on 9 September 2021.

Director

Director

Quayside Holdings Limited and Subsidiaries
Statement of Cash Flows
For the year ended 30 June 2021

		Group		Parent	
		2021	2020	2021	2020
	Note	$000	$000	$000	$000
Cash flows from operating activities					
Receipts from customers		**339,385**	327,039	**-**	-
Dividends received		**4,658**	4,742	**45,500**	105,259
Interest received		**(28)**	1,822	**125**	1,795
Other income		**623**	140	**814**	380
Payments to suppliers and employees		**(188,746)**	(156,537)	**(3,835)**	(2,192)
Taxes refunded		**13**	66	**7**	6
Taxes/subvention paid		**(37,728)**	(38,295)	**-**	(408)
Interest paid		**(18,709)**	(20,173)	**(1,007)**	(2,064)
Net cash flow from operating activities		**99,468**	118,804	**41,604**	102,776
Cash flows from investing activities					
Proceeds from sale of investments		**34,901**	107,702	**-**	37,569
Purchase of investments		**(81,831)**	(93,761)	**(25,103)**	(12,578)
Redemption of units		**-**	-	**5,000**	-
Distributions from equity investments		**4,390**	-	**4,390**	-
Finance lease payments received, including interest		**13**	13	**-**	-
Repayment of advances from equity accounted investees		**5,171**	-	**4,491**	-
Advances to equity accounted investees		**-**	(4,991)	**-**	(4,491)
Investment in equity accounted investees		**(6,231)**	(7,065)	**(5,606)**	(6,965)
Disposal of in equity accounted investees		**3,912**	-	**3,912**	-
Investment in subsidiaries		**-**	-	**-**	(35,107)
Distributions from equity accounted investees		**12,388**	10,115	**2,752**	19
Advances of intercompany loans		**-**	-	**-**	(23,803)
Repayment of intercompany loans		**-**	-	**-**	8,355
(Purchase) / Sale of intangible assets		**167**	(587)	**-**	-
Purchase of biological assets		**-**	-	**-**	-
Purchase of investment property		**(2,850)**	(19,412)	**-**	-
Improvements to investment property		**-**	(80)	**-**	-
Purchase of property, plant and equipment		**(22,677)**	(38,305)	**-**	(66)
Proceeds from sale of property, plant and equipment		**10**	95	**-**	27
Interest capitalised on property, plant and equipment		**(89)**	(451)	**-**	-
Cash acquired as part of business combinations	4	**794**	-	**-**	-
Net cash flow from investing activities		**(51,932)**	(46,727)	**(10,164)**	(37,040)
Cash flows from financing activities					
Proceeds from borrowings		**61,020**	137,040	**-**	6,775
Repurchase of shares		**-**	(716)	**-**	-
Repayment of lease liabilities		**(869)**	(472)	**-**	(38)
Repayment of borrowings		**(64,000)**	(108,174)	**-**	(20,170)
Dividends paid	17	**(75,309)**	(94,713)	**(36,642)**	(37,651)
Net cash flow from financing activities		**(79,158)**	(67,035)	**(36,642)**	(51,084)
Effects of exchange rate changes on cash and cash equivalents		**(44)**	301	**(1)**	33
Net increase/(decrease) in cash and cash equivalents		**(31,666)**	5,343	**(5,203)**	14,685
Cash and cash equivalents at the beginning of the year		**72,330**	66,987	**30,022**	15,337
Cash and cash equivalents at the end of the year		**40,664**	72,330	**24,819**	30,022

Quayside Holdings Limited and Subsidiaries
Statement of Cash Flows
For the year ended 30 June 2021

		Group		Parent	
		2021	2020	2021	2020
			Restated		
	Note	$000	$000	$000	$000
RECONCILIATION OF PROFIT FOR THE PERIOD TO CASH FLOWS FROM OPERATING ACTIVITIES					
Profit for the period		**154,098**	107,526	**52,649**	74,801
Items classified as investing/financing activities:					
Finance lease interest revenue	8a	**(55)**	(2)	**-**	-
Net (gain)/loss on investments		**(49,283)**	(19,684)	**(9,926)**	(116)
Loss on sale of property, plant and equipment		**(10)**	68	**-**	-
		104,750	(19,618)	**42,723**	(116)
Non cash and non operating items:					
Depreciation and amortisation	11,12,13	**34,832**	30,629	**168**	75
Impairment of property, plant and equipment	11	**12**	-	**-**	-
Impairment of property, plant and equipment on revaluation	11	**2,326**	-	**-**	-
(Decrease)/Increase in deferred taxation expense		**(4,977)**	(3,987)	**(481)**	(235)
Ineffective portion of change in fair value of cash flow hedge		**3**	(1)	**-**	-
Amortisation of interest rate collar premium		**86**	86	**-**	-
Reversal of previous revaluation deficit		**-**	(175)	**-**	-
Share of net profit after tax retained by equity accounted investees	15	**(17,018)**	(8,146)	**(2,784)**	1,963
Impairment of investment in equity accounted investees		**2,707**	7,846	**2,707**	860
Increase in equity settled share based payment accrual		**2,078**	1,167	**-**	-
Loss on disposal of Equity Accounted Investees		**741**	-	**-**	-
Write off of bearer plants		**398**	-	**-**	-
Change in the fair value of contingent consideration		**103**	-	**-**	-
		21,291	27,419	**(390)**	2,663
Movements in working capital:					
Change in trade receivables and prepayments		**(31,487)**	9,221	**123**	317
Change in inventories		**452**	77	**-**	-
Change in taxation payable		**1,170**	(1,380)	**-**	-
Change in trade, other payables and revenue received in advance		**3,247**	(4,140)	**(852)**	(847)
Changes in foreign cash deposits		**45**	(301)	**-**	(33)
		(26,573)	3,477	**(729)**	(563)
Net cash flow from operating activities		**99,468**	118,804	**41,604**	102,776

Quayside Holdings Limited and Subsidiaries
Notes to the Financial Statements
For the year ended 30 June 2021

1 Company Information

Reporting Entity

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

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

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

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

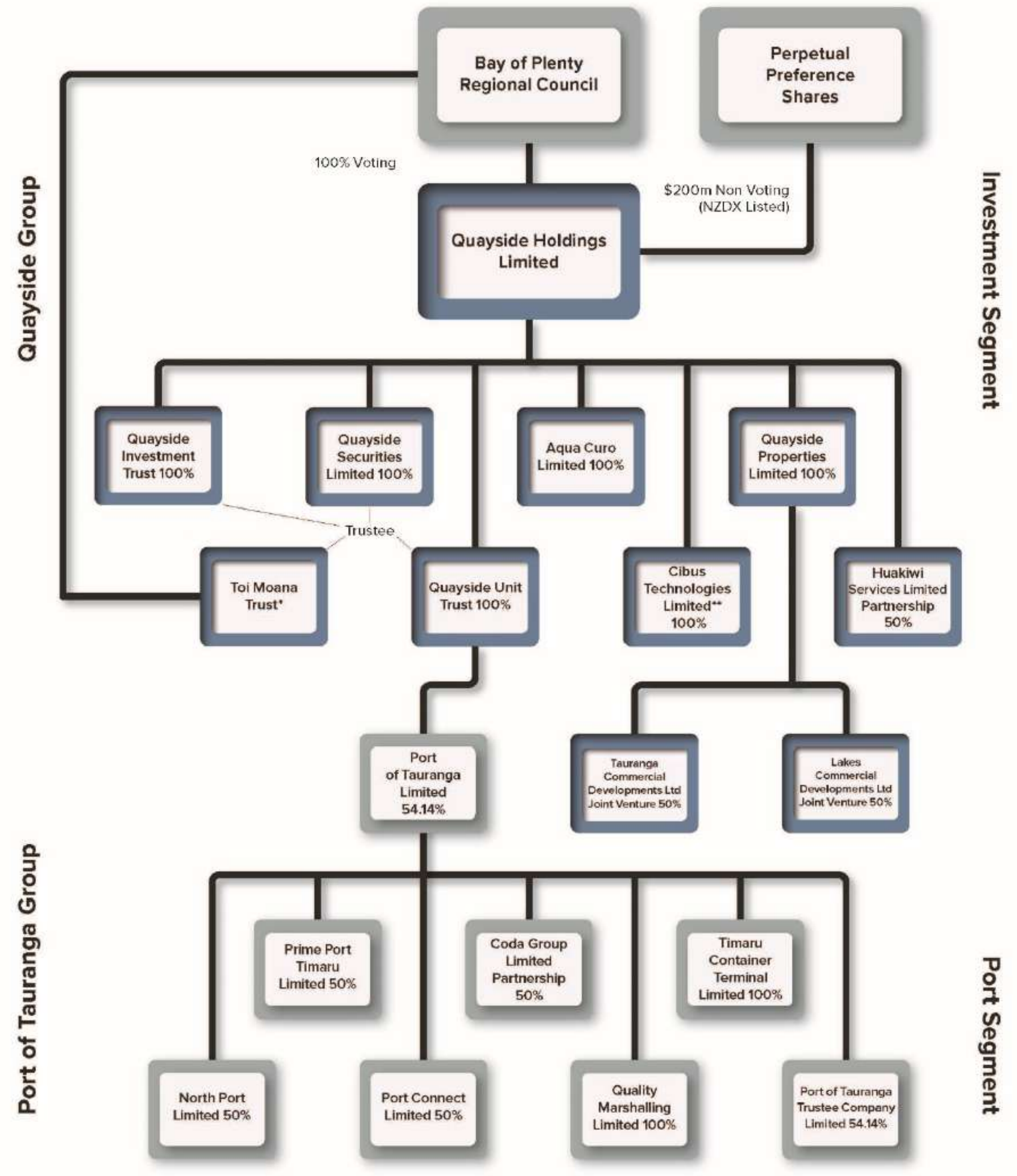
Financial statements for the Parent and consolidated financial statements are presented. The consolidated financial statements comprise the Parent, its wholly owned subsidiaries (Quayside Properties Limited, Quayside Securities Limited, Quayside Investment Trust, Quayside Unit Trust, Aqua Curo Limited and Cibus Technologies Limited), its interests in Equity Accounted Investees, Port of Tauranga Limited (54.14% owned) and the Port's subsidiaries and interests in Equity Accounted Investees (together referred to as "the Group"). Although Toi Moana Trust comes under the governance of the Quayside Group, through Quayside Securities Limited being the appointed Trustee, it is beneficially owned and controlled by Bay of Plenty Regional Council and is therefore not consolidated by Quayside Holdings Limited. These financial statements often reference the two governance structures being:

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

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

Both the Parent and the Group are classified as for-profit entities. The diagram on the following page illustrates the two subsets of the Group: Quayside Group and Port of Tauranga Group.

Group Structure



**Quayside Securities LTD is the Trustee for the Toi Moana Trust. Bay of Plenty Regional Council holds the majority of units.*
***Cibus Technologies LTD - Public notice was given in the NZ Gazette on 15 June 2021 to remove the company from the Register under section 318(1)(d) of the Companies Act 1993.*

2 Basis of Preparation

Statement of compliance and basis of preparation

These financial statements have been prepared in accordance with the requirements of the Local Government Act 2002 and the Financial Markets Conduct Act 2013, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

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

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

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

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

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

Certain comparative period information has been represented and restated. Refer to note 15(c) for further details.

Other significant accounting policies not disclosed elsewhere are as follows:

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

The financial statements were authorised for issue by the Board of Directors on 9 September 2021.

Accounting estimates and judgements

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

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

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

- valuation of land, buildings, harbour improvements, and wharves and hardstanding (refer to note 11);
- assessment of significant influence or joint control in relation to Equity Accounted Investees (refer to note 15);
- valuation of derivative financial instruments (refer to note 20);
- trade receivables includes an estimated sale price for kiwifruit sold (note 16);
- valuation of bearer plants (note 11);
- valuation of biological assets (note 26);
- impairment assessment of intangible assets (refer note 13);
- impairment assessment of investments in equity accounted investees (refer to note 15);
- valuation of share rights granted (refer to note 24); and
- valuation of investment properties (refer to note 25).

Classification of Perpetual Preference Shares as equity

The directors have considered the terms and conditions of Perpetual Preference Shares and have classified these shares as equity. Note 17 explains the terms and conditions of the Perpetual Preference Shares and why they are classified as equity.

2 Basis of Preparation (continued)

Classification of property

The Group owns several properties, which have been purchased for long term capital appreciation and/or rental rather than for short term sale in the ordinary course of business. The current carrying value of this investment property is $56.9m (2020: $54.5m). In the case of the industrial land held by Quayside Properties Limited for development as Rangiuru Business Park, the revenue derived from operating the land as kiwifruit orchards and leased grazing is incidental to holding these properties and provides short-term benefit in the form of cash returns to the Group whilst the land is developed. These incidental cash flows are independent of the cashflows generated by other assets held by the Group. The kiwifruit bearer plants on the land are classified as property, plant and equipment – refer to note 11, while the underlying land is classified as investment property.

The directors in applying their judgement have classified these properties as investment property according to NZ IAS 40. Also refer to note 25 for more information on the classification of Rangiuru Land.

Fair value hierarchy

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

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

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

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

Financial Instruments

Financial Assets – Classification and Subsequent Measurement

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

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

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

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

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

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

Financial Liabilities – Classification, Subsequent Measurement and Gains and Losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

2 Basis of Preparation (continued)

New accounting standards and interpretations not yet adopted

The following new and amended standards have been adopted and applied in preparing these financial statements:

- *NZ IAS 1 Presentation of Financial Statements*

The Group has early adopted amendments to NZ IAS 1 Presentation of Financial Statements for the year ended 30 June 2021. The amendments clarify the classification of liabilities as current or non-current. The Group has applied this classification of current and non-current liabilities in determining the classification of loan facilities within these financial statements. The early adoption of the amendment to NZ IAS 1 had no impact on the classification of the Group's debt facilities.

- *Software-as-a-Service Arrangements*

The IFRS Interpretations Committee recently published two agenda decisions clarifying how arrangements in respect of a specific part of cloud technology, Software-as-a-Service, should be accounted for. The clarification has not had a material impact on the financial statements.

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

Covid-19

As an essential service provider, the Port of Tauranga continued operations during the Covid-19 response. During the year to 30 June 2021, the Group's results from operating activities were not adversely impacted by the resultant shut-downs and other social and economic disruptions. In addition, there has not been a material impact on key assumptions used in valuing the Group's assets and therefore no Covid-19 related impairments have been recorded.

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3 Segmental Reporting

At 30 June 2021 the Group comprises two main operating segments: The first being the business of facilitating export and import activities (Port), and the second being the business of investment (Investing). Both operating segments operate in one geographic segment, being New Zealand, are managed separately as they provide different services to customers and have their own operational and marketing requirements. The only transaction during the year between these two operating segments was the payment and recording of a dividend by the Port segment to the Investing segment. Although *Port of Tauranga Group* reports three main reportable segments, at the Group level, information provided by *Port of Tauranga Group* is presented to the Chief Operating Decision Maker as one operating segment.

The *Port of Tauranga Group* operates in one geographical area, that being New Zealand. During the year the Group had two external customers which comprised more than 10% of total revenue. Revenue from these two customers is included in Port Operations and accounts for 30% and 12% (2020: 30% and 11%) of total revenue.

	Port $000	Investing $000	Total $000
30 June 2021			
Total segment revenue	**337,302**	**50,897**	**388,199**
Inter-segment revenue	**-**	**(45,686)**	**(45,686)**
Revenue (from external customers)	**337,302**	**5,211**	**342,513**
Other income/gains	**979**	**75,728**	**76,707**
Finance income	**164**	**212**	**376**
Finance costs	**(16,736)**	**(977)**	**(17,713)**
Depreciation & amortisation	**(33,998)**	**(802)**	**(34,800)**
Reversal of previous revaluation deficit	**-**	**-**	**-**
Other expenditure/losses	**(163,485)**	**(30,440)**	**(193,925)**
Income tax expense	**(34,634)**	**2,004**	**(32,630)**
Impairment of equity accounted investees	**-**	**(2,707)**	**(2,707)**
Loss on disposal of Equity Accounted Investee	**(741)**	**-**	**(741)**
Share of profit of equity accounted investees	**13,524**	**3,494**	**17,018**
Net profit after tax	**102,375**	**51,723**	**154,098**
30 June 2020, restated			
Total segment revenue	301,985	73,381	375,366
Inter-segment revenue	-	(67,424)	(67,424)
Revenue (from external customers)	301,985	5,957	307,942
Other income/gains	-	46,054	46,054
Finance income	310	1,368	1,678
Finance costs	(18,840)	(1,581)	(20,421)
Depreciation & amortisation	(29,746)	(846)	(30,592)
Reversal of previous revaluation deficit	175	-	175
Other expenditure/losses	(139,758)	(27,980)	(167,738)
Impairment of equity accounted investees	(6,986)	(860)	(7,846)
Share of profit of equity accounted investees	9,957	(1,811)	8,146
Income tax expense	(28,418)	(1,454)	(29,872)
Net profit after tax	88,679	18,847	107,526

3 Segmental Reporting (continued)

The segment assets at 30 June are:

	Port $000	Investing $000	Total $000
30 June 2021	**2,081,270**	**443,659**	**2,524,929**
30 June 2020, restated	1,848,790	380,636	2,229,426

Policies

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

4 Acquisition of remaining shareholding in Timaru Container Terminal Limited

On 30 October 2020 the Port of Tauranga acquired Kotahi Logistics LP's (Kotahi) 49.9% shareholding in Timaru Container Terminal Limited (Timaru Container Terminal), bringing their the Parent Company's total shareholding to 100%. The Port of Tauranga purchased the shareholding in exchange for a volume based rebate and a contract extension fee.

Timaru Container Terminal fits into the Port of Tauranga's hub port strategy. It allows South Island exporters and importers to benefit from the large number of international services that call at Tauranga, and to share the Port of Tauranga's container terminal expertise and world class productivity.

In the eight months to 30 June 2021, Timaru Container Terminal contributed revenue of $11.331 million and profit of $1.539 million. If the acquisition had occurred on 1 July 2020, Group revenue would have increased by $3.761 million and profit would have remained the same. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition date had occurred on 1 July 2020.This transaction has been accounted for as a step acquisition in accordance with NZ IFRS 3 Business Combinations (NZ IFRS 3).

This transaction has been accounted for as a step acquisition in accordance with NZ IFRS 3 Business Combinations (NZ IFRS 3). The acquisition method in NZ IFRS 3 has been applied to account for the step acquisition which has resulted in the carrying value of the Parent Company's 50.1% previously held equity interest in Timaru Container Terminal Limited being derecognised and a gain or loss being recognised accordingly. In addition, the fair value of the previously held interest is used as a component of total consideration when calculating goodwill.

The following table summarises the major classes of consideration transferred, assets acquired and liabilities assumed at the acquisition date:

	2021 NZ$000
Consideration	
Contingent consideration, net of tax	3,268
Fair value of previously held 50.1% interest in Timaru Container Terminal	6,671
Fair value of consideration	9,939
Fair value of identifiable assets acquired and liabilities assumed	
Property, plant and equipment (refer to note 11)	7,571
Right-of-use asset (refer to note 12)	15,675
Intangible software assets (refer to note 13)	34
Customer contracts (refer to note 13)	2,667
Receivables and prepayments	2,018
Cash and cash equivalents	794
Income tax	156
Deferred tax liabilities (refer to note 10)	(1,140)
Loans and borrowings (owing to the Parent Company)	(3,239)
Trade and other payables	(1,371)
Lease liabilities (refer to note 12)	(16,156)
Total net identifiable assets	7,009
Total goodwill (refer to note 13)	2,930

4 Acquisition of remaining shareholding in Timaru Container Terminal Limited (continued)

The following table represents the disposal of Timaru Container Terminal as an Equity Accounted Investee:

	2021 NZ$000
Fair value of previously held 50.1% interest in Timaru Container Terminal	6,671
Carrying value of previously held 50.1% interest in Timaru Container Terminal	(7,412)
Loss on disposal of Equity Accounted Investee	(741)

Policies

Contingent consideration

Contingent consideration is made up of a volume based rebate and a contract extension fee. The volume based rebate is based on forecast volumes. In addition to the rebate, a maximum of $2.700 million will be paid to Kotahi, contingent on the extension of the Container Volume Commitment Agreement which expires on 31 July 2024. The value of the contract extension fee recognised as contingent consideration has been probability weighted with probabilities determined by management.

Goodwill

Goodwill recognised as a result of this acquisition is largely attributable to the benefits that will be gained by leveraging the expertise and relationships of the workforce and management at the Port of Tauranga in further optimising the operations of Timaru Container Terminal.

5 Operating Revenue

	Group		Parent	
	2021 $000	2020 $000	2021 $000	2020 $000
(a) Trading revenue				
Revenue from contracts with customers				
Container terminal revenue	**209,212**	178,394	**-**	-
Multi cargo revenue	**61,348**	52,584	**-**	-
Marine services revenue	**35,830**	40,281	**-**	-
Sale of goods – kiwifruit	**4,659**	5,026	**-**	-
	311,049	276,285		
Other revenue				
Rental income	**32,195**	30,559	**-**	-
Other	**969**	1,098	**-**	-
	33,164	31,657		
Total trading revenue	**344,213**	307,942	**-**	-
(b) Other Income				
Dividends (Quayside Unit Trust)	**-**	-	**45,500**	105,100
Foreign dividends	**1,496**	1,713	**-**	48
New Zealand dividends	**3,275**	2,886	**-**	-
Management fees	**-**	-	**239**	240
Other	**440**	238	**575**	140
Total other income	**5,211**	4,837	**46,314**	105,528
(c) Other gains				
Change in fair value of investment property	**-**	7,505	**-**	-
Change in fair value of biological assets	**179**	112	**-**	-
Realised foreign exchange gains	**298**	537	**-**	35
Realised gain on equity investments and associates	**5,221**	10,080	**1,227**	1,049
Unrealised foreign exchange gain on equity investments	**20**	48	**-**	-
Unrealised gain on equity investments	**64,068**	22,935	**9,179**	-
Othergains	**10**	-	**-**	-
Total other gains	**69,796**	41,217	**10,406**	1,084

The Group has several kiwifruit orchards. All the orchards are managed by post-harvest provider Seeka Kiwifruit Industries Limited, and all kiwifruit is sold to Zespri under a supply agreement. All income from trays of kiwifruit is net of the point of sale and cool store costs. Kiwifruit income this year has been derived from 26.45 canopy hectares of kiwifruit orchards (2020: 29.21 hectares).

Kiwifruit income this year includes an upward adjustment of $793,128 in relation to the prior year crop (2020: $932,021 upward adjustment). This was due to a revision during the year in the estimate of income receivable shown in the accounts at 30 June 2020.

Sale of goods – kiwifruit for an amount of $4.7m is included in the Segment "Investing "as disclosed in note 3.

5 Operating Revenue (continued)

Policies

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

- *Container terminal revenue:* relates to the handling, processing, storage and rail of containers. Contracts are entered into with shipping lines and cargo owners. The primary performance obligations identified include the load and discharge of containers (which include the services provided to support the handling of containers). Container terminal revenue is recognised over time based on the number of containers exchanged (an output method). This method is considered appropriate as it allows revenue to be recognised based on the Group's effort to satisfy the performance obligation. The transaction price is determined by the contract and adjusted by variable consideration (rebates). Rebates are based on container volume and the Group accounts for the variable consideration using the expected value method. The expected value is the sum of probability weighted amounts in a range of possible consideration amounts. The Group estimates container volumes based on market knowledge and historical data.

- *Multi cargo revenue*: relates to the wharfage and storage of bulk goods. Contracts are entered into with cargo owners. The stevedoring services are provided by a third party. Multi cargo revenue is recognised after the vessel's departure, at a point in time, except storage revenue which is recognised over time. The transaction price for multi cargo services is determined by the contract.

- *Marine services revenue*: relates directly to the visit of a vessel to the port and includes fees for pilotage, towage and mooring. Contracts are entered into with vessel operators. The performance obligations identified include vessel arrival, departure and berthage. Revenue is recognised over time, based on time elapsed, as customers are charged a daily service fee for each day in the Port. The transaction price for marine services is determined by the contract.

- *Dividend Income*: is recognised on the date that the Group's right to receive payment is established, being the ex-dividend date.

- *Rental Income*: from property leased under operating leases is recognised in the income statement on a straight line basis over the term of the lease. Lease incentives provided are recognised as an integral part of the total lease income, over the term of the lease.

- *Kiwifruit Income*: Revenue from the sale of kiwifruit is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer i.e. Zespri. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods, or where there is continuing management involvement with the goods. Income at year-end is based on the highly probable income per tray to be received, based on the latest forecast from Zespri. Any revision of the income recognised during the year will be recognised in the income statement.

- *Foreign Currency gains/losses*: Transactions in foreign currencies are translated into the functional currency of Group entities 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, except when deferred in other comprehensive income as qualifying cash flow hedges.

- *Gain/loss on equity investments*: Equity securities designated at fair value through profit and loss are revalued to fair value based on quoted market prices at the reporting date. Gains and losses on individual equities securities are shown separately in the income statement and are not netted off.

- *Other income:* is recognised when the right to receive payment is established.

6 Employee Benefit Expenses

	Group		Parent	
	2021 $000	2020 $000	2021 $000	2020 $000
Wages and salaries	**43,164**	39,244	**1,742**	1,148
ACC Levy	**273**	292	**2**	1
Kiwisaver contribution	**1,557**	1,454	**34**	18
Medical subsidy	**304**	287	**-**	-
Other	**201**	47	**201**	47
Total employee benefit expenses	**45,498**	**41,324**	**1,978**	1,214

Employee Benefit Provisions

The Parent has no employee benefit provisions. This note is for the Group only.

	Long Service Leave $000	Profit Sharing and Bonuses $000	Total $000
Balance at 30 June 2020	**2,112**	**1,769**	**3,881**
Additional provision	**288**	**3,888**	**4,176**
Unused amounts reversed	**(176)**	**-**	**(176)**
Utilised during the period	**(118)**	**(2,130)**	**(2,248)**
Balance at 30 June 2021	**2,106**	**3,527**	**5,633**
Total current provisions	**179**	**3,210**	**3,389**
Total non current provisions	**1,927**	**317**	**2,244**

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

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

7 Other Expenses

The following items of expenditure are included in other expenses:

	Group		Parent	
	2021 $000	2020 $000	2021 $000	2020 $000
(a) Trading and other expenses				
Audit Fees for the audit and review of the financial statements:				
Audit NZ – audit fees paid to principal auditor	**131**	132	**84**	82
Audit NZ – audit fees paid for other group entities	**2**	2	**2**	2
KPMG – audit fees paid for other *Quayside group* entities	**12**	18	**12**	-
KPMG - audit fees paid to principal auditor of the *Port of Tauranga Group*	**294**	201	**-**	-
KPMG – Data analytics review of GST and fixed assets	**-**	13	**-**	-
Contracted services for Port operations	**69,143**	61,363	**-**	-
Direct fuel and power expenses	**11,545**	10,195	**-**	-
Maintenance of property, plant and equipment	**15,633**	11,543	**-**	-
Orchard expenses	**1,386**	1,392	**-**	-
Directors' fees	**454**	1,146	**262**	188
Subvention expense	**828**	1,152	**-**	-
Other	**26,105**	17,992	**788**	813
Total trading and other expenses	**125,532**	105,149	**1,148**	1,085
(b) Other losses				
Loss on revaluation investment properties	**828**	-	**-**	-
Realised foreign exchange losses	**350**	34	**-**	1
Realised loss on equity investments	**2,142**	4,905	**-**	287
Unrealised foreign exchange losses	**11**	249	**-**	-
Unrealised loss on equity investments	**17,771**	16,077	**-**	680
Other losses through income statement	**2,521**	-	**480**	-
Total other losses	**23,624**	21,265	**480**	968

8 Finance Income and Expenses

	Group		Parent	
	2021 $000	2020 $000	2021 $000	2020 $000
(a) Finance income				
Interest income on bank deposits	**81**	1,136	**9**	715
Interest on Fixed interest investments	-	133	-	-
Interest - Intercompany	-	-	-	823
Interest on advances to equity accounted investees	**41**	356	**26**	137
Interest on convertible notes	-	16	-	16
Interest on finance lease	**1**	2	-	-
Ineffective portion of changes in fair value of cash flow hedges	-	35	-	-
Convertible note interest	**90**	-	**90**	-
Interest income other	**163**	-	-	-
Total finance income	**376**	**1,678**	**125**	**1,691**
(b) Finance expense				
Interest expense on borrowings	**(15,955)**	(19,790)	**(976)**	(1,581)
Less: interest capitalised to property, plant and equipment	**89**	451	**-**	-
	(15,866)	(19,339)	**(976)**	(1,581)
Interest expense on lease liabilities	**(1,758)**	**(996)**	**(2)**	-
Ineffective portion of changes in fair value of cash flow hedges	**(3)**	-	-	-
Amortisation of interest rate collar premium	**(86)**	(86)	-	-
Total finance expense	**(17,713)**	**(20,421)**	**(977)**	**(1,581)**
Net finance cost	**(17,337)**	**(18,743)**	**(853)**	**110**

Capitalised interest

The average weighted interest rate for interest capitalised to property, plant and equipment, was 2.45% for the current period (2020: 3.25%).

Total interest capitalised to property, plant and equipment was $0.089 million for the current period (2020: $0.45m).

Policies

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

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

9 Income Tax

	Group		Parent	
	2021 $000	2020 $000	2021 $000	2020 $000
Components of tax expense				
Profit before income tax for the period	**186,728**	138,746	**52,168**	100,557
Income tax on surplus at 28% (2020: 28%)	**52,284**	38,849	**14,607**	28,156
Tax effect of amounts which are non (deductible)/taxable:				
Fair value (loss)/gain through profit and loss	**(14,412)**	(3,603)	**(2,779)**	(86)
Exempt dividends (Wholly owned group)	**(12,773)**	-	**(12,740)**	(29,428)
Foreign dividend regime	**672**	453	**83**	-
Tax effect on change to depreciation rate for buildings (refer to note 10)	**-**	(3,851)	**-**	-
Impairment of investment in equity accounted investees – refer to note 15	**758**	1,956	**758**	-
Share of equity accounted investees after tax income, excluding Coda Group Limited Partnership	**(4,267)**	(2,627)	**(779)**	853
Dividend imputation credits/Other tax credits	**13,038**	(782)	**29**	(875)
PIE attributed (income)/loss	**(1,443)**	-	**474**	1,756
Other attributed (income)/loss	**(163)**	(647)	**(163)**	(647)
Group loss offset election	**(596)**	(567)	**-**	-
Tax losses unutilised	**-**	10	**-**	-
Prior period adjustment	**(66)**	516	**12**	-
Loss on disposal of Equity Accounted Investees	**207**	**-**	**-**	-
Other	**(607)**	165	**18**	36
Income tax (benefit)/expense	**32,630**	29,872	**(481)**	(235)
The income tax (benefit)/expense is represented by:				
Current tax expense				
Tax payable in respect of the current period	**36,977**	33,200	**-**	(6)
Adjustment for prior period	**630**	653	**-**	**-**
Total current tax expense	**37,607**	33,853	**-**	(6)
Deferred tax expense				
Origination/reversal of temporary differences	**(4,433)**	(12)	**(493)**	(229)
Tax effect on change to depreciation rate for buildings (refer to note 10)	**-**	(3,851)	**-**	**-**
Adjustment for prior period	**(544)**	(118)	**12**	**-**
Total deferred tax expense (note 10)	**(4,977)**	(3,981)	**(481)**	(229)
Income tax (benefit)/expense	**32,630**	29,872	**(481)**	(235)

9 Income Tax (continued)

	Group		Parent	
	2021 $000	2020 $000	2021 $000	2020 $000
Income tax recognised in other comprehensive income:				
Revaluation of property, plant and equipment	**17,935**	5,713	**-**	-
Revaluation of intangibles	**35**	266	**-**	-
Cash flow hedges	**4,091**	(2,028)	**-**	-
Total (note 10)	**22,061**	3,951	**-**	-
Imputation credit account				
Imputation credits available for use in subsequent periods	**118,040**	104,471	**80,160**	75,662

Policies

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

10 Deferred Taxation

	Assets		Liabilities		Net	
Group	2021 $000	2020 $000	2021 $000	2020 $000	2021 $000	2020 $000
Deferred tax (asset)/liability						
Tax losses	**(690)**	(229)	**-**	-	**(690)**	(229)
Biological assets	**-**	-	**55**	5	**55**	5
Property, plant and equipment	**-**	-	**95,490**	77,783	**95,490**	77,783
Investment property	**-**	-	**701**	1,981	**701**	1,981
Intangible assets	**-**	-	**1,903**	1,435	**1,903**	1,435
Finance lease receivables	**-**	-	**-**	4	**-**	4
Derivatives	**(4,182)**	(8,273)	**-**	-	**(4,182)**	(8,273)
Provisions and accruals	**(3,513)**	(2,416)	**-**	-	**(3,513)**	(2,416)
Equity accounted investees	**(638)**	(425)	**-**	-	**(638)**	(425)
Leases	**-**	-	**3**	-	**3**	(425)
Others	**(143)**	-	**-**	-	**(143)**	-
Contingent consideration	**(348)**	-	**-**	-	**(348)**	-
Total	**(9,513)**	(11,343)	**98,152**	81,208	**88,639**	69,440

	Recognised in the Statement of Financial Position on Acquisition of Subsidiary		Recognised in the Income Statement		Recognised in Comprehensive Income	
Group	2021 $000	2020 $000	2021 $000	2020 $000	2021 $000	2020 $000
Tax benefit	-	-	**(461)**	(229)		-
Property, plant and equipment	**390**	-	**(1,460)**	(4,728)	**17,935**	5,713
Biological asset	-	-	**(50)**	31	**-**	-
Investment property	-	-	**1,423**	1,863	**-**	-
Intangible assets	**757**	-	**(180)**	(68)	**35**	266
Finance lease receivables	-	-	**(2)**	(3)	**-**	-
Derivatives	-	-	-	1	**4,091**	(2,028)
Provisions and accruals	**(7)**	-	**(1,090)**	(423)	**-**	-
Equity Accounted Investees	-	-	**(213)**	(425)	**-**	-
Contingent consideration	**(450)**	-	**102**	-	**-**	-
Total	**690**	-	**(1,930)**	(3,981)	**22,061**	3,951

	Assets		Liabilities		Net	
Parent	2021 $000	2020 $000	2021 $000	2020 $000	2021 $000	2020 $000
Deferred tax (asset)/liability						
Tax losses	**(690)**	(229)	-	-	**(690)**	(229)
Property, plant and equipment	**(37)**	-	**(37)**	-	**-**	-
Provisions and accruals	**(24)**	-	-	-	**(24)**	-
Leases	**(78)**	-	**(81)**	-	**3**	-
Total	**(829)**	(229)	**(118)**	-	**(710)**	(229)

10 Deferred Taxation (continued)

Parent	Recognised in the Income Statement		Recognised in Comprehensive Income	
	2021	2020	2021	2020
	$000	$000	$000	$000
Tax benefit	**461**	229	-	-
Property, plant and equipment	-	-	-	-
Provisions and accruals	**24**	-	-	-
Leases	**(3)**	-	-	-
Total	**481**	229	-	-

Unrecognised tax losses or temporary differences
There are no material unrecognised temporary differences in the Group.

Policies

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

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

11 Property, Plant and Equipment

	Freehold Land	Freehold Buildings	Wharves and Hardstanding	Harbour Improvements	Bearer Plants	Plant and Equipment	Work in Progress	Total
	$000	$000	$000	$000	$000	$000	$000	$000
Group								
Gross carrying amount:								
Balance at 1 July 2019	803,204	114,928	318,812	174,467	10,876	219,182	14,656	1,656,125
Additions	-	5,323	6,940	1,284	-	29,494	(4,383)	38,658
Disposals	-	(145)	-	-	-	(1,184)	-	(1,329)
Revaluation	22,352	12,652	-	-	(3,238)	-	-	31,766
Transfers between asset classes	-	4,687	(4,687)	-	-	-	-	-
Balance at 30 June 2020	825,556	137,445	321,065	175,751	7,638	247,492	10,273	1,725,220
Balance at 1 July 2020	825,556	137,445	321,065	175,751	7,638	247,492	10,273	1,725,220
Additions / (Disposals)	**1,660**	**10,836**	**10,572**	**956**	**(398)**	**2,978**	**(3,468)**	**23,136**
Timaru assets acquired	-	**361**	**106**	-	-	**7,104**	-	**7,571**
Revaluation	**103,838**	-	**28,688**	**2,255**	**1,821**	-	-	**136,602**
Transfers between asset classes	-	-	-	-	-	-	-	-
Balance at 30 June 2021	**931,054**	**148,642**	**360,431**	**178,962**	**9,061**	**257,574**	**6,805**	**1,892,529**
Accumulated depreciation and impairment:								
Balance at 1 July 2019	-	(4,205)	(11,147)	(1,291)	-	(97,265)	-	(113,908)
Depreciation expense	-	(4,373)	(11,675)	(1,518)	(680)	(10,762)	-	(29,008)
Disposals	-	145	-	-	-	1,032	-	1,177
Transfers between asset classes	-	(96)	96	-	-	-	-	-
Revaluation	-	8,475	-	-	680	-	-	9,155
Balance at 30 June 2020	-	(54)	(22,726)	(2,809)	-	(106,995)	-	(132,584)
Balance at 1 July 2020	-	(54)	(22,726)	(2,809)	-	(106,995)	-	(132,584)
Depreciation expense	-	**(5,643)**	**(12,086)**	**(1,590)**	**(487)**	**(11,955)**	-	**(31,761)**
Impairment	-	-	-	-	-	**(12)**	-	**(12)**
Disposals	-	-	-	-	-	-	-	-
Revaluation	-	-	**34,806**	**4,399**	**487**	-	-	**39,692**
Balance at 30 June 2021	-	**(5,697)**	**(6)**	-	-	**(118,962)**	-	**(124,665)**
Carrying amounts:								
Net book value as at 30 June 2020	825,556	137,391	298,339	172,942	7,638	140,497	10,273	1,592,636
Net book value as at 30 June 2021	**931,054**	**142,945**	**360,425**	**178,962**	**9,061**	**138,612**	**6,805**	**1,767,864**

11 Property, Plant and Equipment (continued)

Parent	Plant and equipment $000
Gross carrying amount:	
Balance at 1 July 2019	190
Additions	60
Disposals	(45)
Balance at 30 June 2020	205
Balance at 1 July 2020	**205**
Additions	**68**
Disposals	**-**
Balance at 30 June 2021	**273**
Accumulated depreciation and impairment:	
Balance at 1 July 2019	(78)
Depreciation expense	(38)
Disposals	29
Balance at 30 June 2020	(87)
Balance at 1 July 2020	**(87)**
Depreciation expense	**(52)**
Disposals	**-**
Balance at 30 June 2021	**(139)**
Net book value at 30 June 2020	118
Net book value at 30 June 2021	**133**

11 Property, Plant and Equipment (continued)

Security

Certain items of property, plant and equipment have been pledged as security against certain loans and borrowings of *Port of Tauranga Group* (refer to note 19).

Occupation of foreshore

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

Capital commitments

The estimated capital expenditure for property, plant and equipment contracted for at balance date but not provided for is $29.4m (2020: $7.0m).

On 28 September 2020, the Port of Tauranga formed a 50:50 joint venture named Ruakura Inland Port LP with Tainui Group Holdings Limited.

The new joint venture will take an initial 50 year ground lease to establish an inland port in Ruakura, and plans to start operations within two years.

The Port of Tauranga has committed capital of $25.000 million to fund the development of the inland port and as at 30 June 2021 nothing has been provided for.

In addition, if the development costs exceed the initial $25.000 million capital commitment, construction contingency funding of up to $2.500 million must be provided to the joint venture.

Judgements

Fair values

Bearer plants, land, buildings, harbour improvements, and wharves and hardstanding assets

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

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

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

Wharves and hardstanding, and harbour improvements have been revalued as at 30 June 2021. The group also adjusted the carrying value of land based on a desktop valuation. At 30 June 2021, the assessment is that there is no material change compared with carrying value in the fair value of buildings.

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

Bearer plants

Fair value of the bearer plants (kiwifruit vines) has been determined by independent registered valuation at 30 June 2021 undertaken by Telfer Young. The fair value measurement has been categorised as a level 2 fair value based on the inputs to the valuation technique. Fair value has been determined with reference to comparative orchard sales in the region, taking in to account the quality of the orchard, potential production and orchard gate return.

Land valuation

The sample valuation of land assets was carried out by Colliers International New Zealand Limited. The valuation increased the carrying amount of land by $103.8 million.

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

For sample valuation, the group selected three land titles which strongly reflect the characteristics of the total land holding. Valuations are performed on these titles to determine an index movement which is applied to the total carrying value of land. The work performed is less than that which would be undertaken at the full revaluation cycle.

11 Property, Plant and Equipment (continued)

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

Asset valuation method	Key valuation assumptions	Hectares	2021 Range of significant assumptions	2021 Weighted average	2020 Range of significant assumptions	2020 Weighted average
Direct sales comparison	Tauranga (Sulphur Point) / Mount Maunganui – wharf and industrial land per square metre	181.7	$404 - $1,044	$468	$360 - $930	$417
	Auckland land – land adjacent to MetroPort Auckland per square metre	6.8	$842 - $936	$873	$720 - $800	$746
	Rolleston land – MetroPort Christchurch per square metre	15.0	$124	$124	$110	$110

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

Building valuations

The valuation of buildings was carried out by Colliers International New Zealand Limited as at 30 June 2020. The majority of assets are valued on a combined land and building basis using a Capitalised Income Model with either contract income or market income. A small number of specialised assets, such as gatehouses and toilet blocks, are valued on a Depreciated Replacement Cost basis due to their specialised nature and the lack of existing market.

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

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

At 30 June 2021, the Group assessed the movement in capitalisation rates and rental incomes over the preceding 12 months. It was determined that the movements were not large enough to warrant a revaluation of buildings.

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

Asset valuation method	Key valuation assumptions	2021 Range of significant assumptions	2021 Weighted average	2020 Range of significant assumptions	2020 Weighted average
Capitalised income model	Market capitalisation rate	4.50 – 8.00%	5.33%	4.50 – 8.00%	5.33%

11 Property, Plant and Equipment (continued)

Wharves and Hardstanding, and Harbour Improvements

The valuation of wharves and hardstanding, and harbour improvements assets was carried out by WSP New Zealand Limited. The valuation increased the carrying amount of wharves and hardstanding, and harbour improvements by $70.148 million.

Wharves and hardstanding, and harbour improvements assets are classified as specialised assets and have accordingly been valued on a Depreciated Replacement Cost basis. The significant assumptions applied in the valuation of these assets are:

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

11 Property, Plant and Equipment (continued)

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

Asset valuation method	Key valuation assumptions	2021 Range of significant assumptions	2021 Weighted average	2020 Range of significant assumptions	2020 Weighted average
Depreciated replacement cost basis	Wharf construction replacement unit cost rates per square metre – high performance wharves	$107,000 - $220,000	$181,170	$92,000 - $215,000	$135,468
	Earthworks construction replacement unit cost rates per square metre	$7.50	$7.50	$9	$9
	Basecourse construction replacement unit cost rates per square metre	$21 - $42	$34	$20 - $40	$31
	Asphalt construction replacement unit cost rates per square metre	$27 - $55	$44	$23 - $50	$44
	Capital dredging replacement unit cost rates per square metre	$4 - $77	*	$4 - $75	*
	Depreciation method	Straight line basis	Not applicable	Straight line basis	Not applicable
	Channel assets (capital dredging) useful life	Indefinite	Not applicable	Indefinite	Not applicable
	Pavement – remaining useful lives	2-38 years	15 years	2-32 years	16 years
	Wharves remaining useful lives	0-62 years	21 years	0-65 years	22 years

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

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

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

		Fair value measurement sensitivity to significant: Increase in input	Decrease in input
Unobservable inputs within the direct sales comparison approach for land			
Rate per square metre	The rate per square metre assessed from recently sold properties of a similar nature	Increase	Decrease
Unobservable inputs within the income capitalisation approach for buildings			
Market rent	The valuer's assessment of the net market income attributable to the property	Increase	Decrease
Market capitalisation rate	The rate of return, determined through analysis of comparable market related sales transactions, that is applied to a market rent to assess a property's value	Decrease	Increase
Unobservable inputs within depreciated replacement cost analysis for buildings, wharves and hardstanding, and harbour improvements			
Unit costs of construction	The cost of constructing various asset types based on a variety of sources	Increase	Decrease
Remaining useful lives	The remaining useful life on an asset	Increase	Decrease

11 Property, Plant and Equipment (continued)

Policies

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

Land, buildings, harbour improvements, and wharves and hardstanding are measured at fair value, based upon periodic valuations by external independent valuers. The Group undertakes a three yearly revaluation cycle to ensure the carrying value of these assets do not differ materially from their fair value. In the years between independent valuations, the carrying value of land is adjusted annually based on a desktop valuation provided by an independent valuer, as underlying land values are considered the significant determinant of fair value changes. For the remaining asset classes, if during the three year revaluation cycle there are indicators that fair value of a particular asset class may differ materially from its carrying value, an interim revaluation of that asset class is undertaken.

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

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

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

Major useful lives are:

Bearer plants	20 years
Freehold buildings	33 to 85 years
Maintenance dredging	3 years
Wharves	44 to 70 years
Basecourse	50 years
Asphalt	15 years
Gantry cranes	10 to 40 years
Floating plant	10 to 25 years
Other plant and equipment	5 to 25 years
Electronic equipment	3 to 5 years

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

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

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

12 Leases

NZ IFRS 16 Leases replaced NZ IAS 17 Leases and removes the classification of leases as either operating leases or finance leases, for the lessee, and consequently all leases (other than short term or low value leases), are recognised on the balance sheet. This has resulted in the Group recognising right-of-use assets and related lease liabilities on the statement of financial position. As a result, payments for leases previously classified as operating leases, which include leases of land and buildings, and vehicles, have been reclassified from operating expenses to depreciation and interest expense. Lessor accounting is substantially unchanged from accounting under NZ IAS 17.

The Group has adopted NZ IFRS 16 retrospectively from 1 July 2019 but has not restated comparatives for previous periods. The reclassifications and the adjustments arising from the new standard are therefore recognised in the opening balance sheet on 1 July 2019.

The lease liabilities were measured at the present value of the remaining lease payments. Lease payments are discounted at the Parent and Group's incremental borrowing rate reassessed at year end. The weighted average incremental borrowing rate applied to lease liabilities at 1 July 2019 was 4.0% for the Group and 3.08% for the Parent. The Group reassessed the weighted incremental borrowing rate applied to lease liabilities as at 30 June 2021 resulting in 5.0% for the Group and 1.51% for the Parent. The right-of-use assets were measured at the amount equal to the corresponding lease liabilities, with no change in net assets.

The Group applied the following practical expedients when applying NZ IFRS 16 to leases previously classified as operating leases under NZ IAS 17:

- a single discount rate to a portfolio of leases with similar characteristics;
- exemption to not recognise right-of-use assets for low value leases; and
- exemption to not recognise, right-of-use assets for leases with less than 12 months remaining.

The judgements and estimates made when adopting NZ IFRS 16 include:

- incremental borrowing rate, being the rate that the Group have to pay to borrow the funds necessary to obtain an asset of a similar value with similar terms and conditions; and
- lease terms, including any right of renewal where it is reasonably certain they will be exercised.

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

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

	Group		Parent	
	2021 $000	2020 $000	2021 $000	2020 $000
Right of use assets				
Opening balance	**25,011**	24,273	**131**	168
Additions to right of use assets	**2,663**	298	**292**	-
Depreciation	**(1,432)**	(825)	**(121)**	(37)
Right-of-use assets acquired on acquisition of Timaru Container Terminal	**15,675**	-	**-**	-
Adjustments to existing right of use assets	**19**	1,265	**(14)**	-
Closing balance	**41,935**	25,011	**289**	131
Lease liabilities maturity analysis				
Between 0 – 1 year	**987**	592	**117**	38
Between 1 – 5 years	**3,441**	2,496	**160**	92
More than 5 years	**38,800**	22,314	**-**	-
Total lease liabilities	**43,228**	25,402	**277**	130

12 Leases (continued)

During the year lease liabilities interest expense of $1.76 million (2020: $1 million) was recognised in the income statement.

Leases as a Lessor

There are no operating leases as lessor for the Parent – this note relates to the Group only.

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

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

	Group	
	2021 $000	2020 $000
Within one year	**18,626**	22,433
One to two years	**14,280**	15,419
Two to three years	**12,770**	12,230
Three to four years	**10,138**	9,749
Four to five years	**9,226**	9,011
Greater than five years	**35,359**	44,222
Total	**100,399**	113,064

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

	2021 Valuation $000	2021 Accumulated Depreciation $000	2020 Valuation $000	2020 Accumulated Depreciation $000
Land	**484,311**	**-**	430,094	-
Buildings	**104,832**	**3,508**	104,378	-
Total	**589,143**	**3,508**	534,472	-

Policies

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

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

Lease incentives are recognised as an integral part of the total lease expense/revenue, over the term of the lease. Where the Group is a lessee, a right-of-use asset and a lease liability are recognised at the lease commencement date.

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

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

13 Intangible Assets

The Parent has no intangible assets. This note is for the Group only.

Group	Kiwifruit G3 Licences $000	Goodwill $000	Computer Software $000	Consents and Contracts $000	Total $000
Cost					
Balance at 1 July 2019	2,487	15,490	4,640	10,567	33,184
Additions	-	-	587	-	587
Revaluation	828	-	-	-	828
Balance at 30 June 2020	3,315	15,490	5,227	10,567	34,599
Balance at 1 July 2020	3,315	15,490	5,227	10,567	34,599
Additions	-	-	305	937	1,242
Disposals	(1,104)	-	(285)	(10,000)	(11,389)
Revaluation	829	-	-	-	829
Intangible assets acquired on acquisition of Timaru Container Terminal Limited	-	2,930	34	2,667	5,631
Balance at 30 June 2021	3,040	18,420	5,281	4,171	30,912
Accumulated amortisation and impairment					
Balance at 1 July 2019	-	-	(2,158)	(9,511)	(11,669)
Amortisation expense	(123)	-	(497)	(139)	(759)
Revaluation	123	-	-	-	123
Balance at 30 June 2020	-	-	(2,655)	(9,650)	(12,305)
Balance at 1 July 2020	-	-	(2,655)	(9,650)	(12,305)
Amortisation expense	(130)	-	(544)	(878)	(1,552)
Disposals	-	-	55	10,000	10,055
Revaluation	130	-	-	-	130
Balance at 30 June 2021	-	-	(3,144)	(528)	(3,672)
Carrying amounts					
Net book value 30 June 2020	3,315	15,490	2,572	917	22,294
Net book value 30 June 2021	3,040	18,420	2,137	3,643	27,240

	2021 $000	2020 $000
Kiwifruit Licence Revaluation Reserve		
Opening balance	2,610	1,925
Revaluation, net of tax	680	685
License disposal	(869)	-
Closing balance	2,421	2,610

G3 licences

The G3 licences held are for a total of 5.53 hectares (2020: 8.29 hectares). In October 2021, Somerset G3 license (2.76 hectares) was sold to the associate Huakiwi for $1,104,000, in line with the market value of the license assessed as at 30 June 2021.

A registered valuer at 30 June 2021 determined that the fair value for licences held by the Group was $3,040,000. The current valuation is based on $550,000 per hectare, which was the median G3 licence cost from Zespri's 2021 release of licences. The original cost of the licences is $57,649. There are no restrictions over the title of the intangible assets. The fair value measurement for these assets is categorised as a level 1 fair value. The notional carrying amount that would have been recognised, had the licences been carried under the cost model, would be $38,449 (2020: $47,623).

13 Intangible Assets (continued)

Judgements

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

Goodwill was tested for impairment at 30 June 2021 and confirmed that no adjustment was required. For impairment testing the calculation of value in use was based upon the following key assumptions:

- Cash flows were projected using management forecasts over the five-year period.
- Terminal cash flows were estimated using a constant growth rate of 2% after year five.
- A pre-tax discount rate of 12% was used.

Restrictions

There are no restrictions over the title of the intangible assets.

Security

No intangible assets are pledged as security for liabilities.

Policies

Kiwifruit licences

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

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

Goodwill

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

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

Other

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

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

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

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

14 Investment in Subsidiaries

Investments in subsidiaries comprise:

Name of entity	Principal activity	2021 %	2020 %	Balance Date
Subsidiaries of Quayside Holdings Limited				
Quayside Unit Trust (QUT)	Majority shareholder in POT	**100.00**	100.00	30 June
Quayside Investment Trust (QIT)	Holds equity investments	**100.00**	100.00	30 June
Quayside Securities Limited (QSL)	Trustee for QUT, QIT and Toi Moana Trust	**100.00**	100.00	30 June
Quayside Properties Limited (QPL)	Holds investment properties	**100.00**	100.00	30 June
Cibus Technologies Limited (CTL)	Shell company	**100.00**	100.00	30 June
Aqua Curo Limited (ACL)	Involvement with macroalgae for bioremediation purposes	**100.00**	100.00	30 June
Port of Tauranga Limited (POT)	Port company	**54.14**	54.14	30 June
Subsidiaries of Port of Tauranga Limited				
Port of Tauranga Trustee Company Limited	Holding company for employee share scheme	**100.00**	100.00	30 June
Quality Marshalling (Mount Maunganui) Limited	Marshalling and terminal operations services	**100.00**	100.00	30 June
Timaru Container Terminal Limited	Sea Port	**100.00**	0.00	30 June

**On 30 October 2020, the Port of Tauranga acquired the remaining 49.9% shareholding in Timaru Container Terminal Limited. As such, its investment classification has changed from an Equity Accounted Investee to a Subsidiary. Refer to note 4.*

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

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

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

14 Investment in Subsidiaries (continued)

	Parent 2021 $000	Parent 2020 $000
Investment in Quayside Properties Limited		
Ordinary shares at cost	**10,500**	10,500
Revaluation	**22,032**	18,137
Ordinary shares at fair value	**32,532**	28,637
Investment in Quayside Securities Limited as Trustee for Quayside Unit Trust (incorporating Port of Tauranga Limited)		
Ordinary units at cost	**7,525**	7,525
Revaluation	**2,564,286**	2,792,591
Ordinary units at fair value	**2,571,811**	2,800,116
Investment in Quayside Securities Limited		
Ordinary units at cost	**-**	-
Revaluation	**37**	38
Ordinary units at fair value	**37**	38
Investment in Quayside Securities Limited as Trustee for Quayside Investment Trust		
Ordinary units at cost	**138,624**	143,624
Revaluation	**107,604**	63,921
Ordinary units at fair value	**246,228**	207,545
Investment in Aqua Curo Limited		
Ordinary shares at cost	**1,000**	1,000
Revaluation	**(220)**	(34)
Ordinary units at fair value	**780**	966
Total investment in subsidiaries at cost	**157,649**	162,649
Total revaluation *	**2,693,738**	2,874,653
Total investment in subsidiaries at fair value	**2,851,388**	3,037,302

***** The investment in subsidiaries revaluation reserve includes the current year negative revaluation movement of $(180.9 million), which is transferred to retained earnings (2020: $481.7 million).

The fair value of subsidiaries with unlisted shares is based on the entity's net assets recorded in the financial statements and are categorised under the Level 2 fair value hierarchy. Quayside Securities Limited as Trustee for the Quayside Unit Trust holds the shares in Port of Tauranga Group through its 54.14% (2020: 54.14%) investment in the Port of Tauranga Limited. 45.86% (2020: 45.86%) of the Port of Tauranga Limited is held by non-controlling interests.

Listed shares held in the Port of Tauranga Limited are stated at fair value as determined by reference to published current bid price quotations in an active market, and are categorised under the Level 1 fair value hierarchy. The last bid price for Port of Tauranga shares at 30 June 2021 was $6.98 (2020: $7.60) which has resulted in a decrease in the fair value of the investment in Port of Tauranga Limited of $187,903,217 (2020: increase of $497,390,868).

14 Investment in Subsidiaries (continued)

	2021 $000	2020 Restated $000	2020 $000
Ownership Interest in Port of Tauranga Limited			
Non current assets	**2,007,115**	1,787,443	1,755,839
Current assets	**74,155**	61,347	61,347
Non current liabilities	**(360,595)**	(352,133)	(352,133)
Current liabilities	**(323,707)**	(301,473)	(301,473)
Net assets (100%)	**1,396,968**	1,195,184	1,163,580
Group's share of net assets - 54.14% (2020: 54.14%)	**756,318**	647,073	629,962
Non Controlling Interest - 45.86 % (2020: 45.86%)	**640,650**	548,111	533,618
Accounting adjustment to non-controlling interest (refer note 16(e))	**(12,937)**	(9,856)	(9,601)
	627,712	538,255	524,017
Port of Tauranga Group – summary of financial performance and cash flow			
Operating revenue	**338,281**	301,985	301,985
Profit after income tax	**102,375**	88,679	90,027
Total comprehensive income	**283,324**	120,371	121,719
Net cash inflow from operating activities	**99,682**	117,137	117,137
Ending cash and cash equivalents	**7,886**	8,565	8,565

Policies

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

Non-Controlling Interest

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

Financial assets at fair value through other comprehensive income

In respect of the Parent accounts, the accounting policy is to account for subsidiary investments at fair value through other comprehensive income. The fair value of investments in subsidiaries is based on the entity's net assets recorded in the financial statements and are categorised under the level 2 fair value hierarchy. Net assets is assessed as an appropriate fair value technique as the assets and liabilities on the subsidiaries balance sheet are predominantly carried at fair value rather than cost.

Financial assets at fair value through other comprehensive income are non-derivative assets that are designated as financial assets at fair value through other comprehensive income on initial recognition and are not held for trading. These financial assets are recognised initially at fair value plus any directly attributable transaction costs.

They are subsequently measured at their fair value with gains and losses recognised in other comprehensive revenue and expense. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred within equity to retained earnings. Dividends from these financial assets are recognised in profit and loss.

15 Investments in Equity Accounted Investees

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

Name of entity	Principal activity	2021 %	2020 %	Balance Date
Quayside Holdings Limited				
Huakiwi Developments Limited Partnership (JV)	Orchard development	**50.00**	50.00	31 Mar*
WNT Ventures (A)	Technology incubator	**20.00**	20.00	30 June
Ōpōtiki Packing & Coolstorage Limited (A)	Kiwifruit packhouse	**0.00**	10.10	31 Dec*
HoneyLab Limited (A)	Honey products	**25.47**	21.44	31 Mar*
Rhondium Limited (A)	Dental technology	**13.02**	13.02	31 Dec*
Techion Holdings Limited (A)	Diagnostic technology	**29.87**	29.87	30 June
Oriens Capital (A)	Private Equity Fund	**19.77**	19.77	31 Mar*
Quayside Properties Limited				
Lakes Commercial Developments Limited (JV)	Commercial property development	**50.00**	50.00	30 June
Tauranga Commercial Developments Limited (JV)	Commercial property development	**50.00**	50.00	30 June
Port of Tauranga Limited				
Coda Group Limited Partnership (JV)	Freight logistics and warehousing	**50.00**	50.00	30 June
NorthPort Limited (JV)	Sea port	**50.00**	50.00	30 June
PrimePort Timaru Limited (JV)	Sea port	**50.00**	50.00	30 June
PortConnect Limited (JV)	On line cargo management	**50.00**	50.00	30 June
Timaru Container Terminal Limited (JV)*	Sea port	**0.00**	50.10	30 June
Ruakura Inland Port. LP (JV)	Inland Port	**50.00**	0.00	30 June

**On 30 October 2020, the Port of Tauranga acquired the remaining 49.9% shareholding in Timaru Container Terminal Limited. As such, its investment classification has changed from an Equity Accounted Investee to a Subsidiary. Refer to note 4.*

* Non-standard balance dates of Parent equity accounted investees are aligned to their business cycle and are accepted on the basis they are not material to the Parent or Group. All of the Parent's equity accounted investments except for Techion Holdings Limited and WNT Ventures, are audited to a balance date earlier than 30 June 2021 (31 December or 31 March). The equity accounting for these investments with non-aligned balance dates is based on unaudited management accounts as at 30 June, which have been reviewed by management. WNT Ventures and Techion Holdings Limited have balance dates of 30 June, but audited accounts are generally not available before reporting date. The equity accounting for WNT Ventures and Techion Holdings Limited is therefore based on unaudited management accounts at 30 June. The Parent accepts the use of unaudited management accounts on the basis that changes, if any, between management accounts and audited accounts, would not be material to the Parent or Group.

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

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

15 Investments in Equity Accounted Investees (continued)

Carrying value of investments in Equity Accounted Investees:

	Group			Parent	
	2021 NZ$000	2020 Restated NZ$000	2020 NZ$000	2021 NZ$000	2020 NZ$000
Associates					
Balance at 1 July	**22,221**	19,630	19,630	**22,221**	19,630
Share of after net profit after tax	**3,195**	113	113	**3,195**	113
Share of revaluation reserve	**-**	70	70	**-**	70
Share of total comprehensive income	**3,195**	183	183	**3,195**	183
		0			
New investment during the year	**2,356**	3,287	3,287	**2,356**	3,287
Impairment of investment	**(2,707)**	(860)	(860)	**(2,707)**	(860)
Distributions received	**(2,752)**	(19)	(19)	**(2,752)**	(19)
Disposals	**(2,937)**	-	-	**(2,937)**	-
Balance at 30 June	**19,376**	22,221	22,221	**19,376**	22,221
Joint Ventures					
Balance at 1 July	**176,015**	181,990	149,038	**12,567**	11,824
Share of after net profit after tax	**13,823**	8,033	9,381	**(411)**	(2,076)
Share of hedging reserve	**496**	(186)	(186)	**-**	-
Share of revaluation reserve	**12,090**	216	216	**-**	-
Share of total comprehensive income	**26,409**	8,063	9,411	**(411)**	(2,076)
New investment during the year	**3,750**	3,050	3,050	**3,250**	2,825
Impairment of investment	**-**	(6,986)	(6,986)	**-**	-
Disposal	**(7,412)**	-	-	**-**	-
Distributions received	**(9,636)**	(10,102)	(10,102)	**-**	(6)
Balance at 30 June	**189,126**	176,015	144,411	**15,406**	12,567
Total equity accounted investees	**208,502**	198,236	166,632	**34,782**	34,788

Quayside Group

The Parent has committed uncalled capital in its equity accounted investees of $3.1m (2020: $8.2m).

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

The following table summarises the financial information of individually immaterial Equity Accounted interests in associates, as included in their own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. These Equity Accounted Investees relate to the Parent only, as the *Port of Tauranga Group* only has Equity Accounted Investee interests in Joint Ventures – shown separately below.

15 Investments in Equity Accounted Investees (continued)

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

Parent and Group	2021 NZ$000	2020 NZ$000
Cash and cash equivalents	**3,666**	2,745
Total current assets	**6,988**	23,672
Total non current assets	**64,478**	98,336
Total assets	**71,466**	122,008
Current financial liabilities excluding trade and other payables and provisions	**2,462**	5,754
Total current liabilities	**4,490**	15,175
Non current financial liabilities excluding trade and other payables and provisions	**827**	28,142
Total non current liabilities	**4,698**	28,142
Total liabilities	**9,188**	43,317
Net assets	**62,279**	78,691
Group's share of net assets	**12,131**	12,616
Goodwill acquired on acquisition of Equity Accounted Investees	**7,245**	9,605
Carrying amount of Equity Accounted Investees	**19,376**	22,221
Revenues	**24,831**	63,564
Depreciation and amortisation	**(28)**	(4,161)
Interest expense	**26**	(905)
Net profit before tax	**14,548**	56
Tax expense	**(19)**	32
Net profit after tax	**14,548**	88
Other comprehensive income	**-**	690
Total comprehensive income	**14,548**	778
Group's share of net profit after tax	**3,291**	113
Group's share of total comprehensive income	**3,291**	183
Group's share of dividends/distributions	**2,752**	19

15 Investments in Equity Accounted Investees (continued)

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

Summarised financial information of equity accounted investees – Joint Ventures:

Group 2021	Northport Limited	Coda Group Limited Partnership	Prime Port Timaru Limited	Other Equity Accounted Investees	Total
	NZ$000	NZ$000	NZ$000	NZ$000	NZ$000
Cash and cash equivalents	359	12,978	702	6,025	20,064
Total current assets	5,934	35,296	4,043	9,374	54,647
Total non current assets	198,674	85,828	129,636	46,164	460,302
Total assets	204,608	121,124	133,679	55,538	514,949
Current financial liabilities excluding trade and other payables and provisions	-	(9,529)	(408)	(2,800)	(12,737)
Total current liabilities	(5,006)	(28,495)	(4,809)	(6,835)	(45,145)
Non current financial liabilities excluding trade and other payables and provisions	(40,985)	(52,393)	(37,004)	(6,278)	(136,660)
Total non current liabilities	(40,985)	(52,393)	(37,004)	-	(130,382)
Total liabilities	(45,991)	(80,888)	(41,813)	(13,113)	(181,805)
Net assets	158,617	40,236	91,866	42,425	333,144
Group's share of net assets	79,309	20,118	45,933	21,213	166,572
Goodwill acquired on acquisition of Equity Accounted Investees less impairment losses	-	22,428	-	125	22,553
Carrying amount of Equity Accounted Investees	79,309	42,546	45,933	21,338	189,125
Revenues	44,609	218,833	25,625	11,907	300,974
Depreciation and amortisation	(5,407)	(13,334)	(3,163)	(1,522)	(23,426)
Interest expense	(1,909)	(2,895)	(967)	24	(5,747)
Net profit before tax	23,770	3,554	8,189	1,382	36,895
Tax expense	(6,278)	-	(2,493)	(476)	(9,247)
Net profit after tax	17,492	3,554	5,696	905	27,647
Other comprehensive income	18,798	-	6,374	-	25,172
Total comprehensive income	36,290	3,554	12,070	905	52,819
Group's share of net profit after tax	8,746	1,777	2,848	453	13,824
Group's share of total comprehensive income	18,145	1,777	6,035	453	26,410
Group's share of dividends/distributions	8,295	-	850	491	9,636

15 Investments in Equity Accounted Investees (continued)

Summarised financial information of equity accounted investees – Joint Ventures:

Group 2020	Northport Limited Restated	Coda Group Limited Partnership Restated	Prime Port Timaru Limited Restated	Other Equity Accounted Investees Restated	Total Restated
	NZ$000	NZ$000	NZ$000	NZ$000	NZ$000
Cash and cash equivalents	325	2,923	793	6,980	11,021
Total current assets	5,366	22,782	5,027	9,662	42,837
Total non current assets	185,392	98,796	106,051	65,731	455,970
Total assets	190,758	121,578	111,078	75,393	498,807
Current financial liabilities excluding trade and other payables and provisions	-	(1,539)	(177)	(13,660)	(15,376)
Total current liabilities	(5,542)	(15,345)	(3,490)	(15,993)	(40,370)
Non current financial liabilities excluding trade and other payables and provisions	(46,298)	(69,551)	(26,092)	(19,200)	(161,141)
Total non current liabilities	(46,298)	(69,551)	(26,092)	(19,313)	(161,254)
Total liabilities	(51,840)	(84,896)	(29,582)	(35,306)	(201,624)
Net assets	138,918	36,682	81,496	40,087	297,183
Group's share of net assets	69,459	18,341	40,748	20,052	148,600
Goodwill acquired on acquisition of Equity Accounted Investees less impairment losses	-	22,428	-	4,988	27,416
Carrying amount of Equity Accounted Investees	69,459	40,769	40,748	25,039	176,015
Revenues	39,840	219,000	23,689	16,379	298,908
Depreciation and amortisation	(5,118)	(14,600)	(3,003)	(2,055)	(24,776)
Interest expense	(1,850)	(3,240)	(1,023)	(397)	(6,510)
Net profit before tax	20,697	(1,944)	6,643	(2,258)	23,138
Tax expense	(4,639)	-	(2,013)	(423)	(7,075)
Net profit after tax	16,058	(1,944)	4,630	(2,681)	16,063
Other comprehensive income	(1,026)	-	1,086	-	60
Total comprehensive income	15,032	(1,944)	5,716	(2,681)	16,123
Group's share of net profit after tax	8,029	(972)	2,315	(1,341)	8,032
Group's share of total comprehensive income	7,516	(972)	2,858	(1,340)	8,062
Group's share of dividends/distributions	8,745	-	850	507	10,102

15 Investments in Equity Accounted Investees (continued)

Summarised financial information of equity accounted investees – Joint Ventures:

Parent	2021 Other Equity Accounted Investees NZ$000	2020 Other Equity Accounted Investees NZ$000
Cash and cash equivalents	**5,233**	4,104
Total current assets	**8,302**	4,104
Total non current assets	**44,344**	22,314
Total assets	**52,646**	26,418
Current financial liabilities excluding trade and other payables and provisions	-	-
Total current liabilities	**(3,667)**	(512)
Non current financial liabilities excluding trade and other payables and provisions	**(6,278)**	(772)
Total non current liabilities	**(6,278)**	(772)
Total liabilities	**(9,945)**	(1,284)
Net assets	**42,701**	25,134
Group's share of net assets	**21,351**	12,567
Goodwill acquired on acquisition of Equity Accounted Investees	**125**	-
Carrying amount of Equity Accounted Investees	**21,476**	12,567
Revenues	**6,441**	54
Depreciation and amortisation	**(1,129)**	(1,354)
Interest expense	**96**	(43)
Net profit before tax	**951**	(4,152)
Tax expense	**(351)**	-
Net profit after tax	**599**	(4,152)
Other comprehensive income	-	-
Total comprehensive income	**599**	(4,152)
Group's share of net profit after tax	**300**	(2,076)
Group's share of total comprehensive income	-	(2,076)
Group's share of dividends/distributions	-	6

15 Investments in Equity Accounted Investees (continued)

Tax Treatment of Coda Group Limited Partnership

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

Judgements

Quayside Holdings Limited

As at 30 June 2021 the Parent had either appointed a director to the board or was entitled to appoint a director to the board of its associates. The entitlement to appoint a director and appointment of a director permits Quayside Holdings to participate in the financial and operating policy decisions of the companies. Despite holding less than 20% of the voting rights of the entities, an entitlement and appointment of a director is considered "significant influence" and allows the accounting for each investment as an equity accounted investee.

Management has reviewed each of these investments in associates and joint ventures for indicators of impairment, including considering the impact of the Covid-19 pandemic. The investments in equity accounted investee were tested for impairment at 30 June 2021 based upon the fair value of the investment.
For one of the investment in equity accounted investees fair value was determined with reference to net assets of the investee resulting from unaudited management accounts as at 30 June 2021 as envisaged by IPEV. As a result of the impairment testing, the Parent has impaired its investment by $2.7 million (2020: $0.86 million).

Port of Tauranga Group

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

Impairment indicators for the Port of Tauranga's investment in Coda Group Limited Partnership were reviewed at 30 June 2021 and confirmed that no adjustment was required.

In the prior year, the Port of Tauranga impaired its investment in Coda Group Limited Partnership by $7.0 million.

Restatement

The Group is required to prepare its financial statements using uniform accounting policies for like transactions and events in similar circumstances. The Group identified that certain Equity Accounted Investees' financial statements had not been prepared in line with the Group's property, plant and equipment accounting policies (refer to note 11 for the Group's policy) in prior years.

In particular, harbour improvements, and wharves and hard standing assets owned by Northport Limited (Northport) and Prime Port Timaru Limited (Prime Port) had been measured at cost, rather than at fair value in accordance with the Group's policy. As a consequence, the Group's revaluation reserve and investments in Equity Accounted Investees had been understated. Further, the share of profit from Equity Accounted Investees has been reduced to reflect the additional depreciation expense which would have been attributed to those revalued items of plant, property, and equipment.

To rectify this error, an independent valuation was undertaken on both Northport and Prime Port' s harbour improvements, and wharves and hard standing assets.

Adjustments to the valuations were made where the underlying cash flows of the entities did not support the independent valuations, to ensure the carrying value of the Group's investment in Northport and PrimePort did not exceed the fair value.

Affected financial statement line items have been restated for prior periods and are summarised in the following table:

Consolidated Statement of Financial Position (Extract)

	30 June 2019 Audited NZ$000	Adjustments NZ$000	1 July 2019 Restated NZ$000
Investment in Equity Accounted Investees	168,668	32,952	201,620
Net assets	1,426,628	32,952	1,459,570
Reserves	553,749	18,105	571,854
Non-controlling interest	525,670	14,847	540,517
Total equity	1,426,618	32,952	1,459,570

15 Investments in Equity Accounted Investees (continued)

	30 June 2020 Audited NZ$000	Adjustments NZ$000	30 June 2020 Restated NZ$000
Investment in Equity Accounted Investees	166,632	31,604	198,236
Net assets	1,471,848	31,604	1,503,452
Reserves	570,036	18,105	588,141
Non Controlling Interest	524,017	14,238	538,255
Retained earnings	177,784	(739)	177,045
Total equity	1,471,848	31,604	1,503,452

Consolidated Income Statement and other comprehensive income (Extract)

	Year Ended 30 June 2020 Audited NZ$000	Adjustments NZ$000	Year Ended 30 June 2020 Restated NZ$000
Share of profit from Equity Accounted Investees	9,494	(1,348)	8,146
Net profit after tax	108,874	(1,348)	107,526
Total comprehensive income	139,480	(1,348)	138,132

There is no impact on the total operating, investing or financing cash flows for the year ended 30 June 2020.

Policies

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

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

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

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

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

16 Receivables and Prepayments

	Group		Parent	
	2021 $000	2020 $000	2021 $000	2020 $000
Non current				
Prepayments and sundry receivables	**16,502**	-	**-**	-
Total non current	**16,502**	-	**-**	-
Trade receivables	**58,521**	44,287	**182**	1
Provision for expected credit losses – trade receivables (refer to note 20(a)).	**-**	(201)	**-**	-
Trade receivables from Equity Accounted Investees, subsidiaries and related parties	**312**	234	**-**	301
	58,833	44,320	**182**	302
Kiwifruit income receivable	**3,177**	3,242	**-**	-
Advances to Equity Accounted Investees (refer note 23)	**1,400**	9,810	**-**	4,491
Provision for expected credit losses – advances to equity accounted investees (refer to note 20(a))	**(265)**	(481)	**-**	-
Prepayments and sundry receivables	**5,743**	2,948	**41**	52
Total current	**68,888**	59,839		
Total receivables and prepayments	**85,390**	59,839	**223**	4,845
Aging of trade receivables				
Not past due	**45,214**	31,383	**66**	1
Past due 0 – 30 days	**10,572**	11,442	**0**	-
Past due 30 – 60 days	**2,040**	1,078	**93**	-
Past due 60 – 90 days	**501**	92	**-**	-
More than 90 days	**194**	292	**17**	-
	58,521	44,287	**176**	1

Advances to equity accounted investees

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

Kiwifruit income receivable

The kiwifruit income receivable is based on a forecast of proceeds to be received from Zespri on the harvest of the 2021 crop. This is based on the actual number of trays supplied to Zespri and latest forecast information from Zespri on the revenue per tray expected to be received. Revisions of income receivable during the year are recorded against profit and loss – refer to note 5.

Fair values

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

Judgements

A provision for expected credit losses is established when the assessment under NZ IFRS 9 deems a provision is required (refer to note 21).

Policies

Receivables and prepayments are initially recognised at transaction price. They are subsequently measured at amortised cost and adjusted for impairment losses.

Receivables with a short duration are not discounted.

17 Equity

(a) Share Capital

	Parent and Group	
	2021	2020
Number of shares held	No.	No.
Ordinary share capital		
Balance as at 1 July	10,000	10,000
Balance as at 30 June	10,000	10,000
Redeemable preference shares		
Balance as at 1 July	2,003,190,217	2,003,190,217
Balance as at 30 June	2,003,190,217	2,003,190,217
Perpetual preference shares		
Balance as at 1 July	200,000,783	200,000,783
Balance as at 30 June	200,000,783	200,000,783

	2021	2020	2021	2020
Paid up and uncalled	$ paid up	$ paid up	$ uncalled	$ uncalled
Ordinary Share capital				
Balance as at 1 July	**10,000**	10,000	**-**	-
Balance as at 30 June	**10,000**	10,000	**-**	-
Redeemable preference shares				
Balance as at 1 July	**82**	82	**81,829,918**	81,829,918
Balance as at 30 June	**82**	82	**81,829,918**	81,829,918
Perpetual preference shares				
Balance as at 1 July	**200,000,783**	200,000,783	**-**	-
Balance as at 30 June	**200,000,783**	200,000,783	**-**	-

Share capital

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

17 Equity (continued)

Redeemable Preference Shares

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

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

The Redeemable Preference Shares have no voting rights. The constitution provides that dividends are payable on these shares from time to time and in such amount as determined by the directors. The Redeemable Preference Shares have no fixed maturity date but are redeemable 60 days after a request from the holder. The unpaid issue price can be called by the Board of Directors of the Parent. As at 30 June 2021, the amount uncalled is $81,829,918 (2020: $81,829,918). The Parent has no current intention of making a call on the uncalled redeemable preference shares.

Perpetual Preference Shares

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

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

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

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

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

17 Equity (continued)

Perpetual Preference Shares Put Option trigger events

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

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

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

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

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

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

The arrangement has had the benefit of consecutive three-year private rulings issued by Inland Revenue from 17 September 2007. A binding ruling retaining the existing tax treatment was recently issued by Inland Revenue for five years to 16 September 2021.

17 Equity (continued)

(b) Dividends

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

	2021 $000	2020 $000
Ordinary shares		
Total dividends paid of $3,310 per share (2020: $3,210)	33,100	**32,100**
Perpetual preference shares		
Total quarterly dividends paid of 0.1771 cents per share (2020: 0.2776)	3,542	**5,551**
Total dividends paid	36,642	**37,651**

The dividends are fully imputed. Dividends paid by the Port of Tauranga Limited to non-controlling interests were $38.7m (2020: $57.1m)

The Perpetual Preference Shares are subject to a fixed Dividend Rate reset every three years at the Dividend Rate Reset Date. This date occurred on 12 March 2020, where the rate for the following three year period was set at 2.46%. The next dividend reset date will be 13 March 2023.

Dividends declared subsequent to balance date

A final dividend of 7.5 cents per share to a total of $51.01 million has been approved subsequent to reporting date.

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

(c) Reserves

Subsidiaries revaluation reserve

The Parent's subsidiaries revaluation reserve relates to the net change in fair value of financial assets designated at fair value through other comprehensive income for the year.

Revaluation reserve

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

Hedging reserve

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

Share Based Payment Reserve – Container Volume Commitment Agreement

On 1 August 2014 the Port of Tauranga Limited issued 2,000,000 shares as a volume rebate to Kotahi Logistics Limited Partnership ("Kotahi") as part of a 10 year freight alliance. Due to the Port of Tauranga Limited completing a 5:1 share split on 17 October 2016, the number of shares originally issued to Kotahi increased to 10,000,000. Of these shares, 8,500,000 are subject to a call option allowing the Port of Tauranga Limited to "call" shares back at zero cost if Kotahi fails to meet the volume commitments.

The increase in the reserve of $2.2m (2020: $1.3m) recognises the shares earned based on containers delivered during the period.

17 Equity (continued)

Equity Settled Share Based Payments

The grant-date fair value of equity settled share based payments is recognised as a rebate against revenue, with a corresponding increase in equity, over the vesting period. The amount recognised as a rebate is adjusted to reflect the number of awards for which the related service is expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date. As at 30 June 2021 the balance of the equity settled share-based payment reserve was $1.6m (2020: $3.6m). This amount is recorded in the Statement of Changes in Equity under the column 'Non controlling interest'.

Share Based Payment Reserve – Management Long Term Incentive

Share rights are granted to employees in accordance with the Port of Tauranga Limited's Management Long Term Incentive Plan. The fair value of share rights granted under the plan are measured at grant date and recognised as an employee expense over the vesting period with a corresponding increase in equity. The fair value at grant date of the share rights are independently determined using an appropriate valuation model that takes into account the terms and conditions upon which they were granted (refer to note 24).

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

(d) Employee Share Ownership Plan

The Port of Tauranga Limited has an Employee Share Ownership Plan (ESOP). During the year no shares were issued to employees from Port of Tauranga Trustee Company Limited as part of the Employee Share Ownership Plan (2020: 2,940 shares at $3.55 per share).

During the year no shares were repurchased on market and transferred to the Port of Tauranga Trustee Company Limited as part of the Employee Share Ownership Plan (2020: nil).

(e) Non-controlling interest

Non controlling interest of 45.86% (2020: 45.86%) is the existing share of Port of Tauranga Limited's consolidated equity which is not owned by *Quayside Group*. A change in non controlling interest in prior years arose from Port of Tauranga Limited's freight alliance with Kotahi involving the issue of ordinary shares to Kotahi, subject to meeting certain freight volume commitments over a 10 year period, as disclosed in (c) above.

17 Equity (continued)

Policies

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

Quayside Group

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

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

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

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

Port of Tauranga Group

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

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

18 Other Financial Assets

	Group		Parent	
	2021 $000	2020 $000	2021 $000	2020 $000
Loans and Receivables				
Loan from Quayside Holdings to Quayside Unit Trust				
Opening balance	-	-	-	8,331
Payments	-	-	-	(8,442)
Interest charged	-	-	-	111
Closing balance	-	-	-	-
Loan from Quayside Holdings to Quayside Properties				
Opening balance	-	-	**47,200**	23,421
Payments	-	-	**(389)**	(736)
Loan advance	-	-	**-**	23,803
Interest charged	-	-	**389**	712
Closing balance	-	-	**47,200**	47,200
Advances to Equity accounted investees	**500**	500	-	-
Mandatorily measured at fair value through income statement				
Other financial assets	**293,450**	202,151	**49,559**	20,094
Total non current	**293,950**	202,651	**96,759**	67,294

Intercompany loans are made via funds drawdown by Quayside Holdings Limited from the Westpac Tranche Lines and Bay of Plenty Regional Council loan facility. This facility has interest on charged at the rate charged on the Tranche Line from the Westpac Banking Corporation and Bay of Plenty Regional Council. The loans are repayable on demand, however the directors of Quayside Holdings Limited have undertaken that the loans will not be demanded within 12 months of balance date.

Non-current advances to equity accounted investees comprise an advance from Quayside Properties Limited, which is repayable on demand, however the directors of Quayside Properties Limited have undertaken that the loan will not be demanded within 12 months of balance date. This advance has interest charged at variable rates.

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

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

Below a detail of the composition of other financial assets:

	Group		Parent	
Other financial assets	2021 $000	2020 $000	2021 $000	2020 $000
Listed assets	**247,519**	182,057	**3,628**	-
Unlisted direct equity investments	**15,487**	6,085	**15,487**	6,085
Venture capital managed funds	**25,550**	13,509	**25,550**	13,509
Convertible Notes	**4,895**	500	**4,895**	500
Total other financial assets	**293,450**	202,151	**49,559**	20,094

18 Other Financial Assets (continued)

The Parent has other equity investments of $41.1 (2020: $20.1m) comprising unlisted direct equity investments and investments in venture capital managed funds. All of the Parent's other equity investments are either audited to a balance date earlier than 30 June 2021 (31 December or 31 March) or are unaudited. The accounting as at 30 June is based on unaudited management accounts. Management accepts the use of management accounts on the basis that these are reviewed by management and changes, if any, between management accounts and audited accounts, would be unlikely to result in a material impact on the carrying value of the investment.

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

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

The Parent has additional other financial assets of $4.9m. There are represented by convertible notes. The management reviewed the value of the notes and fair valued the instrument. The fair value of the convertible note was assessed considering the specific provisions included in the different agreements.

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

The Parent company has uncalled capital commitments of $30.5m (2020: $42.8m) in relation to equity managed fund investments.

The following tables group equity investments as at 30 June 2021 based on the typology and the valuation techniques and inputs used by the Parent to derive the fair value of these investments:

Venture capital managed funds

Valuation Technique	Audited Information	Fair Value 2021 $000	Significant Inputs
Adjusted share of net assets	31/03/2021	9,690	1. Manager audited financial statements 2. Management assessment of the unauidted period
Adjusted share of net assets	31/12/2020	15,860	3. Manager quarterly report
Total venture capital managed funds		25,550	

Unlisted direct equity investments

Valuation Method	Audited Information	Fair Value 2021 $000	Significant Inputs
Discounted Cash Flow and Earnings Multiple	30/06/2020	12,947	1. Compound annual growth in Revenue and Gross Profit 2. Discount Rate 3. Terminal value multiple
Cost	n/a	2,539	n/a
Total direct equity investments		15,487	

18 Other Financial Assets (continued)

Policies

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

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

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

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

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

Quayside Holdings Limited and Subsidiaries
Notes to the Financial Statements (continued)
For the year ended 30 June 2021

19 Loans and Borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For additional information about the Group's exposure and sensitivity to interest rate risk, refer to note 21.

Term and debt repayment schedule

Group 2021	Maturity	Coupon	Committed facilities NZ$000	Undrawn facilities NZ$000	Carrying value NZ$000
Non current					
Fixed rate bond	2025	1.02%	100,000	-	100,000
Standby revolving cash advance facility	2024	Floating	100,000	-	100,000
Standby revolving cash advance facility	2023	Floating	200,000	185,000	15,000
Standby revolving cash advance facility	2022	Floating	130,000	130,000	-
Total non current			530,000	315,000	215,000
				-	215,000
Current					
Standby revolving cash advance facility	2022	Floating	50,000	-	50,000
Multi option facility	2021	Floating	5,000	5,000	-
Commercial papers	<3 months	Floating	-	-	220,000
Westpac borrowings	2021	Floating	55,000	39,894	15,106
Bay of Plenty Regional Council	2022	Floating	50,000	400	49,600
Total current			160,000	45,294	334,706
Total			690,000	360,294	549,706

Group 2020	Maturity	Coupon	Committed facilities NZ$000	Undrawn facilities NZ$000	Carrying value NZ$000
Non current					
Westpac borrowings	2021	Floating	55,000	39894	15,106
Bay of Plenty Regional Council	2022	Floating	50,000	400	49,600
Standby revolving cash advance facility	2023	Floating	200,000	121000	79,000
Standby revolving cash advance facility	2022	Floating	180,000	130000	50,000
Standby revolving cash advance facility	2021	Floating	200,000	100000	100,000
Advances from employees	Various	0	-	-	458
Total non current			685,000	391,294	294,164
Current					
Fixed rate bond	2021	0.04792	75,000	-	75,000
Multi option facility	2020	Floating	5,000	5000	-
Commercial papers	<3 months	Floating	-	-	184,000
Total current			80,000	5,000	259,000
Total			765,000	396,294	553,164

19 Loans and Borrowings (continued)

Term and debt repayment schedule

Parent 2021	Maturity	Coupon	Committed facilities NZ$000	Undrawn facilities NZ$000	Carrying value NZ$000
Current					
Bay of Plenty Regional Council	2022	Floating	50,000	400	49,600
Westpac borrowings	2021	Floating	55,000	39,894	15,106
Total current			105,000	40,294	64,706

Parent 2020	Maturity	Coupon	Committed facilities NZ$000	Undrawn facilities NZ$000	Carrying value NZ$000
Non current					
Westpac borrowings	2021	Floating	55,000	39,894	15,106
Bay of Plenty Regional Council	2022	Floating	50,000	400	49,600
Total non current			105,000	40,294	64,706

Westpac banking corporation

Quayside Holdings Limited has a $55.0 million (2020: $55.0 million) financing arrangement with Westpac Banking Corporation. This facility is secured by a mortgage over shares held in the Port of Tauranga Limited, and provides direct borrowings for the *Quayside Group*. The facility is for a term of 3 years expiring 19 October 2021, hence for the year ended 30 June 2021 has been classified as current.

Quayside Holdings Limited is in negotiation with Westpac to renew the facility and already obtained the terms from Westpac which are under assessment by the Management.

Bay of Plenty Regional Council

In October 2019, Quayside Holdings Limited entered in to a $50 million financing arrangement with Bay of Plenty Regional Council, which, to fund this, has in turn borrowed from the Local Government Funding Agency. This facility originally expires on 30 June 2022.
Quayside Holdings Limited is in negotiation with Bay of Plenty Regional Council to extend the agreement.

Fixed rate bonds

The Port of Tauranga has issued a $100 million fixed rate bond with final maturity on 29 September 2025.

Commercial papers

Commercial papers are secured, short term discounted debt instruments issued by the Port of Tauranga Limited for funding requirements as a component of its banking arrangements. The commercial paper programme is fully backed by committed term bank facilities. At 30 June 2021 the Group had $220 million of commercial paper debt that is classified within current liabilities (2020: $184 million). Due to this classification, the Group's current liabilities exceed the Group's current assets. Despite this fact, the Group does not have any liquidity or working capital concerns as a result of the commercial paper debt being interchangeable with direct borrowings within the standby revolving cash advance facility which is a term facility.

Standby revolving cash advance facility agreement

The Port of Tauranga Limited has a $480 million financing arrangement with ANZ Bank New Zealand Limited, Bank of New Zealand Limited, Commonwealth Bank of Australia, New Zealand Branch and MUFG Bank, Ltd, Auckland Branch (2020: $580 million). The facility, which is secured, provides for both direct borrowings and support for issuance of commercial papers.

Multi option facility

The Port of Tauranga has a $5 million multi option facility with Bank of New Zealand Limited, used for short term working capital requirements (2020: $5 million).

Quayside Holdings Limited and Subsidiaries
Notes to the Financial Statements (continued)
For the year ended 30 June 2021

19 Loans and Borrowings (continued)

Security

Bank facilities and fixed rate bonds are secured by way of a security interest over certain floating plant assets ($15.9 million, 2020: $16.6 million), mortgages over the land and building assets ($1,073 million, 2020: $962.8 million), and by a general security agreement over the assets of the Port of Tauranga ($1,956.2 million, 2020: $1,768.6 million).

Covenants

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

Fair values

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

Interest rates

The weighted average interest rate of interest bearing loans was 2.28% at 30 June 2021 (2020: 2.66%) for the Group and 1.51% (2020: 2.21%) for the Parent.

Policies

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

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

20 Derivative Financial Instruments

The Parent has no derivative financial instruments. This note is for the Group only.

	2021 NZ$000	2020 NZ$000
Non current assets		
Foreign exchange derivatives – cash flow hedges	**77**	-
Total current assets	**77**	**-**
Current liabilities		
Interest rate derivatives – cash flow hedges	**(1,151)**	-
Total current liabilities	**(1,151)**	**-**
Non current liabilities		
Interest rate derivatives – cash flow hedges	**(13,763)**	(29,359)
Total non current liabilities	**(13,763)**	(29,359)
Total liabilities	**(14,914)**	(29,359)

The details of hedging instruments and hedged items are as follows:

			Carrying Amount of Hedging Instrument		Carrying Amount of Hedged Item		Change in Fair Value Used for Calculating Hedge	Change in Fair Value Used for Calculating Hedge	Notional amount of hedging Instrument
Group 2021	Hedging Instrument	Hedged Item	Assets NZ$000	(Liabilities) NZ$000	Assets NZ$000	(Liabilities) NZ$000	NZ$000	NZ$000	
Cash flow hedge	Interest rate derivatives	Loans and borrowings	-	**(14,914)**	-	**(240,000)**	**14,449**	**(3)**	NZD375.000 million
Cash flow hedge	Foreign exchange derivatives	Plant, property and equipment	**77**	-	-	-	**77**	-	USD1.410 million
Total			**77**	**(14,914)**	-	**(240,000)**	**14,526**	**(3)**	

			Carrying Amount of Hedging Instrument		Carrying Amount of Hedged Item		Change in Fair Value Used for Calculating Hedge Effectiveness	Change in Fair Value Used for Calculating Hedge Ineffectiveness	Notional amount of hedging Instrument
2020	Hedging Instrument	Hedged Item	Assets NZ$000	(Liabilities) NZ$000	Assets NZ$000	(Liabilities) NZ$000	NZ$000	NZ$000	
Cash flow hedge	Interest rate derivatives	Loans and borrowings	-	**(29,359)**	-	**(180,000)**	**(7,593)**	**1**	NZD375.000 million
Cash flow hedge	Foreign exchange derivatives	Plant, property and equipment	-	-	-	-	**266**	-	USD1.410 million
Total			-	**(29,359)**	-	**(180,000)**	**(7,327)**	**1**	

20 Derivative Financial Instruments (continued)

Cash flow hedges

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

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

The notional amount of the hedging instrument must match the designated amount of the hedged item for the hedge to be effective.

The Group's policy of ensuring a certain level of its interest rate risk exposure is at a fixed rate, is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate and using interest rate swaps as hedges of the variability in cash flows attributable to movements in interest rates. The Group applies a hedge ratio of 1:1.

Sources of hedge ineffectiveness are:

- Material changes in credit risk that affect the hedging instrument but do not affect the hedged item.
- Drawn liabilities that fall below the hedging amount, causing the hedge ratio to exceed 100%.

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

Fair values

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

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

20 Derivative Financial Instruments (continued)

Valuation inputs for valuing derivatives are:

Valuation input	Source
Interest rate forward price curve	Published market swap rates.
Discount rate for valuing interest rate and foreign exchange derivatives	Published market interest rates as applicable to the remaining life of the instrument adjusted for the credit risk of the counterparty for assets and the credit risk of the Group for liabilities.
Foreign exchange forward prices	Published spot foreign rates and interest rate differentials.

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

Policies

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

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

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

The Group's hedging policy parameters are:

Interest Rate Derivatives

Debt Maturity	*Minimum Hedging %*	*Maximum Hedging %*
Within one year	45	100
One year to three years	30	85
Three years to seven years	15	65
Seven years to ten years	0	50

Foreign Exchange Derivatives

Expenditure	*Minimum Hedging %*	*Maximum Hedging %*
Upon Board approval of capital expenditure denominated in a foreign currency	0	50
Upon signing of contract with supplier for capital expenditure denominated in a foreign currency	75	100

21 Financial Instruments

Financial risk management

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

- *Quayside Group* – comprising Quayside Holdings Limited (Parent company) and its directly controlled subsidiaries: Quayside Securities Limited, Quayside Unit Trust, Quayside Investment Trust, Quayside Properties Limited, Aqua Curo Limited and Cibus Technologies Limited and its equity accounted investees.
- *Port of Tauranga Group* – comprising the Port of Tauranga Limited and its subsidiaries and its equity accounted investees. This group is owned 54.14% (2020: 54.14%) by the Quayside Group.

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

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

21 Financial Instruments (continued)

The following tables show the classification, fair value and carrying amount of financial instruments held by the Group at reporting date:

	Mandatorily at Fair Value through Profit and Loss	Hedge accounted derivative	Other Amortised Cost	Total Carrying Amount	Fair Value
Group 2021	$000	$000	$000	$000	$000
Assets					
Cash and cash equivalents	-	-	40,664	40,664	40,772
Receivables	-	-	63,145	63,145	63,145
Total current assets	-	-	103,808	103,808	103,917
Derivative instruments	77	-	-	-	-
Other financial assets	293,450	-	500	293,950	293,950
Total non current assets	293,527	-	500	293,950	293,950
Total assets	293,527	-	104,308	397,759	397,867
Liabilities					
Loans and borrowings	-	-	334,706	334,706	331,394
Lease liabilities	-	-	987	987	987
Trade and other payables	-	-	12,953	12,953	12,953
Derivative instruments	1,151	-	-	1,151	1,151
Contingent consideration	434	-	-	434	434
Total current liabilities	1,585	-	348,646	350,231	346,919
Loans and borrowings	-	-	215,000	215,000	215,000
Lease liabilities	-	-	42,241	42,241	42,241
Derivative instruments	13,763	-	-	13,763	13,763
Contingent consideration	2,920	-	-	2,920	2,920
Total non current liabilities	16,683	-	257,241	273,924	273,924
Total liabilities	18,268	-	605,887	624,155	620,843
Group 2020					
Assets					
Cash and cash equivalents	-	-	72,330	72,330	72,330
Receivables	-	-	56,911	56,911	56,911
Total current assets	-	-	129,241	129,241	129,241
Other financial assets	202,151	-	500	202,651	202,651
Total non current assets	202,151	-	500	202,651	202,651
Total assets	202,151	-	129,741	331,892	331,892
Liabilities					
Loans and borrowings	-	-	259,000	259,000	260,676
Trade and other payables	-	-	592	592	592
Derivative instruments	-	-	10,793	10,793	10,793
Total current liabilities	-	-	270,385	270,385	272,061
Loans and borrowings	-	-	294,164	294,164	294,164
Lease liabilities	-	-	24,810	24,810	24,810
Derivative instruments	-	29,359	-	29,359	29,359
Total non current liabilities	-	29,359	318,974	348,333	348,333
Total liabilities	-	29,359	589,359	618,718	620,394

21 Financial Instruments (continued)

	Mandatorily at Fair Value through Profit and Loss	Designated at Fair Value through Other Comprehensive Income *	Other Amortised Cost	Total Carrying Amount	Fair Value
	$000	$000	$000	$000	$000
Parent 2021					
Assets					
Cash and cash equivalents	-	-	30,022	30,022	30,022
Receivables	-	-	182	182	182
Total current assets	-	-	30,204	30,204	30,204
Other financial assets	49,559	-	47,200	96,759	96,759
Investment in subsidiaries	-	2,852,214	-	2,852,214	2,852,214
Total non current assets	49,559	2,852,214	47,200	2,948,973	2,948,973
Total assets	49,559	2,852,214	77,404	2,979,177	2,979,177
Liabilities					
Lease liabilities	-	-	117	117	117
Trade and other payables	-	-	106	106	106
Total current liabilities	-	-	222	222	222
Lease liabilities	-	-	160	160	160
Loans and borrowings	-	- -	64,706 -	64,706 -	64,706
Total non current liabilities	-	- -	64,546 -	64,546 -	64,546
Total liabilities	-	- -	64,324 -	64,324 -	64,324
Parent 2020					
Assets					
Cash and cash equivalents	-	-	30,022	30,022	30,022
Other financial assets	-	-	4,793	4,793	4,793
Total current assets	-	-	30,022	30,022	30,022
Other financial assets	20,094	-	47,200	67,294	67,294
Investment in subsidiaries	-	3,037,302	-	3,037,302	3,037,302
Total non current assets	20,094	3,037,302	47,200	3,104,596	3,104,596
Total assets	20,094	3,037,302	82,015	3,139,411	3,139,411
Liabilities					
Lease liabilities	-	-	38	38	38
Trade and other payables	-	-	1,514	1,514	1,514
Total current liabilities	-	-	1,552	1,552	1,552
Lease liabilities	-	-	92	92	92
Loans and borrowings	-	-	64,706	64,706	64,706
Total non current liabilities	-	-	64,798	64,798	64,798
Total liabilities	-	-	66,350	66,350	66,350

**Designated on initial recognition*

21 Financial Instruments (continued)

Credit risk

Exposure to credit risk

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

	Group		Parent	
	2021 $000	2020 $000	2021 $000	2020 $000
Credit risk				
Trade and other receivables	**63,145**	56,911	**182**	4,793
Other financial assets – Intercompany loans	**-**	-	**47,200**	47,200
Cash and cash equivalents	**40,664**	72,330	**24,819**	30,022
Total	**103,808**	129,241	**72,201**	82,015

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

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

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

There has been no indication of a change in customer payment behaviour, compared with pre-COVID-19 behaviour. On that basis, the following table details loss allowance for trade receivables:

Group 2021	Not past due	Past due 0-30 days	Past due 30-60 days	More than 60 days	Total
Expected loss rate (%)	-	-	-	-	-
Gross carrying amount – trade receivables ($000)	45,304	10,572	2,040	695	58,610
Loss allowance on trade receivables ($000)	-	-	-	-	-

Movements in provision and impairment of financial assets are:

	2021 $000	2020 $000
Opening Balance	**682**	291
Provision for trade receivables	**(201)**	179
Provision for advances to Equity Accounted Investees	**(216)**	212
Bad debts written off	**-**	-
Closing balance	**265**	682

There are no provisions or impairment of financial assets for the Parent.

21 Financial Instruments (continued)

Credit risk management policies

Quayside Group

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

Port of Tauranga Group

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

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

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

Default

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

Write-off

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

Concentration of credit risk

The only significant concentration of credit risk at reporting date relates to bank balances and advances to Equity Accounted Investees. The nature of the *Port of Tauranga Group's* business means that the top ten customers account for 63.8% of total Group revenue (2020: 64.1%). The *Port of Tauranga Group* is satisfied with the credit quality of these debtors and does not anticipate any non performance.

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

Liquidity risk

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

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

21 Financial Instruments (continued)

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

Funding risk	Statement of Financial Position $000	Contractual Cash Flows $000	6 Months or Less $000	6 – 12 Months $000	1 – 2 Years $000	2 – 5 Years $000	More Than 5 Years $000
Group 2021							
Non derivative financial liabilities							
Loans and borrowings	(549,706)	(561,112)	(387,323)	(1,874)	(68,051)	(103,864)	-
Lease liabilities	(43,451)	(85,173)	(1,488)	(1,460)	(2,812)	(8,290)	(71,123)
Trade and other payables	(10,674)	(10,674)	(10,674)	-	-	-	-
Contingent consideration	(3,354)	(3,881)	-	(499)	(534)	(2,848)	-
Total non derivative liabilities	(607,185)	(660,840)	(399,485)	(3,833)	(71,397)	(115,002)	(71,123)
Derivatives							
Interest rate derivatives							
- Cash flow hedges outflow	(14,914)	(18,954)	(3,883)	(3,442)	(4,493)	(6,726)	(210)
- Cash flow hedges inflow	-	2,600	-	-	65	1,087	1,448
Total derivatives	(14,914)	(16,354)	(3,883)	(3,442)	(4,428)	(5,639)	1,238
Total	(622,099)	(677,194)	(403,368)	(7,275)	(75,825)	(120,641)	(69,885)
Group 2020							
Non derivative financial liabilities							
Loans and borrowings	(553,164)	(564,817)	(484,303)	(11,577)	(67,204)	(1,733)	-
Lease liabilities	(25,402)	(50,326)	(793)	(790)	(1,552)	(4,263)	(42,928)
Trade and other payables	(10,793)	(10,793)	(10,793)	-	-	-	-
Total non derivative liabilities	(589,359)	(625,936)	(495,889)	(12,367)	(68,756)	(5,996)	(42,928)
Derivatives							
Interest rate derivatives							
- Cash flow hedges outflow	(29,359)	(30,947)	(2,931)	(3,469)	(7,930)	(15,333)	(1,284)
Total derivatives	(29,359)	(30,947)	(2,931)	(3,469)	(7,930)	(15,333)	(1,284)
Total	(618,718)	(656,883)	(498,820)	(15,836)	(76,686)	(21,329)	(44,212)

21 Financial Instruments (continued)

Funding risk	Statement of Financial Position $000	Contractual Cash Flows $000	6 Months or Less $000	6 – 12 Months $000	1 – 2 Years $000	2 – 5 Years $000	More Than 5 Years $000
Parent 2021							
Non derivative financial liabilities							
Loans and borrowings	(64,706)	(65,375)	(15,475)	(49,900)	-	-	-
Lease liabilities	(277)	(288)	(61)	(60)	(120)	(47)	-
Trade and other payables	(679)	(679)	(679)	-	-	-	-
Total non derivative liabilities	(65,662)	(66,342)	(16,215)	(49,960)	(120)	(47)	-
Parent 2020							
Non derivative financial liabilities							
Loans and borrowings	(64,706)	(66,242)	(428)	(428)	(65,386)	-	-
Lease liabilities	(130)	(141)	(19)	(20)	(39)	(63)	-
Loans and borrowings	(1,514)	(1,514)	(1,514)	-	-	-	-
Total non derivative liabilities	(66,350)	(67,897)	(1,961)	(448)	(65,425)	(63)	-

Market risk

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

The *Quayside Group* is exposed to equity securities price risk because of investments held by the Group. This risk is managed through diversification of the portfolio. Refer to further information in Note 21 (iii). The *Quayside Group* has no exposure to commodity price risk.

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

(i) Interest rate risk

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

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

The total nominal value of interest rate derivatives outstanding is $375m (2020: $280m).

The average interest rate on interest rate derivatives is 2.9% (2020: 3.3%).

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

21 Financial Instruments (continued)

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

	Group		Parent	
	2021 $000	2020 $000	2021 $000	2020 $000
Carrying amount				
Fixed rate instruments				
Fixed rate bond	**(100,000)**	(75,000)	**-**	-
Lease liabilities	**(43,228)**	(25,402)	**(278)**	(130)
Total	**(143,228)**	(100,402)	**(278)**	(130)
Variable rate instruments				
Commercial papers	**(220,000)**	(184,000)	**-**	-
Standby revolving cash advance facility	**(165,000)**	(229,000)	**-**	-
Interest rate derivatives	**(14,914)**	(29,359)	**-**	-
Westpac borrowings	**(15,106)**	(15,106)	**(15,106)**	(15,106)
Bay of Plenty Regional Council Borrowings	**(49,600)**	(49,600)	**(49,600)**	(49,600)
Multi option facility	**-**	-	**-**	-
Cash balances	**40,664**	72,330	**24,819**	30,022
Total	**(423,957)**	(434,735)	**(39,887)**	(34,684)

Sensitivity analysis

If, at reporting date, bank interest rates had been 100 basis points higher/lower, with all other variables held constant, the result would increase/(decrease) post tax profit or loss and the hedging reserve by the amounts shown below. The analysis is performed on the same basis for 2020.

	Profit or Loss		Cash Flow Hedge Reserve	
	100 bp Increase $000	100 bp Decrease $000	100 bp Increase $000	100 bp Decrease $000
Group 2021				
Variable rate instruments	(3,378)	3,420	-	-
Interest rate derivatives	1,746	(1,746)	8,116	(8,652)
Total	(1,632)	1,674	8,116	(8,652)
Group 2020				
Variable rate instruments	(2,927)	2,968	-	-
Interest rate derivatives	1,477	(1,477)	7,886	(8,360)
Total	(1,450)	1,491	7,886	(8,360)
Parent 2021				
Variable rate instruments	(647)	647	-	-
Parent 2020				
Variable rate instruments	(347)	347	-	-

21 Financial Instruments (continued)

Profile of Timing

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

	Maturity				
	Less than 12 months $000	1-4 Years $000	4-7 Years $000	More than 7 years $000	Total $000
Group 2021					
Interest rate derivatives					
Notional amount (NZD$000)	**75,000**	**120,000**	**110,000**	**70,000**	**375,000**
Average rate (%)	**3.77**	**3.04**	**2.03**	**1.65**	**3.05**

	Maturity				
	Less than 12 months $000	1-4 Years $000	4-7 Years $000	More than 7 years $000	Total $000
Group 2020					
Interest rate derivatives					
Notional amount (NZD$000)	-	110,000	150,000	20,000	280,000
Average rate (%)	3.88	3.49	2.72	0.99	3.42

(ii) Currency risk

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

	Group		Parent	
	2021 $000	2020 $000	2021 $000	2020 $000
Cash – AUD	**624**	3,586	-	-
Cash – USD, EUR, GBP, CAD	**1,294**	5,197	-	-
Equities – AUD	**35,316**	29,465	-	-
Equities – USD, EUR, GBP, CAD, SGD	**76,343**	50,909	-	-
	113,576	89,157	-	-

Sensitivity analysis

If at reporting date, a 10% strengthening/weakening of the above currencies against the New Zealand dollar occurred with all other variables held constant, it would increase/(decrease) post tax profit or loss and the cash flow hedges reserve by the amounts shown below. The analysis is performed on the same basis for 2020.

21 Financial Instruments (continued)

	Profit or Loss		Reserves	
	10% Increase $000	10% Decrease $000	10% Increase $000	10% Decrease $000
Group				
Cash – AUD	**62**	**(62)**	-	-
Cash – USD, EUR, GBP	**129**	**(129)**	-	-
Equities – AUD	**3,532**	**(3,532)**	-	-
Equities – USD, EUR, GBP, CAD, SGD	**7,634**	**(7,634)**	-	-
30 June 2021	**11,358**	**(11,358)**	-	-
Cash – AUD	359	(359)	-	-
Cash – USD, EUR, GBP	520	(520)	-	-
Equities – AUD	2,947	(2,947)	-	-
Equities – USD, EUR, GBP	5,091	(5,091)	-	-
30 June 2020	8,917	(8,917)	-	-

21 Financial Instruments (continued)

(iii) Other price risk

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

	Group		Parent	
	2021 $000	2020 $000	2021 $000	2020 $000
Unlisted private equity and managed funds	**45,932**	20,094	**45,932**	20,094
Listed Equities - NZD	**135,860**	101,683	**-**	-
Listed Equities - AUD	**35,316**	29,465	**-**	-
Listed Equities – USD, EUR, GBP, CAD, SGD	**76,343**	50,909	**-**	-
	293,450	202,151	**45,932**	20,094

Sensitivity analysis

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

	10% Increase $000	10% Decrease $000	10% Increase $000	10% Decrease $000
Unlisted private equity and managed funds	**4,593**	**(4,593)**	**-**	-
Listed Equities - NZD	**13,586**	**(13,586)**	**-**	-
Listed Equities - AUD	**3,532**	**(3,532)**	**-**	-
Listed Equities – USD, EUR, GBP, CAD, SGD	**7,634**	**(7,634)**	**-**	-
30 June 2021	**29,345**	**(29,345)**	-	**-**
Unlisted private equity and managed funds	2,009	(2,009)	2,009	(2,009)
Listed Equities - NZD	10,168	(10,168)	**-**	-
Listed Equities - AUD	2,947	(2,947)	**-**	-
Listed Equities – USD, EUR, GBP, CAD, SGD	5,091	(5,091)	**-**	-
30 June 2020	20,215	(20,215)	2,009	(2,009)

The Group is also exposed to other price risk arising from the variability of kiwifruit prices which impact on the valuation of the Group's income and receivables. The Parent has no exposure to this price risk. The Group's Kiwifruit income and related receivable at year-end are based on forecast revenue per tray, made at the beginning of the season.

Sensitivity analysis

At 30 June 2021, if the forecast revenue per tray had been 10% higher/lower with all other variables held constant, the Group's post tax profit for the year would increase/decrease by $352,403 (2020: $400,356).

21 Financial Instruments (continued)

(iv) Market liquidity risk

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

Financial instruments categories and fair value hierarchy

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

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 June 2021 and 30 June 2020.

	Group				Parent			
	Level 1 $000	Level 2 $000	Level 3 $000	Total $000	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
30 June 2021								
Financial assets at fair value through profit or loss								
Listed equity investments	**247,519**	-	-	**247,519**	**3,628**	-	-	**3,628**
Unlisted direct investments	-	-	**15,487**	**15,487**	-	-	**15,487**	**15,487**
Unlisted managed funds	-	-	**25,550**	**25,550**	-	-	**25,550**	**25,550**
Other instruments	-	-	**4,895**	**4,895**	-	-	**4,895**	**4,895**
	247,519	-	**45,932**	**293,450**	**3,628**	-	**45,932**	**49,559**

	Group				Parent			
	Level 1 $000	Level 2 $000	Level 3 $000	Total $000	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
30 June 2020								
Financial assets at fair value through profit or loss								
Listed equity investments	182,057	-	-	182,057	-	-	-	-
Unlisted direct investments	-	-	6,211	6,211	-	-	6,211	6,211
Unlisted managed funds	-	-	13,883	13,883	-	-	13,883	13,883
	182,057	-	20,094	202,151	-	-	20,094	20,094

Transfers between levels in the fair value hierarchy

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

21 Financial Instruments (continued)

Reconciliation of fair value measurement under Level 3 hierarchy

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

	Group		Parent	
	2021 $000	2020 $000	2021 $000	2020 $000
Opening Balance	**20,094**	7,658	**20,094**	7,658
Purchases	**21,191**	13,117	**21,191**	13,117
Sales	**(4,390)**	-	**(4,390)**	-
Unrealised gains and losses recognised in net fair value gains on financial instruments held at fair value through profit or loss	**9,037**	(681)	**9,037**	(681)
Closing Balance	**45,932**	20,094	**45,932**	20,094

For recurring fair value measurements categorised within Level 3 of the fair value hierarchy the amount of the total gains or losses for the period included in income that is attributable to the change in unrealised gains or losses relating to those assets and liabilities held at the end of the reporting period was a $7.7m loss (2020: $0.7m loss), and these amounts are recognised as part of the 'Other Losses' (Note 7 b) line item of the income statement.

Fair value sensitivity

	Non-market observable input	Movement	Impact on fair value measurement	
		%	Increase $000	Decrease $000
2021 – Parent and Group				
Unlisted direct investments	(i)	(i)	3,097	(3,097)
Unlisted managed funds	(i)	(i)	5,110	(5,110)
2020 – Parent and Group				
Unlisted direct investments	(i)	(i)	124	(124)
Unlisted managed funds	(i)	(i)	278	(278)

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

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

22 Trade and Other Payables

	Group		Parent	
	2021 $000	2020 $000	2021 $000	2020 $000
Accounts payable	**10,659**	7,547	**104**	131
Accrued employee benefit liabilities	**5,456**	5,329	**377**	175
Accruals	**22,621**	20,513	**198**	738
Payables to Equity Accounted Investees and related parties	**1,103**	1,829	**-**	500
Total trade and other payables	**39,838**	35,218	**678**	1,544

Payables denominated in currencies other than the functional currency are nil (2020: nil). Trade and other payables are non interest-bearing and are normally settled on 30 day terms; therefore the carrying value of trade and other payables approximates their fair value.

Policies

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

23 Related Party Transactions

Parent and ultimate controlling entity

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

Transactions with key management personnel

The Group does not provide any non cash benefits to Directors in addition to their Directors' fees. Key management personnel compensation comprised the following:

	Group		Parent	
	2021 $000	2020 $000	2021 $000	2020 $000
Directors				
Directors' fees recognised during the period	**1,221**	1,146	**262**	188
Executive Officers				
Executive officer's salaries and other short-term employee benefits recognised during the period	**5,608**	3,361	**392**	396
Executive officer's share based payments (equity settled) recognised during the period	**(124)**	1,414	**-**	-
Total	**6,705**	5,921	**654**	584

All *Port of Tauranga Group* Executive Management Team participate in the Management Long Term Incentive Plans and may receive cash or non cash benefits as a result of these plans (refer note 24).

23 Related Party Transactions (continued)

Other related entities

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

Quayside Group transactions with related parties:	2021 $000	2020 $000
Transactions with Ultimate Controlling Entity		
Bay of Plenty Regional Council		
Services provided to Quayside Properties Limited	**13**	8
Interest paid by Quayside Holdings Limited	**611**	800
Interest payable by Quayside Holdings Limited	**45**	110
Dividends paid by Quayside Holdings Limited	**33,100**	32,100
Loan repaid by Quayside Holdings Limited	**-**	400
Loan payable by Quayside Holdings Limited	**49,600**	49,600
Subvention payable by Quayside Unit Trust	**-**	365
Subvention payable by Quayside Properties Limited	**828**	787
Transactions with Other Related Entities		
Quayside Unit Trust		
Dividends paid to Quayside Holdings Limited	**45,500**	105,100
Interest received by Quayside Holdings Limited	**-**	111
Loan repayment received by Quayside Holdings Limited	**-**	8,331
Dividends received from Port of Tauranga Limited	**45,686**	67,424
Quayside Properties Limited		
Services provided to Quayside Properties Limited	**55**	-
Interest received by Quayside Holdings Limited	**389**	712
Interest receivable by Quayside Holdings Limited	**-**	136
Loan advanced by Quayside Holdings Limited	**-**	23,803
Loan repaid to Quayside Holdings Limited	**-**	23
Loan receivable by Quayside Holdings Limited	**47,200**	47,200
Office lease provided to Quayside Holdings Limited	**39**	38
Accounts receivable by Quayside Holdings Limited	**-**	46
Accounts payable due to Quayside Properties Limited	**63**	
Management fees paid to Quayside Holdings Limited	**114**	114
Transactions with other related entities		
License sale to Huakiwi	**1,128**	-
Quayside Investment Trust		
Consideration for units purchased by Quayside Holdings Limited	**-**	37,607
Consideration for units redeemed by Quayside Holdings Limited	**5,000**	3,500
Quayside Securities Limited		
Management fees paid to Quayside Holdings Limited	**77**	77
Aqua Curo Limited		
Capital investment by Quayside Holdings Limited	**1,000**	1,000

23 Related Party Transactions (continued)

Quayside Group transactions with related parties:	2021 $000	2020 $000
Transactions with Equity Accounted Investees		
Services provided by Quayside Holdings Limited	**104**	133
Accounts payable by Quayside Holdings Limited	**-**	500
Accounts receivable by Quayside Holdings Limited	**-**	70
Loans advanced by Quayside Holdings Limited	**-**	4,691
Loan repayment received by Quayside Holdings Limited	**-**	200
Loan receivable by Quayside Holdings Limited	**-**	4,491
Interest charged by Quayside Holdings Limited	**26**	137
Interest receivable by Quayside Holdings Limited	**-**	15
Capital contribution payable by Quayside Properties Limited	**-**	125
Capital contributions by Quayside Properties Limited	**500**	225
Loan advanced by Quayside Properties Limited	**-**	500
Loan payable to Quayside Properties Limited	**500**	500
Interest charged by Quayside Properties Limited	**14**	14
Interest payable to Quayside Properties Limited	**28**	14

Further information on investment in to, and distributions from Equity Accounted Investees, can be found in note 15.

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

	2021 No	2020 No
R A McLeod (a director) as Trustee	**100,000**	100,000

Port of Tauranga Group transactions with related parties:	2021 $000	2020 $000
Transactions with ultimate controlling entity:		
Bay of Plenty Regional Council		
Services provided to Port of Tauranga Limited	**-**	21
Transactions with equity accounted investees		
Services provided to Port of Tauranga Limited	**754**	511
Services provided by Port of Tauranga Limited	**4,348**	4,987
Accounts receivable by Port of Tauranga Limited	**154**	27
Accounts payable by Port of Tauranga Limited	**14**	342
Advances by Port of Tauranga Limited	**1,400**	5,319
Services provided to Quality Marshalling (Mount Maunganui) Limited	**25**	18
Services provided by Quality Marshalling (Mount Maunganui) Limited	**2,045**	4,028
Accounts receivable by Quality Marshalling (Mount Maunganui) Limited	**158**	365
Accounts payable by Quality Marshalling (Mount Maunganui) Limited	**2**	1
Services provided to Timaru Container Terminal Limited	**2,701**	-
Services provided by Timaru Container Terminal Limited	**1**	-
Accounts payable by Timaru Container Terminal Limited	**259**	-

23 Related Party Transactions (continued)

Transactions with key management personnel

Directors' fees recognised during the period	**767**	764
Executive officers' salaries and short term employee benefits recognised during the period	**5,216**	2,965
Executive officers' share based payments (equity settled) recognised during the period	**62**	1,414
Post employment executive officers' share based payments (equity settled) recognised during the period	**(186)**	-

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

24 Management Long Term Incentive Plan

In December 2016, the Port of Tauranga Group introduced an equity settled long term incentive (LTI) plan that will vest from financial year 2019 onwards. Under this LTI plan, share rights are issued to participating executives and have a three year vesting period. The first granting of share rights under this LTI plan occurred in the 2018 year and this LTI plan replaces the former cash settled plan. The vesting of share rights, which entitles the executive to the receipt of one Port of Tauranga Limited ordinary share at nil cost, is subject to the executive remaining employed by Port of Tauranga Limited during the vesting period and the achievement of certain earnings per share (EPS) and total shareholder return (TSR) targets. For EPS share rights granted, the proportion of share rights that vest depends on the Port of Tauranga Group achieving EPS growth targets. For TSR share rights granted, the proportion of share rights that vests depends on the *Port of Tauranga Groups* TSR performance ranking relative to the NZX50 index less Australian listed stocks. To the extent that performance hurdles are not met or executives leave Port of Tauranga Limited prior to vesting, the share rights are forfeited. The share based payment expense relating to the LTI plan for the year ended 30 June 2021 is $0.1 million (2020: $0.1 million) with a corresponding increase in the share based payments reserve (refer note 17).

Number of Share Rights Issued to Executives:

Grant Date	Scheme End Date	Right Type	Balance at 30 June 2020	Granted During the Year	Vested During the Year	Forfeited During the Year	Balance at 30 June 2021
1 March 2018	30 June 2020	EPS	121,934	-	(22,205)	(99,729)	-
1 March 2018	30 June 2020	TSR	101,612	-	(101,612)	-	-
1 July 2018	30 June 2021	EPS	108,500	-	-	-	**108,500**
1 July 2018	30 June 2021	TSR	90,417	-	-	-	**90,417**
1 July 2019	30 June 2022	EPS	90,058	-	-	-	**90,058**
1 July 2019	30 June 2022	TSR	75,050	-	-	-	**75,050**
1 July 2020	30 June 2023	EPS	-	**88,409**	-	-	**88,409**
1 July 2020	30 June 2023	TSR	-	**73,674**	-	-	**73,674**
Total LTI Plan			587,571	**162,083**	(123,817)	(99,729)	**526,108**

Fair Value of Share Rights Granted

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

Grant Date	Scheme End Date	Right Type	Grant Date Share Price	Risk Free Interest Rate	Expected Volatility of Share Price	Valuation per Share Right
			$	%	%	$
1 July 2018	30 June 2021	EPS	5.10	1.72	16.30	4.64
1 July 2018	30 June 2021	TSR	5.10	1.72	16.30	2.00
1 July 2019	30 June 2022	EPS	6.28	0.80	17.60	6.02
1 July 2019	30 June 2022	TSR	6.28	0.80	17.60	2.72
1 July 2020	30 June 2023	EPS	7.59	0.00	25.00	7.03
1 July 2020	30 June 2023	TSR	7.59	0.00	25.00	3.01

PAYE Liability

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

Policies

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

Equity Settled Transactions

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

25 Investment Properties

The Parent has no investment property. This note is for the Group only.

	2021 $000	2020 $000
Balance at 1 July	**54,466**	27,886
Additions – Work in progress (at cost)	**(1,010)**	80
Additions - Acquisitions (at cost)	**5,185**	18,995
Sales	**(905)**	-
Fair value gains on valuation	**(828)**	7,505
Balance at 30 June	**56,908**	54,466
Classified as:		
Investment Property – Held for sale - current	**-**	905
Investment Property – Non current	**56,908**	53,561
	56,908	54,466
Rental / lease income from investment properties	**1,320**	992
Expenses from investment property generating income	**175**	170

Description of investment properties

Investment properties held include the following:

Asset type	Location	Current use
Commercial Building	Tauranga CBD	Commercial Lease
Industrial Building	Mount Maunganui	Commercial Lease
Residential Rural Block	Tauriko	Residential Rental
Rural Block	Paengaroa	Grazing/Forestry
Industrial Zoned Land for future development as a 'Rangiuru Business Park'.	Rangiuru, Te Puke	Kiwifruit orchards, leased dairy grazing land and residential rentals.

Rangiuru Land classification

Management ran an assessment in order to determine the classification of Rangiuru Land as at 30 June 2021. The decision to classify the land as investment property instead of inventory requires a high degree of judgement from management.

The Group in 2005 undertook a plan change which changed the land from rural to industrial. There has been no change in designation of the land since this time. In parallel in 2005, the Group obtained a number of long-term consents for the park. All are deemed operative, by virtue of the Tauranga Eastern Link development. Quayside is in the process of seeking a renewed earthworks consent and a minor modification on one existing consent. No new consents were issued in the last 12 months.

As at balance date, buildings and vines had been removed from stage one land in preparation of the development going ahead. As at balance sheet date the land development has not started yet. Earthwork are planned to commence on 15 September 2021, and various design and consenting elements are progressing.

The Group have a high level plan for the whole lot. Quayside has had such plans for over ten years to date.

25 Investment Properties (continued)

Due to the long-term horizon of the project, there is still a lot of uncertainty around timing and actions to be taken with the plan plots and the development of the Business Park. A decision on Quayside role in relation to the park at completion is not reached yet. The Group is currently seeking expressions of interest in the development and has indicated that it interested in selling land, leasing land or developing vertical builds.

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

Property held for sale

There were no subdivisions during the year. In 2020 the rural block at Paengaroa was subdivided and the contract settled in September 2020.

Valuation of investment properties

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

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

Asset type	Valuation method adopted	Highest and best use	Significant assumptions
Commercial and Industrial Buildings	Capitalisation approach and Discounted Cash Flow Analysis	Current use	Net market rent of $424 per sqm (Commercial) Net market rent of $175.83 (Industrial) Capitalisation rate of 4.75% and 5. 25% Discount rate of 5.50%and 5.75%
Residential Rural Block - Tauriko	Market approach	Current use	-
Rural block - Paengaroa	Market approach	Current use	-
Rangiuru Business Park	Market approach	Stage 1 Land – Industrial park development Stage 2 land – Orchard/rural	-

Commitments

The Group has no contractual commitments at year-end in relation to the settlement on the purchase of investment properties (June 2020: $4.32m).

25 Investment Properties (continued)

Policies

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

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

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

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

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

26 Biological Assets

Forestry	2021 $000	2020 $000
Balance at 1 July	502	390
Additions	-	-
Disposals	-	-
Change in fair value less estimated costs to sell	178	112
Balance at 30 June	680	502

The forestry block comprises 103.5 hectares of pinus radiata with planted years ranging from 2013 to 2018. The crop has an expected rotation of 26 years, which would yield revenue in the years 2039 to 2044.

Fair value of the forestry block has been determined by independent registered valuation at 30 June 2021. Fair value has been determined by using the income approach (Discounted Cash Flow) by assessing the net present value of estimated future costs and revenues pertaining to the standing tree crop, using a discount rate of 7.5%. The fair value measurement is categorised as a Level 3 fair value based on the inputs for the assets which are not based on observable market data (unobservable inputs). Notable reasons for the increase in the tree crop value in the last 12 months are as a result of higher long-term log price assumptions, based on forecast market conditions and the maturing of the crop.

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

1. Discounted Cash Flow (DCF) Approach has been applied to the anticipated pre-tax cash flows (future revenues and costs) for the current tree crop rotation.
2. A notional freehold land rental of NZ$360/ha p.a (2020: $360)
3. A pre-tax implied discount rate of 7.5% p.a (2020: 7.5%), which was derived from the recent market transaction

26 Biological Assets (continued)

Sensitivity of tree crop value to discount rate Tree Crop Value Discount Rate (pre-tax) (NZ$000)	
6.0%	1,144
6.5%	981
7.0%	836
7.5%	705
8.0%	589
8.5%	485
9.0%	392

Implied discount rates (IDR) on pre-tax cash flows - Analysis Implied Discount Rate	
Recent transaction range	2.5% - 10.8%
Average last 6 years	7.50%
Area-weighted average last 6 years	6.70%

Sensitivity of tree crop value to log prices and production costs Discount Rate (pre-tax) (NZ$000)					
(NZ$000)			Log Prices		
Production Costs	-10%	-5%	Base	+5%	+10%
+10%	387	505	624	742	860
+5%	428	546	664	783	901
Base	469	587	705	824	942
-5%	510	628	746	865	983
-10%	551	669	787	906	1,024

Kiwifruit Crop

Harvesting of the kiwifruit crop takes place in April to June each year. At 30 June the crop is measured at fair value which is nil (2020: nil). The fair value is deemed to be cost as insufficient biological transformation has occurred.

27 Contingencies

At 30 June 2021 for the Group and Parent Company there were no contingent assets or liabilities (2020: nil).

28 Subsequent Events

The financial statements were approved by the Board of Directors on 9 September 2021.

The Directors are aware of circumstances that have arisen after balance date with regards to the Coronavirus (Covid--19) pandemic. Subsequent to the end of the financial year the Delta variant was discovered in New Zealand and the Government has taken action to reduce the spread of the virus in the form of lockdowns and an increased vaccination rollout.

At the date of signing the financial statements the Directors are unable to determine what future potential financial effects the New Zealand outbreak of Covid-19 could have on the Port financial performance either directly or indirectly. Directors believe that any potential negative effects would likely be limited unless there is a sustained economic downturn. It is noted that Port services are considered essential services and as such, the Port of Tauranga can continue trading through all alert levels. A number of private equity investments are deemed essential services and all investments have sound underlying models and management. The current alert level escalation has had no material impact on the performance of the Group and the Directors acknowledge their responsibility to continuously monitor the situation and evaluate the impact including whether the Group remains a going concern.

29 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 nine 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 measure	Performance target	2021 result
1. Maintain a majority holding in the Port of Tauranga Limited	Holding of greater than 51%	Quayside held 54.14% of Port of Tauranga shares as at 30 June 2021.

Target met: **Yes**

The *Quayside Group* has a majority shareholding in the Port of Tauranga. 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 consent of 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 2021	30 June 2020
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	$338.3m	$302.0m
Results from operating activities	$177.1m	$162.2m
Net profit	$102.4m	$88.7m
Cash flows		
Ordinary dividends paid out	$84.4m	$90.5m
Special dividend paid out	-	$34.0m
Ordinary dividends received by Quayside	$45.7m	$49.0m
Special dividend received by Quayside	-	$18.4m
Ordinary dividends as percent of profit	82%	102%
Dividend declared post balance date	$51.0m	$45.5m
Asset Backing		
Share price (last bid price)	$6.98	$7.60
Market value of Port	$4,750.5m	$5,172.4m
Market value of Quayside Holding	$2,571.7m	$2,800.1m
Net tangible assets per share (dollars per share)	$2.04	$1.75
Governance		
Number of directors	7	7
Number of Quayside affiliated directors	2	2

**Includes treasury shares*

29 Quayside Group Statement of Service Performance (continued)

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

Investment portfolio

Performance measure	Performance target	2021 result
2. Generate commercial returns across the Investment portfolio.	Five year rolling gross return of >= 7.5% p.a	Five year rolling gross return of 14.49% for the Quayside consolidated group achieved at 30 June 2021.

Target met: **Yes**

The *Quayside Group* manages a diversified investment portfolio with a market value of $246.5 million at 30 June 2021. 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 7.5% 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. During the year the Quayside Group exceeded its rolling five year gross return objective with a return of 14.49%.

Quayside's Statement of Investment Policy and Objectives (SIPO), sets out the investment governance and management framework that 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 and commercially focused investor. The primary objectives underlying the strategic investment policies for the portfolio, are to ensure that the value of the assets are protected long term, managed and grown appropriately, while generating income opportunities that could be distributed to the shareholder as required.

There was one passive breach of the SIPO noted during the year. This was due to the outperformance of a share.

Quayside Consolidated Group Investment Portfolio financial highlights are tabled below:

	30 June 2021	30 June 2020
Investment portfolio value	$246.5	$207.9m
1 year gross return (actual)	22.22%	10.09%
5 year rolling gross return (actual)	14.49%	12.13%
5 year rolling gross return (target)	7.50%	7.50%

(b) Real asset portfolio

Performance measure	Performance target	2021 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 2021, reaffirming long term objectives.

Target met: **Yes**

29 Quayside Group Statement of Service Performance (continued)

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

The *Quayside Group* real asset portfolio currently comprises Rangiuru Business Park, a 148 hectare industrial business park development currently used as rural and horticultural blocks, residential land in Tauriko, commercial buildings in Mount Maunganui, Tauranga and Rotorua central business districts and a forestry/horticultural block at Paengaroa. An annual board assessment carried out in June 2021 of each of these assets has determined that they continue to provide short-term benefit in the form of cash returns to the group and remain strong long-term assets for future growth.

During the year, the Rangiuru Business Park progress continued, with design and consent work undertaken. 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.

The land in the Business Park zone continues to provide positive short-term returns from operating the land as dairy grazing and kiwifruit orchards. The return from these operations delivered a gross profit to the group of over $3.3 million this year (2020: $3.7 million).

Investment continued into the commercial property joint ventures, with demolition completed on two properties.

Real asset portfolio financial highlights are tabled below.

	30 June 2021	30 June 2020
Invested	$75.8	$70.8m
Committed	-	$4.3m

(c) Private equity

Performance measure	Performance target	2021 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 2021, 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.

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.

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.

	30 June 2021	30 June 2020
Invested	$80.7m	$54.9m
Undrawn Commitments	$33.5m	$50.9m

29 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	2021 result
5. Keep Council informed on a 'no surprises' basis, providing quality and timely information.	A minimum of four presentations per annum to Council, as shareholders. Timely advice and support as required. Matters of urgency are reported to Council at the earliest opportunity.	Presentations to Council in September 2020, December 2020, April 2021 and June 2021. Open communication with Council maintained throughout the year through regular meetings with Quayside CE and Council management.
6. Ensure Group policies and procedures are current and appropriate.	All policies and procedures to be reviewed no less than biennially.	Four polices were not updated and approved biennially: - One was approved by the Board in July - One is having a final review completed by an external party Two policy reviews are with the executive for review with a targeted completion by the end of 2021.
7. Meet shareholder distribution expectations as outlined in SOI or otherwise agreed.	Distributions paid to agreed values.	Cash dividend of $33.1m (target $33.1m) paid to Council as per the SOI. Gross PPS dividend of $4.9m (target $4.9m) paid to PPS holders.
8. Compliance with NZX listing requirements for PPS holders.	Matters of material impact are disclosed in line with QHL framework for continuous disclosure. 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.
9. Investments must be in accordance with the Group Principles of Responsible Investment.	Investments must be screened from an ethical perspective and meet the following criteria. We must avoid investing in companies whose principal business activity is: • The manufacture and sale of armaments • The manufacture and sale of tobacco • The promotion of gambling Investment selection and management of investments in accordance with the principles for responsible investment set out in the Quayside SIPO. Board reporting of SIPO compliance dashboard at each meeting. Annual audits of investment adherence to SIPO, including responsible investment principles.	A 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. Exchange Traded Funds (ETF's) were reviewed down to a constituent level of 5% against the Exclusion list no breaches were identified. SIPO compliance was reported at each board meeting. There was one passive breach due to the out performance of a share as a result of a takeover offer.
10. Investments must be in accordance with principles of socially responsible investment.	Management to screen all investments for their environmental social and governance (ESG) impact, including climate change and sustainability. A summary to be included in all investment papers presented to the board. Annual report to the board on Quayside Group compliance with responsible investment principles, including ESG industry standards and best practice.	While investments were selected in alignment with ESG principles, several of the investment papers did not expressly include specific ESG considerations. The annual report to the board on Quayside Group compliance with responsible investment principles will be done at the September board meeting.

Target met: **No**

Focus on ESG reporting within the business has now increased and it is now included in all investment cases. The annual report to the board will be presented at the September board meeting. Policy reviews are currently underway and will be completed in 2021. The passive breach of the SIPO was a result of the out performance of a share.

Key

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

Quayside Holdings Limited and Subsidiaries
Statutory Information
For the year ended 30 June 2021

Interest register

The company is required to maintain an Interests Register in which the particulars of certain transactions and matters involving the directors must be recorded. The interest register for Quayside Holdings Limited is available for inspection at the registered office. The directors of the Parent Company have made general disclosures of interest in accordance with S140(2) of the Companies Act. Current interests and those which ceased during the year, are tabulated below. New disclosures advised since 1 July 2019 are italicised.

Director	Entity	Position
R McLeod	*Archipelago Capital Management Limited – ceased, advised May 2021*	*Director*
	Ngāti Porou Holding Company Limited - appointed 1 Jan 2021)	*Director / Chair*
	Port of Tauranga Limited	Director
	QHL Perpetual Preference Shares	Shareholder
	Quayside Holdings Limited	Director I Chair
	Quayside Properties Limited	Director I Chair
	Quayside Securities Limited	Director I Chair
	Sanford Limited	Chair
	Sanford LTI Limited	Director
S Crosby	Bay of Plenty Regional Council	Councillor
	Equip GP Limited	Director
	Quayside Holdings Limited	Director
	Quayside Properties Limited	Director
	Quayside Securities Limited	Director
	Templogger NZ Limited	Director I Shareholder
B Hewlett	Bluelab Corporation Limited	Director
	Bluelab Holdings Limited	Director
	Comvita Limited	Chair I Director
	Oriens Capital	Shareholder
	Priority One – ceased, advised July 2021	*Chair*
	Quayside Holdings Limited	Director
	Quayside Properties Limited	Director
	Quayside Securities Limited	Director
K Horne	Hamilton City Council	ARC Chair
	New Zealand Lotteries Commission	Commissioner I ARC Chair
	Quayside Holdings Limited	Director
	Quayside Securities Limited	Director
	Quayside Properties Limited	Director
	ScreenSouth Limited	Director I Chair
	Spey Downs Limited	Shareholder
	Television New Zealand Limited	Director
	Timaru District Council – ceased, advised July 2021	*ARC Member*
	University of Canterbury	Council Member I *ARC Chair*

Interest register

Director	Entity	Position
F McTavish	Bay of Plenty Regional Council	Officer
	BOPLASS Limited	Director
	McTavish – Huriwai Investments Limited	Director I Shareholder
	Priority One WBOP Inc	Executive Board Member
	Quayside Holdings Limited	Director
	Quayside Properties Limited	Director
	Quayside Securities Limited	Director
W Parker	Farmlands Cooperative Society Limited	Director
	Focus Genetics	Director
	Landcorp Estates Limited	Director I Chair
	Landcorp Holdings Limited	Director I Chair
	Landcorp Pastoral Limited	Director I Chair
	PAMU, Landcorp Farming Limited	Director I Chair
	Predator Free 2050 Limited – ceased, advised October 2020	*Director*
	Quayside Holdings Limited	Director
	Quayside Properties Limited	Director
	Quayside Securities Limited	Director
	Warrens Insights Limited	Director I Shareholder
T White (appointed 10 March 2021)	*Bay of Plenty Regional Council*	*Councillor*
	Indigenuity Limited	*Director*
	Kahukiwi Management Limited	*Director*
	Noa New Zealand Limited	*Director / Shareholder*
	NZ Baywide Credit Union	*Director*
	Quayside Holdings Limited	*Director*
	Quayside Properties Limited	*Director*
	Quayside Securities Limited	*Director*
	Te Taru White Consultancy Limited	*Director / Shareholder*
	Toitu Te Waonui Operations Limited	*Director / Shareholder*
P Thompson (Retired as a Director 1 April 2021)	*Bay of Plenty regional Council*	*Councillor*
	Bay of Plenty Regional Council, Regional Direction and Delivery Committee	*Chair*
	Eastern Bay of Plenty Economic Development Trust (Toi EDA)	*Trustee*
	Quayside Holdings Limited (Retired 1 April 2021)	*Director*
	Quayside Properties Limited (Retired 1 April 2021)	*Director*
	Quayside Securities Limited (Retired 1 April 2021)	*Director*
	Woman Walking Limited	*Director / Shareholder*

The entities listed above against each director and executive may transact with Quayside Holdings Limited. Refer to Note 23 of the Financial Statements.

Information used by directors

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

Indemnification and insurance of directors and officers

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

Donations

No donations were made by Quayside Holdings Limited during the year ended 30 June 2021.

Auditors remuneration

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

Audit New Zealand: Audit Fees $132,205

Directors

The following directors of Quayside Holdings Limited held office during the year ended 30 June 2021:

	Remuneration	
	Paid by parent $000	Paid by subsidiaries $000
R McLeod (Chair)	**46**	47
S Crosby	**26**	27
B Hewlett	**26**	27
K Horne	**34**	35
W Parker	**36**	27
P Thompson *retired 31 March 2021*	**20**	20
T White *appointed 10 March 2021*	**8**	8
Total	**196**	191

The fees above are exclusive of GST. F McTavish was remunerated by the Bay of Plenty Regional Council.

Port of Tauranga

The following directors of Port of Tauranga Limited held office during the year ended 30 June 2021:

	2021 $000	2020 $000
D A Pilkington (Chair)	**173,7**	173,7
A M Andrew	**93,6**	93,6
K R Ellis	**106,6**	106,6
J C Hoare	**107,5**	104,0
A R Lawrence	**96,2**	96,2
D W Leeder	**93,6**	93,6
R A McLeod	**96,2**	96,2
Total	**767,3**	763,9

Loans

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

Employees

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

	Port of Tauranga Limited		Quayside Holdings Limited	
Remuneration range $000	Number of employees 2021	Number of employees 2020***	Number of employees 2021	Number of employees 2020
100 – 109	**23**	21	-	-
110 – 119	**35***	21	-	**1**
120 – 129	**19**	18	**1**	**1**
130 – 139	**14**	14	-	-
140 – 149	**8**	13	**1**	-
150 – 159	**13**	8	**1**	-
160 – 169	**15**	6	-	-
170 – 179	**5**	8	-	-
180 – 189	**2**	3	-	-
190 – 199	**2**	2	-	-
200 – 209	**2**	1	-	-
210 – 219	**3**	3	-	-
220 – 229	-	-	-	-
230 – 239	-	-	**1**	**1**
240 – 249	**5**	8	-	-
250 – 259	**4**	4	-	-
260 – 269	**1**	3	-	-
270 – 279	**1**	-	-	-
280 - 289	**1**	-	-	-
330 – 339	**1***	-	-	-
370 – 379	-	-	**1**	**1**
440 – 449	**1**	-	-	-
470 – 479	**1**	-	-	-
530 – 539	**1***	-	-	-
660 – 669	-	1*	-	-
800 – 809	**1***	-	-	-
810 – 819	-	1*	-	-
840 – 849	-	1*		
850 – 859	-	1*	-	-
1,500 – 1,569	**1***	-	-	-
2,020 – 2,029	-	1*	-	-

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

Perpetual Preference Shareholder Information

The Perpetual Preference Shares of Quayside Holdings Limited are listed on the NZDX. The information in the disclosures below has been taken from the Company's share registers as at 30 June 2021.

Twenty largest holders of perpetual preference shares

Rank	Name	Units at 30 June 2021	% of Units
1	CUSTODIAL SERVICES LIMITED	53,652,000	26.83%
2	JBWERE (NZ) NOMINEES LIMITED	38,721,000	19.36%
3	FNZ CUSTODIANS LIMITED	19,678,000	9.84%
4	HOBSON WEALTH CUSTODIAN LIMITED	5,299,000	2.65%
5	FORSYTH BARR CUSTODIANS LIMITED	4,883,000	2.44%
6	INVESTMENT CUSTODIAL SERVICES LIMITED	4,471,000	2.24%
7	SOMSMITH NOMINEES LIMITED	2,426,000	1.21%
8	TAPPENDEN HOLDINGS LIMITED	2,117,000	1.06%
9	KIA INVESTMENTS LIMITED	1,000,000	0.50%
10	FAITH PRISCILLA TAYLOR	1,000,000	0.50%
11	FLETCHER BUILDING EDUCATIONAL FUND LIMITED	1,000,000	0.50%
1	ATT INVESTMENTS LIMITED	1,000,000	0.50%
13	PHILIP MAURICE CARTER	625,000	0.31%
14	STEPHEN LEONARD JOHNS	600,000	0.30%
15	F S INVESTMENTS LIMITED	500,000	0.25%
16	FRASER BLOOMFIELD HARDIE & PAMELA JOAN HARDIE & SHARON MARY DOWER & CHRISTINE PAMELA HARDIE & WRMK TRUSTEES (HARDIE) LIMITED	500,000	0.25%
17	DULCIE MAY TAYLOR	470,000	0.23%
18	ERNEST ARTHUR OSBORNE & LOIS KATHLEEN OSBORNE & GARETH ERNEST OSBORNE & MICHAEL BADHAM	420,000	0.21%
19	BNP PARIBAS NOMINEES (NZ) LIMITED - NZCSD	385,000	0.19%
20	TERENCE MURRAY FLEMING & JANE MICHELLE FLEMING & SW TRUST SERVICES (TEN) LTD	329,000	0.16%
	Totals: Top 20 holders of perpetual preference shares	**139,076,000**	**69.54**
	Total remaining holders balance	**60,924,783**	**30.46**
	Total	**200,000,783**	**100%**

Distribution of perpetual preference shares

Range of equity holdings	Number of holders	Number of shares held	% of issued equity
500 - 999	1	783	0.00%
5,000 - 9,999	191	1,053,000	0.53%
10,000 - 49,999	1,313	26,047,000	13.02%
50,000 - 99,999	290	16,292,000	8.15%
100,000 - 499,999	135	19,136,000	9.57%
500,000 - 999,999	4	2,225,000	1.11%
1,000,000 - 9,999,999,999,999	12	135,247,000	67.62%
TOTAL	1,946	200,000,783	100.00

Ordinary shareholder information

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

Quayside Holdings Limited and Subsidiaries
Directory

Registered office

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 3144
New Zealand

Solicitor

Cooney Lees Morgan
PO Box 143
Tauranga 3110

Share registrar

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

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

www.investorcentre.com/nz

General enquiries can be directed to:

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

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

Photo credits

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