



TAURANGA
COMMERCIAL
DEVELOPMENTS

Statement of Intent

Tauranga Commercial
Developments Limited
2022 - 2025



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Introduction

This Statement of Intent (**SOI**) is prepared in accordance with section 64(1) of the Local Government Act 2002 (the **Act**).

The SOI specifies for Tauranga Commercial Limited (the **Company**) its objectives, governance, nature, and scope of the activities to be undertaken and the performance targets by which it is judged. It covers the three financial years ending 30 June 2023, 2024, and 2025.

The Company is a council-controlled trading organisation for the purposes of the Act.

The Company is a joint venture between Commercial Fund Investors Limited and Quayside Properties Limited (**QPL**). QPL is wholly owned by the Bay of Plenty Regional Council (the **Shareholder**).

The Company has one major asset, the property at 63-69 Spring Street, Tauranga (the **Property**). The Property is located in the city centre. The Property is currently an empty plot to be developed in line with the objective of the Board. The site is currently being leased to Wilson carparking.

Purpose and objectives

The Company has been incorporated to purchase and develop commercial and/or industrial property investments in the Bay of Plenty Region.

The Company's objective is to manage its assets on a commercial basis providing sustainable, long-term income for its Shareholders through the development, leasing and management of the Property.

Nature and scope of the activities

The only commercial activity undertaken by the Company is the development, leasing and management of Properties.

Governance

Role of the Board of Directors

The Board is responsible for setting the strategic direction of the Company and overseeing its management. The Board's aim is to maintain a strategic direction that is consistent with that of its immediate Shareholders, while ensuring the obligations of the Company are met.

Board composition and committees

The directors of the Company are appointed by its shareholders, Quayside Properties Limited and Commercial Fund Investors Limited. The current directors are Scott Hamilton and Sam Newbury of Quayside Properties Limited and Scott Adams and Paul Adams of Carrus Properties.

There are currently no Board committees.

Responsibility to the Shareholders

In accordance with section 64 of the Act, the Company submits a SOI for the coming financial year to the Shareholder. To ensure the Shareholder is informed of all significant matters relating to it, the Board provides updates to its Shareholders twice yearly and advises of any significant matters to the Shareholders at the earliest opportunity.

Reporting to the Shareholders

The Company provides its Shareholders and the Council with half yearly and year-end financial reports in accordance with sections 65-72 of the Act.

Performance targets

The Company's performance measurement and reporting is centred on delivery against its objectives.

	Performance target	Performance measure
1	The Property is managed as a commercial asset to generate a long-term return	The budgeted income before tax is met or exceeded until such time as the site is ready for development.
2	The Property is maintained to ensure safe use.	The property follows a maintenance and risk management plan and ensures that reasonably practicable steps are taken to address any health and safety matters.
3	To progress the development at the Property.	Planning and project feasibility for a new development at the Property progresses, including project feasibility, concept design and early contractor engagement, with the aim to secure an anchor tenant.

Financial information

Accounting policies

The financial statements of the Company are prepared in accordance with the requirements of the Act, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

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

The Company applies External Reporting Board Standard A1 'Accounting Standards Framework (For-profit Entities Update)' (XRB A1). For the purposes of complying with NZ GAAP, the Company is eligible to apply Tier 2 For-profit Accounting Standards (NZ IFRS RDR) on the basis that it is not a large for-profit public sector entity. A full set of accounting policies are available on request.

Financial forecasts

The following forecasts are based on the assumption that the Property is the only major asset of the Company. Any development costs incurred will be approved via a separate resolution and are not reflected in the figures below.

	2023 \$000	2024 \$000	2025 \$000
Income before tax*	(\$4)	(\$4)	(\$4)
Assets	\$7,675	\$7,670	\$7,665
Liabilities	(\$19)	(\$19)	(\$19)
Shareholder funds	\$7,656	\$7,651	\$7,646
Consolidated Shareholder funds to total assets ratio	100%	100%	100%

**Excluding any revaluation gains/losses*

Consolidated Shareholder funds are defined as the sum of paid-up capital, capital reserves and retained profit/losses of the Company. Total assets are defined as the total book value of all assets of the Company as disclosed in the statement of financial position.

Distributions to Shareholders

As Tauranga Commercial Developments is currently in a growth cycle, no distributions are intended to be paid in the next three years.

Estimate of commercial value of shareholder's investment

	2023 \$000	2024 \$000	2025 \$000
Quayside Properties Limited	\$3,828	\$3,825	\$3,823
Commercial Fund Investors Limited	\$3,828	\$3,825	\$3,823

The figures above are all reflective of estimated 30 June positions for their respective years. These will be reassessed annually at 30 June.

The Board estimates that the commercial value of the Shareholders' investment is at least that which is estimated as Shareholder equity in the budgeted financial statements.