



**GISBORNE  
HOLDINGS LTD**

*Investment for local return*

# Statement of Intent 2023 - 2025

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## 1. INTRODUCTION

This Statement of Intent (Sol) is prepared in accordance with Section 64(1) of the Local Government Act 2002. The Sol specifies for Gisborne Holdings Limited (GHL or the Company) the objectives, the nature and scope of the activities to be undertaken, and the performance targets and other measures by which the performance of the Company may be judged in relation to its objectives.

The Sol is a public and legally required document, reviewed and agreed annually with the Shareholder, Gisborne District Council (GDC) and covers a three-year period. This Sol covers the period from 1 July 2022 to 30 June 2025.

## 2. COMPANY MISSION

***To provide an appropriate return and growth from subsidiary companies and community assets relative to the industry they operate in.***

To establish and efficiently direct an outstanding group of Council-controlled business activities which are aligned with Council's financial.

By bringing the best available expertise to bear upon management of its assets, GHL will contribute to the Gisborne District Council (GDC) by owning and managing selected regional assets and investments in accordance with sound business practice and sustainable development principles. It will provide funds to the GDC while protecting the capital value of those assets under its stewardship.

***Investing in, and promoting the establishment of, key infrastructure and community assets in a commercially viable manner.***

## 3. COMPANY OBJECTIVES

The objectives are those as provided in Section 59 of the Local Government Act 2002 including the following specific objects:

- Manage existing businesses to maximise and sustain profit generation.
- Grow the asset base while providing a predictable and sustainable revenue stream to Gisborne District Council.
- Focus on growing non-rates revenue for Gisborne District Council.
- To increase annual distributions to Gisborne District Council or to become an enabler for GDC to deliver projects by leveraging our balance sheet. A natural trade-off exists between these options.
- Exhibit a sense of social, environmental and cultural responsibility by having regard to the interests of the community and by endeavouring to accommodate or encourage these when able
- Support Council's strategic direction and Council's objectives, both financial and non-financial, in all business endeavours,

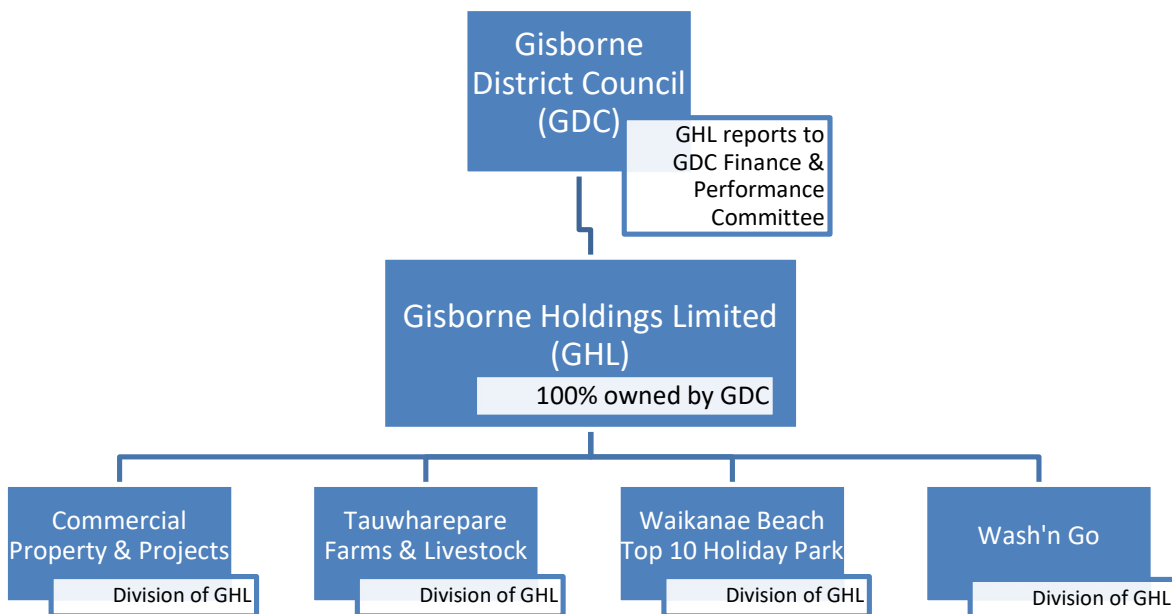
GHL is committed to:

- environmental stewardship
- health and wellbeing of staff

#### 4. NATURE & SCOPE OF ACTIVITIES

Gisborne Holdings Ltd is a wholly-owned council-controlled trading organisation of Gisborne District Council. The company is run on a commercial basis and receives no funding from Gisborne District Council.

The group ownership and reporting structure are as follows:



The Company consists of:

**Gisborne Holdings Ltd** – the company with divisions including:

- Commercial Property & Projects – manages a large and diverse portfolio of commercial, tenant occupied rentals, farmland, and forestry property. This division is also responsible for project managing all the company's developments.
- Tauwharepare Farms & Livestock – farm and forestry operations at Tolaga Bay covering some 11,000 hectares of which 6,000 is considered effective with the remainder in forestry blocks and Protected Management Area's (PMA's).
- Waikanae Beach Top 10 Holiday Park – the region's largest accommodation provider, servicing the tourism sector.
- Wash'n Go – easy-pay cashless auto and self-wash facility.

## **5. STRATEGIC ALIGNMENT with TAIRAWHITI 2050**

GHL intend to contribute to the outcomes included in Tairawhiti 2050 by:

### ***A driven and enabled Community***

...promoting an open and collaborative relationship with GDC and supporting them to enact positive change through the provision of information or resources

### ***Resilient communities***

...managing the business prudently to ensure a predictable and sustainable revenue stream can be provided to GDC to assist in the provision of key infrastructure

### ***Vibrant city and townships***

...continuing to invest in and develop the Waikanae Beach Top Ten Holiday Park (people and infrastructure) to provide a positive holiday destination/experience for both locals and visitors to enjoy

### ***Connected and safe communities***

...working at the micro level to ensure universal access is considered in all developments and upgrade work undertaken by GHL and by providing beach wheelchairs (in cooperation with CCS and other local communities) alongside our hire equipment offering

### ***We take sustainability seriously***

...continuing to incorporate energy efficient practices into our developments, upgrades, and businesses where commercially viable

### ***We celebrate our heritage***

...taking stewardship of our land assets seriously to ensure land, waterways and biodiversity is protected/restored for future generations by employing sustainable land use practices and considering land retirement/reversion opportunities

### ***A diverse economy***

...continuing to grow the business will enable GHL to; work towards being a living wage employer, create and promote new training opportunities, grow returns to GDC

### ***Delivering for and with Maori***

...partnering with or supporting iwi if a suitable commercial venture was identified. Establishing relationships with iwi and inviting their participation in development proposals where relevant

...to undertake engagement with iwi, hapu, and other Maori organisations in a manner that is consistent with the direction provided in Tairāwhiti Piritahi. Engagement to be undertaken in a way that values Te Ao Maori (the Maori world) and strengthens relationships with Maori.

### **Alignment with the Gisborne District Council Group**

The Board or a Director may act in a manner in which they believe to be in the best interest of Council, even when it may not be in the best interests of GHL. This is in accordance with the Constitution, section **12.4**.

## 6. CLIMATE CHANGE

GHL will contribute towards reducing carbon emissions and contributing towards a climate resilient future by:

- Working with Council in the review and update of low carbon Tairāwhiti to deliver an integrated approach to climate change, addressing both emissions reduction (mitigation) and climate resilience (adaptation)
- GHL will follow Council's approach of region wide climate leadership and will work closely with Council to align the approaches of both organisations
- Implementing actions identified within a plan and any future iterations of the plan appropriate for GHL
- Embedding climate change considerations into decision-making, planning and policies regarding both emissions reduction and addressing the impacts of current and on-going climate change

## 7. CORPORATE GOVERNANCE

### **Board Role and Responsibility**

GHL's directors are appointed by the shareholder to govern and direct GHL's activities. The Board is accountable to its shareholder for the financial and non-financial performance of the Company. The Board does this by setting strategic direction and context and focusing on issues critical for its successful execution.

While acknowledging their fiduciary responsibilities, the Board has delegated to the Chief Executive Officer the day-to-day leadership and management of the Company.

### **Statement of Intent (SOI)**

GHL, as a CCTO, must prepare a SOI in accordance with Section 64(1) of the Local Government Act 2002.

A draft SOI must be submitted to GDC by 1 March with the final SOI being delivered by 30 June each year, after consultation and consideration of comments from GDC and after the completion of the annual business plans and budgets.

A review of services is underway and may require modifications to any SOI adopted by 30 June 2022. Modifications to final Statement of Intent will be to accommodate any changes of services, and strategic alignment of Council and GHL. Modifications of final SOI will be in accordance with Schedule 8 Section 4 of the Local Government Act.

### **The Board**

The Company's Constitution provides that the Board will consist of a maximum of nine Directors (unless the Shareholder determines otherwise). Currently the Board comprises five independent Directors.

Directors retire and are eligible for re-appointment by rotation in accordance the company's constitution. Appointment tenures and re-appointment eligibility criteria are further defined by GDC's Board Appointments and Remuneration Policy October 2018. The names of director's who

are due for retirement or re-appointment are provided to GDC by 31 March each year prior to the date of appointment or reappointment.

The appointment of directors to the boards of subsidiary companies is subject to Council approval, except where the directors are already appointed as directors of GHIL.

The Board is required to appoint a chairperson annually as per the Company's Constitution. The Board also appoints a Deputy Chairperson annually.

### **Director Induction and Development**

Upon appointment to the Board, all new Directors undergo a tailored induction program appropriate to their experience to familiarise them with GHIL's business and strategy. The program includes one on-one meetings with management and visits to key Company sites.

Directors are expected to keep themselves informed of changes and trends in the Company's business and in the environment and markets in which the Company operates.

All Directors undertake continuous development so that they may appropriately and effectively perform their duties.

### **Board Performance Review**

Internal reviews will be led by the Chair. The reviews will not be less than biennial.

### **Finance and Audit Committee**

The Board has established a Finance and Audit Committee to oversee the Company's financial reporting processes, internal control systems, and external audit processes.

The Board's responsibility includes such areas of stewardship as:

- Commercial performance
- Business plans, budgets and the SOI
- Corporate policies including financial, distribution and delegation of authority
- Management oversight and development
- Identification and management of business opportunities and risks
- Integrity of management information systems and internal control
- Compliance with relevant law
- Reporting to shareholders
- Relationships with stakeholders and external parties

## 8. GROWTH & INVESTMENT STRATEGY

GHL's investment strategy, in keeping with its current portfolio, is to manage a diverse mix of asset classes and risk profiles, to provide long term income and capital value resilience.

Assets are categorised as:

**Core:** provide strong capital appreciation and/or sustainable consistent revenue streams to enable investment through enhanced debt capacity.

**Expansion:** provide enhanced returns or diversification of revenue streams.

**Available for Sale:** assets that do not provide an appropriate return and may be considered for sale.

**Strategic:** assets owned for the benefit of the wider group.

GHL is looking to grow current activities it owns and operates as well as taking advantage of other commercial opportunities:

- 1) Tourism – A facility improvements and expansion works program for the Waikanae Beach Top 10 Holiday Park is proceeding. The aim being to increase accommodation and activity offerings at the park to grow revenue, especially during the shoulder and off-peak season and to adapt to changing market conditions e.g., freedom camping.
- 2) Farming – Targeted capital investment to enhance productivity and mitigate the effect of extreme weather events.
- 3) Higher value use – GHL owns several individual assets that have historically operated on a minimum return basis. Options to increase the returns across these assets are being investigated where the assets are not already subject to management/development plans.
- 4) Invest in complementary activities, increase the offerings of the current activities, or invest in new commercial ventures to grow the commercial side of the business to the level of farming.
- 5) Aid capital appreciation through the management of a comprehensive capital works program.
- 6) Infrastructure – GHL currently does not have any investment in enabling infrastructure in the Gisborne region beyond its property assets. An investment in this area would allow for an alternative long-term income stream beyond its property assets. GHL will be looking to invest in key regional infrastructure projects should an opportunity present itself.

## 9. RISK APPETITE

GHL's risk appetite is defined by and linked to the performance measures as outlined in the SOI.

While the Board and Management are committed to growing GHL in order to increase returns to GDC they will also continue to act in a prudent manner.

GHL will proactively manage all risks including strategic, financial, operational, and reputational risks (including the risk of fraud and/or corruption). GHL will report to and appear before the GDC Audit and Risk Committee as requested to report on risk management activities, effectiveness of risk management processes and so forth.

GHL will also proactively report on all significant risks and issues and their management to ensure no surprises, transparency and that the significant risks are being appropriately managed.



## 10. PERFORMANCE MEASURES

### Shareholders' Funds to Total Assets

Shareholders' funds are defined as the sum of the amount of share capital on issue, retained earnings/accumulated losses, revenue, and capital reserves. Total assets are defined as the sum of the net book value of current assets, investments, fixed assets, and intangible assets as disclosed in the company's Statement of Financial Position, prepared in accordance with the accounting policies adopted by the Directors.

The target ratio of shareholders' funds to total assets shall not be less than 75% for the period covered by this SOI. The appropriateness of this target ratio will be reviewed annually by the Directors.

### Financial Targets

- A return on shareholders' funds ratio of at least 3%
- A bank debt to bank debt plus equity ratio of no more than 25% (*Bank Debt divided by Bank Debt plus Total Equity*)
- A minimum five-year rolling average return on investment of 5% distributed to GDC
- An interest coverage ratio of at least times 4.0 (*Earnings before interest and tax divided by financing costs*)
- A shareholder funds to total assets ratio of no less than 75% (*Total equity divided by Total Assets*)
- GHL meets the minimum level of distribution outlined in this SOI.

### Non-Financial Targets

| GOAL   | OBJECTIVE   | MEASURE   |
|--|---|---|
| Ensure assets are managed prudently  | Assets are maintained/upgraded in a timely cost-effective manner  | <p>A ten-year Asset Management plan is in place</p> <p>A three-year rolling Maintenance plan is in place</p> <p>Management and Maintenance plans are reviewed annually to ensure maintenance work is being undertaken and priorities reassessed as required</p> <p>Annual budgets reflect maintenance plans</p> |
| Ensure GHL are effectively managing Community Housing on behalf of GDC                                   | <p>Residents are satisfied with the GHL's management of Community Housing</p> <p>Operate within parameters set by GDC</p> | <p>Annual satisfaction survey of 95% or better</p> <p>Budgets are adhered to</p>  |
| Ensure the Waikanae Beach Top Ten Holiday Park is positively contributing to Tairāwhiti's tourism sector | Customers are satisfied with the service provided by the park staff and facilities provided                               | GRI Index score of 85% or better  |

|  |   |   |
|--|---|---|
| <p>Ensure land is managed sustainably and to be a leader in land stewardship</p> | <p>Land and waterways are managed in line with best practice</p>  | <p>Environmental plans are in place for each of the three stations and budgets incorporate annual spend on measures to implement improvements required</p> <p>30m riparian strips are enforced to better protect watercourses from the effects of forestry</p>                    |
| <p>To make safety our priority and provide a safe environment</p>                | <p>Maximise safety across all divisions</p> <p>A Health and Safety Calendar and Annual Improvement Plan are in place.</p> | <p>Minimum of 10 Health and Safety Committee meetings held each year.</p> <p>Health and Safety Calendar is reviewed annually and adhered to</p> <p>The Annual Improvement Plan is agreed in January each year in consultation with an independent Health and Safety provider.</p> |
| <p>To maximise returns to GDC</p>  | <p>All assets are fully utilised</p>  | <p>Maintain 100% occupancy across the Property portfolio</p>  |
| <p>To be a good employer</p>   | <p>To be a company people want to work</p>  | <p>Training opportunities provided.</p> <p>Annual review of salaries to progress towards our goal of all permanent staff being paid the living wage.</p>  |

## 11. DISTRIBUTIONS TO SHAREHOLDER

The Directors of GHL considered two overriding goals when setting the annual distribution policy:

### 1. The protection and growth of the asset base of GHL

The amount of the distribution should not limit GHL's ability to fund future capital expenditure requirements to both maintain and expand current operations and address issues relating to the company's debt structure.

### 2. The provision of sustainable growth in annual distribution flow to GDC

To give certainty to GDC, GHL will commit to a minimum total annual distribution of \$2 million.

#### **Distribution Policy:**

The annual distribution is not discretionary, it is a calculated amount subject to a minimum distribution of \$2 million with no maximum cap.

The Annual Tax Paid Distributable Cash Income will be distributed as follows:

a) As GHL trading activities except for Forestry:

50% of the net tax-paid cash income (including Subvention Payments calculated pre-tax) will be distributed to GDC.

b) As to Forestry:

75% of the net forestry cash distributable income, after deducting capital roading costs, income tax attributable to forestry income, and making provision for the replanting of the harvested forestry estate, will be distributed to GDC.

c) Distributable Funds will be calculated annually on a cash flow basis only and not recognise revaluation incomes and losses or depreciation provisions.

And is subject to the following provisos:

1. the Directors are satisfied that the requirements of section 4 of the Companies Act (the solvency test) have been satisfied.
2. the distributions will be fully imputed for tax purposes to the extent that imputation credits are available.
3. where subvention payments are paid to GDC the amount of these will be reflected in the total distributions to GDC.

By retaining a prudent proportion of tax paid cash income will ensure GHL can repay debt and invest in prudent expansion of its asset base.

If GHL is required to borrow to pay the minimum level of distribution for more than two consecutive years this Distribution Policy will be reviewed by GHL and GDC to reassess the levels and causes of the need to borrow.

The distribution is to be paid within nine months after the end of the financial year from when the distribution was derived.

## 12. REPORTING TO SHAREHOLDERS

The company has adopted 30 June as its balance date.

GHL will comply with all the reporting requirements under the Local Government Act 2002.

### **Statement of Intent (SOI)**

The draft SOI delivered to Council on or before 1 March will be accompanied by a report detailing any changes from the previous year's SOI and the director's rationale for making those changes.

The final SOI delivered to Council on or before 30 June, after consultation and consideration of comments from GDC.

A modified Statement of Intent will be completed post 1 July 2022 to incorporate any material changes to service or strategic outcomes as a result of the current service review that is underway.

### **Interim Report**

Within two months of the end of the first half of each financial year, the Directors will deliver to the Shareholder an Interim Report in accordance with Section 66 (Half-yearly report) and Section 71 (Protection from disclosure of sensitive information) of the Local Government Act 2002. The half-yearly report is required to comply with the requirements of NZIAS34 - Interim Financial Reporting.

The half-yearly report shall contain unaudited financial statements and a chairman's report on the performance of the group along with any significant issues likely to affect the company's performance in the future.

### **Annual Report**

Within three months of the end of each financial year, the Directors will deliver to the Shareholder an Annual Report in accordance with Section 67 (Annual report), Section 68 (Content of reports on operations of council-controlled organisations), Section 69 (Financial statements and auditors report) and Section 71 (Protection from disclosure of sensitive information) of the Local Government Act 2002.

The annual report shall also contain a chairman's report on the performance of the group along with any significant issues likely to affect the company's performance in the future. A breakdown of the Fixed Assets by segment and the returns thereof will also be reported.

GHL will provide audited Annual Accounts to GDC in a timely manner that fulfils Councils Group reporting requirements, including allowing for reporting to Council.

### **Significance and Engagement Policy**

Through attendance at the Finance and Performance Committee meetings, the company will work collaboratively with its Shareholder to ensure a "no surprises" relationship in respect of any significant shareholder matters, to the extent possible in the context of commercial sensitivity and confidential agreements. The company will, insofar as it is practical and reasonable in the opinion of the directors, provide the opportunity for comment on such matters prior to taking any action.

Engagement required ranges from informing and consulting to seeking approval based upon the Director's assessment of:

- a) Decisions that potentially affect all or a large part of the Gisborne district.

- b) Decisions that potentially have a large adverse effect on a specific community, including the Maori community.
- c) Decisions which relate to matters that are of a wide public interest.
- d) Decisions which impact on Council's financial strategy, delivery of the Long-Term Plan and intended levels of service (unless the impact is minor or has been agreed by Council through the Sol process).
- e) Decisions which will expose Council to an increased level of risk.

Any matter requiring Council approval will be submitted formally through a written report to the Finance and Performance Committee, to align with Council's reporting calendar and the associated deadlines.

GHL will comply with, and assist Gisborne District Council, at an operational level, in undertaking a review of services under Section 17A (Delivery of services) of the Local Government Act 2002. **It will incorporate changes into service delivery when approved by Council and with discussions with the Board.**

GHL will report to GDC on CCTO establishment opportunities, and other investment opportunities that have the potential to enhance the economic well-being of the region and provide an adequate return. The company will also contribute to the best for region project in collaboration with Gisborne District Council and Trust Tairāwhiti, within reasonable commercial return expectations.

### **13. MAJOR TRANSACTIONS**

The Directors will obtain prior approval, by Gisborne District Council resolution, for any major transaction. Major transactions are:

1. Sale of land
2. Formation of a subsidiary company or joint venture
3. Transactions for the acquisition or disposal of fixed assets, carbon credits, investments and shares where the value exceeds \$1m. This does not include ongoing asset renewals which are in accordance with the Asset Management Plan. This also excluded regular livestock sales or forestry harvesting decisions in line with normal farm management practices.
4. Long term (15+ years) lessee agreements
5. Any transaction or dealing in relation to a strategic asset\*:
  - I. Reducing control over the asset
  - II. Reducing or materially affecting the value of the asset
  - III. Granting any legal interest in the asset to a third party
  - IV. Affecting the CCTO's or Council's ownership of the asset
  - V. Any long-term (15+ years including any renewals) contracts for the development or operation of a strategic asset

\* Strategic assets to be defined by GHL in line with Local Government Act 2002.

Any matter requiring Council approval will be submitted formally through a written report to the Finance and Performance Committee, to align with Council's reporting calendar and the associated deadlines.

## **14. RELATED PARTY TRANSACTIONS**

Transactions between GHL and subsidiary companies with GDC will be conducted on a wholly commercial basis and compensation for any services provided by GHL to GDC will be conducted on a wholly commercial basis.

GDC will not instruct GHL to act in a non-commercial manner.

Assets transferred to GHL from GDC will be transferred at an independently assessed market value.

## **15. TREASURY MANAGEMENT**

If opportunities to borrow from the Local Government Funding Agency (LGFA) arose, GHL would ensure its Treasury Management Policy and Lending Policy Covenants aligned to Council's policy where applicable. In addition, quarterly written reports would be submitted to GDC's Audit and Risk Committee showing conformance to the policy.

## **16. ESTIMATED COMMERCIAL VALUE OF THE COMPANY**

The Directors estimate the commercial value of the shareholders' investment in GHL to be no less than the shareholders' funds.

The value ascribed to shareholders' funds will be that stated in the annual Statement of Financial Position of the company as at the end of the financial year preceding each SOI.

## **17. ACCOUNTING POLICIES**

The financial statements of GHL and its subsidiaries will be prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP) and the requirements of the Companies Act 1993. GHL is a for-profit entity for the purposes of complying with NZ GAAP. The financial statements will be prepared on a historical cost basis except for land and buildings, available for sale investments, forestry, livestock, and emissions units which will be measured at fair value.

The financial statements will comply with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR).

The detailed accounting policies are available in our most recent Annual Report, which is published on our Company website.

## **18. AUDIT**

Ernst & Young, as agent for the Office of the Auditor General (OAG), will undertake the financial audit of GHL.

## **19. Council Group Policies**

To adhere and comply with Gisborne District Council's Group Policy and Guidelines.

## 20. FORECAST FINANCIAL INFORMATION

|   | 2021/22        | 2022/23        | 2023/24        | 2024/25        |
|---|----------------|----------------|----------------|----------------|
|   | 000's          | 000's          | 000's          | 000's          |
| <b>Forecast Statement of Comprehensive Income</b> |                |                |                |                |
| <b>Gross Profit</b>                               |                |                |                |                |
| Tauwhareparae Farms and Livestock                 | 2,945          | 4,165          | 4,269          | 4,376          |
| Forestry  | -              | -              | -              | -              |
| Property & Projects                               | 2,056          | 2,008          | 2,058          | 2,109          |
| Wash'n Go   | 286            | 298            | 306            | 313            |
| Waikanae Beach TOP 10 Holiday Park                | 2,029          | 2,034          | 2,085          | 2,137          |
| Capital Gains                                     | 1,140          | -              | -              | -              |
| GVT   | 213            | -              | -              | -              |
| <b>Total Gross Profit</b>                         | <b>8,669</b>   | <b>8,505</b>   | <b>8,717</b>   | <b>8,935</b>   |
| <b>Expenditure</b>                                |                |                |                |                |
| Financing Costs                                   | 540            | 692            | 709            | 727            |
| Depreciation                                      | 868            | 841            | 862            | 883            |
| Other Expenses                                    | 5,164          | 5,003          | 5,129          | 5,257          |
| <b>Total Expenditure</b>                          | <b>6,572</b>   | <b>6,536</b>   | <b>6,699</b>   | <b>6,867</b>   |
| <b>Net Profit / (Loss) before Tax</b>             | <b>2,097</b>   | <b>1,969</b>   | <b>2,018</b>   | <b>2,068</b>   |
| Tax & Subvention payment                          | 1,250          | 1,200          | 1,200          | 1,200          |
| <b>Net Profit/ (Loss) After tax</b>               | <b>847</b>     | <b>769</b>     | <b>818</b>     | <b>868</b>     |
| <b>Forecast Statement of Financial Position</b>   |                |                |                |                |
| Current Assets                                    | 869            | 196            | 196            | 196            |
| Non-Current Assets                                | 147,342        | 147,101        | 146,740        | 146,357        |
| Current Liabilities                               | (2,181)        | (3,823)        | (5,017)        | (6,140)        |
| Non-Current Liabilities                           | (19,517)       | (18,743)       | (17,969)       | (17,195)       |
| <b>Shareholders Equity</b>                        | <b>126,513</b> | <b>124,731</b> | <b>123,949</b> | <b>123,217</b> |

|  | <b>2021/22</b> | <b>2022/23</b> | <b>2023/24</b> | <b>2024/25</b> |
|--|----------------|----------------|----------------|----------------|
|  | <b>000's</b>   | <b>000's</b>   | <b>000's</b>   | <b>000's</b>   |
| <b>Forecast Statement of Movements in Equity</b>   |                |                |                |                |
| Opening  | 123,010        | 126,513        | 124,731        | 123,948        |
| Surplus / (deficit) for the Year                   | 847            | 769            | 818            | 868            |
| Reserves   | 4,315          | -              | -              | -              |
| Dividends  | (1,659)        | (2,550)        | (1,600)        | (1,600)        |
| <b>Closing</b>                                     | <b>126,513</b> | <b>124,731</b> | <b>123,948</b> | <b>123,217</b> |
| <b>Forecast Statement of Cash Flows</b>            |                |                |                |                |
| Operating  | 2,341          | 2,699          | 2,789          | 2,880          |
| Investing  | 5,207          | (600)          | (500)          | (500)          |
| Financing  | (6,774)        | (4,466)        | (3,483)        | (3,501)        |
| <b>Net Cash Flow</b>                               | <b>774</b>     | <b>(2,367)</b> | <b>(1,194)</b> | <b>(1,120)</b> |
| <b>Forecast Capital Expenditure</b>                |                |                |                |                |
| Plant & Equipment                                  | -              | 100            | 100            | 100            |
| Development  | 2,000          | -              | -              | -              |
| Vehicles   | -              | 100            | -              | -              |
| Land & Buildings                                   | -              | 400            | 400            | 400            |
| <b>Total</b>                                       | <b>2,000</b>   | <b>600</b>     | <b>500</b>     | <b>500</b>     |
| <b>Forecast Performance Indicators</b>             |                |                |                |                |
| Return on Shareholder Funds (excluding Subvention) | <b>2%</b>      | <b>2%</b>      | <b>2%</b>      | <b>2%</b>      |
| Bank Debt / Bank Debt + Equity                     | <b>8%</b>      | <b>9%</b>      | <b>9%</b>      | <b>10%</b>     |
| Interest Coverage Ratio                            | <b>5</b>       | <b>4</b>       | <b>4</b>       | <b>4</b>       |
| Ratio of Shareholder Funds to Total Assets         | <b>85%</b>     | <b>85%</b>     | <b>84%</b>     | <b>84%</b>     |
| Minimum Distribution                               | <b>\$1.9m</b>  | <b>\$2.0m</b>  | <b>\$2.0m</b>  | <b>\$2.0m</b>  |

### Key Assumptions

- 1) Commodity prices for the 2023 to 2025 years will be similar to 2022 prices.
- 2) Accommodation revenue will fall to 2019 levels then rise again in out years.
- 3) Expenses will be maintained at similar levels to prior years.
- 4) The current Forestry strategy continues unchanged.
- 5) No Development CAPEX.

### Key Risks and Uncertainties of the group's main businesses

- 1) Weather and fluctuations in commodity prices are key risks, neither of which the company has any control over.
- 2) Changes in spending habits and changes in government regulations can also adversely affect results.
- 3) Significant uncertainty exists due to COVID-19.



It is not practical to quantify the effect of these risks and uncertainties in specific monetary terms.

These Prospective Financial Statements are likely to vary from the actual financial results for the periods covered. These variations may be significant and material.

**Corporate Information**

The Prospective Financial Statements for Gisborne Holdings Limited are for the years ended 30 June 2023 to 30 June 2025. The Prospective Financial Statements have been prepared for inclusion in the Statement of Intent for the 3 years ended 30 June 2025. It should also be noted that the information in these statements may not be appropriate for purposes other than inclusion in the statement of intent.

**Other disclosures**

The directors authorised the issue of the Prospective Financial Statements and are responsible for Prospective Financial Statements presented, including the appropriateness of the assumptions underlying the Prospective Financial Statements and all other required disclosures.

Actual financial results are incorporated for the period 1 July 2021 to 31 December 2021 into the Prospective Financial Statements for the year ended 30 June 2022.

It is not intended to update the Prospective Financial Statements subsequent to presentation.

**Dated:** 28 February 2022