



INVERCARGILL CITY PROPERTY LIMITED

STATEMENT OF INTENT FOR THE FINANCIAL YEAR ENDING 2024

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INTRODUCTION

This Statement of Intent for 2023/24 is submitted by the Board of Directors of the company. It sets out the Board's overall intentions and objectives for the company for the year 30 June 2024 and the two succeeding financial years.

CORE BUSINESS

The company's core business is the consolidation of landholdings within the inner city of Invercargill to facilitate their redevelopment. To achieve this aim the company has invested in, and lent money to, HWCP Management Limited.

HWCP Management Limited has sold the majority of the land purchased by it to Invercargill Central Limited. The company will continue to explore approaches to recovering the funds invested by it while achieving the strategic objectives behind the investment in HWCP Management Limited.

COMMERCIAL OBJECTIVES

The company intends to:

1. keep Invercargill City Holdings Limited informed of matters of substance affecting the risks related to its investment in HWCP Management Limited.
2. act generally as a responsible corporate citizen.
3. protect the investment in HWCP Management Limited in a manner that is consistent with Invercargill City Council and Invercargill City Holdings Limited's direction.

NATURE AND SCOPE OF ACTIVITIES

The nature of the Invercargill City Property Limited activities is those of a property ownership and management company.

CONSOLIDATED SHAREHOLDERS' FUNDS TO TOTAL ASSETS

The forecasted ratio of shareholder funds as a percentage of total assets as at 30 June are as follows:

| Year | % |
|-------------|----------|
| 2024 | 0% |
| 2025 | 0% |
| 2026 | 0% |

For the purpose of this ratio shareholder funds are defined as the paid-up capital plus any retained tax paid profits. They include undistributed profits which have been accumulated in accounts known as either "Revenue Reserves" or "Capital Reserves" and shareholder advances.

Total assets are defined as the sum of all current, fixed and investment assets of the company.

PERFORMANCE TARGETS

FINANCIAL

Listed below are the company's forecast returns.

| | 2024 \$000 | 2025 \$000 | 2026 \$000 |
|---|---------------|---------------|---------------|
| Net Profit before Tax | (29) | (31) | (33) |
| Interest | - | - | - |
| Net Profit before Interest and Taxation | (29) | (31) | (33) |
| Total Assets | 816 | 816 | 816 |

NON-FINANCIAL

The company will receive regular reports on the status of its investment in HWCP Management Limited.

PROPOSED DISTRIBUTIONS

There are no dividends planned for payment to the Shareholder.

ACQUISITION PROCEDURES

The undertaking by Invercargill City Property Limited of any activity of a nature or scope not provided for in the core business would be subject to the prior approval of the Invercargill City Property Limited shareholders.

The Company will not establish any new company or other organisation or acquire shares, equity, voting interests or memberships of any company or organisation without the Directors having gained prior approval of the shareholders.

INFORMATION TO BE REPORTED

The following information will be available to shareholders based on an annual balance date of 30 June.

DRAFT STATEMENT OF INTENT

On or before 1 March each year the Directors will deliver to the shareholder a Draft Statement of Intent that fulfils the requirements of Section 64 of the Local Government Act 2002.

COMPLETED STATEMENT OF INTENT

On or before 30 June each year the Directors shall deliver to the shareholder a completed Statement of Intent which fulfils the requirements of Section 64 of the Local Government Act 2002.

HALF YEARLY REPORT

Within two months after the end of the first half of each financial year the Directors shall deliver to the shareholders an unaudited report containing the following information as a minimum in respect of the half-year under review:

- a) A revenue statement disclosing actual revenue and expenditure with comparative figures from the previous half yearly report.
- b) A statement of financial position at the end of the half year.
- c) A statement of cash flows.
- d) A commentary on the results for the first six months together with a report on the outlook for the second six months with reference to any significant factors that are likely to have an effect on Invercargill City Property Limited performance including an estimate of the financial result for the year based on that outlook.

ANNUAL REPORT

Within three months after the end of each financial year the Directors shall deliver to the shareholders an annual report and audited financial statements in respect of that financial year containing the following information as a minimum:

- a) A Directors report including a summary of the financial results, a review of operations, a comparison of performance in relation to objectives and any recommendation as to dividend.
- b) A revenue statement disclosing actual revenue and expenditure and comparative figures.
- c) A statement of financial position at the end of the year.
- d) A statement of cash flows.
- e) An Auditors report on the above statements and on the measurement of performance in relation to objectives.

BOARD'S ESTIMATE OF THE VALUE OF SHAREHOLDER'S FUNDS

The value of the shareholders' investment in Invercargill City Property Limited is estimated to be zero.

Directors will reassess this value at least annually and in the event that there is any significant change in the activities of Invercargill City Property Limited.

GOVERNANCE

The Directors of Invercargill City Property Limited are appointed by Invercargill City Holdings Limited to oversee the governance of the company and will act in accordance with the guidelines set by the Shareholder.

The Directors hold regular board meetings at which management reports are received and discussed.

STATEMENT OF ACCOUNTING POLICIES

Invercargill City Property Limited's accounting policies are consistent with the accounting policies recognised by the External Reporting Board ('XRB').

The accounting policies which materially affect the measurement and reporting of financial performance and financial position have been applied on a basis consistent with those used in previous years.

The accounting policies are listed in full in in our most recent annual report.

GOING CONCERN BASIS

The financial statements have been prepared on the going concern basis. To address uncertainty over going concern due to the Company's negative equity, the Directors of the Company have received a letter of support from Invercargill City Holdings Limited. The letter confirms that Invercargill City Holdings Limited will continue to support the Company in its capacity as sole shareholder and financier of the Company. Invercargill City Holdings Limited has also undertaken to support the operating costs of Invercargill City Property Limited.

The Directors of the Company consider the letter of support from Invercargill City Holdings Limited provides reasonable assurance that the Company will have adequate resources to continue to operate.