

1 JULY 2022 – 30 JUNE 2025



**Statement of
Corporate Intent**

We value Aotearoa New Zealand

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QV HAS BEEN AT THE HEART OF NEARLY EVERY PROPERTY TRANSACTION IN AOTEAROA NEW ZEALAND FOR WELL OVER A CENTURY AND COUNTING

Our remarkable journey began in 1896 as the New Zealand Government's own valuation department. In the 125 years since then, we have grown into a smart, savvy, modern and commercial organisation that pairs market-leading technology with the vast expertise of our 280 property professionals.

Together, we proudly deliver trusted property intelligence to help local government, businesses and the public make smarter property decisions — anytime, anywhere, from Cape Reinga to the Bluff, mai i Te Reinga ki Murihiku, and also in New South Wales, Australia.



Our purpose

**DELIVERING TRUSTED
PROPERTY INTELLIGENCE TO HELP
GOVERNMENT, BUSINESS AND THE
PUBLIC MAKE BETTER DECISIONS**

We do this by meeting our objectives of growing the value we deliver to our customers and being the most-trusted property experts.

As a State Owned Enterprise we are owned by Aotearoa New Zealand so we are in it for the long haul and we support regional Aotearoa New Zealand so no one is left out.

OUR SUCCESS IN TURN HELPS KIWIS AND AOTEAROA NEW ZEALAND PROSPER



Our scope of activities

WE PROVIDE EXPERT VALUATION AND PROPERTY INFORMATION SERVICES TO THE RESIDENTIAL, RURAL, GOVERNMENTAL AND COMMERCIAL SECTORS



CONSULTANCY

Specialist property valuations and consultancy for the residential, commercial and rural sectors. Independent, specialist asset valuations for financial reporting purposes.



RATING VALUATIONS

Council property valuations to assess an equitable rating base to ensure ratepayers pay fairly for the services they receive. We are the largest supplier in both Aotearoa New Zealand and NSW, Australia.



PROPERTY MANAGEMENT

Property portfolio management for public sector organisations, balancing commercial drivers against public good outcomes.



PROPERTY INTELLIGENCE AND TOOLS

Providing market intelligence, data analytics, tools and customised solutions through:

[QV.co.nz](#)

[QV CostBuilder](#)

[QV House Price Index](#)

[QV Quartile Index](#)

[Database Management](#)

[SalesDirect](#)

Our customers

WE ARE TRUSTED TO DELIVER PROPERTY INTELLIGENCE ON AOTEAROA NEW ZEALAND'S LARGEST ASSET CLASS

As a State Owned Enterprise we work hard to add value for our customers.

We invest in our people and their wellbeing as well our systems to ensure we remain relevant to meeting customer's needs.

RESIDENTIAL HOME OWNERS

- › Rating valuation assessments

LOCAL GOVERNMENT

- › Residential and rural market valuations

FINANCIAL SERVICE PROVIDERS, CORPORATES AND GOVERNMENT

- › Asset valuations for financial reporting purposes

RURAL SECTOR

- › Insurance valuations



CONSUMERS

- › Residential property information
- › Real-time property value estimates
- › Property education



BUILDING AND PROPERTY PROFESSIONALS

- › Comprehensive database of construction costs and information



STATE AND LOCAL GOVERNMENT

- › Rating and land tax valuations
- › Asset valuations for financial reporting
- › Compensation valuations



GOVERNMENT, FINANCIAL SERVICE PROVIDERS AND CORPORATES

- › Commercial property and asset valuations
- › Property management services



PRIVATE PROPERTY OWNERS

PROFESSIONALS

- › Online submission of property sale notices



Our people

OUR MOST IMPORTANT ASSET IS, AND WILL ALWAYS BE, OUR PEOPLE

Our QV whānau means the world to us. They are our strength, our expertise, our past, present and future. Stretched to every corner of Aotearoa New Zealand and in NSW, Australia. Our highly skilled team of over 280 enables us to keep creating property information solutions and deliver market-leading customer experiences every day.

We would not be a successful valuation and property services company without them, which is why we remain so resolute in our commitment to their ongoing career growth and development, ensuring we support their mental and physical wellbeing, and provide a varied, flexible work environment with a diverse gender mix, including an even mix on the QV Executive and Board.



LEADING DIVERSITY WITHIN THE INDUSTRY
45% FEMALE AND 55% MALE



7.8 YEARS AVERAGE SERVICE TENURE



DEEP PROPERTY EXPERTISE WITH OVER 100 REGISTERED VALUERS



HIGHLY RANKED EMPLOYEE ENGAGEMENT



LARGEST PROPERTY GRADUATE PROGRAMME IN AOTEAROA NEW ZEALAND



5 STAR HEALTH AND SAFETY RATING

Our values

ONE SET OF VALUES TO SUPPORT OUR FUTURE ASPIRATIONS

A smart, ambitious business like QV requires a smart, ambitious set of values as its cultural cornerstone.

Our warm, diverse, family-first culture is at the heart of our many successes. We are one united team of more than 280 people, spread across Aotearoa New Zealand and in New South Wales, Australia. Though we may be separated physically, we are on the same page, working towards the same goals and aspirations, together.

Because QV is a proudly Kiwi State-Owned Enterprise, our values are aligned with profound and complimentary principles of te ao Māori, the Māori world view.

IN SYNC

WE'RE ONE TIGHT TEAM WITH A SHARED PURPOSE

Whiria te taura kia ita
Plait the binding to hold firm



ROCK SOLID

WE'RE SERIOUSLY GOOD AT WHAT WE DO

Te toka tū moana
The resilient rock of the sea



FUTURE FIT

WE'RE DRIVING CHANGE AND DISRUPTING THE GAME

Whakamaua te ihu kia tika
Steer the bow to take the right path





Our wellbeing contribution

LIFTING AOTEAROA NEW ZEALAND'S WELLBEING AND LIVING STANDARDS

As a proud State-Owned Enterprise, we are absolutely committed to lifting Aotearoa New Zealand's wellbeing and living standards. Our business supports Treasury's Living Standards Framework and our individual and collective wellbeing, including:



HOUSING

We help home owners and prospective home owners make good decisions.



LEISURE AND PLAY

We provide work-life balance through flexible working arrangements.



INCOME, CONSUMPTION AND WEALTH

We provide timely, accurate information on household asset wealth.



SUBJECTIVE WELLBEING

We put family wellbeing first and are purpose driven in our strategic direction.



KNOWLEDGE AND SKILLS

We employ the greatest number of property graduates in the country.

OUR PURPOSE AND STRATEGIC OBJECTIVES SUPPORTS THE FINANCIAL AND PHYSICAL CAPITAL OF THE WEALTH OF AOTEAROA NEW ZEALAND

Our corporate sustainability

DELIVERING LONG-TERM VALUE AND SUSTAINABLE RETURNS TO OUR SHAREHOLDER AND, IN TURN, ALL THE PEOPLE OF AOTEAROA NEW ZEALAND



ENVIROMENTAL

We remain resolute in our long-held commitment to reducing our carbon footprint and minimising waste. We have a range of initiatives to help us achieve these goals, our people are encouraged to reduce, reuse, and recycle. Our evolving work processes ensure more efficient ways of working and we prioritise suppliers with the strongest environmental credentials.



SOCIAL

We put people first, always — from our own QV whānau to the many communities we serve. As an employer, health and safety, wellness, and flexibility have long been part of our DNA. As the leading provider of rating valuations, we help deliver services to local communities and we support government entities with our independent and trusted advice.



ECONOMIC

We are innovators and pioneers in the property industry, helping drive advancements that will help our customers thrive, while also ensuring the ongoing economic sustainability of our business, so that we may continue to positively contribute to Aotearoa New Zealand.



Our market context

A MARKET GREATLY AFFECTED BY ECONOMIC AND GEOPOLITICAL TURMOIL

Whakamaua te ihu kia tika means 'steer the bow to take the right path'. It is one of our values and guiding principles, and is more appropriate than ever right now, given the volatile, highly complex and challenging economic conditions that we are currently facing as an organisation and as a nation.

As the global COVID-19 pandemic continues, economic headwinds threaten to slow the global economic recovery. Supply chains are strained, labour shortages are widespread, and inflation is climbing, with war in the Ukraine also contributing to rising costs and geopolitical instability. With this backdrop, interest rates are expected to climb further, which will likely have a dampening effect on the country's housing market.

After several years of unprecedented growth in the residential property market, property prices are expected to stabilise and then drop this year. If there is a resultant drop in sales volumes, this may have a negative effect on our consultancy work which is volume driven, depending on its severity. However, our core rating valuation, asset valuation and property services work, should be relatively unaffected by this.

COMPLEX AND CHALLENGING PROPERTY MARKET

Unprecedented growth in the residential property market has added much greater complexity to our property valuation work across all areas, which has also been encumbered by considerable regulatory reform. As a consequence, it requires greater resourcing with additional costs.

The recent Toitū Te Whenua Land Information New Zealand Rating Valuation Regulatory System Assessment found that the system fulfils its purpose and proposed a range of actions to improve the system in the bounds of the current regulatory framework. Our strategic initiatives of enriching our customers' experience, investing in partnering and relationships, improving core processes and growing talent and capability aligned to the future will support any further regulatory changes in this area.

Over the last few years the labour market has become increasingly competitive to attract and retain people to the point where the scarcity of skilled resources is directly impacting our ability to meet demand. With an industry-wide skill shortage, and a predicted "brain drain" to contend with once borders fully reopen and international travel resumes, our employee value proposition remains a key priority, as does developing our capability to do more with less.

To help alleviate these challenges our graduate programme has been bolstered in recent years, with a total of 35 university graduates joining our QV whānau.

INCREASED DIGITAL SOLUTIONS

Though market dynamics are highly changeable, our commitment to deliver more for our customers remains unwavering. To that end, the enhancement of our technology solutions remains a key facet of the QV strategy. Our ongoing investment in real time values for our core professional services business will assist us to remain relevant, reduce risk and provide better products for our customers.

More than 1.2 million customers have already visited QV.co.nz since the beginning of last year to access property intelligence in real time, with self-service QV e-Reports. Consumer-based property products and services are readily available from any device, at any time. We also launched new Verified QV e-Reports and have refreshed our entire QV.co.nz online offering, including the Darroch and QV Australia websites, designing them as lead generation tools.

Further investment in our suite of digital solutions, including a relaunch of CostBuilder, our online construction cost database, is expected to help drive growth in revenue in the future. This investment in our digital future will ensure QV's relevancy and economic sustainability, now and for a long time to come.

IMPACTS ON REVENUE

With our services in high demand and QV ideally placed to leverage our many strengths to deliver trusted property intelligence about properties across Aotearoa New Zealand, we remain cautiously optimistic in our future revenue predictions, despite the challenges we face.

Our strategic objectives

QV'S PURPOSE IS DELIVERING TRUSTED PROPERTY INTELLIGENCE TO HELP GOVERNMENT, BUSINESS AND THE PUBLIC MAKE BETTER DECISIONS

We will do this by meeting the following objectives.

Objective One

WE GROW THE VALUE WE DELIVER

INITIATIVE

MEASURE

1 CREATING GREATER VALUE FOR CUSTOMERS

- › Enrich our customer experience
- › Invest in our partnering & relationships
- › Support regional Aotearoa New Zealand

Customer Net Promoter Score
Revenue
Regional coverage

2 ACHIEVING OPERATIONAL EXCELLENCE

- › Improve operational processes
- › Safety & Wellbeing Programme
- › Corporate governance

Gross margin
PREQUAL rating
Audit rating

Objective Two

WE ARE THE MOST-TRUSTED PROPERTY EXPERTS

INITIATIVE

MEASURE

3 CONNECTING PEOPLE TO THE INFORMATION THEY NEED

- › Invest in QV.co.nz
- › Widen customer base
- › Provide property education

Website sessions
Revenue
Access to free property data & insights

4 BEING RECOGNISED FOR PROPERTY EXPERTISE

- › Lift our brand and voice
- › Create relevant property intelligence
- › Culture, talent & capability aligned for the future

Brand trust
Returning customers
Employee Net Promoter Score

Our targets, policies and responsibilities

RATIO OF CONSOLIDATED SHAREHOLDER FUNDS TO TOTAL ASSETS

The table below shows the ratio of Consolidated Shareholder Funds to Total Assets for the planning period (the Group's Annual Financial Year End is 30 June):

	FY23 SCI \$'000	FY24 SCI \$'000	FY25 SCI \$'000
Consolidated shareholder funds	14,938	15,379	16,284
Total assets	25,608	26,958	27,930
Ratio	58.33%	57.05%	58.30%

Consolidated Shareholder Funds means the fully paid ordinary shares together with retained earnings and reserves.

Total Assets means the sum of all current and non-current assets including tangible, intangible and right-of-use assets.

ACCOUNTING POLICIES

The consolidated financial information presented is for the Quotable Value Limited Group as at, and for the year ending, 30 June 2023 and onwards. The Group comprises Quotable Value Limited and its subsidiary, Quotable Value Australia Pty Limited.

The consolidated financial information complies with Aotearoa New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards as appropriate for Tier 1 for-profit entities. The consolidated financial information also complies with International Financial Reporting Standards ("IFRS").

The consolidated financial information has been prepared in accordance with the Companies Act 1993, the Financial Reporting Act 2013, and the State-Owned Enterprises Act 1986 and generally accepted accounting practice in Aotearoa New Zealand ("NZ GAAP") as appropriate to Tier 1 for-profit entities.

The detailed accounting policies applied in the preparation of the consolidated financial information is consistent with the accounting policies disclosed in the June 2021 Annual Report, which can be found on QV.co.nz.

FINANCIAL PERFORMANCE TARGETS

Financial targets for the next three financial years can be summarised as follows:

Focus Area	Measure	FY23 SCI \$'000	FY24 SCI \$'000	FY25 SCI \$'000
General				
1	3 Revenue	38,881	39,818	41,441
	EBITDA	3,969	3,643	4,479
	Profit after taxation and impairment and before capital gains and dividends	1,856	1,098	1,406
	Profit after taxation and impairment/revenue	4.77%	2.76%	3.39%
Shareholder returns				
	Dividend yield (dividends paid/average commercial value)	1.42%	2.47%	1.87%
	Return on equity (NPAT/Ave equity) (excl abnormal items and capital gains)	13.07%	7.24%	8.88%
	Total shareholder returns	1.42%	2.47%	1.87%
Profitability and efficiency				
	Return on capital employed (EBIT/ave debt + equity)	13.03%	10.02%	13.45%
2	Operating margin (EDITDA/revenue)	10.21%	9.15%	10.81%
Leverage/solvency				
	Gearing ratio (net debt/net debt + equity)	(80.65%)	(86.05%)	(105.14%)
	Interest cover (EBIT/net interest)	22.3	20.4	33.2
	Debt to EBITDA	(99.02%)	(137.47%)	(153.96%)
Growth				
	Capital replacement	118.82%	96.86%	83.60%
	Revenue growth	12.37%	2.41%	4.08%
	Underlying EDITDA growth	24.62%	-8.21%	22.95%

Definitions for the financial performance targets above can be found at: <https://treasury.govt.nz/information-and-services/state-sector-leadership/guidance/implementation-management-monitoring-guidance/guidance-entities>.

NON-FINANCIAL PERFORMANCE TARGETS

The non-financial performance targets aim to measure factors that are critical to the successful delivery of QV's services in addition to meeting the financial performance measures.

- Customer Net Promoter Score (NPS) is a recognised customer satisfaction tool used by QV management to gauge loyalty and engagement of our customers. NPS is measured by asking customers to rank from 0 to 10 whether they would recommend QV to others. The NPS is the difference between the percentage that rank QV a 9 or 10 (promoters) less the percentage that rank QV a 0 to 6 (detractors).
- Supporting Aotearoa New Zealand by providing coverage throughout the regions. The number represents the number of regions we provide services to.
- Our environment systems and controls (ESCO) financial audit grades measured independently each year. This measure indicates the level of compliance with laws, regulations and policies.
- Maintain the Health & Safety PREQUAL rating which ensures our systems and processes are robust while allowing us to tender for certain contracts.
- Provide property information to the Aotearoa New Zealand open source data set. This includes media releases and information via digital platform(s).
- Protect our high credibility as measured through the results that QV achieves in an independent third party survey. The trust score is calculated from the percentage of respondents that either strongly agree or agree that QV provides trusted property information.
- Employee Net Promoter Score (eNPS) is a way to gauge how loyal and engaged our people are. eNPS is measured by asking employees to rank from 0 to 10 whether they would recommend QV as a good place to work. The eNPS is the difference between those that rank a 9 or 10 (promoters) less the percentage that rank a 0-6 (detractors), providing a score between -100 and +100.

Focus Areas	Measure	2023	2024	2025
1 3	Customer Net Promoter Score	+50	+50	+50
1	Regional coverage	16	16	16
2	Audit ESCO grade	Very Good	Very Good	Very Good
2	Health & Safety PREQUAL	5 star	5 star	5 star
3	Data and insights available on a quarterly basis	4	4	4
4	Trust QV's information	+65%	+65%	+65%
4	Employee Net Promoter Score	+30	+30	+30

CORPORATE SOCIAL RESPONSIBILITY

QV's data and values have a critical role in the Aotearoa New Zealand property market. Property is Aotearoa New Zealand's biggest asset class, and we recognise the role QV can play in helping the country to manage this valuable asset. Almost the entire property market in Aotearoa New Zealand makes reference, at some stage, to the values we calculate. Property information drives our economy and contributes to areas of taxation, construction and infrastructure planning, through to disaster planning and environmental protection. We have a central role in giving Aotearoa New Zealand the confidence to make property decisions. We ensure much of this information is available through digital platforms and provide transparency on the property data we hold through tools such as Update My Property. We do not take this responsibility lightly.

QV believes it is important to act professionally, ethically and responsibly in all matters. This can be seen in our view about our relationships with our people, our customers and our environment. Our LiveWell programme provides the tools, resources and initiatives that support the Safety & Wellbeing of our people. QV strives for our people to have a consistently safe work environment, diversified workforce and the opportunity to maintain a healthy work/life balance. Also refer to page 15 of this document.

PERSONNEL POLICIES

QV values its people and works hard to ensure our people are supported and fairly rewarded for the work they do. QV is committed to:

- Implementing effective and equitable policies and systems of remuneration, reward and recognition that encourage participation, innovation, commercial decision-making, personal development and contribution to profitability.
- Identifying and implementing training and personal development activities that meet the present and evolving needs of QV and its people and providing:
 - Open and effective two-way communication with our people
 - Operation guided by social responsibility, values and ethics
 - A safe and secure workplace for our people
 - Equality of opportunity irrespective of race, gender or age.

QV Group's Remuneration and Reward approach is to pay fair and competitive market rates to attract and retain the best people and to align individual rewards with the objectives of the business. Remuneration is reviewed annually to ensure people are fairly rewarded for their contribution to the business. In setting remuneration QV reviews market information including from similar sectors and similar sized businesses.

QV has a formally constituted People and Culture Committee made up of at least two members of the Board. The Committee assists the Board to ensure a working environment and culture where QV can fulfil its overarching responsibilities. The People and Culture Committee is also responsible for reviewing the Company's remuneration position against market movement and trends, and to recommend the total overall remuneration adjustment for QV people.

Compensation of key management personnel

The Board is committed to ensure the remuneration practices of the Executive are appropriate, fair and transparent. The People and Culture Committee is responsible for recommending terms of employment of the Executive, as well as reviewing and recommending the remuneration, incentive targets and performance of the CEO.

The Executive team remuneration has two components: fixed remuneration and an annual at risk component designed to reward performance within the current financial year. Each year the Board reviews and approves the key performance indicators for each Executive. The Board is also responsible for assessing the performance of the Executive and signing off the annual performance component of the QV Executive at the end of the financial year.

CAPITAL INVESTMENT AND INTELLECTUAL PROPERTY

QV has set its capital budget in light of the evolving economic outlook and the funds the business will generate. We will continue our investment in intellectual property, technology, core business and new products over the next three years. This is critical to meeting business plan objectives and positioning QV to continue to meet customer needs in the future.

	FY23 SCI \$'000	FY24 SCI \$'000	FY25 SCI \$'000
Foundational, risk and best practice tools & systems	1,015	824	736
Revenue & product development initiatives	709	767	787
Cost optimisation & productivity initiatives	373	246	252
Total capital investment	2,097	1,837	1,775

DIVIDEND POLICY (AND ESTIMATED NORMAL DIVIDEND TO THE CROWN)

QV's policy is to distribute to its shareholder between 50% and 60% of net operating cash flows after interest costs based on audited year end results. The dividend is ordinarily paid each October immediately succeeding the year on which it is calculated, providing this can be done without impairing QV's ability to meet its financial obligations (including debt repayment, investment and capital expenditure plans) as they fall due.

The Board manages dividend flows and total shareholder returns through a combination of operating performance, value-accretive investments and the use of gearing commensurate with the scale of our business. Internal gearing targets of 10% (allowing for peaks of 20%) are a key planning parameter for management and the Board. Gearing is calculated on a net debt basis i.e. debt less cash balances.

For bank covenant purposes the maximum gearing is 30% with net debt defined as term debt less any cash balances held with a registered bank.

The current cash on QV's balance sheet includes receipts received in advance of undertaking Council triennial valuations. The Board has also considered the ongoing economic uncertainties caused by the COVID-19 pandemic and the operational and capital investments required in FY2023. Based on these considerations, the Board has concluded that it is prudent to retain earnings from FY2023 to meet our contractual commitments and fund our required investments. The following dividends have been assumed in the financial plan.

	FY23 SCI \$'000	FY24 SCI \$'000	FY25 SCI \$'000
Estimated normal dividend to the Crown	380	660	500

VALUE OF THE CROWN'S INVESTMENT IN THE COMPANY

In accordance with section 14 of the SOE Act, the Board's estimates of the value of the Crown's investment in QV are:

	FY23 SCI \$'000	FY24 SCI \$'000	FY25 SCI \$'000
Book Value of Crown Investment in QV			
Forecast net asset value as at 30 June	14,938	15,379	16,284

The Board considers that the net asset values understate the value of QV, which as a professional services company retains significant value in its people and systems. A Valuation Disclosure Statement is attached in Appendix 2; in summary it gives an estimate of the current commercial value of the QV business as at 30 June 2022 in the range of \$24.9m to \$28.7m, with a midpoint of \$26.7m. After adjusting for the net cash of \$6.3m, the value of the shares is in the range of \$18.6m to \$22.5m, with a midpoint of \$20.4m.

INFORMATION TO BE PROVIDED TO THE SHAREHOLDER

To enable the shareholder to assess the value of their investment in QV, any information that would normally be supplied to a controlling private sector shareholder will be made available.

Annual Reports will be submitted in accordance with section 15 of the SOE Act 1986.

Half-yearly reports will also be provided in accordance with section 16 of the SOE Act and will include an unaudited statement of financial performance, a statement of financial position, a statement of cash flows and other details necessary to permit an informed assessment of QV's performance during the period.

Quarterly reports will be provided as per the Owners Expectations document (July 2020). Reports will indicate actual performance against key financial and operating performance targets during the period and reasons for any significant departure from forecasts.

QV intends to comply fully with section 18 of the SOE Act by providing to the shareholder such additional information as may from time to time be requested.

A business plan will be made available to shareholding Ministers for discussion prior to the commencement of each financial year.

PROCEDURE FOR ACQUISITION OF SHARES AND DISPOSALS

QV will only invest in the shares of another entity when the securities acquired are likely to bring added value to QV. In any instance where QV intends to subscribe for or otherwise acquire (whether at the same time or over a period of time) 20% or more of the issued capital of any company, or make an investment representing more than 20% of the net assets of QV, it will give prior written notice to the shareholder of its intention. In the case of subsidiaries, QV will comply with the rules set out in Appendix 1. QV will not lease, sell, convey, transfer or otherwise dispose of any material part of its assets or undertaking without prior consultation with the shareholder.

ACTIVITIES FOR WHICH COMPENSATION IS SOUGHT

Where the Government wishes QV to undertake activities or assume obligations that will, or may, result in a reduction in the surplus or net worth of QV, the Board will seek compensation to allow QV's financial position to be preserved.

Subsidiaries and Associated Companies

QV will ensure at all times that:

- › Control of the affairs of every subsidiary is exercised by a majority of the directors of that subsidiary.
- › A majority of the directors of every subsidiary are persons who are also directors or employees of QV, or have been approved by the shareholding Ministers for appointments as directors of the subsidiary.

Without prior consultation with the shareholding Ministers, neither QV nor any subsidiary will sell or otherwise dispose of, whether by a single transaction or any series of transactions, and whether by a sale of assets or shares, the whole or any substantial part of the business or undertaking of QV and its subsidiaries (taken as a whole).

Where QV or its subsidiaries hold 20% or more of the shares in any company or other body corporate (not being a subsidiary of QV), it will not sell or otherwise dispose of any shares in that company without first giving written notice to the shareholding Ministers of the intended disposition.

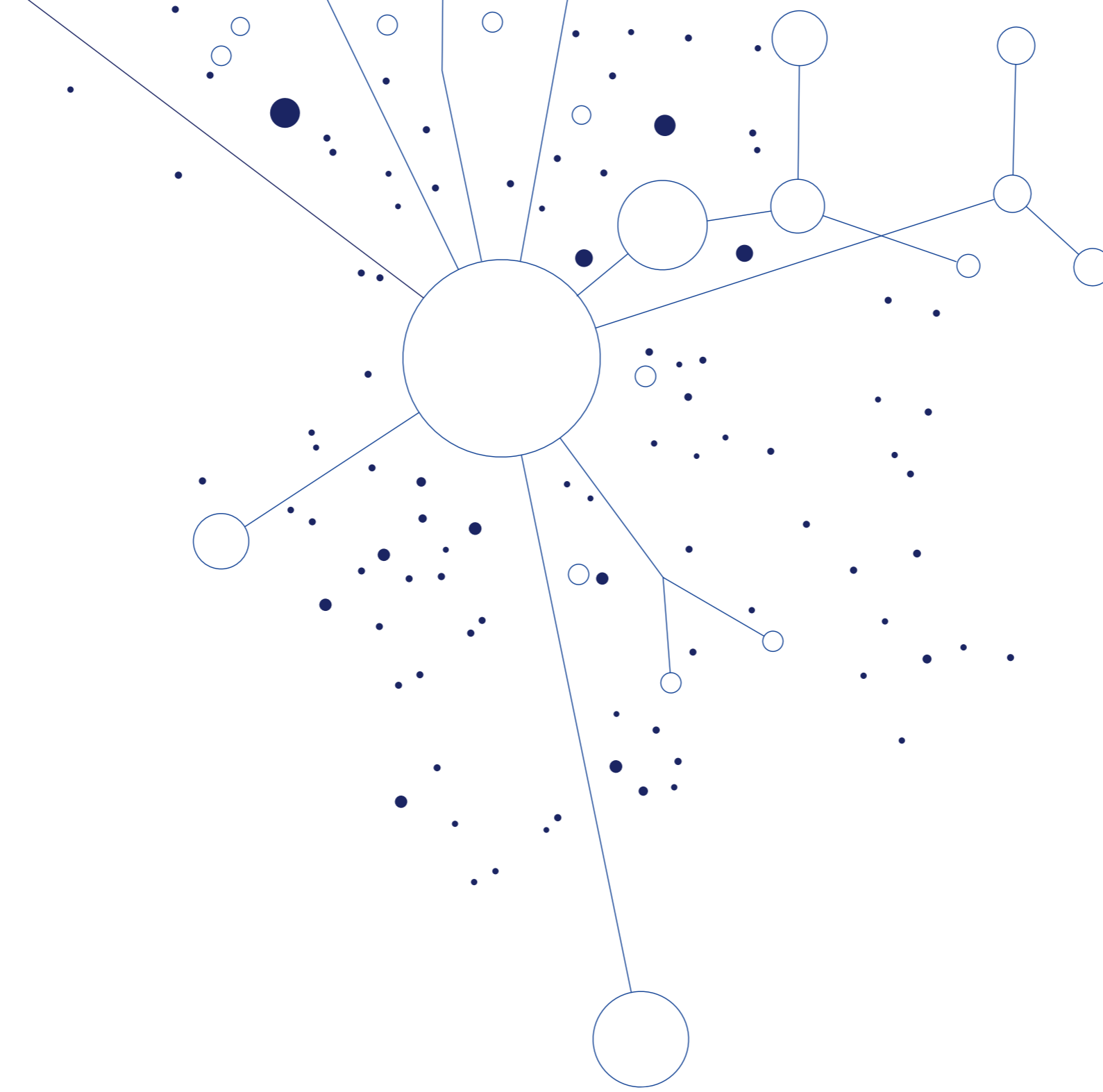
Commercial Valuation Model Disclosure Statement

The Board's estimate of the current commercial value of the Crown's equity in QV is in the range of \$24.9 million to \$28.7 million. If a single value is required, a value in the middle of the range is appropriate, being \$26.7 million.

Key points about the manner in which this value was assessed are:

- › QV and QVA were valued separately. Each business was valued using both the discounted cash flow (DCF) and capitalisation of earnings approaches.
- › For the DCF valuation, a mid-point weighted average cost of capital (WACC) discount rate of 13.0% was used in the QV valuation and a mid-point rate of 14.5% was used for the QVA valuation. The difference in WACC between QV and QVA is mainly due to differences in risk free rates of return and tax rates in Aotearoa New Zealand and Australia.
- › For the capitalisation of earnings approach, an EBITDA multiple range of 5.0 to 6.0 times was used for QV and QVA.
- › The current commercial value of the Crown's investment of \$26.7 million (i.e. the value of 100% of the equity) was calculated by taking the total of the mid-point enterprise values for QV and QVA (\$20.4 million) and adding cash (net of debt) of \$6.3 million.
- › This valuation compares with a commercial value of \$24.4m and an enterprise value of \$18.2m at 30 June 2021. The \$2.4m upward movement in QVL's enterprise value reflects the increased business performance from winning additional contracts. The mid-point discount rate used in the DCF approach for QV and QVA increased by 1.5% points. The multiple range used in the earnings capitalisation approach for QV decreased from 5.5 – 6.5 to 5.0 – 6.0 times and QVA increased from 4.5 – 5.5 to 5.0 – 6.0.

This independent valuation was prepared by Deloitte Limited Corporate Finance under instruction by QV.



QV.co.nz