Thursday, 14 March 2024



Te Hui o Te Kaunihera ā-Rohe o Heretaunga Hastings District Council Council Meeting

Kaupapataka

Attachments

Te Rā Hui:

Meeting date:

Thursday, 14 March 2024

Te Wā:

Time:

1.00pm

Council Chamber

Ground Floor

Te Wāhi:

Ground Floor

Venue:

Civic Administration Building

Lyndon Road East

Hastings



ITEM	SUBJECT		PAGE		
5.	FOODEAST HAUMAKO 2024/25 DRAFT STATEMENT OF INTENT				
	Attachment 1:	Shareholder Letter of Expectations for Foodeast Limited 2024	3		
	Attachment 2:	Foodeast Statement of Intent DRAFT	7		
6.	WAIMĀRAMA B	BEACH VEHICLE ACCESS - COMMUNITY ENGAGEMENT			
	Attachment 1:	Waimārama Vehicle Ban Current Ban Area	23		
	Attachment 2:	Waimārama Beach Vehicle Ban Area Tiakitai Road	25		
	Attachment 3:	Waimārama Total Beach Vehicle Ban Area Map	27		
	Attachment 4:	Waimārama Vehicle Ban Consolidated	29		
	Attachment 5:	Waimārama Process Map	31		



If calling ask for Nigel Bickle

File Ref: ADM-01-03-6-24-863

13 February 2024

Nicky Soloman Chairman Foodeast Limited via email:

Dear Nicky

2024/2025 Shareholder Expectations For Foodeast Limited

On behalf of the Hastings District Council, I set out below Council's expectations for 2024/2025. Note that this is Council's second Letter of Expectations to Foodeast since its incorporation.

Our expectations in this letter are divided into two categories – company specific and general. General expectations apply across all wholly and jointly owned CCOs.

Overview

The Hastings District Council has invested many years in driving the vision of a food innovation hub in Hawke's Bay. To see Foodeast coming to fruition is something that HDC is very proud of and fully believes in.

The funding support received from the Crown through the PGF is the cornerstone of the funding programme and the revised structure of that funding through an amortised grant over 6 years provides great capital appreciation opportunities into the future for the shareholders while providing investors flexibility with their investment portfolio over a shorter time horizon than originally proposed.

With HBRIC as the majority shareholder, it is important that their financial return expectations are achieved and aligned with the overall vision of Foodeast and that the key premise of food innovation is not lost.

Foodeast will become a strategic asset for the region. The tenant mix for Foodeast will be critical to its success and it is acknowledged that this is a challenging time to be seeing foundation tenants.

Specific Expectations

Hastings District Council (HDC) expects the Board to meet the following specific expectations in 2024/2025:

TE KAUNIHERA Ā-ROHE O HERETAUNGA HASTINGS DISTRICT COUNCIL 207 Lyndon Road East, Hastings 4122 | Private Bag 9002, Hastings 4156 06 871 5000 | customerservice@hdc.govt.nz | hastingsdc.govt.nz



Construction and Tenanting

- 1.1 We request updates be provided in each quarterly report to Council on progress being made with the build programme that is fundable and with construction completion by the end of the first quarter of 2024.
- 1.2 We request updates in each quarterly report to Council on progress being made securing tenants.

2. Commercial Strategy

- 2.1 Following confirmed commitments on funding and project deliverability, Council expects the Board will revisit the Commercial Strategy for Foodeast and reconfirm the underlying assumptions that premised the original proposal.
- 2.2 Council would expect that the Commercial Strategy is given effect to commitments made and tenants are secured that align with the shareholders' expectations.
- 2.3 Food innovation remains the key foundation of Foodeast's purpose, Council would therefore ask the Board to consider how the concept of food innovation can be incorporated into the performance measures, potentially linking to criteria for future tenants.

3. Health and Safety

4.1 We expect that health and safety is maintained at a very high standard through the construction phase.

4. Risk Management

5.1 We expect the Board to prudently manage financial risks with investments in infrastructure aligned with conservative forecasts.

5. Partners

6.1 Council expects that the Foodeast Board will maintain open and transparent communications with its funding partner (Kanoa) and shareholders, ensuring that all key milestones are met and where that can not be achieved that it is signalled early and mitigations put in place.

General Expectations

The shareholding councils operate under a philosophy of transparency, disclosure of performance information and no surprises.

The councils expect each of its joint CCOs to follow the procurement principles outlined in the Office of the Auditor General guidelines.

Transparency and disclosure of CCOs is to be achieved via a number of mechanisms including a continuous disclosure regime for Council Controlled Organisations.

While a Shareholder Expectation Guide has yet to be introduced, particular regard should be given to the following:

Strategic issues letters: All CCOs are expected to provide the shareholder councils with
a letter by 15 February responding to the Letter of Expectation and setting out the key
strategic issues facing the company. Should your company wish to engage with
shareholders to seek direction or clarification, we would ask that you advise Bruce Allan
(HDC) as soon as possible of such intention.

3455-4864-4901, v. 1



- Draft Statement of Intent (SOI): All CCOs are expected to provide the shareholding councils with a draft SOI by 1 March 2024 at the latest. The shareholding councils should be alerted as soon as possible if this deadline cannot be met.
- Continuous Disclosure: CCOs are expected to make time disclosures, including advising delegated shareholding councils' contacts, prior to the public release of disclosures.
- Local Government Official Information Act requests: The shareholding councils are to be advised by Foodeast management when it receives a request under the Local Government Official Information Act and of the proposed response. The shareholding councils have specialist staff who can advise on such matters.

We look forward to having the opportunity to discuss the shareholding councils' expectations further with you and your Board, after you have had the opportunity to consider this letter. If required, please contact Bruce Allan, Hastings District Council, to organise this.

Yours sincerely

Nigel Bickle Chief Executive

nigelb@hdc.govt.nz

Copy to: Bruce Allan, Deputy Chief Executive, Hastings District Council

Sandra Hazlehurst, Mayor, Hastings District Council

Tony Gray, Director, Foodeast

Kim Herrick, Strategic Project Manager, Hastings District Council

3455-4864-4901, v. 1

Ітем 5 PAGE 5



FOODEAST LIMITED PARTNERSHIP

Statement of Intent for the Financial Year ending 30 June 2025

Ітем 5 PAGE 7

COMPANY DIRECTORY

FOODEAST LIMITED PARTNERSHIP

111 Avenue Rd East, Hastings 4156 06 873 8037 www.foodeast.co.nz

DIRECTORS

Nicky Solomon (Chairperson) Tony Gray Ashleigh Gilmour Christie Campbell Richard Shirtcliffe

REGISTERED OFFICE

Willis Legal 64 Dickens Street, Napier 4110

BANKERS

Westpac New Zealand Ltd

AUDITORS

Ernst & Young 100 Willis Street, Wellington 6011

LEGAL STATUS

Foodeast Limited Partnership (Foodeast-Haumako) was incorporated in New Zealand on 2 July 2021 under the Limited Partnerships Act 2008 (NZBN 9429049450736). As the Limited Partners of Foodeast-Haumako are Hastings District Council (16.64%), Hawke's Bay Regional Council Investment Company (66.72%) and Progressive Meats Limited (16.64%), Foodeast-Haumako is a Council Controlled Organisation as defined in Section 6 of the Local Government Act 2002.

FOODEAST LIMITED PARTNERSHIP

2

TABLE OF CONTENTS

1.	PUR	POSE OF THE STATEMENT OF INTENT	4
2.	INT	RODUCTION	4
3.	COR	PORATE STRUCTURE AND GOVERNANCE	5
4.	VISI	ON	5
5.	PUR	POSE	5
6.	STR	ATEGIC PRIORITIES	5
7.	STR	ATEGIC ISSUES	6
8.	NAT	URE AND SCOPE OF ACTIVITIES TO BE UNDERTAKEN	е
9.	PER	FORMANCE MEASURES AND TARGETS	7
10.	FINA	ANCIAL PERFORMANCE TARGETS	7
11.	RAT	IO OF NET ASSETS TO TOTAL ASSETS	8
12.	LIM	ITED PARTNER REQUIREMENTS	8
12.3	1.	Letter of Expectations	8
12.2	2.	Statement of Intent	8
12.3	3.	Half Yearly Report	8
12.4	4.	Annual Report	9
12.5	5.	Limited Partner Meetings	9
13	FSTI	MATE OF COMMERCIAL VALUE	c

1. PURPOSE OF THE STATEMENT OF INTENT

This Statement of Intent (SOI) is presented by Foodeast Limited Partnership (operating as Foodeast-Haumako) in accordance with Section 64(1) of the Local Government Act 2002.

The SOI specifies for Foodeast-Haumako the following:

- · a statement of the board's approach to governance
- the nature and scope of the activities to be undertaken
- the financial and non-financial performance targets and other measures by which the performance of Foodeast-Haumako may be judged in relation to its objectives

The annual process of negotiation and determination of an acceptable SOI is a public and legally required expression of the accountability relationship between the Limited Partnership and its Limited Partners.

2. INTRODUCTION

The Business of the Foodeast Limited Partnership (LP) is to:

- (a) Construct, establish and own the physical presence for the Hub (see definition below).
- (b) Operate and maintain the Hub with a view to achieving outcomes that include, but are not limited to:
 - providing a facility that encourages and facilitates collaboration, innovation and more effective sharing of resources within the Hawke's Bay region and across the greater food innovation industry within New Zealand;
 - assisting in growth in the region and benefitting fruit, vegetable and other food producers in the region;
 - enhancing products and returns in the food industry and leading to a better use of natural assets;
 - iv. facilitating the creation of full-time employment positions at new commercial entities and (to a lesser degree) the Hub itself, as both a direct and indirect result of the work undertaken by the Hub;
 - v. providing benefits to regions outside Hawke's Bay, including Tairawhiti.
- (c) Subject to the provisions of the Limited Partnership Agreement, the intention is that the Business of the Limited Partnership is to be operated as a commercial enterprise using standard commercial principles including, but not limited to, endeavouring to ensure the operations of the Hub are profitable.

The Hub is defined in the Limited Partnership Agreement as the Foodeast food innovation hub which is established to:

- (a) Facilitate innovation and collaboration in the Hawke's Bay food and beverage, agritech, horticulture industries and related activities;
- (b) Have a physical presence that will be designed to be an innovation centre designed to promote more cost-effective food and beverage product innovation; and
- (c) Be a centre of excellence in food processing education and engineering services as well as providing a base for clustering food technology firms, improving co-operation and bringing in scientific and technical expertise in all areas relating to food innovation (including research activity around waste products and the co-ordination of efforts relating to sustainable packaging).

FOODEAST LIMITED PARTNERSHIP

4

To-date the primary focus has been on the construction of the physical hub, with completion expected by May 2024. Tenanting and commercial operation of the hub, and the development and implementation of a commercial model to deliver on Foodeast-Haumako's innovation mandate are now top priority.

3. CORPORATE STRUCTURE AND GOVERNANCE

The board of directors guides and monitors the business and affairs of Foodeast-Haumako, in accordance with the Companies Act 1993, the Local Government Act 2002, the company's constitution and this Statement of Intent.

The board has developed a charter which describes its processes and approaches.

The board has an annual work plan, prescribing its activities over the course of a calendar year, with a strong focus on setting and monitoring strategic direction, developing and implementing a commercial plan and strategic risk management. The board meets no less than ten times per year.

The board has contracted an interim Chief Executive and is currently developing a resourcing plan and a commercial strategy.

The board has determined that its risk appetite is 'Open' which is defined as 'Willing to consider all potential options and choose the one that is most likely to be successful while also providing an acceptable level of reward'.

4. VISION

The vision for Foodeast-Haumako is to become a highly influential and self-sustaining innovation hub, recognised by 2030 as the leading catalyser of commercially successful food innovation in Aotearoa New Zealand.

5. PURPOSE

To create a platform for food and beverage innovation in Hawke's Bay, from which new products, processes, collaborations, and initiatives can be launched.

6. STRATEGIC PRIORITIES

- Achieve tenancy revenue targets.
- Develop a commercial strategy and supporting business model to deliver Foodeast-Haumako's commercial and innovation mandates
- Ensure that Foodeast-Haumako has provision for food manufacture at bench and/or pilot and/or commercial scale
- Secure supplementary revenue streams to support provision of innovation-related support services and commercial success
- Establish a programme of events/activities/projects to support and nurture an innovation ethos centred around Foodeast-Haumako

FOODEAST LIMITED PARTNERSHIP

5

- Communicate and share Foodeast-Haumako's purpose and stories
- Maintain and develop local, regional, national and international connections to ensure that Foodeast-Haumako is a recognised and valued part of the innovation ecosystem
- Seek a unique opportunity around which to create a centre of excellence for example development of new products from horticultural by-products and/or fermentation

7. STRATEGIC ISSUES

Additional investment will be required to fund food production-enabled capability in the building to ensure that Foodeast-Haumako can realise its vision and deliver on its purpose. Options are being explored as part of the commercial strategy.

8. NATURE AND SCOPE OF ACTIVITIES TO BE UNDERTAKEN

The physical facilities of Foodeast-Haumako will consist of two buildings:

- 1. Four industrial units that are connected to trade waste and potable water, with basic amenities (small kitchens and toilets);
- 2. An office building with a range of offices, meeting rooms and a conference facility.

The physical hub will be supported by sector-specific soft services nurturing innovation and economic growth.

FOODEAST LIMITED PARTNERSHIP

6

9. PERFORMANCE MEASURES AND TARGETS

Table 1 contains Foodeast-Haumako's targets for the period 1 July 2024 to 30 June 2025.

Service Level Statement	Performance Measure
Achieve or exceed tenancy revenue targets	Hub at 65% average occupancy for the year ending 30 June 2025
Develop and implement a commercial strategy for Foodeast-Haumako, identifying specific activities that will enable financial sustainability and deliver on Foodeast-Haumako's commercial and innovation mandates	Commercial strategy approved by board prior to 30 June, and shared with shareholders in July 2024 with implementation following
Develop an updated strategic financial model, revisiting and updating original assumptions	Financial model approved by board prior to 30 June, and shared with shareholders in July 2024
Develop and deliver a programme of activities that will create, develop and support and innovation eco-system centred at Foodeast-Haumako	Work programme for 2024/25 developed and approved by board prior to 30 June 2024
To operate Foodeast-Haumako without harm to workers, equipment, property or the environment	Development, implementation, and ongoing management of a robust health & safety system prior to any confirmed tenancy start date
Prudent financial risk management	Investment in infrastructure requires a board- approved business case
Regular transparent communication with funders and shareholders	Fulfilment of reporting requirements, open invitation to funders and shareholders to attend board meetings, regular attendance at shareholder meetings on invitation Continuous and no surprises disclosure obligations met
Governance practices and processes are appropriate, reflect best-practice, and are continually improving.	An appropriate suite of policies will be developed and annually reviewed, as documents in the board's work plan.
Employment practices and processes are appropriate, reflect best-practice, and are continually improving.	Development, implementation, and ongoing oversight of HR processes and systems

10. FINANCIAL PERFORMANCE TARGETS

Financial performance indicators below are indicative and will be finalised following completion of the budget process.

Table 2. Summary of Financial Performance Indicators, FY2024 to FY2026 inclusive.

Measure	2024/25	2025/26	2026/27
EBITDA	(338,440)	(214,589)	(204,573)

FOODEAST LIMITED PARTNERSHIP

7

Long term financial expectations are that the LP will deliver commercial returns including capital gains of at least 6% per annum.

Targets for commercial returns excluding capital gains will be developed once the commercial strategy has been finalised and approved, and revised financial forecasts developed based on revised assumptions.

11. RATIO OF NET ASSETS TO TOTAL ASSETS

The forecast capital structure and ratio of net assets to total assets for the next three (3) financial years are illustrated in the following table.

Table 3. Net Assets to Total Assets, FY2025 to FY2027 inclusive.

Measure	2024/25	2025/26	2026/27
Total Assets	7,084,326	9,292,182	11,252,874
Total Net Assets	6,972,699	9,174,114	11,132,885
Ratio	98%	99%	99%

12. LIMITED PARTNER REQUIREMENTS

12.1. Letters of Expectation

Prior to the 31st January each year the limited partners will deliver to Foodeast-Haumako their letters of expectation. These provide direction on issues that are important to the limited partners, and in the development of Foodeast-Haumako's SOI.

Letters of expectation have been received from Progressive Meats Ltd and Hastings District Council.

12.2. Statement of Intent

By 1 March in each year Foodeast-Haumako will deliver to Limited Partners its draft SOI for the following year in the form required by Clause 9(1) of Schedule 8 and Section 64(1) of the Local Government Act 2002.

Having considered any comments received from its Limited Partners received by 1 May, the Board will deliver the completed SOI to its Limited Partners on or before 30 June each year.

12.3. Half Yearly Report

By the end of February each year, Foodeast-Haumako will provide to Limited Partners its Half Yearly Report complying with Section 66 of the Local Government Act 2002. The Half Yearly Report will include the following information:

- Directors' commentary on operations for the relevant six-month period
- Un-audited half-yearly financial statements incorporating a Statement of Financial Performance, Statement of Financial Position, Statement of Changes in Equity and Statement of Cashflows.
- Foodeast-Haumako's performance against the objectives and performance targets set out in the SOI, with an explanation of any material variances.

FOODEAST LIMITED PARTNERSHIP

8

12.4. Annual Report

By 30 September each year, Foodeast-Haumako will provide to its Limited Partners an Annual Report complying with Sections 67, 68 and 69 of the Local Government Act 2002 and the Companies Act.

The Annual Report will contain the information necessary to enable an informed assessment of the operations of the company, and will include the following information:

- · Directors' Report
- Financial Statements incorporating a Statement of Financial Performance, Statement of Financial Position, Statement of Changes in Equity, Statement of Cashflows, Statement of Accounting Policies and Notes to the Accounts
- Comparison of Foodeast-Haumako's performance regarding the objectives and performance targets set out in the SOI, with an explanation of any material variances
- Auditor's Report on the financial statements and the performance targets
- Any other information that the directors consider appropriate

12.5. <u>Limited Partner Meetings</u>

Foodeast-Haumako will hold an Annual General Meeting (AGM) between 30 September and 30 November each year to present the Annual Report to all Limited Partners unless it is agreed between Foodeast-Haumako and the Limited Partners that the business of the AGM will be done by resolution in writing.

Additionally, the Limited Partnership Agreement requires that the General Partner call a meeting of the Partners at least once every calendar year.

13. ESTIMATE OF COMMERCIAL VALUE

The value of Limited Partners' investment in the company as of 31 May 2024 is \$XXX.

Foodeast-Haumako will revalue its assets annually, or when there has been significant change in the market.

Nicky Solomon

NiSilov

Chair

Foodeast General Partnership

26th February 2024

FOODEAST LIMITED PARTNERSHIP

9

ACCOUNTING POLICY & NOTES TO THE FINANCIAL STATEMENTS

Reporting Entity

Foodeast Limited Partnership ("foodeast") was established and commenced operations in New Zealand on 2 July 2021, was incorporated in New Zealand on 2 July 2021 under the Limited Partnerships Act 2008 (NZBN 9429049450736). As the shareholders of foodeast are Hawke's Bay Regional Council Investment Company (66.72%), Hastings District Council (16.64%) and Progressive Meats Limited (16.64%), foodeast is considered a Council Controlled Trading Organisation as defined in section 6 of the Local Government Act 2002. On the basis that it operates for the purpose of making a profit and is therefore classified for accounting purposes as a for-profit entity. The financial statements were signed on 12 September 2023.

Basis of Preparation

The financial statements are prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period, unless otherwise stated.

Statement of Compliance

The financial statements of foodeast have been prepared in compliance with NZ equivalents to IFRS (RDR).

Presentation Currency

The financial statements are presented in New Zealand dollars (NZ\$) and all values are rounded to the nearest New Zealand dollar (NZ\$), except when otherwise indicated.

Historical Cost

These financial statements have been prepared on a historical cost basis, except for the Investment Property.

Changes in Accounting Policies

There have been no changes in accounting policies. Policies have been applied on a consistent basis with those of the previous reporting period.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services, excluding goods and services tax rebates and discounts, to the extent it is probable that the economic benefits will flow to the entity and revenue can be reliably measured. Specific accounting policies for significant revenue items are explained below:

- Sales of goods are recognised when the goods are sold to the customer.
- Sales of services are recognised in the period by reference to the stage of completion of the services delivered at balance date as a percentage of the total services to be provided.
- Lease revenue is recognised on a straight-line basis over the life of the lease.
- Interest received is recognised using the effective interest method. Interest revenue on an impaired financial asset is recognised using the original effective interest method.
- Donated assets. Where a physical asset is gifted to or acquired by foodeast for nil
 consideration or at a subsidised cost, the
- asset is recognised at fair value. The difference between the consideration provided and fair value of the asset is recognised as revenue. The fair value of donated assets is determined as follows:
 - For new assets, fair value is usually determined by reference to the retail price of the same or similar assets at the time the asset was received.

FOODEAST LIMITED PARTNERSHIP

1

 For used assets, fair value is usually determined by reference to market information for assets of a similar type, condition, and age.

Investment Property

Investment Property is commercial land and buildings held to earn rental income and for capital appreciation. Such property is initially recognised at cost. At each balance sheet date investment property is measured at fair value, representing open market value determined annually by independent, professionally qualified valuers. A gain or loss in value is recorded in the income statement for the period in which it arises.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Accounts Receivable

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts.

Impairment of Financial Assets

Financial assets are assessed for evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

Loans and receivables

Impairment is established when there is evidence foodeast will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter-in bankruptcy, receivership, or liquidation and default in payments are indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectable, it is written-off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits or bonds are recognised directly against the instrument's carrying amount.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition, they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Payables

Short-term creditors and other payables are recorded at cost.

Equity

Equity is the partners' interest in foodeast and is measured as the difference between total assets and total liabilities.

FOODEAST LIMITED PARTNERSHIP

12

Goods and Services Tax

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of related asset or expense.

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as operating cash flow in the statement of cashflows. Commitments and contingencies are disclosed exclusive of GST.

Employee Entitlements

Employer contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

Short-term employee entitlements - Employee benefits that are due to be settled within 12 months after the end of the year in which the employee provides the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, and annual leave earned but not yet taken at balance date, and sick leave. These are classified as a current liability.

A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in 'finance costs'.

Government Grants

The Government Grant received relates to assets and has been deducted from the carrying amount of the Investment Property.

The total Grant requested during the year was \$6,500,000 of which \$3,500,000 was paid prior to 30 June 2023 and the remainder post 30 June 2023. \$5,085,955 of The Grant has been spent on the asset and has been deducted from the cost.

The remaining \$1,414,045 has not yet been spent and is recorded as a current liability on the Statement of Financial Position.

Contingent Liabilities

Under the terms of The Funding Agreement with MBIE, The Hub may only be used to facilitate innovation and collaboration in the Hawke's Bay food, beverage, agritech, horticulture and related activities. If The Hub ceases to be used for these purposes then The Grant must be repaid.

FOODEAST LIMITED PARTNERSHIP

13

Starting one year after The Hub opens, this liability abates at \$2 million per year until it is fully abated after 6 years.

At balance date \$7.5 million of the \$12 million Grant has been requested. At 30 June 2023, \$3,000,000 is reflected in Trade and Other Receivables.

There are no plans to cease using the The Hub for the required activities so the possibility of repaying the grant is low.



FOODEAST LIMITED PARTNERSHIP

14









