

1 JULY 2023 – 30 JUNE 2026



Statement of Corporate Intent

We value Aotearoa New Zealand

Contents

Our purpose	2	Our market context	18
Nature and scope of our activities	4	Our strategic objectives	22
Our customers	6	Our targets, policies and responsibilities	24
Our values	8		
Our people	10	Appendices	
Our wellbeing contribution	12	Consultation and	
Our sustainability journey	14	Subsidiary & Associated Companies	30
Our cultural journey	16	Commercial Valuation Model Disclosure Statement	31

QV HAS BEEN HELPING ALL NEW ZEALANDERS FOR MORE THAN A CENTURY AND COUNTING

We have been at the heart of nearly every property transaction in Aotearoa New Zealand since 1896 — first as the New Zealand Government’s own valuation department, and now as a modern, commercial-minded business of more than 300 people, spread across the motu and in New South Wales, Australia.

Together, we are In Sync, Rock Solid, and Future Fit. These are the essential qualities that make us amazing as individuals and as one QV whānau. We pair our vast talents and experience with market-leading technology to help local government, businesses and the public make better decisions using property information.



Our purpose

DELIVERING TRUSTED PROPERTY INTELLIGENCE AND EXPERTISE TO HELP PEOPLE, BUSINESS, AND LOCAL GOVERNMENT PROSPER

In times of prosperity and during periods of economic uncertainty, our customers can rely on our information and our trusted property experts to connect them to the information they need to make great decisions on our motu's largest asset class — property. This is what we do, and we do it well.

What drives us is growing the value we deliver for our customers, and being Aotearoa New Zealand's most-trusted property experts. As a proud State Owned Enterprise, our success ultimately helps lay the foundation for all Kiwis and Aotearoa New Zealand to thrive now and long into the future.

WE PROVIDE LONG-TERM VALUE FOR ALL OF AOTEAROA NEW ZEALAND



Nature and scope of our activities

WE PROVIDE PROPERTY DATA, EXPERT VALUATION, CONSULTANCY, AND MANAGEMENT SERVICES ACROSS THE RESIDENTIAL, RURAL, GOVERNMENT AND COMMERCIAL SECTORS



CONSULTANCY

Independent property valuations and specialist consultancy services for the residential, commercial and rural sectors, as well as expert asset valuations for financial reporting purposes supporting best practice governance.



RATING VALUATIONS

Providing the majority of Councils in Aotearoa New Zealand and NSW, Australia, with an equitable rating base to ensure ratepayers fairly share the cost of the services they receive.



PROPERTY MANAGEMENT

Managing properties across Aotearoa New Zealand, from commercial to large public sector portfolios, promoting public good outcomes.



PROPERTY INTELLIGENCE AND TOOLS

Providing expert market intelligence, quality 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 GROW THE VALUE WE DELIVER FOR OUR CUSTOMERS — AND FOR ALL NEW ZEALANDERS

We are Aotearoa New Zealand's trusted property professionals. Our operations span right across the motu, with QV property specialists serving our customers in every corner of the motu, from Cape Reinga to the Bluff, mai i Te Reinga ki Murihiku.

We constantly strive to create greater value for our customers. As a State Owned Enterprise, we believe that helping our customers to be successful contributes to the success of all in Aotearoa New Zealand.

We do this by investing in our people and our leading technology to ensure we are always able to rise to meet the evolving needs of our customers.

Our customers

Our services

Provided through

**RESIDENTIAL HOME OWNERS
LOCAL GOVERNMENT
FINANCIAL SERVICE PROVIDERS, CORPORATES AND GOVERNMENT
RURAL SECTOR**

- › Residential and rural market valuations
- › Rating valuation assessments
- › Asset valuations for financial reporting purposes
- › Insurance valuations



CONSUMERS

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

QV.co.nz

BUILDING AND PROPERTY PROFESSIONALS

- › Comprehensive database of construction costs and information

CostBuilder
powered by QV

STATE AND LOCAL GOVERNMENT

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

QV Australia

GOVERNMENT, FINANCIAL SERVICE PROVIDERS AND CORPORATES

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

darroch
property advisors & valuers

PRIVATE PROPERTY OWNERS

PROFESSIONALS

- › Free online submission of property sale notices

salesdirect

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 300 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.

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 people

OUR PEOPLE ARE OUR GREATEST STRENGTH

Success is not the work of an individual, but the work of many.

Ehara taku toa i te toa takitahi, engari he toa takitini.

We would not be a successful valuation and property services company without the ongoing dedication of our people. They enable us to create relevant property information solutions and deliver market-leading services to our customers every day.

That is why we are steadfast in our commitment to their ongoing career growth and development, alongside supporting their physical and mental wellbeing. Not only does it mean that we are able to grow the value we deliver to all our customers, but it also ensures that our people are actively engaged in fulfilling work that is varied and interesting, with clear career pathways and strong, supportive leadership.

Our dedication to developing our people and providing long-term value to Aotearoa New Zealand is demonstrated in the continued success of our large graduate and scholarship programmes. As the future of our profession, it is a privilege to nurture and grow this talent alongside some of the most experienced valuers in the industry.

WE VALUE OUR PEOPLE — THEIR LEARNING, WELLBEING, AND WHĀNAU



LEADING DIVERSITY WITHIN THE INDUSTRY
47% FEMALE AND 53% MALE



7.6 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



ACTIVELY MONITORING AND CLOSING THE GENDER PAY GAP



QV SCHOLARSHIP & MĀORI/PASIFIKA SCHOLARSHIP



Our wellbeing contribution

LIFTING AOTEAROA NEW ZEALAND'S WELLBEING AND LIVING STANDARDS

We are dedicated to helping lift our motu's wellbeing and living standards. As a State Owned Enterprise, our business absolutely supports Treasury's Living Standards Framework and the individual and collective wellbeing of all New Zealanders.



HOUSING

We help home owners and prospective purchasers make better decisions.



LEISURE AND PLAY

We support work-life balance through flexible working arrangements.



INCOME, CONSUMPTION AND WEALTH

We provide timely, accurate information on household asset wealth.



SUBJECTIVE WELLBEING

We prioritise wellbeing and are purpose driven in our strategic direction.



KNOWLEDGE AND SKILLS

Spanning from the largest property graduate programme in the motu through to the QV 25 Year Club.

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



Our sustainability journey

WE SUPPORT THE GOVERNMENT'S AIM OF REACHING NET-ZERO CARBON EMISSIONS BY 2050

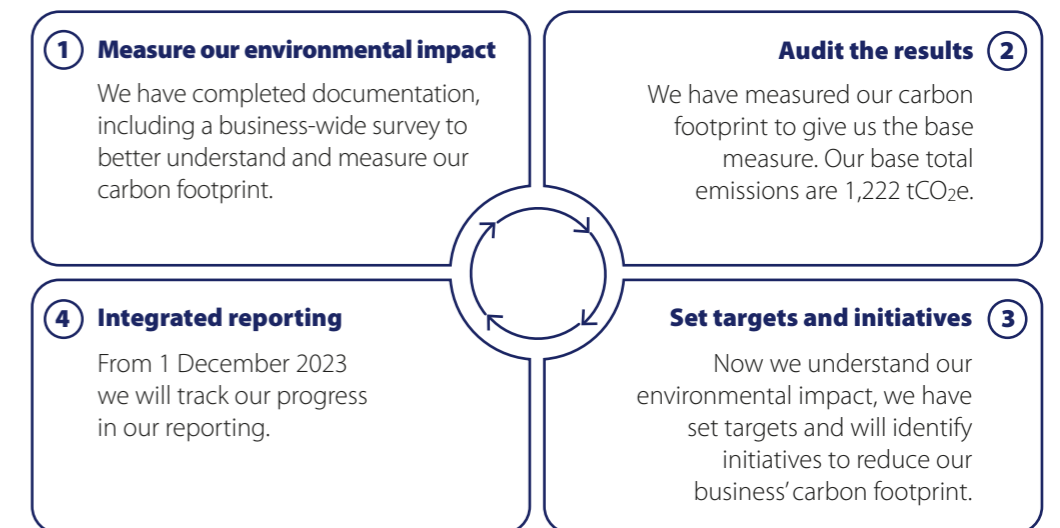


KO AU KO TE TAI AO, KO TE TAI AO KO AU I AM THE ENVIRONMENT AND THE ENVIRONMENT IS ME

We have recently measured our carbon footprint which was undertaken by Toitū Envirocare, a subsidiary of Manaaki Whenua – Landcare Research, which is a Government-owned Crown Research Institute made up of scientists and business experts who have come together to protect the ecological and economic future of Aotearoa New Zealand.

Based on these results, we will set business targets and determine wide-ranging strategies and initiatives to reduce our carbon footprint. We will actively engage with our QV whānau throughout our carbon reduction journey and on all our other environmental sustainability measures. From 1 December 2023 we will start reporting our verified emissions over the previous year as part of the Carbon Neutral Government Programme.

QV IS A PROUD PARTICIPANT IN THE GOVERNMENT'S CARBON NEUTRAL PROGRAMME





Our cultural journey

HE AWA ARA RAU — A JOURNEY OF MANY PATHS



In recent years QV has embarked on a cultural haerenga, or journey, that has seen us start to embed and align complimentary principles of te ao Māori, te reo, and Te Tiriti o Waitangi (the Treaty of Waitangi) with our own refreshed company values, culture, and way of doing things.

It is a journey not just of the mind and body, but also of the heart. As a proud Aotearoa New Zealand business, we feel it is our duty and a privilege to respect and protect our Māori culture, to support our diversity, and better reflect the many communities and customers that we serve across the motu every day.

With guidance from our cultural partner Tūtira Mai NZ, we strive to be authentic in building our cultural competency. It began with our leaders completing a comprehensive training course, continued with the launch of our refreshed company values, a new QV Māori and Pasifika scholarship, and recently another 30% of our QV whānau elected to take part in a te ao Māori for professionals training course.

Now, upon the completion of a comprehensive companywide survey to benchmark where we are today and where we would like to be in the future, our cultural working group is establishing an ongoing programme of meaningful work that will engage the hearts and minds of our people as we continue on this journey of many paths.



Our market context

WILD WEATHER AND ECONOMIC CONDITIONS BRING NUMEROUS CHALLENGES AND OPPORTUNITIES

Like the irrepressible toka tū moana – the resilient rock of the sea exemplified in te ao Māori for its resilience and strength, and one of QV's guiding values – Aotearoa New Zealand stood strong during the pandemic and now again as we've been buffeted by extreme weather events and face intensifying economic headwinds. These have brought about both challenges and opportunities.

The impacts of climate change are being felt globally and across our own motu. We must consider how best to support those affected and their recovery, while also understanding the impacts of future events and how to mitigate them, including actions to prevent further climate change.

Furthermore, the supply capacity of our economy has been constrained by labour shortages, exacerbated by rising living costs, inflation, currency fluctuations, regulation changes and global supply chain disruptions. The Reserve Bank of New Zealand has been steadily increasing the Official Cash Rate (OCR) to cool the economy, reduce inflation and bring demand back into balance with capacity.

Increasing interest rates have had a pervasive dampening effect on the property market, as evidenced by house sales falling to all-time lows throughout the first months of the 2023 calendar year. Home values continue to fall significantly in many areas, with prospective buyers greatly hampered by the rising cost of living, credit constraints, and the increased cost of servicing a mortgage.

Our business, like many others through these challenging times, has not been unaffected. Over the last three years, we have carefully navigated the business through this environment of uncertainty and operational constraints, producing better than anticipated returns. However, the constraints faced by our business has limited our growth, restricted the larger-scale investments we had originally planned

and contributed to a backlog of work, all of which stem primarily from skilled workforce limitations.

However, as economic conditions ease and with increased migration to Aotearoa New Zealand, our future focused strategies will capitalise on the opportunities through our people's capability, data assets and technology investments in artificial intelligence, automation and infrastructure. This will allow us to implement our new operating model alongside growing our digital services and revenues.

RIISING TO MEET GREATER DEMAND

Within this operating environment, we are facing growing competition, and price pressure for decreasing volumes of market valuation work.

This will be offset as we anticipate an increase in non-market valuation work, partially as a result of the significant weather event of Cyclone Gabrielle which caused sizeable damage to livelihoods, homes, and infrastructure across the top half of the North Island in February of this year. It is set to be the most costly non-earthquake natural disaster, with economic losses expected to far exceed \$2 billion. We must increase our workforce of registered valuers to meet this increasing demand. We are exploring how to support our customers to understand the potential impacts of climate change and where we can partner with others to provide the intelligence needed to support decisions.

The recruitment and retention of registered valuers and technology experts remains a key priority across the entire business. We will continue with career development, an uplift in investment in leadership capability and technical training necessary to ensure quality delivery on our contracts. Our successful graduate valuer programme remains a key pipeline of talent into our business, with QV providing the largest and most recognised programme for gaining registered valuer status in Aotearoa New Zealand.



Our market context

OUR INDEPENDENT PROPERTY INTELLIGENCE AND EXPERTISE IS NEEDED NOW MORE THAN EVER

STRIVING FOR OPERATIONAL EXCELLENCE

Our core rating valuation work remains relatively unaffected by current economic conditions. However, in recent years, more stringent regulatory audits and the extended revaluation season have created new challenges for our customers and our business, greatly increasing the cost, time taken and difficulty of delivery. This is exacerbated as the property market has changed significantly and is more complicated as the downturn of the property cycle continues.

To adapt and grow to meet this constantly evolving environment, we are undertaking an operational transformation journey to build our capacity, capability and product quality. This programme of work will support having the right resources in the right locations, with enhanced data quality and supported by continuing our technological advancements, paving the way to more robust valuations that meet the increasing requirements of the regulators and customers.

We will be fully involved in the Rating Valuation Rules Review with the Valuer General's Office and will be ready to implement any required changes to processes and applications to support those changes. We are also keeping a keen eye on Local Government Reforms and legislation changes that may affect our large customer base and therefore our business.

CREATING GREATER VALUE FOR OUR CUSTOMERS

Everything we do, we do for our customers. They too will be feeling the effects of the slowdown in the economy, and so we continue to strengthen our open and honest two-way communication with

them. By better understanding our customers' pain points, we will continue to enhance our existing services and build better property intelligence solutions for the future.

This work continues with the implementation of a new operating model across both the operation and technical aspects of our customer interactions, with feedback gained from recent customer surveys and workshops that provide guidance.

We will continue to invest in our consumer and business based digital products and services of the future as a key part of the QV strategy. We will increase our investment in artificial intelligence, automation and infrastructure to diversify and grow our revenue streams. Exploring critical data sets and partnerships relating to climate change will be a focus, as well as leveraging off our current products and relationships.

IMPACTS ON REVENUE

In these times of economic uncertainty, our independent property intelligence and expertise is needed now more than ever, and so our commitment to delivering more for our customers remains unwavering.

Despite ongoing capacity constraints that we are working hard to alleviate, we remain cautiously optimistic about our future revenue predictions and will continue to maintain strong governance processes and controls around the capital expenditure approval process and monitoring the delivery of projects to scope, time and budget.



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
- › Carbon emissions

Gross margin
PREQUAL rating
Reduction target

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
- › Developing future property experts

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):

	FY24 SCI \$'000	FY25 SCI \$'000	FY26 SCI \$'000
Consolidated shareholder funds	14,692	15,569	15,749
Total assets	25,743	27,043	25,773
Ratio	57.1%	57.6%	61.1%

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 2024 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 2022 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	FY24 SCI \$'000	FY25 SCI \$'000	FY26 SCI \$'000
General				
1	3 Revenue	41,548	42,803	44,457
	EBITDA	2,523	4,128	4,244
	Profit after taxation and impairment and before capital gains and dividends	343	1,069	734
	Profit after taxation and impairment/revenue	0.8%	2.5%	1.7%
Shareholder returns				
	Dividend yield (dividends paid/average commercial value)	2.0%	0.8%	2.3%
	Return on equity (NPAT/Ave equity) (excl abnormal items and capital gains)	2.3%	7.1%	4.7%
	Total shareholder returns	2.0%	0.8%	2.3%
Profitability and efficiency				
	Return on capital employed (EBIT/ave debt + equity)	2.2%	8.7%	6.0%
2	Operating margin (EBITDA/revenue)	6.1%	9.6%	9.5%
Leverage/solvency				
	Gearing ratio (net debt/net debt + equity)*	(77.2%)	(110.8%)	(130.5%)
	Interest cover (EBIT/net interest)**	NMF	NMF	NMF
	Debt to EBITDA	(161.8%)	(156.6%)	(182.1%)
Growth				
	Capital replacement	135.2%	74.3%	62.8%
	Revenue growth	6.6%	3.0%	3.9%
	Underlying EBITDA growth	(32.7%)	63.6%	2.8%

* Gearing is negative as QV has a net cash position.

** No meaningful measure as QV has no interest bearing debt and receives interest income.

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 our people 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	2024	2025	2026
1 3	Customer Net Promoter Score*	+25	+26	+28
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
2	Carbon emissions (tons of carbon dioxide equivalent)	1,055	987	920
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	+31	+32

*this measure has been widened to include more QV product and service lines and the target has been adjusted to reflect the new benchmark

These measures are either at the maximum or very high levels compared to the maximum achievable.

SOCIAL AND GOVERNANCE 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 motu 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.

PEOPLE 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. We will continue to take appropriate actions to close and report on our gender pay gap.
- 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 members of the Board. The Committee assists the Board to ensure a working environment and culture where QV can fulfil its overarching responsibilities. It 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

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.

	FY24 SCI \$'000	FY25 SCI \$'000	FY26 SCI \$'000
Foundational, risk and best practice tools & systems	250	120	130
Revenue & product development initiatives	750	390	440
Cost optimisation & productivity initiatives	1,933	1,490	1,480
Total capital investment	2,933	2,000	2,050

DIVIDEND POLICY AND ESTIMATED NORMAL DIVIDEND TO THE CROWN

QV's policy is to distribute to its shareholder a dividend payment of between 40% and 60% of underlying net profit after tax, based on audited year end results. QV ordinarily declares a dividend annually and this is usually paid in the 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 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 with the tightening economy, the additional resources required to consistently deliver high quality rating services, and the capital investments required following the lower levels of investment over the last 3 years.

Based on these considerations, the following dividends have been assumed in the financial plan.

	FY24 SCI \$'000	FY25 SCI \$'000	FY26 SCI \$'000
Estimated Normal Dividend to the Crown (alongside estimated capital expenditure plans)	482	186	548

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.

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:

	FY24 SCI \$'000	FY25 SCI \$'000	FY26 SCI \$'000
Book Value of Crown Investment in QV			
Forecast net asset value as at 30 June	14,692	15,569	15,749

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 2023 in the range of \$22.7m to \$26.1m, with a midpoint of \$24.3m. After adjusting for the net cash of \$8.1m, the value of the shares is in the range of \$14.6m to \$17.9m, with a midpoint of \$16.2m.

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 and half-yearly reports will be submitted in accordance with sections 15 and 16 of the SOE Act 1986.

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.

Consultation and Subsidiary & Associated Companies

CONSULTATION AND APPROVAL FOR CAPITAL INVESTMENT DECISIONS

Seek approval

For capital investments that are not major transactions, as defined in s129 of the Companies Act 1993, but require additional equity from the Crown and/or where the company proposes to change its dividend policy to fund the investment, approval will be sought from shareholding Ministers prior to undertaking the investment.

Consultation

For any other transactions or series of transaction that are substantial (defined as 20% or more of the net assets of QV prior to the transaction) and not contemplated in the business plan, QV will consult with Ministers before committing to such transactions including:

- › where the investment falls outside the nature and scope of QV's activities as defined in our SCI or involves diversification; or
- › overseas expansion or investment outside of Aotearoa New Zealand or Australia; or
- › meets the criteria for consultation if set by shareholding Ministers in the letter of expectations.
- › the sale or otherwise disposal by QV or any subsidiary, 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.
- › Where QV intends to 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.

Inform

QV maintains a "no surprises" approach with its Shareholding Ministers and their representatives, Treasury, which will include timely communication around capital and investment decisions.

SUBSIDIARIES

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.

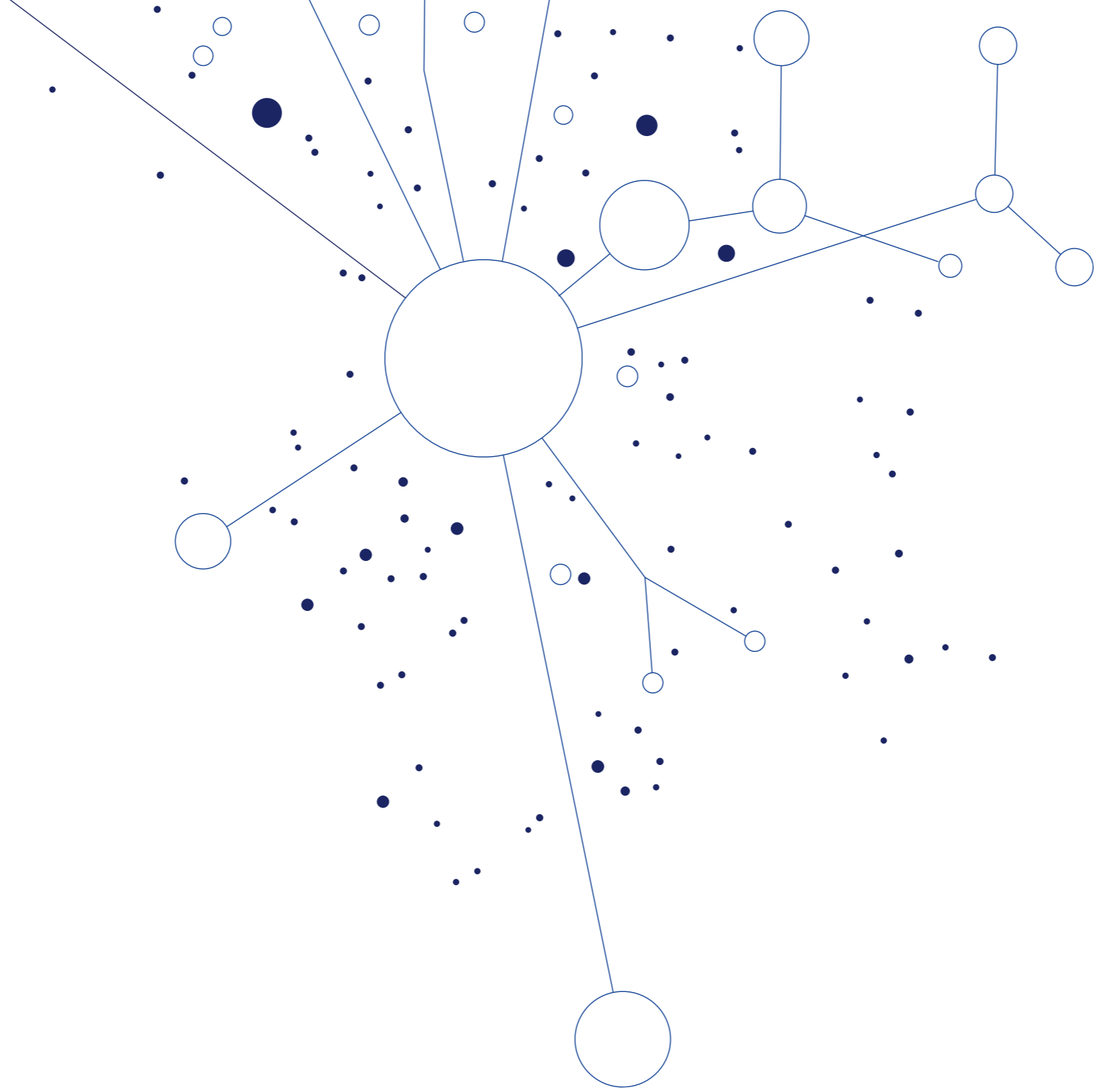
Commercial Valuation Model Disclosure Statement

The Board's estimate of the current commercial value of the Crown's equity in QV is in the range of \$22.7 million to \$26.1 million. If a single value is required, a value in the middle of the range is appropriate, being \$24.3 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 14.75% was used for the QVA valuation. These were varied by +/- 1.00% to determine the valuation ranges. 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 3.75 to 4.75 times was used for QV and a multiple range of 5.0 to 6.0 times EBITDA was used for QVA.
- › The current commercial value of the Crown's investment of \$24.3 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 of \$16.2 million and adding cash (net of debt) of \$8.1 million.
- › This valuation compares with a mid-point commercial value of \$26.7 million and an enterprise value of \$20.4 million as at 30 June 2022. The \$4.2m downward movement in QV's enterprise value reflects the increased cost to deliver services, particularly rating valuations, and the decline in comparable EBITDA valuation multiples applied in determining QV's valuation.
- › The mid-point discount rate used in the DCF approach for QV remained unchanged and for QVA increased by 0.25%. The multiple range used in the earnings capitalisation approach for QV decreased from 5.0 - 6.0 to 3.75 - 4.75 times and QVA remained unchanged from last year.

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



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