



Statement of Corporate Intent 2019-2021





**We're at the heart
of a dynamic property
ecosystem – our insight
helps New Zealanders
make decisions everyday**



Our insights help

Kiwis achieve their dreams





We are passionate
about supporting local communities



**We have
nationwide
coverage**

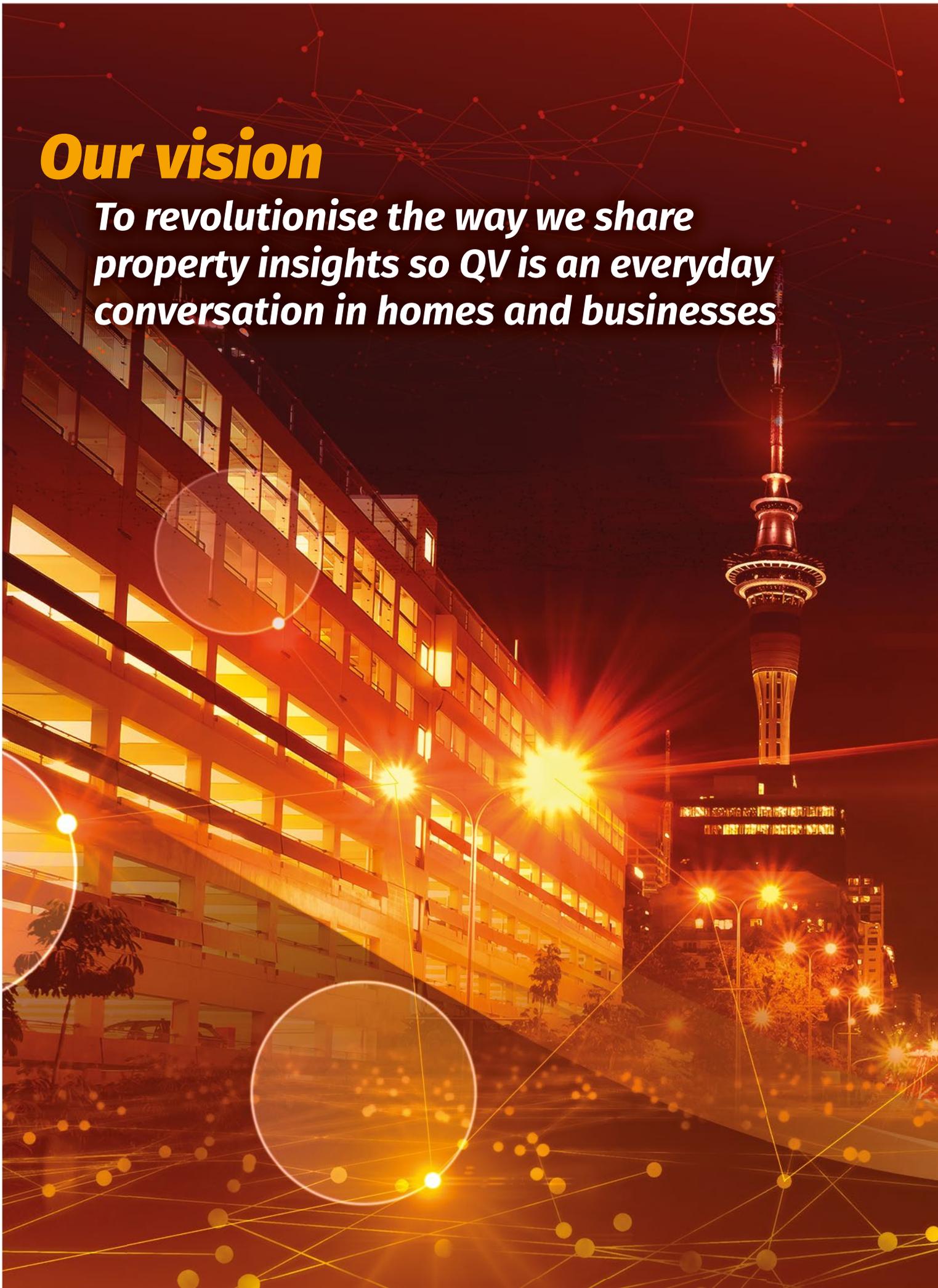


**across New
Zealand and
in New South
Wales, Australia**



Our vision

***To revolutionise the way we share
property insights so QV is an everyday
conversation in homes and businesses***



QV STATEMENT OF CORPORATE INTENT 2019-2021

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Helping people make better decisions using property information.

QV – A market-leading property information business

QV is the market-leading property information provider in New Zealand. We have a proud history of delivering reliable, consistent and independent valuation advice and property insights for more than 120 years.

We are one of New Zealand’s most recognised property brands, with strong trust and credibility and one of New Zealand’s most comprehensive property databases. We deliver property data, insights and industry-leading solutions to the residential, rural, government and commercial sectors in New Zealand and Australia.

We remain the largest provider of rating valuation services to councils in New Zealand and employ the largest nationwide team of registered valuers.

We are committed to delivering a great customer experience, quality, timely insights, shared efficiency gains, and ongoing innovation. We take a collaborative and consultative approach, offering fresh thinking, next generation technology and a focus on improving how we serve up relevant information and provide cost-effective services.

This Statement of Corporate Intent is submitted by the Board of Directors of QV and has been prepared in accordance with section 14 of the State-Owned Enterprises Act 1986 (the SOE Act). It sets out QV’s objectives and priorities for the financial year commencing 1 July 2018.

Our Inputs



Our Vision

We want to revolutionise the way in which we share property insights...

Our Values



Enabling better decision-making (investment decisions, first home, renovations)



Helping councils invest in local communities



Funding public services

Our Purpose

We help New Zealanders make

Our Strategy

Innovation

Collaboration

Our Vision

To revolutionise the way New Zealand property information is shared and experienced.

Our Purpose

To help people make better decisions using property information.

Our Objectives

The principal objective of every SOE, as defined by the SOE Act, is to be a successful business and to:

- › Be as profitable and efficient as comparable businesses
- › Be a good employer
- › Exhibit a sense of social responsibility.

As an SOE, we have an important responsibility and a proud history supporting New Zealanders and our local communities – from providing dividends used for the good of all New Zealanders, to added value delivery of accurate and relevant property information. This information is used to make a range of decisions and we have a vital role in enabling better ones to be made that result in maximum social value.

We are committed to:

- › Operating as efficiently as possible
- › Developing and maintaining strong strategic relationships
- › Personalising our services and delighting our customers
- › Growing our existing customer base
- › Being commercially successful
- › Delivering ongoing innovation with associated digital products and services
- › Supporting our communities.

...so QV is an everyday conversation in homes and businesses.

Our Outcomes



Providing thought leadership and innovation to the New Zealand property sector



Driving behaviour change



Protecting our future (Valuations used for insurance, bank lending etc)



Using data to build our future

better decisions using property information

High-Value Analysis

Digitisation

Reliable



Informative



Agile





Our Strategy

QV plays an integral role in the delivery of property information and insights. There are opportunities for us to leverage our core capabilities and have a significantly more central role in connecting the property information experience to support New Zealand and our communities in becoming more informed.

Customer centric *We put ourselves in our customers' shoes.*

The New Zealand property industry will become increasingly connected in the future. Real-time property information will become the norm and customers will expect up-to-the-minute, customised information when and how they want it. Insights will become increasingly important – as people need help making sense of vast amounts of data. Digital interactions will continue to grow and traditional services will change.

We are repositioning ourselves for a connected future by taking a wider customer view to help New Zealand in an emerging digital world. We have started our transformation programme, developing our next generation technology platform to enable our growth as a customer-led, innovative expert in property information and insights.

Our aim is to be:

- › Embedded into everything property
- › The first place people go for property information
- › Everywhere people want property information.

Our access to unique data, combined with our high-value consultancy and knowledge, will allow us to provide improved customer value as we share and connect data, tools and insights that will help our customers achieve their goals.

To ensure our success we are:

- › Building on our strong core
- › Shaping our dynamic edge
- › Connecting property information.

We are expanding our opportunities for new value by creating new customer experiences while growing our people, re-engineering our processes and reshaping our technology.

Our Market

QV operates in a fast-changing environment and is affected by economic changes and shifts in social behaviour and demographics. The way people engage with data, insights and information is changing, as are the future technologies that support it.

Property plays an important part in the New Zealand economy and we have seen continued value growth over the last year. A relatively high level of immigration combined with low interest rates has resulted in increased property demand. This, coupled with low supply, has led to value increases across many parts of New Zealand. This trend is reflected in

our most recent QV House Price Index figures, which show the average value of housing in New Zealand increased by 6.9% year-on-year (as at May 2018).

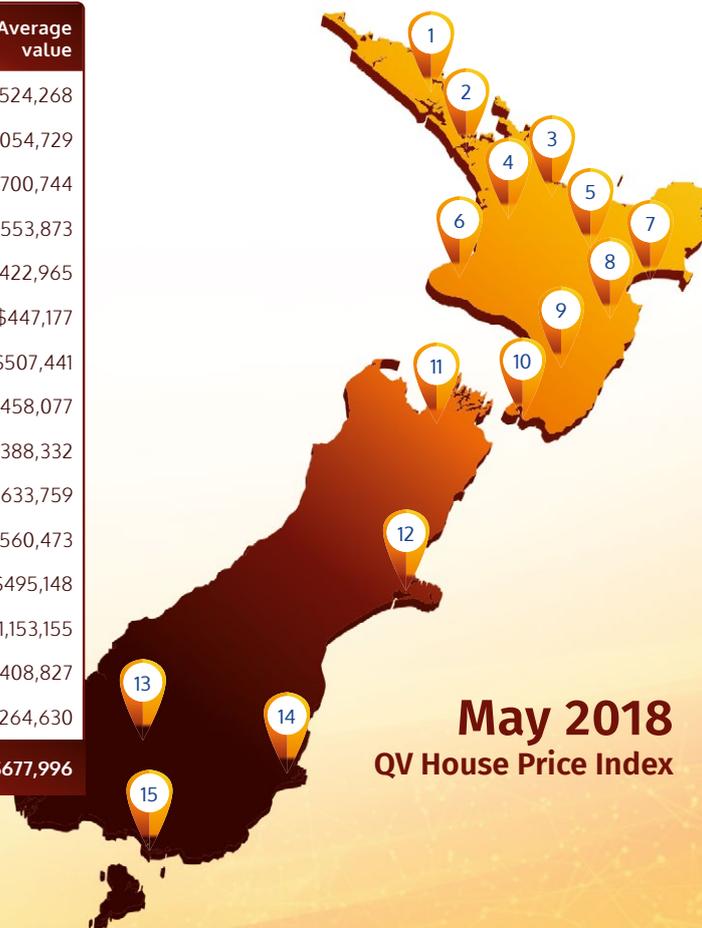
Most regional areas have experienced significant growth over the past year. This is partly due to the growing trend of people seeking better value housing and a different lifestyle away from our main centres. Local economies are performing well and this is also supporting regional value growth.

While there are signs of the economy slowing, we expect to see the appetite for properties and

information continue. Whether for people buying their first homes, councils deciding what infrastructure is needed to support their communities or businesses looking where the next areas of growth will be, the demand for information and insights will remain.

We know the information people are after, and how they want to access it, is becoming more digital and a range of options is available to them. New, aggressive players are entering the market, and this means customers can engage with multiple sources and interpret the data themselves.

		12-month change	Average value
1	Whangarei	8.5%	\$524,268
2	Auckland Region	1.0%	\$1,054,729
3	Tauranga	2.6%	\$700,744
4	Hamilton	3.1%	\$553,873
5	Rotorua	7.2%	\$422,965
6	New Plymouth	6.5%	\$447,177
7	Napier	16.3%	\$507,441
8	Hastings	10.7%	\$458,077
9	Palmerston North	8.7%	\$388,332
10	Wellington Region	4.3%	\$633,759
11	Nelson	6.2%	\$560,473
12	Christchurch	0.0%	\$495,148
13	Queenstown Lakes District	9.6%	\$1,153,155
14	Dunedin	9.4%	\$408,827
15	Invercargill	8.8%	\$264,630
New Zealand		6.9%	\$677,996



May 2018
QV House Price Index



Partnerships are key to developing collaborative relationships that deliver mutual benefits.

Our Next Generation Services

Digital technology has changed the environment and this presents new opportunities and challenges. QV has a history of leading property industry innovation and we see a very different future ahead. This is why we are promoting a culture that encourages our people to think differently, embrace new ways of working and challenge the status quo.

Our renewed focus for the next three years is to reshape our customer offerings and services. We are delivering this through continued investment in next generation information systems and putting our customers' needs at the forefront of our business.

By building on our new technology platform we will deliver unique data, wider actionable insights, greater self-service options, and targeted modular tools and services.

We will partner and integrate with the property 'ecosystem' to drive mutual benefit by the co-creation of products and services.

We continue to build on our strong core. With over 120 years of experience in delivering property information to our customer base, we are leveraging off our unique mass appraisal capability as well as the value our people add with their knowledge and insights. This combination brings a strong offering and technology will change the value we could add to our core customers.

In Australia, we will continue to strengthen our core by building on our established reputation and leading position in New South Wales in the provision of rating and taxation valuation services.

For Darroch, the priority is to continue to build our capability and to strengthen our customer relationships. We are focusing on the future and adding value to our customers and shareholder (QV).

Our Value to New Zealand

QV will continue to extend our support to New Zealand by:

- › Contributing to New Zealand's economic growth
- › Helping communities get the services they need
- › Creating mutually beneficial two-way relationships with customers and partners
- › Being a dynamic expert
- › Remaining a custodian and curator of important New Zealand data for use
- › Supporting and training the next generation of property professionals.

Nature and Scope of Activities

	Core Services	Customers
	Home market valuation, insurance (rebuild) valuations	Residential home owners, financial service providers, corporates and government
	Rating valuation assessments	Local government (New Zealand)
	Rural market valuation	Rural sector
	Mobile property app accessible on smartphones/devices	Consumers, professionals
	Online submission of property sale notices	Professionals (lawyers, councils)
	Building costs data and information	Building and property professionals
	Rating and land tax valuations	State and local government
	Asset valuations for financial reporting purposes	
	Insurance valuations	
	Valuations for acquisition, disposal or refinancing	
	Rental/lease assessment and determinations	
	Just terms compensation valuations	
	Property and asset valuations	Government, commercial and industrial organisations
	Property management services including lease management and negotiation, tenant liaison and communication, property maintenance and financial management and reporting	Private property owners

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):

	30 June 2019	30 June 2020	30 June 2021
	\$'000	\$'000	\$'000
Consolidated Shareholder Funds*	7,804	7,978	8,717
Total Assets**	16,515	17,352	18,041
Ratio	47%	46%	48%

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

** Total Assets means the sum of all current assets, goodwill, investments and fixed assets as set out in the financial statements.

Accounting Policies

The accounting policies recognised by the External Reporting Board (XRB) for the measurement and reporting of financial performance and financial position are adopted by QV. Accounting records are maintained in conformity with the requirements of the Companies Act 1993 and the Financial Reporting Act 2013.

The general accounting policies adopted by QV in preparing financial statements under NZ IFRS are as follows:

- › The measurement base is historical cost, modified to include amortisation of those assets by either periodic charge or impairment loss.
- › Reliance is placed on the assumption that QV will continue as a going concern.
- › Income earned and expenses incurred are matched in accordance with accrual accounting principles.

The annual financial statements indicate whether the general or particular accounting policies are applied on bases consistent with previous years. Any change in policy will be explained.

Particular accounting policies under NZ IFRS are outlined in Appendix 1.

Financial Performance Targets

Financial assumptions reflect the transformational phase (and benefits) of the proposed technology spend, business plan strategy and customer focus. Revenue projections reflect both the traditional cycle of rating services and the changing mix of services as the business transforms.

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

	30 June 2019	30 June 2020	30 June 2021
General	\$'000	\$'000	\$'000
Revenue	35,508	36,784	38,097
EBITDA	2,137	3,460	4,747
Profit after Taxation and Impairment and before Capital Gain and Dividends	405	1,374	2,339
Profit after Taxation and Impairment/Revenue	1.14%	3.73%	6.14%
EBIT/Tangible Assets (excl Abnormal Items/Capital Gains)	8.81%	28.79%	51.23%

Shareholder Returns

Normalised Total Shareholder Return (Normalised End Equity-Start Equity+Ordinary Dividends-Equity Injected/Ave Commercial Value)	2.24%	7.59%	12.92%
Normalised Dividend Yield (Ordinary Dividend Paid/Ave Commercial Value excluding special dividend)	3.87%	6.63%	8.84%
Ordinary Dividend Payout (Ordinary Dividend Paid/Current Year Operating Cash Flow) (Note – Refer to Dividend Policy on page 11)	24.66%	34.82%	38.86%
Return on Equity (NPAT/Ave Equity) (excl Abnormal Items and Capital Gains)	5.10%	17.41%	28.02%

Profitability and Efficiency

Return on Capital Employed (EBIT/Ave Debt+Equity)	6.44%	19.03%	29.95%
Gross Margin (Gross Margin/Revenue)	46.23%	48.80%	51.39%
Operating Margin (EBITDA/Revenue)	6.01%	9.40%	12.45%

Leverage/Solvency

Gearing Ratio (Net Debt/Net Debt+Equity)	7.93%	10.74%	10.22%
Interest Cover (EBIT/Net Interest)	10.10	26.52	37.34
Solvency (Current Assets/Current Liabilities)	105.27%	99.08%	89.20%

Under NZ IFRS, goodwill and intangibles with an infinite useful life are impairment tested on an annual basis. Intangible assets with a finite useful life are amortised over the estimated useful life of the asset.

Definitions for the financial performance targets above can be found at the following link:
<http://www.treasury.govt.nz/statesector/commercial/guidance/fpm-soes.pdf>

Non-Financial Performance Targets

- › Improve our customer Net Promoter Score (NPS) year-on-year. NPS is a recognised management tool that can be used to gauge the loyalty of QV's customer relationships.
- › Provide property information to the New Zealand open source data set. This includes media releases and information via digital platform/s.
- › Provide Rating Valuation Education to council rate payers to improve their understanding of the rating base.
- › Enhance the credibility of our brand by maintaining the results that QV achieves in being recognised for providing independent information and improve the trust in QV's information.
- › Provide scholarships to graduates coming out of universities to bring new thinking and help New Zealand grow property professionals.
- › Offer flexibility of working hours and working locations to provide work-life balance.
- › Reduce our impact on the environment by reducing the spend per FTE on air travel, fuel, electricity and paper.

Focus	2018 Forecast	2019 Target	2020 Target	2021 Target
Customer				
Rolling 12-month Net Promoter Score*	62%	64%	65%	66%
Data and insights freely available on a quarterly basis		Meet	Meet	Meet
Valuation Education available during revaluation period		Meet	Meet	Meet
Brand Credibility				
QV provides independent information	72%	72%	73%	74%
Trust QV's information	67%	68%	69%	70%

People

Scholarships	3	Maintain	Maintain	Maintain
Flexibility available to at least 20% of QV people		Meet	Meet	Meet

Environmental

Air travel, fuel, electricity and paper (per FTE)	\$3,547	\$3,370	\$3,200	\$3,040
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* 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).

Personnel Policies

QV values its people and seeks to be a fair and effective employer. 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 employees and providing:
 - Open and effective two-way communication with employees
 - Operation guided by social responsibility, values and ethics
 - A safe and secure workplace for our people
 - Equality of opportunity irrespective of race.

Capital Investment and Intellectual Property

QV will continue to invest in intellectual property, technology, core business and new products over the next three years. This is fundamental to meeting strategic goals and business plan objectives and positioning QV for its future state beyond 2021.

	30 June 2019	30 June 2020	30 June 2021
	\$'000	\$'000	\$'000
Operating Software Development (Capital Spend)	360	260	260
Data/Digital Services (Capital Spend)	2,000	2,200	2,200
Product Software Development (Capital Spend)	2,360	2,460	2,460

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 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 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 and nature of the business.

	30 June 2019	30 June 2020	30 June 2021
	\$'000	\$'000	\$'000
Estimated Normal Dividend to the Crown (alongside estimated capital expenditure plans)	700	1,200	1,600
Estimated Normal Dividend/Estimated Previous Year Operating Cash Flow	30%	42%	46%

The three-year business plan for QV assumes capital investment to derive future growth and this is reflected in estimates for dividends and debt levels. The dividend pay-out ratio is therefore estimated at 30-50% of operating cash flow (lower than 50-60%) over the forecast period to 30 June 2021. If the Board believes that the dividend payment cannot be sustained in any period, submissions will be made to the shareholder accordingly. Gearing covenants are based on a net debt basis and are reported to the Treasury each month.

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:

	30 June 2019	30 June 2020	30 June 2021
	\$'000	\$'000	\$'000
Book Value of Crown Investment in QV			
Forecast Net Asset Value as at 30 June	7,804	7,978	8,717

The Board considers that the net asset values understate the value of QV, which as a professional services company retains significant value in its customer base, people and systems. A Valuation Disclosure Statement is attached in Appendix 3. In summary it gives an estimate of the current commercial value of the QV business as at 30 June 2018 in the range of \$12.7 million to \$16.0 million. After adding net cash of \$0.786 million, the value of the shares is in the range of \$13.4 million to \$16.8 million, with a mid-point of \$15.1 million.

Our Corporate Social Responsibility

QV's data and values have a critical role in the New Zealand property market. Almost the entire property market in New Zealand makes reference, at some stage, to the values we calculate. We have a central role in giving New Zealand the confidence to make property decisions. We also try and make the information readily 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 employees, our customers and our environment. QV's health and safety programme ensures our people have a safe working environment, and our wellness programme gives our people the opportunity to achieve a good work-life balance. We also have programmes in place to reduce electricity and fossil fuel use.

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.

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.

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 along with responses to the Shareholder's Letter of Expectation and any other appropriate information.

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 2. 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.

Appendix 1

Particular Accounting Policies Under NZ IFRS

The following particular accounting policies which materially affect the measurement of financial performance and financial position are applied for the years ending 30 June 2018 and onwards.

a) Accounting Period

The financial statements cover the performance and position in respect of the financial year ending 30 June.

b) Revenue

The Group derives revenue through the provision of services to third parties and income from investments.

Revenue is measured at the fair value of the consideration received/receivable. Partially completed services are valued on a time and cost basis excluding costs deemed not collectible.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

c) Current Assets

Accounts receivable are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Work in progress is work undertaken but not invoiced at month end.

d) Fixed Assets

Property, plant and equipment are stated at cost less depreciation and impairment losses.

e) Intangible Assets

Goodwill and intangible assets with an infinite useful life are impairment tested on an annual basis.

Finite intangible assets are amortised on a straight-line basis over the useful life of the intangible asset.

f) Distinction between Capital and Operational Expenditure

Capital expenditure is defined as all expenditure on the creation of a fixed asset, and any expenditure which results in a significant improvement of the original formation of a fixed asset.

Operational expenditure is defined as expenditure which restores an asset to its original condition and all expenditure incurred on maintenance and operations.

g) Depreciation

Fixed assets are depreciated using a basis that reflects the consumption of benefits of the asset in order to reduce the value of the assets to their estimated residual value over their useful life.

Once the recognition criteria of NZ IAS 38 'Intangible Assets' are met then directly attributable costs incurred in order to create, produce and prepare software assets for operation as intended are capitalised. Intangible assets are amortised over their useful life using a method that best reflects the future economic benefits of the asset.

The annual depreciation and amortisation rates shown below are considered appropriate for each classification of asset:

Asset Class	Accounting Rate	Tax Rate
General Software	15-33% SL	50% DV
General Hardware	25% SL	50% DV
QIVS	15% SL	50% DV
Office Equipment	33% SL	40% DV
Furniture and Fittings	15% SL	16% DV
Leasehold Improvements	33% SL	9.5% DV
Motor Vehicles	20% SL	30% DV

The remaining useful lives of assets are reviewed periodically, and the annual depreciation charge is adjusted where necessary.

h) Taxation

The income taxation expense charged against surpluses includes both current and deferred taxation, and is calculated after allowing for non-assessable income and non-deductible costs.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

i) Leases

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to Quotable Value Limited are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the term of the lease in the Consolidated Statement of Comprehensive Income.

j) Financial Instruments

The Group is a party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term deposits, debtors, creditors and loans. All financial instruments are recognised in the balance sheet and all revenues and expenses in relation to financial instruments are recognised in the Consolidated Statement of Comprehensive Income.

Non-derivative financial instruments include trade and other receivables (excluding prepayments), cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value on the date the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised if the entity's contractual rights to the cash flows from the financial assets expire or if the entity transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

Financial liabilities are derecognised if the entity's obligations specified in the contract expire or are discharged or cancelled.

k) Statement of Cash Flows

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Group invests as part of its day-to-day cash management.

Operating activities include cash received from all income sources of the Group and record the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt capital structure.

Appendix 2

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.

Appendix 3

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 \$13.4 million to \$16.8 million. If a single value is required, a value in the middle of the range is appropriate, being \$15.1 million.

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

- › QV and Darroch were valued separately. Each business was valued using both the discounted cash flow (DCF) and capitalisation of earnings approaches.
- › A mid-point discount rate of 11.6% p.a. was used in the QV DCF valuation, and a mid-point discount rate of 20% p.a. was used for the Darroch valuation.
- › An EBITDA multiple range of 5.5 to 6.5 times was used for QV, and a multiple range of 3.0 to 4.0 times EBITDA was used for the Darroch valuation.
- › The current commercial value of the Crown's investment of \$15.1 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 Darroch (\$14.3 million) and adding cash (net of debt) of \$0.8 million.
- › This valuation compares with a mid-point valuation as at 30 June 2017 of \$18.1 million. The decline in equity value of \$3.0 million reflects a deterioration of QV's net financial position of \$3.1 million (i.e. \$2.3 million cash decrease and \$0.8 million debt increase) offset slightly by a modest increase in the enterprise value. The mid-point discount rate used in the DCF approach and the multiple range used in the earnings capitalisation approach are unchanged from last year.

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





