Appendix 2 - Bank and Tertiary Education Commission (TEC) financial ratios and limits

Bank financial undertakings:

Group Coverage Total tangible assets of the University Group))	Must be not less than 90% of the Tangible assets of the Consolidated Group
Interest cover ratio (EBIT to net interest expenses)	Net interest expenses must not be less than 1.75x. Calculated on a rolling 12-month basis, tested semi annually
Leverage ratio (Net debt / net debt plus equity	Must be not more than 35%. Tested on a quarterly basis

Secretary of Education Borrowing Consent Covenants:

TEC Breach Covenants
The Ministry of Education consent establishes a number of key ratios which the University must operate within or will be considered "in breach" of the consent conditions.

Minimum EBITDA levels

Year	2023	2024	2025	2026	2027	2028	2029-2032
Minimum EBITDA ($ million)	$31.0	$43.0	$47.5	$51.0	$52.0	$57.0	$59.0

EBITDA is defined for the purposes of this consent as earnings (less interest revenue and donations) before interest expensed in the statement of financial performance, income tax (if any), depreciation and amortisation.

Liquidity ratio (non-trust cash and cash equivalents plus any undrawn committed borrowing facilities/ cash outflow from operations	At least 5.0% at year-end each year consent remains in place

If any of the conditions within the consent are breached the Secretary may, after consulting with the University and the TEC, do one or more of the following:

a) Require the University to take any particular action in response to the breach; or
b) Amend the terms of the consent and any of the conditions of the consent; or
c) Rescind the consent and substitute a new consent.

Monitoring and reporting conditions
The University is required to provide a quarterly monitoring report to the TEC that covers:

a) Actual year to date EBITDA (including variance to budget), any full year re forecasts, and the most current future two-year forecast.
b) Actual EFTS (domestic and international split by Campus and faculty) including any full year re forecasts and the most current future two-year forecast.

c) Actual year to date cash flow from operations, including any full year re forecasts and the most current future two-year forecast.

d) Actual available liquidity, including cash balances, total borrowing and interest payment expenses. This should include the forecast position for the next quarter, the yearend view and forecast for the coming year.

e) An update on in-progress capital projects larger than $5 million including the currently estimated cost to completion and any material implementation issues encountered.

f) Any other items the University would consider relevant that would help the TEC understand the current operating position and short-term forecasts. This should include, but not be limited to notifications required under Clause 28 of this Consent, EFTS/FTE ratios and any other assumptions that are going to lead to improvement in the University's financial performance.

The monitoring reports should be provided to TEC three times per year, and as soon as reasonably practicable, but no later than 16 working days following 30 April, 31 August, and 31 December. If this date is unachievable, then a mutually acceptable date can be agreed between the University and the TEC.

If at any time the University reports or forecasts the full year EBITDA result to be less than $2 million above the breach requirement set out in Table 2, the University will provide additional commentary within the monitoring report, outlining what is impacting profitability forecasts, the current operational impacts of lower EBITDA and cash flow, and what plans are either being implemented or plan to be implemented to increase EBITDA.