

Date: Monday 30 June 2025
Time: 9:00 a.m
Venue: Council Chamber, Dunedin Public Art Gallery, The Octagon,
Dunedin

Council
DUNEDIN CITY HOLDINGS GROUP COMPANIES
STATEMENTS OF INTENT 2025/26

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**DUNEDIN CITY HOLDINGS LIMITED**

Report

TO: Dunedin City Council

FROM: Tim Loan, Chair
Peter Hocking, General Manager

DATE: 18 June 2025

SUBJECT: DCHL Group Statements of Intent for the Year Ending 30 June 2026

SUMMARY

This report accompanies the Statements of Intent (SoIs) for the Year Ending 30 June 2026 (FY2026) of Dunedin City Holdings Ltd (DCHL) and its subsidiary and associate companies.

SoIs are now presented to Dunedin City Council (Council) for agreement, as per s65(2) of the Local Government Act 2002.

BACKGROUND

1. Council Controlled Organisations (CCOs) are required to prepare SoIs in accordance with the Local Government Act 2002.
2. Draft 2025/2026 SoIs of DCHL and subsidiary and associate companies were submitted to Dunedin City Council on 1 March 2025 and received at the 12 March 2025 meeting of the Finance and CCOs Committee. This was followed by a workshop on 1 April 2025.
3. DCHL did not receive formal written feedback from Council this year but we have endeavoured to faithfully answer and respond to queries raised in those meetings.
4. Since submission of draft documents, DCHL and group companies have completed their annual budgeting and forecasting processes. The final SoIs reflect updated financial forecasts and updated dividend forecasts (in line with agreed dividend policies).
5. Final SoIs have now been adopted by the boards of DCHL and its subsidiary and associate companies and are presented to Council for agreement in accordance with s65(2) of the Local Government Act.

DISCUSSION

Changes from draft Statements of Intent

6. Since the draft group company Statements of Intent were submitted to Council on 1 March 2025, these documents have been updated for the following:
 - Financial forecasts;
 - Dividend forecasts; and
 - Any specific matters highlighted below, in this report.

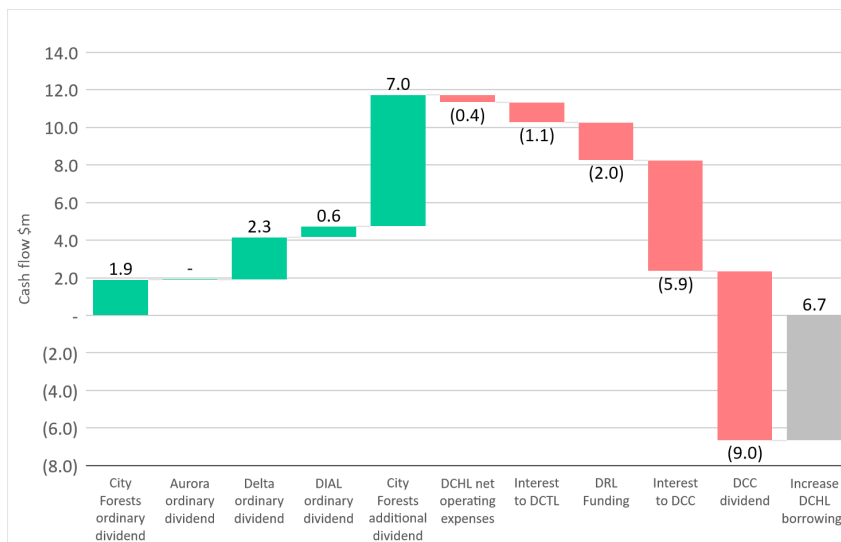
Financial forecasts

7. All SoIs have updated financial forecasts as companies have now completed budget setting and approval processes.
8. DCHL is forecasting group net profit before tax of \$35m (including share of associate earnings from Dunedin Airport) in the year ending 30 June 2026. This represents an increase of approximately \$11m on the forecast net profit for the current year.
9. Most of this increase reflects growth in earnings from Aurora Energy, the group's largest investment. Earnings continue to grow, reflecting the regulated return on elevated capital investment in the network over recent years, which is forecast to continue for the foreseeable future.
10. City Forests is forecasting similar profits to the current year, noting continued softness in key markets. Delta is forecasting an improved result on the current year but work continues to lift returns to acceptable levels.

Dividend forecasts

11. DCHL acknowledges Council's request, in the Letter of Expectation, for a dividend from DCHL to Council of \$11.0 million in the 2026 financial year, which has since been modified to \$9.0 million by Council's 28 January 2025 resolution, which included a direction to DCHL to fund DRL track maintenance of \$2.0m.
12. DCHL's SoI forecasts our intention to meet Council's requests, in addition to paying \$5.9 million to Council in interest on the shareholders' advance. However, the DCHL board highlights that dividends to DCC and equity injections to DRL will be largely funded by additional dividends from the continued capital restructure of City Forests Limited and increased borrowings by DCHL. DCHL notes Council's desire for consistent, sustainable dividends year on year. With this in mind, DCHL is utilising borrowings in the short and medium term to smooth dividend flows to Council, pending the resumption of dividends from Aurora Energy. DCHL's projections indicate that additional borrowings may not be fully repaid until 2033.
13. As noted by Council previously, Aurora Energy is delivering strong capital growth but, during this phase, is limited in its ability to distribute earnings by way of cash dividends. Since FY2018, Aurora Energy has paid no dividends due to elevated capital expenditure requirements as it has focused cash on reinvestment in its network assets. No dividends to DCHL are forecast in FY2026, but dividends from Aurora are expected to resume from FY2027 and will be material to meeting Council's ongoing dividend expectations. As highlighted to Council previously, Aurora's capital expenditure programme, driven by network growth requirements and decarbonisation, will drive higher borrowings for the foreseeable future and any dividends will be debt-funded. DCHL and Aurora continue to work together to understand the long-term capacity of the business to meet DCC's dividend income requirements, whilst maintaining acceptable financial ratios.
14. City Forests' draft SoI for FY2026 shows forecast additional dividends of \$7.0m, over and above dividends calculated in line with its dividend policy. This represents the fourth tranche of capital released from the balance sheet of City Forests, following additional dividends to DCHL of \$33.5m from FY2023 to FY2025.

15. The chart below shows the forecast cash flows to and from DCHL in FY2026, noting that dividends to DCC can only be made after meeting \$5.9m of interest on the shareholder advance, interest on external borrowings via DCTL, DCHL's operating costs and any funding required to DRL.



Dunedin Railways Limited

16. DCHL acknowledges Council's resolution on 28 January 2025 to instruct DCHL to provide long-term equity funding to Dunedin Railways and Council's clear support for Dunedin Railways to develop a strategic plan to transition the business from hibernation to operational maturity. Dunedin Railways updated Councillors on progress with the strategic plan in a workshop on 3 June 2025.
17. This support has enabled Dunedin Railways to develop plans and forecasts beyond one year, which are reflected in the revised Statement of Intent for FY2026.
18. Narrative content has been updated to reflect the draft Strategic Plan, especially in respect of the objectives set out in Section 2 of the SoI.
19. Non-financial performance measures in section 5 have been refreshed. These are intended to reflect that the business is in a transitional phase. Accordingly, there is a mix of:
- Outcome measures, such as increasing passenger numbers (in line with the Strategic Plan); and
 - Interim milestone measures, such as completing the long-term strategic plan and a strategic marketing plan – these measures represent key steps that will enable future outcomes for the business and for the city.
20. We anticipate further evolution of performance measures in future periods as the strategy is developed and executed.
21. Section 6 has been updated with three years of financial forecasts, together with some disclosures which highlight some of the key assumptions and inherent uncertainties.

Dunedin Venues and Dunedin Stadium Property

22. Financial forecasts have been updated, following annual budgeting processes, and reflect changes to funding following the recent Venues review and 9-year planning process.

23. Dunedin Venues is forecasting to be profitable across the FY26 to FY28 periods, with funding support in the form of increased event attraction funding from DCC and continued concessions in rent and outgoings payable to DSPL.
24. Dunedin Stadium Property's SoI forecasts term loans remaining flat across the FY26 to FY28 periods. DCHL will continue to work with DCC management around a long-term plan to sustain capital expenditure and repay borrowings.

Non-financial performance measures

25. All group companies remain committed to meeting Council's expectations in respect of emissions and assisting with meeting the city's zero-carbon ambitions:
 - Reducing emissions from each company's own activities and reporting on these; and
 - Exploring and reporting on potential contributions to city-wide emissions reduction goals.
26. Following discussions with the group's auditors, most group companies have chosen to modify the wordings of performance measures in connection with greenhouse gas emissions. Wording changes are intended to avoid ambiguity and inadvertently creating an expectation that quantification is required on the face of the Statement of Service Performance, which is audited alongside the financial statements. As well as providing clarity to readers, clearer wordings avoid additional audit costs and complexity.
27. To be clear, there is no intention to reduce disclosures in the sustainability sections of each company's Annual Report. For example, the environmental and sustainability sections of DCHL's 2024 Annual Report contained eight pages of information, including comprehensive quantification of emissions, progress in respect of emissions and waste reduction strategies and key initiatives. This reporting will continue.

NEXT STEPS

28. The Statements of Intent for the Year Ending 30 June 2026 are now presented to Council for agreement. Once agreed to, Statements of Intent will be made available on the DCC website, in accordance with s64(9) of the Local Government Act.

Tim Loan
CHAIR

Peter Hocking
GENERAL MANAGER

Attached:

Statements of Intent for the year ending 30 June 2026 of:

- Dunedin City Holdings Ltd
- Aurora Energy Ltd
- City Forests Ltd
- Delta Utility Services Ltd
- Dunedin City Treasury Ltd
- Dunedin International Airport Ltd
- Dunedin Railways Ltd
- Dunedin Stadium Property Ltd
- Dunedin Venues Management Ltd



DUNEDIN CITY HOLDINGS LIMITED

STATEMENT OF INTENT
For the Year Ending 30 June 2026

Statement of Intent 2025/26

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Statement of Intent 2025/26

1. INTRODUCTION

Dunedin City Holdings Limited (DCHL) is a Council-Controlled Organisation (CCO) owned by Dunedin City Council (DCC or 'the Council').

DCHL oversees eight subsidiary and associate company investments that provide financial, strategic, economic, community or other benefits to the city. DCHL's portfolio comprises 100% shareholdings in Aurora Energy Ltd, City Forests Ltd, Delta Utility Services Ltd, Dunedin City Treasury Ltd, Dunedin Railways Ltd, Dunedin Stadium Property Ltd and Dunedin Venues Management Ltd. It also owns 50% of Dunedin International Airport Ltd.



This Statement of Intent (SoI) sets out DCHL's planned activities, objectives and financial forecasts for the next three years. It includes performance measures and targets which will be reported against in DCHL's 2026 Annual Report.

2. OBJECTIVES

DCHL's purpose is to achieve the best for Dunedin from its investments. This purpose is supported by more specific strategic objectives and activities, as shown in the company's strategic framework:

To achieve the best for Dunedin from its investments.

STRATEGIC OBJECTIVES

Enhance the value of Council's assets and investment for future generations	Sustainably grow the value of Council's investment portfolio	Provide a sustainable dividend to Council	Contribute to Council's goals for the city	Ensure independence between Council and companies' operations
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ACTIVITIES

Monitor performance of DCHL Group companies, and the portfolio as a whole, to ensure performance (financial and other) is optimised	Provide input on DCHL Group companies' medium to long term strategies	Appoint Directors to DCHL Group companies; appoint Chairs of subsidiary companies	Set expectations through annual Letters of Expectation to DCHL Group companies	Review and approve DCHL Group Statements of Intent (SoIs)	Seek opportunities to create synergies, leverage experience or expertise across DCHL Group, where appropriate
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VALUES

LEADERSHIP	INTEGRITY	STEWARDSHIP	TRANSPARENCY	PRO-ACTIVE
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Statement of Intent 2025/26

In 2025/2026, DCHL intends to focus on active management of its portfolio and provide strategic advice to the Council, as its trusted investment portfolio manager. In this connection, DCHL will:

- Review DCC's draft Investment Framework, and make recommendations on how its investments, including the DCHL trading companies, the Waipori Fund and DCC's investment property portfolio, are governed and managed;
- Noting the 2024 decision to retain ownership of Aurora Energy Ltd, present strategic options on the future composition and direction of the portfolio;
- Actively manage investments in trading companies to deliver total returns, comprising both capital growth and dividend yield, that are appropriate to the sectors in which they operate; and
- Continue to work with DCC in providing dividend forecasts and ensure that DCHL's dividend policy is appropriate and consistent with DCC's investment objectives.

As a Dunedin City Council Group company, DCHL aims to contribute to the Dunedin City Council's strategic framework, including Te Taki Haruru (DCC's Māori Strategic Framework), and achievement of city objectives.

In line with the DCHL Carbon Roadmap, the DCHL Group will reduce emissions and work with DCC to identify and scope further opportunities to contribute to Dunedin's citywide goal to be net zero carbon by 2030.

DCHL will continue to promote and administer the Graham Crombie Intern Director Programme. The programme aims to develop governance capability in Dunedin and broaden the city's pool of emerging directors, offering emerging directors the opportunity to gain experience and insight into governance by working alongside an experienced commercial board.

As a CCO, DCHL also has the following objectives, as defined in the Local Government Act 2002:

- a) achieve the objective of its shareholders, both commercial and non-commercial, as specified in the Statement of Intent; and
- b) be a good employer; and
- c) exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so.

DCHL conducts its affairs in accordance with sound business practice.

3. APPROACH TO GOVERNANCE

DCHL is governed by a board of independent directors appointed by the company's shareholder. Directors meet regularly to direct and control DCHL's proceedings.

The role of a Director of a CCO is defined in the Local Government Act 2002 as "to assist the organisation to meet its objectives and any other requirements in its Statement of Intent."

The DCHL board operates in accordance with accepted best practice.

DCHL holds responsibility for appointing directors to the boards of Aurora Energy Ltd, City Forests Ltd, Delta Utility Services Ltd, Dunedin Railways Ltd¹ and Dunedin Venues Management Ltd. DCHL is also responsible for appointing two of the four directors of Dunedin International Airport Ltd, and for appointing the Chair of Dunedin Stadium Property Ltd.

DCHL makes all appointments in accordance with its procedures. This includes giving consideration to a range of factors, including demographic diversity, location, succession planning, stakeholder and community relationships, whether knowledge of tikanga Māori may be relevant, potential actual or perceived conflicts of interest of candidates, and DCHL's objectives for the relevant board.

¹ DCHL directors are currently appointed to the Board of Dunedin Railways Ltd, as an interim arrangement.

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DCHL are supportive of equal employment opportunities at all levels within the Dunedin City Holdings Ltd Group.

4. NATURE AND SCOPE OF ACTIVITIES

DCHL is responsible for setting the strategic direction of Dunedin City Council's companies as a group, monitoring their operational performance, appointing directors to their boards, providing input to annual planning documents, and providing or withholding approval for transactions where approval is required. These activities are reflected in the company's strategic framework above.

The undertaking by DCHL of any activity of a nature or scope outside of this would be subject to the prior approval of the shareholder.

5. PERFORMANCE TARGETS

The DCHL parent company and/or DCHL group and have the following performance targets:

Strategic Objective	Activity	Target
To encourage and facilitate increased shareholder value of DCHL Group companies	Monitor performance of DCHL Group companies to ensure returns (financial and other) are optimised	<ul style="list-style-type: none"> At each board meeting, DCHL reviews DCHL Group companies' operating and financial performance DCHL Board monitors DCHL Group companies' progress against their SoI targets quarterly
	Seek opportunities to create synergies, leverage experience or expertise across DCHL Group, where appropriate	<ul style="list-style-type: none"> DCHL Board meet with full group of Chairs and Chief Executives twice annually Synergies have been made across the DCHL Group
To take a long term and strategic view of the portfolio, and make proposals to Council on strategic issues	Review DCC Investment Framework	<ul style="list-style-type: none"> Deliver Review of DCC Investment Framework with recommendations
	Monitor performance of DCHL portfolio as a whole to ensure returns (financial and other) are optimised	<ul style="list-style-type: none"> DCHL Board review consolidated DCHL Group financial performance against budget monthly DCHL Board review rates of return for DCHL Group companies DCHL Board provide a quarterly update to DCC's Finance and Council Controlled Organisations Committee on the DCHL Group's performance (financial and other) Deliver at least 2 individual company briefings to Councillors
	Consider strategic issues	<ul style="list-style-type: none"> DCHL Board review the ownership and capital structures of the DCHL Group companies (at least annually) Consider capital expenditure proposals and business cases in accordance with company constitutions and SoIs
	Provide input on DCHL Group companies' medium to long term strategies	<ul style="list-style-type: none"> DCHL Board engage with each group company at least annually on strategy
To promote and support DCHL Group companies' contribution to Council's Strategic Framework and Climate Change and Carbon Neutrality initiatives	Review and approve DCHL Group Statements of Intent for consistency with Council's strategic direction	<ul style="list-style-type: none"> Review draft SoIs by 1 March 2026 Approve SoIs by 30 June 2026
	Set expectations through annual Letters of Expectation to DCHL Group companies	<ul style="list-style-type: none"> Send Letters of Expectation to subsidiary and associate companies by 31 December 2025

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Strategic Objective	Activity	Target
	Monitor performance of the DCHL group in measuring, reporting and reducing carbon emissions and waste	<ul style="list-style-type: none"> Refine and continue to implement DCHL's carbon emissions and waste reduction strategies Measure and publicly report DCHL group Greenhouse Gas (GHG) emissions in our Annual Report for the group Report progress in respect of DCHL Group's carbon roadmap to DCC
To ensure DCHL Group companies have best practice governance, are good employers, and operate in an environmentally and socially responsible way	Appoint Directors to DCHL Group companies; appoint Chairs to subsidiary companies	<ul style="list-style-type: none"> Appointments and re-appointments are all completed on time, and in compliance with DCHL and Council policy
	Ensure companies are good employers, and operate in an environmentally and socially responsible way. DCHL expects Group companies to maintain ongoing focus on health and safety as a top priority.	<ul style="list-style-type: none"> Ensure DCHL Group companies have appropriate policies and procedures in place DCHL Board review DCHL Group companies' (including DCHL) ESG disclosures in their Annual Reports
	Living wage	<ul style="list-style-type: none"> All direct employees of the company and the group are paid at living wage or above
	Health and safety	<ul style="list-style-type: none"> DCHL Board review DCHL Group companies' Health and Safety measures in regular periodic reporting
Communicate with the shareholder on a 'no surprises' basis.	Consult with the shareholder in a timely manner on DCHL Group strategic or operational matters which could compromise the Council's community outcomes.	<ul style="list-style-type: none"> All such matters escalated to the shareholder in a timely manner. DCHL board provide briefings to Councillors on matters of significance as required
	Report to the shareholder within 24 hours of the Board becoming aware of any substantive matter, including any matter likely to generate media coverage.	<ul style="list-style-type: none"> All such matters reported to the shareholder within 24 hours

The DCHL board has also identified that the following performance targets of group companies, as set out in their individual Statements of Intent, are significant to the group:

Strategic Objective	Activity	Target
AURORA ENERGY LIMITED		
Manage risks to staff and community through proactive risk management and executing a health safety and wellbeing strategy	Zero serious harm events involving members of the public.	<ul style="list-style-type: none"> No serious injury events (excluding third party contacts with the network) involving members of the public
	Reduce harm to employees and contractors.	<ul style="list-style-type: none"> 100 board and Leadership site visits and safety observations
Develop mature and compliant asset management planning approaches and practices across the business	Effective long-term planning for Aurora Energy's asset portfolio is in place.	<ul style="list-style-type: none"> Annual and compliant Asset Management Plan is published as per regulatory requirements.

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Strategic Objective	Activity	Target
To deliver electricity supplies to consumers on the Aurora network of a reliability standard that meets the service level targets in the Commerce Commission's determination of the Quality standards that will apply to Aurora Energy from 1 April 2025.	SAIDI System Average Interruption Duration Index - Class B Interruptions (Planned)	• Average minutes without electricity per consumer year ended 31 March 2026: ≤ 215.55 minutes
	SAIDI System Average Interruption Duration Index - Class C Interruptions (Unplanned)	• Average minutes without electricity per consumer year ended 31 March 2026: ≤ 128.36 minutes
	SAIFI System Average Interruption Frequency Index - Class B Interruptions (Planned)	• Average frequency of outages per consumer year ended 31 March 2026: ≤ 1.22
	SAIFI System Average Interruption Frequency Index - Class C Interruptions (Unplanned)	• Average frequency of outages per consumer year ended 31 March 2026: ≤ 1.97
CITY FORESTS LIMITED		
To optimise the Net Present Value of the estate in perpetuity with the overall goal of managing the financial returns from the forest on a long-term sustainable basis.	To ensure that the appropriate yield monitoring systems are in place and sufficient forest is available to achieve long term sustainable yield from the forest estate.	• The Company's annual harvest volumes as detailed in the strategic plan will be within 30% of projected long term sustainable yield.
To be a socially and environmentally responsible corporate citizen and maintain comprehensive environmental and health and safety systems for the Company's forests and operations.	To minimise lost time accidents, injuries and property damage.	• Lost time accident rates for staff and contractors will be minimised and tracked with a target of less than 15 lost time accidents per 1,000,000 hours worked.
	To maintain Environmental Certification of the Company's forests. (Currently FSC)	• Forest Stewardship Council Certification of the Forest Estate will be maintained.
DELTA UTILITY SERVICES LIMITED		
Safe and healthy outcomes for our people are expected.	Maintain effective Health and Safety systems and processes supported by positive organisational culture to enable the Company value of Everyone Home Safe, Every Day.	• Total recordable injury frequency rate (TRIFR) per 200,000 hours worked of ≤ 3.50
		• Maintain ISO 45001 Occupational Health and Safety Management System accreditation
DUNEDIN VENUES MANAGEMENT LIMITED		
To increase economic benefit to the Dunedin City and region through major events.	Visitor Marginal Direct Spend target is achieved, determined through a post event patron survey assessed by an independent economist.	• A minimum of \$5m visitor marginal direct spend for Dunedin City per each major event which uses Event Attraction Funding.
		• Achieve minimum 80% satisfaction rating through surveys of all major events (>10,000 pax).
Keep safety as DVML's first priority and provide a safe environment.	Report on Safety & Wellness management and provide statistical data at each scheduled Board meeting.	• An Incident Frequency Rate Events (IFRE) < 0.05% of the total number of event attendees across all venues.

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Strategic Objective	Activity	Target
DUNEDIN STADIUM PROPERTY LIMITED		
Forsyth Barr Stadium remains a fit for purpose venue for public and private events	Ensure an Asset Management Plan which enables general use of the stadium, and meets asset warranty and guarantee requirements, is in place.	<ul style="list-style-type: none"> • An Asset Management Plan is in place.
	Ensure assets are appropriately maintained.	<ul style="list-style-type: none"> • A current Building Warrant of Fitness is always maintained for the stadium. • The Board monitors progress against the Asset Management Plan and material changes to approved budgets.
DUNEDIN RAILWAYS LIMITED		
A sustainable future for Dunedin Railways and rail excursions through the Taieri Gorge.	Develop long-term strategy and a robust model.	<ul style="list-style-type: none"> • Complete long-term strategic plan.
Manage the track maintenance plan to support our operational plan.	Ensure the safety, reliability, and efficiency of DRL's infrastructure. Maintenance is carried out without affecting train operations.	<ul style="list-style-type: none"> • Track maintenance plan in place. Board monitors changes to plan and approves material changes to budget. • No unplanned delays to regular scheduled passenger operations.
Ensure health and safety of our people	Reduce harm to employees and contractors.	<ul style="list-style-type: none"> • Lost time incidents are less than two.
DUNEDIN CITY TREASURY LIMITED		
Ensure funds are available to meet obligations.	Manage the liquidity risk of the DCC Group and use a variety of funding sources to achieve appropriate levels of funds as required by the DCC Group.	<ul style="list-style-type: none"> • Zero breaches of DCC Treasury Risk Management Policy's borrowing maturity profile.
Minimise funding costs, while having regards to interest rate risk.	Utilise a portfolio approach to minimise funding costs and manage interest rate risk in accordance with the DCC Treasury Risk Management Policy.	<ul style="list-style-type: none"> • Zero breaches of DCC Treasury Risk Management Policy's interest rate risk policy.
Maximise returns on surplus funds, within acceptable levels of risk.	Securely invest surplus cash available from within the DCC Group, ensuring funds deposited outside the DCC Group are compliant with the DCC Treasury Risk Management Policy.	<ul style="list-style-type: none"> • Zero breaches of DCC Treasury Risk Management Policy's investment management policy.
DUNEDIN INTERNATIONAL AIRPORT LIMITED		
A world class small airport, for a world class small city.	Maintain our assets to ensure no delays caused by DIAL to scheduled passenger operations.	<ul style="list-style-type: none"> • Zero on-time performance delays to regular passenger transport operations due to airport owned infrastructure.
Nurture, expand and grow the network.	Work to ensure Dunedin remains a well-connected gateway, benefiting both the community and the broader regional economy	<ul style="list-style-type: none"> • Year on year improvement in passenger volumes.
Operate a secure and safe airport.	Transform our approach to safety and security risk management.	<ul style="list-style-type: none"> • Nil serious harm to our staff, airport users or contractors.

Statement of Intent 2025/26

6. FINANCIAL FORECASTS

This section sets out DCHL Group's financial forecasts for the next three financial years.

The ratio of Shareholder's Funds to Total Assets and the definition of those terms.

	Year ending 30/06/2026	Year ending 30/06/2027	Year ending 30/06/2028
Shareholder's funds to total assets	21%	21%	21%

"Shareholder's Funds" are represented by the paid-up capital, reserves created by the revaluation of specific assets, and retained earnings. "Total Assets" means the aggregate amount of all current and non-current assets.

Estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to the shareholder.

	Year ending 30/06/2026 \$'000	Year ending 30/06/2027 \$'000	Year ending 30/06/2028 \$'000
Interest paid to shareholder	5,902	5,902	5,902
Dividend distributions	9,000	9,000	11,000

Other Financial Forecasts – DCHL Group

	Year ending 30/06/2026 \$'000	Year ending 30/06/2027 \$'000	Year ending 30/06/2028 \$'000
EBITDA	144,618	173,036	191,875
Net profit /(loss) after tax	26,219	38,279	44,944
Cash flow from operations	76,139	96,842	107,143
Capital expenditure	121,319	137,987	146,963
Term loans	1,585,010	1,745,010	1,865,010
Shareholder's funds	523,738	559,368	599,120

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7. ACCOUNTING POLICIES

General Accounting Policies

The accounting policies recognised by the External Reporting Board (XRB) for the measurement and reporting of financial performance and financial position have been applied on a basis consistent with those used in previous years.

Particular Accounting Policies

The particular accounting policies, which materially affect the measurement and reporting of financial performance and financial position, are consistent across the DCHL group and are fully listed in DCHL's annual report.

8. DIVIDEND POLICY AND FORECAST SHAREHOLDER RETURNS

DCHL's dividend policy is to pay a minimum 60% of the DCHL parent company's after-tax profit, subject to the Directors' obligations to act in accordance with their statutory duties and in the best interest of DCHL. The actual level of dividend will be determined by the Directors each year in light of the circumstances that exist at the time.

In arriving at a dividend recommendation, Directors will consider:

- a) DCHL's financial performance, in particular, the cash flows from operations;
- b) The ratio of DCHL's shareholders funds to total assets (equity ratio);
- c) DCHL's future investment plans and profitability thereof;
- d) DCHL's ability to raise loans and the terms thereof;
- e) Maintaining appropriate debt levels;
- f) DCHL's current cost of borrowings; and
- g) The objective to provide a consistent dividend flow to the shareholder.

Subject to Directors' obligations, we are forecasting that dividends will be paid in three equal instalments – October 2025, February 2026 and June 2026.

This Statement of Intent forecasts dividends to the shareholder of \$9m and funding for Dunedin Railways Ltd, at the direction of Council, of \$2m in the 2026 financial year. These amounts will be primarily funded from a combination of planned additional dividends from City Forests Ltd and an increase in DCHL's external borrowings.

Our forecasts indicate that dividends from Aurora will be necessary to enable DCHL to meet DCC's dividend expectations as set out in its draft 9-year plan 2025-2034. DCHL is working with Aurora Energy in relation to the likely timing and quantum of a resumed dividend flow from Aurora to DCHL. Our current view is that modest dividends will be possible from the 2027 financial year onwards. However, DCHL's working forecasts indicate that the additional borrowings, required to meet DCC's dividend expectations in the 2025 and 2026 financial years, will not be fully repaid until 2033.

DCHL's advice to DCC in 2024, in connection with the proposed sale of Aurora, set out the implications of retaining ownership. Aurora is planning an elevated capital investment programme across the next 10 years and probably longer, driven by network growth and decarbonisation. This will be funded by retaining earnings and higher borrowings. Any future dividends from Aurora will be funded by debt for the foreseeable future, subject to maintaining appropriate financial ratios. Combined with DCC's own borrowing requirements, DCC group debt is forecast to increase significantly in coming years, which may put pressure on the credit rating of DCC and Dunedin City Treasury Limited.

We note that dividends payable to DCC are made after meeting interest costs on the Shareholder's Advance (shown below) and term loans, DRL funding, as well as the operating costs of DCHL.

Statement of Intent 2025/26

DCHL parent entity financial forecasts

	Year ending 30/06/2026 \$'000	Year ending 30/06/2027 \$'000	Year ending 30/06/2028 \$'000
Key incoming cash			
Dividend income received from subsidiary and associate companies	11,726	22,146	21,444
Contribution of equity received from Dunedin City Council (for DSPL)	2,905	2,905	2,905
Key outgoing cash	Year ending 30/06/2026 \$'000	Year ending 30/06/2027 \$'000	Year ending 30/06/2028 \$'000
Contribution of equity made in DSPL	2,905	2,905	2,905
Equity funding of Dunedin Railways	2,000	2,000	nil
Interest on shareholder's advance	5,902	5,902	5,902
Dividend distribution to shareholder	9,000	9,000	11,000
Other key financial forecasts	Year ending 30/06/2026 \$'000	Year ending 30/06/2027 \$'000	Year ending 30/06/2028 \$'000
Net profit (loss) after tax	2,208	12,638	13,910
Term loans	30,416	26,768	23,859

Contributions of equity of \$2.9m are injected as capital into the DCHL parent company. Equity is then injected into Dunedin Stadium Property Limited to assist with operational, capital and debt repayment requirements.

As directed by Council in January 2025, the DCHL parent company will fund track renewals of Dunedin Railways Limited up to \$2m per annum. Investment may also be required to rebuild operational capabilities, especially sales and marketing, in order to grow the business. Operating losses, at least in the short term, may require funding which will be included in subsequent forecasts.

9. COMMERCIAL VALUE OF THE SHAREHOLDER'S INVESTMENT

The commercial value of the Shareholder's investment in DCHL is considered by the directors to be not less than the Shareholder's funds as disclosed in the Statement of Financial Position published in the last Annual Report. This will be considered annually when the Statement of Intent is completed.

Statement of Intent 2025/26

10. TRANSACTIONS WITH RELATED PARTIES

Dunedin City Council is the sole Shareholder of DCHL.

DCHL is the sole Shareholder of Aurora Energy Limited, City Forests Limited, Delta Utility Services Limited, Dunedin City Treasury Limited, Dunedin Railways Ltd, Dunedin Venues Management Limited and Dunedin Stadium Property Limited.

DCHL owns 50% of Dunedin International Airport Limited.

Transactions between the Companies, DCC and other DCC controlled enterprises will be on a wholly commercial basis.

Charges from DCC and its other entities and charges to DCC and its other entities will be made for goods and services provided as part of the normal trading activities of each Company.

Related Party Transactions

Dunedin City Council	Provision of administrative services to DCHL
	Interest on shareholder advance and dividends to DCC
Dunedin City Treasury Limited	Provision of debt funding to DCHL generating interest payments to DCTL Provision of management services to DCHL
Group Companies	Subvention and dividends to DCHL

DCHL and its subsidiaries will undertake to obtain all debt funding from DCTL, with exceptions as agreed with the Board of DCHL.

11. OTHER MATTERS AS AGREED BY THE SHAREHOLDER AND THE BOARD

Information to be provided to the shareholder

Information	Quarterly	Half Yearly	Annual
Key financial performance indicators	✓	✓	✓
Statement of Financial Performance		✓	✓
Statement of Financial Position		✓	✓
Statement of Cash Flows		✓	✓
Statement of Movement in Equity		✓	✓
Notes to the Financial Statements		✓	✓
Statement of Service Performance against SoI targets		✓	✓
Directors' Report		✓	✓
Auditors' Report			✓
Draft Statement of Intent			Prior to 1 Mar
Final Statement of Intent			Prior to 30 Jun

Working with the shareholder

DCHL will undertake to keep the shareholder informed of all substantive matters, as set out in the performance targets above. DCHL will work to build a culture of accountability and constructive working practices between DCHL, its subsidiaries and the shareholder. It is expected that any conflicts that may arise will be resolved directly between the shareholder and DCHL, in accordance with appropriate governance practices.

In addition to the group financial information set out in the table above, DCHL will make available to Council parent company results.

Statement of Intent 2025/26

Acquisition / divestment of assets or shares in any company or organisation

DCHL will only invest in the shares of another company or invest in an entity if the investment is considered to be likely to produce added value to DCHL. In order to maximise benefit to the Shareholder, shares or assets may also be sold in response to, or in anticipation of, on-going changes in the marketplace.

If the Directors intend that DCHL or its subsidiaries should acquire assets, they will obtain prior approval of the Shareholder where an investment into the new assets exceeds \$5 million. For the purpose of this section, "asset(s)" includes a group of assets similar in type, cost and useful life that are purchased together and can be identified and maintained as one asset or group of assets following purchase.

If the Directors intend that DCHL or its subsidiaries should subscribe for or otherwise acquire issued capital or an interest in any company or organisation (other than minimum holdings in listed companies in related industries) exceeding a total investment of \$5 million they will obtain prior approval of the Shareholder.

The approval of the Shareholder is required before disposal by DCHL of any segment of its business or shares in a subsidiary or associate company where the value of the asset to be disposed of exceeds the investment delegated authority of \$5 million.

Compensation sought

At the request of the Shareholder, DCHL may undertake activities that are not consistent with its normal commercial objectives. Specific financial arrangements would normally be entered into to meet the full commercial cost of undertaking such activities.

At present, DCHL does not have any other activities in respect of which its Board wishes to seek compensation from any local authority.

Group Facility Use

DCHL will undertake "Group" purchasing of goods and services, unless it is demonstrated conclusively to the Shareholder that the total combined cost of such Group purchasing to the Group and Dunedin City Council (including the costs of ceasing any such Group purchasing), is greater than any alternative identified.

Other agreements

DCHL will not accept sponsorship or give naming rights to companies involved in activities deemed to be inconsistent with Dunedin City Council's ethical position. DCHL will work with group companies to develop a sponsorship policy, that aligns with the Council's strategic framework.



AURORA ENERGY LTD STATEMENT OF INTENT

YEAR ENDED 30 JUNE 2026



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1 Introduction and Purpose of Statement of Intent

Aurora Energy Ltd ('the Company') transports electricity from the national grid to the end-use consumer ensuring the safe, reliable and efficient supply of electricity to homes, farms and businesses throughout the Otago region.

The Company is an Energy Company and a wholly owned subsidiary of Dunedin City Holdings Ltd (DCHL). Dunedin City Holdings Ltd is wholly owned by the Dunedin City Council (DCC).

This Statement of Intent (Sol) sets out the Company's planned activities and financial forecasts for the next three years. It includes performance measures and targets which will be reported against in the Company's 2026 Annual Report.

The planned activities and performance measures take shareholder comments into consideration.

2 Objectives

As a DCC Group company, Aurora Energy Ltd aims to contribute to the DCC's strategic framework and achievement of city objectives.

The Company aims to support the future growth and wellbeing of communities in the Otago region by supplying electricity when and where it is needed - safely, reliably and efficiently, and supporting customers' future energy choices by embracing the new and innovative technologies that are now emerging.

Aurora Energy committed to reducing its carbon emissions and will continue to work with Dunedin City Holdings Ltd and Dunedin City Council to identify and scope further opportunities to contribute to Dunedin's citywide goal to be net carbon zero by 2030. We will continue to implement our carbon emissions and waste reduction strategies and will publicly report progress towards the targets in each Annual Report.

Aurora Energy's carbon emissions associated with network line losses are excluded from our emissions reduction targets on the basis that they are not directly within our control. Line losses are determined by reference to the volumes of electricity distributed and the sources of the electricity generation. We expect the continued electrification of transport modes and business operations to drive an increase in distribution volumes, however there is the potential for line loss factors to reduce as New Zealand moves towards an even higher proportion of renewable electricity generation.

During the year ended 30 June 2026, the Company will continue to focus on the key business initiatives detailed in its approved Customised Price-Quality Path (CPP) programme and take further steps to implement the innovative technologies that are now emerging as more readily available for implementation. These initiatives will further enhance our asset management and work delivery capabilities, continue to improve the safety and reliability performance of our network, and enable communities to access the energy choices that will support decarbonisation and economic development through an intelligent network.

As an Energy Company, the Company has the following objectives, as defined in the Energy Companies Act 1992:

1. The principal objective of an Energy Company is to operate as a successful business; and
2. In seeking to attain its principal objective, an Energy Company shall have regard, among other things, to the desirability of ensuring the efficient use of energy.

In operating its business, the Company also has regard to the objectives of a Council Controlled Trading Organisation to:

- a) achieve the objective of its shareholder, both commercial and non-commercial, as specified in the Statement of Intent; and
- b) be a good employer (as per clause 36 of Schedule 7 to the Local Government Act); and

- c) exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and
- d) conduct its affairs in accordance with sound business practice.

Health, Safety and Wellbeing is integral to the manner in which Aurora Energy Ltd operates and conducts its business affairs.

A core part of the Company's strategy will be to balance the capital investment programme necessary to support timely asset replacement and renewals, decarbonisation demands, climate change resilience and economic and population growth, with the need to provide sustainable dividends and a commercial level of return on investment to its shareholder, appropriate to the sector the Company operates in.

3 Approach to Governance

In addition to the obligations of the Energy Companies Act 1992, the Company is also subject to the requirements of the Companies Act 1993 and is governed by a Board of independent directors appointed by the Company's shareholder, Dunedin City Holdings Ltd.

The Board of independent directors operates in accordance with accepted best practice governance.

The role of a director of an Energy Company is defined in Section 37 of the Energy Companies Act 1992. This section states that all decisions relating to the operation of an Energy Company shall be made by or pursuant to the authority of the directorate of the Company in accordance with its Statement of Intent. The Board is responsible for the preparation of the Sol which requires approval from the Company's shareholder.

The Board meets on a regular basis to direct and control the company's activities. Directors are appointed by the shareholder and a Board performance evaluation framework is in place.

The Board accepts that it is responsible for the overall control system operating within the company but recognises that no cost-effective internal control system will permanently preclude all errors or irregularities. The control systems reflect the specific risks associated with the business of the company.

The shareholder reviews and approves the Sol and three-year financial plan.

Six-monthly and annual reports of financial and operating performance are provided to the shareholder.

4 Nature and Scope of Activities

The principal activities of the Company are the ownership, development and strategic management of electricity distribution network assets in Dunedin and Central Otago. The Company is also engaged in activities aimed at supporting customers' future energy choices through the deployment of new and innovative emerging technologies.

The Company's function is to transport electricity from the national grid to the end-use consumer, ensuring a safe, reliable and efficient distribution network.

Customers include large directly billed consumers, distributed generators and New Zealand's electricity retailers.

Key suppliers include field service providers contracted to build and maintain the Company's electricity distribution network assets.

Under the Commerce Commission's Electricity Information Disclosure Requirements, the Company is required to publish, at least biennially, a 10-year Asset Management Plan. The Company's Asset

Management Plan sets out the way in which it plans to ensure that long-lived assets are managed sustainably.

Aurora invites comment on its Asset Management Plan from electricity retailers (on behalf of their customers) and provides opportunity for public comments via its website.

The undertaking by the Company of any activity of a nature or scope outside of the activities outlined above would be subject to the prior approval of the shareholder.

5 Performance Targets and Other Measures

Goals	Objectives	Performance Measures
OUR PEOPLE		
Supporting the development of our people and creating a culture at Aurora Energy that attracts the best talent		
Manage risks to staff and community through proactive risk management and executing a health safety and wellbeing strategy	Zero serious harm events involving members of the public	Number of serious injury events (excluding third party contacts with the network) involving members of the public Targets: 2026 0 2027 0 2028 0
	Reduce harm to employees and contractors	Board and Leadership Site Visits and Safety Observations 2026 100 2027 100 2028 100
	Develop opportunities across the business that support the overall wellness of our team	A Board-approved Health, Safety and Wellbeing Strategy is in place. The Strategy is reviewed and updated annually
	Aurora Energy Risk Register is regularly reviewed & updated, and the risk profile is managed in accordance with Board approved risk tolerance levels.	Risk Management Framework embedded as evidenced by: - Risk registers reviewed regularly and up to date, - Risk treatment plans reviewed regularly and up to date - Regular reporting to Board and Audit & Risk Committee

To be an employer of choice and to deliver a unique value proposition	To create a motivated and satisfied team and to understand and action opportunities for improvement within our team environment	Average of >75% staff satisfaction result on employee surveys completed during the year
	People and culture strategies will be documented to promote our support of equity, inclusion, and diversity.	A People and Culture Strategy, and a Diversity, Equity and Engagement Strategy is in place.
	All employees are paid the living wage or above	All direct employees are paid at the living wage or above

Goals	Objectives	Performance Measures
FUTURE NETWORK Investing in our network and operations to meet the changing electricity demands of our customers		
Develop mature & compliant asset management planning approaches and practices across the business	Implement process and capability improvements identified in CPP Asset Management Practices Development Plan (AMPDP)	Asset management development initiatives delivered in accordance with timetable in CPP AMPDP
	Effective long-term planning for Aurora Energy's asset portfolio is in place	Annual and compliant Asset Management Plan is published as per regulatory requirements.
To deliver electricity supplies to consumers on the Aurora network of a reliability standard that meets the service level targets in the Commerce Commission's determination of the Quality standards that will apply to Aurora Energy from 1 April 2025 – refer 'Quality standards for DPP4' in Electricity Distribution Services Default Price-Quality Path Determination 2025 (dated 20 November 2024).	SAIDI System Average Interruption Duration Index - Class B Interruptions (Planned)	Average minutes without electricity per consumer Limits for years ended 31 March: 2026 ≤ 215.55 minutes 2027 ≤ 215.55 minutes 2028 ≤ 215.55 minutes
	SAIDI System Average Interruption Duration Index - Class C Interruptions (Unplanned)	Average minutes without electricity per consumer Limits for years ended 31 March: 2026 ≤ 128.36 minutes 2027 ≤ 128.36 minutes 2028 ≤ 128.36 minutes
	SAIFI System Average Interruption Frequency Index - Class B Interruptions (Planned)	Average frequency of outages per consumer Limits for years ended 31 March: 2026 ≤ 1.22 2027 ≤ 1.22 2028 ≤ 1.22
	SAIFI System Average Interruption Frequency Index - Class C Interruptions (Unplanned)	Average frequency of outages per consumer Limits for years ended 31 March: 2026 ≤ 1.97 2027 ≤ 1.97 2028 ≤ 1.97

Goals	Objectives	Performance Measures
CUSTOMERS AND COMMUNITIES Focusing on what matters to our customers and partnering with local business and stakeholders to support regional growth		
To partner with our customers and develop a brand that is synonymous with providing value and credibility	Maintain community support through approved sponsorships and community initiatives	Sponsorship and community initiatives \$ per annum of at least: 2026 \$25,000 2027 \$25,000 2028 \$25,000
	To provide regular updates and consult with the community on the delivery of our CPP programme	Annual delivery reporting and regional community engagements are delivered in accordance with the approved CPP timeframe
	Streamline customer service processes and build key stakeholder relationships	Annual customer satisfaction/perception survey shows year on year improvement against key criteria

Goals	Objectives	Performance Measures
<p>DIGITAL ENABLEMENT</p> <p>Applying technology, innovation and new skills to drive digital transformation across the organisation</p>		
To be efficient, forward- thinking and digital-enabled	Deliver work programme outcomes to scope, time and budget	Work programmes are delivered to Contractors on a rolling quarterly basis in accordance with Field Service contract terms
	Develop a digital transformation roadmap to support intelligent business transformation	Digital transformation roadmap approved by the Board and targets for FY2026 are met

Goals	Objectives	Performance Measures
DELIVERING VALUE		
Optimising future value for both customers and the Aurora Energy shareholder		
To ensure regulatory and legal compliance and optimised performance under regulatory settings	To deliver commercial, growth-focused value to our shareholder	Regulatory performance metrics for compliance are tracked and reported quarterly
To influence regulatory frameworks with proactive advocacy	To understand long term value optimisation for the next regulatory period	Submissions on strategic regulatory matters are lodged on a timely basis by Aurora (or via ENA) CPP to DPP transition plan approved by the Board.
To have a sustainable workplace, focused on delivering value to our shareholder, customers and community	Contribute to Dunedin's citywide goal of carbon neutrality	Continue to refine and implement our carbon emissions reduction strategy, and achieve and publicly report progress
	Minimise waste and the associated negative environmental impacts	Continue to refine and implement our waste reduction strategy, and achieve and publicly report progress
	Implement opportunities to transition light motor fleet to electric or hybrid vehicles where appropriate	Achieve the FY2026 targets for electrification of the company's motor fleet as set out in the Aurora Energy emissions reduction strategy
	Increase sustainability reporting and climate related disclosures in our Annual Report	Measure and publicly report our Greenhouse Gas (GHG) emissions, and progress towards our emissions and waste reduction strategies and targets, in our Annual Report

Goals	Objectives	Performance Measures
<p style="text-align: center;">SHAREHOLDER</p> <p style="text-align: center;">Ensuring sound governance and delivering growth and value to our shareholder and customers</p>		
Bring to the attention of the Shareholder any strategic or operational matters where there may be conflict between the Council's community outcomes and those of the Company and seek the Shareholder's view	Consult with the Shareholder at the earliest possible time on matters where conflict may or could result	<p>Potential conflicts notified to the Shareholder</p> <p>Targets:</p> <p>2026 No unnotified potential conflicts</p> <p>2027 No unnotified potential conflicts</p> <p>2028 No unnotified potential conflicts</p>
Keep the Shareholder informed of all substantive matters	On a "no surprises" basis, advise the Shareholder promptly of any substantive matter that has the potential to impact negatively on the Shareholder and the Company with a particular focus on the media	<p>Substantive matters reported to the Shareholder within 24 hours</p> <p>Targets:</p> <p>2026 All substantive matters reported within 24 hours</p> <p>2027 All substantive matters reported within 24 hours</p> <p>2028 All substantive matters reported within 24 hours</p>

6 Financial Forecasts

The financial forecasts included in this section are derived largely from revenue and expenditure allowances approved by the Commerce Commission in its determination of the company's Customised Price-Quality Path which will end on 31 March 2026, and estimates of the new Aurora Energy Ltd revenue and expenditure allowances yet to be determined by the Commerce Commission for the period commencing 1 April 2026.

Please note that given the Company's revenue and expenditure allowances from April 2026 onwards are not yet known, there is a higher level of uncertainty in this year's financial forecasts than in recent years. Forecasts for the years ending 30 June 2027 and 30 June 2028 in particular; should be viewed as indicative only pending the Commerce Commission's final decision on Aurora Energy's transition to the Default Price-Quality Path (due by 30 November 2025).

a) The ratio of Shareholder's Funds to Total Assets and the definition of those terms

	Year ending 30/06/2026	Year ending 30/06/2027	Year ending 30/06/2028
Shareholder's Funds to Total Assets	27%	28%	28%

The ratio of Shareholder's Funds to Total Assets (equity ratio) will fluctuate depending on a variety of circumstances including asset renewal and investment cycles.

"Shareholder's Funds" are represented by the paid-up capital, reserves created by the revaluation of specific assets, and retained earnings.

"Total Assets" means the aggregate amount of all current and non-current assets.

b) Estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to the Shareholder

	Year ending 30/06/2026 \$000	Year ending 30/06/2027 \$000	Year ending 30/06/2028 \$000
Dividend	0	9,500	11,800

c) Other financial forecasts

	Year ending 30/06/2026 \$000	Year ending 30/06/2027 \$000	Year ending 30/06/2028 \$000
EBITDA	105,313	124,957	140,069
Net profit after tax	31,744	41,993	46,903
Cash flow from operations	70,060	87,236	95,902
Capital expenditure	108,579	127,735	136,962
Term borrowings	616,560	666,210	719,610
Shareholder's funds	275,945	308,438	343,541

7 Accounting Policies

a) General Accounting Policies

The Company is a Tier-1 For-profit entity as defined by the External Reporting Board and reports in accordance with Tier 1 For-profit Accounting Standards. The Company's accounting policies are based on NZ IFRS standards and interpretations, as recognised by Chartered Accountants Australia and New Zealand.

NZ IFRS standards and interpretations are subject to change and therefore the Company's accounting policies are also subject to change during the period of the SOL.

b) Particular Accounting Policies

The particular accounting policies, which materially affect the measurement and reporting of financial performance and financial position, are consistent across the DCHL group and are fully listed in the Company's annual report.

8 Dividend Policy

As a regulated business, Aurora Energy has a responsibility to its customers to provide safe, reliable electricity infrastructure. To maintain a reliable network and cater for growth, resilience and decarbonisation demands we are planning to continue to invest heavily in the network over the next decade. We expect the company's capital investment programmes will be funded by increased revenue and increased borrowings.

Aurora Energy will determine its ability to pay dividends by assessing the company's Funds From Operations / debt ratio (FFO/debt), which assesses the company's available funds from operations (pre capital expenditure) relative to its debt. Aurora Energy will consider dividends once the company can achieve and sustain a position in excess of FFO/debt of 8.5-9%, which is consistent with comparable entities. For reference, Aurora's current FFO/debt measure is approximately 8.0%.

Based on current projections the Board expects to be in a position to consider the payment of a dividend in the next one to two years. At that point the Board intends to pay dividends within the range of 20-40% of the company's net surplus after tax. This range reflects the company's likely need to retain a portion of earnings to continue to rebuild its balance sheet, targeting a shareholders' funds to total assets of 30-35%.

The company will revisit these projections and dividend forecasts annually when preparing its Statement of Intent. In arriving at a dividend recommendation, Directors will consider:

- the Company's financial performance, in particular, the cash flows from operations;
- the ratio of the Company's shareholders funds to total assets (equity ratio);
- the Company's future investment plans and profitability thereof;
- the Company's ability to raise loans and the terms thereof; and
- inflationary forecasts and the Company's cost of borrowings.

Dividends will also be subject to Directors' obligations to act in accordance with their statutory duties and the company's Constitution.

The Company's dividend policy will be reviewed by the Board at least annually and the basis on which dividends are calculated may be subject to change from time to time.

9 Commercial Value of Shareholder's investment

The commercial value of the Shareholder's investment in the Company is considered by the Directors to be not less than the Shareholder's funds as disclosed in the Statement of Financial Position published in the last Annual Report.

This will be considered annually when the Statement of Intent is completed.

10 Transactions with Related Parties

Dunedin City Council is the sole Shareholder of Dunedin City Holdings Limited.

Dunedin City Holdings Limited is the sole Shareholder of Aurora Energy Limited, City Forests Limited, Delta Utility Services Limited, Dunedin City Treasury Limited (DCTL), Dunedin Railways Ltd, Dunedin Venues Management Limited and Dunedin Stadium Property Limited.

Dunedin City Holdings Limited owns 50% of Dunedin International Airport Limited.

Transactions between the Companies, Dunedin City Council and other Dunedin City Council controlled enterprises will be on a wholly commercial basis.

Charges from Dunedin City Council and its other entities and charges to Dunedin City Council and its other entities will be made for goods and services provided as part of the normal trading activities of each Company.

Dunedin City Holdings Ltd and its subsidiaries will undertake to obtain all debt funding from DCTL, with exceptions as agreed with the Board of Dunedin City Holdings Ltd.

Related Party Transactions

Delta Utility Services Ltd	Operations and maintenance, asset construction
Dunedin City Council	Council rates for properties owned by the Company
Dunedin City Holdings Ltd	Functions appropriate between parent companies and subsidiaries
Dunedin City Treasury Ltd	Provision of debt funding to the Company generating interest payments to DCTL.

11 Information to be provided to the Shareholder

		Quarterly	Half Yearly	Annual
Key financial performance indicators		X	X	X
Statement of Financial Performance			X	X
Statement of Financial Position			X	X
Statement of Cash Flows			X	X
Statement of Service Performance against SOI targets			X	X
Statement of Movement in Equity			X	X
Notes to the Financial Statements			X	X
Directors' Report			X	X
Auditor's Report				X
Draft Statement of Intent				Prior to 1 March
Final Statement of Intent				Prior to 30 June

12 Working with the Shareholder

The company will undertake to keep the Shareholder informed of all substantive matters, in accordance with the performance targets above. The Company will work to build a culture of accountability and constructive working practices between the Company and the Shareholder. It is expected that any conflicts that may arise between the Company and the Shareholder will be resolved directly between the Company and the Shareholder, in accordance with appropriate governance practices.

13 Acquisition/Divestment of Assets or Shares in any Company or Organisation

The Company will only invest in the shares of another company or invest in an entity if the investment is considered to be likely to produce added value to the Company. In order to maximise benefit to the Shareholder, shares or assets may also be sold in response to, or in anticipation of, on-going changes in the marketplace.

If the Directors intend that the Company or its subsidiaries should acquire assets, they will obtain prior approval of the Shareholder where an investment into the new assets exceeds \$5 million, provided however that this approval requirement does not apply to expenditure set out in the Company's Asset Management Plan. For the purpose of this section, "asset(s)" includes a group of assets similar in type, cost and useful life that are purchased together and can be identified and maintained as one asset or group of assets following purchase.

If the Directors intend that the Company or its subsidiaries should subscribe for or otherwise acquire issued capital or an interest in any company or organisation (other than minimum holdings in listed companies in related industries) exceeding a total investment of \$5 million they will obtain prior approval of the Shareholder.

The approval of the Shareholder is required before disposal by the Company of any segment of its business or shares in a subsidiary or associate company where the value of the asset to be disposed of exceeds the investment delegated authority of \$5 million.

14 Compensation Sought

At the request of the Shareholder, the Company may undertake activities that are not consistent with its normal commercial objectives. Specific financial arrangements will be entered into to meet the full commercial cost of undertaking such activities.

At present, the Company does not have any activities in respect of which its Board wishes to seek compensation from any local authority.

15 Group Facility Use

The Company will undertake to operate "Group" purchasing of goods and services, unless this would cause the company to breach regulatory requirements or it is demonstrated conclusively to the Shareholder that the total combined cost of such Group purchasing to the Group and Dunedin City Council (including the costs of ceasing any such Group purchasing), is greater than any alternative identified.

16 Other matters as agreed by the Shareholder and the Board

- a) The Company is committed to open and transparent engagement with its stakeholders and customers and will maintain a publicly available and actively promoted Customer and Stakeholder Charter and Public Information Disclosure Policy consistent with its responsibilities as an Energy Company providing essential infrastructure services.
- b) The Company will not accept sponsorship or give naming rights to companies involved in activities deemed to be inconsistent with the Dunedin City Council's ethical position. For reference, those activities are: tobacco, armaments, fossil fuel extraction, gambling and pornography. The Company will also work with DCHL to ensure that its sponsorship policy aligns with DCC's strategic framework.



- c) The Company will continue to assess and manager cyber-security risks in a manner appropriate to the sector it operates in.
- d) The Company will provide updated long-term forecasts to Dunedin City Treasury Limited on a quarterly basis.



City Forests Limited Statement of Intent 2025 / 2026



**City Forests Limited
Statement of Intent
For the Year Ending 30 June 2026**



Statement of Intent 2025 / 2026

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City Forests Limited Statement of Intent 2025 / 2026

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City Forests Limited Statement of Intent 2025 / 2026

1 INTRODUCTION

City Forests Ltd ("the Company") owns and manages approximately 25,200 hectares of land and commercial forestry estate in the coastal Otago region. It is a Council Controlled Trading Organisation (CCTO) owned wholly by Dunedin City Holdings Ltd (DCHL), which is wholly owned by Dunedin City Council (DCC).

This Statement of Intent (SoI) sets out City Forests' planned activities and financial forecasts for the next three years. It includes performance measures and targets which will be reported on in the City Forests Limited 2026 Annual Report.

2 OBJECTIVES

City Forests' **Purpose** is to "operate sustainable forests for our future including providing a consistent and commercial return over time".

Company **Values**:

- *Protect, respect and invest in **our people**.*
- ***Our actions** Bring mana to our forests, environment and communities to create long term, sustainable wealth.*
- ***We act** with integrity, openness and honesty.*
- ***We innovate** and apply knowledge that strengthen our forests and communities.*

As a DCC Group Company City Forest aims to contribute to the DCC's strategic framework and achievement of city objectives.

City Forests' primary objective is to maintain and enhance the values of the forest estate investment including; economic, social and environmental values.

This is achieved through a strategy of:

- sustainable forest management
- sustainable harvest levels
- fit for purpose asset maintenance
- maintaining a safe and capable workforce
- caring for and enhancing environmental values, particularly carbon sequestration, soil and water quality and rare, threatened and endangered species.

Acknowledging that the Company's success is a result of past investment in land, trees, people and the environment the Company has a strategy of continuing to build shareholder wealth through incremental land and forest acquisition to increase future prosperity and to expand the social and environmental values under management.

As defined in Section 59 of the Local Government Act (LGA), the principal objectives of City Forests Limited as a council-controlled trading organisation are to:

- a) achieve the objective of its shareholders, both commercial and non-commercial, as specified in the statement of intent; and
- b) be a good employer; and
- c) exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and
- d) conduct its affairs in accordance with sound business practice.

City Forests has adopted a target to reduce its carbon emissions by 2030, and contribute towards the DCC goal of achieving net carbon neutrality city-wide by 2030. Over the 2026 financial year the Company will build on existing work towards these goals. We will engage with the shareholders DCHL and DCC regarding non-controllable emissions and the potential

City Forests Limited Statement of Intent 2025 / 2026

cost of offsetting residual emissions. We will also work with the DCC to identify alternative or complementary opportunities to contribute to the DCC's city-wide net zero carbon goal.

3 APPROACH TO GOVERNANCE

City Forests Limited is governed by a Board of independent directors, appointed by the company's shareholders. Directors meet regularly to direct and control City Forests' proceedings.

The role of a Director of a CCO is defined in the Local Government Act as "to assist the organisation to meet its objectives and any other requirements in its Statement of Intent."

The City Forests Limited board operates in accordance with accepted best practice governance.

4 NATURE AND SCOPE OF ACTIVITIES

City Forests Limited is committed to providing sustainable commercial returns to its Shareholder through plantation forest ownership, harvesting and added value activities while maintaining the long-term productive capacity of its land holdings and maximising the environmental and community benefits of Company activities.

The Company's forests are principally located in the Coastal Otago Region while the products from its activities are sold on local and international markets. The Company's scope of activities includes expansion of opportunities in forest ownership and activities across the value chain.

The functions of City Forests Limited are:

- To ensure the safety, health and well-being of staff, contractors and visitors to the forest.
- To own and manage a commercial plantation forest resource.
- To optimise the return from the Company's activities for the long-term benefit of the Company's shareholder and stakeholders.
- To manage the forest asset and other resources in such a way as to ensure their long-term economic, social and environmental sustainability.
- To support added value wood processing in Otago and Southland.

The undertaking by City Forests Limited of any activity of a nature or scope outside of this is subject to the prior approval of the shareholder.

City Forests Limited Statement of Intent 2025 / 2026

5 PERFORMANCE TARGETS AND OTHER MEASURES

Goals	Objectives	Performance Measures
The principal goal of City Forests Limited is to operate a long-term sustainable business and to maintain and enhance the values of the forest estate investment including; economic, social and environmental values. The specific corporate goals of City Forests Limited are:	The implementation of the goals will be facilitated by the adoption of the following specific objectives	The objectives will be met on achievement of the following indicators.
ECONOMIC OBJECTIVES		
Goals	Objectives	Performance Measures
Increase Long Term Shareholder Value of the Company		
To achieve a long-term after-tax return to Shareholders on their investment in the Company of 5.5% and to maximise the long term sustainable financial return to Shareholders. Attention will be given to cash flow performance.	To implement strategic actions which will increase the long-term profitability and cash flow generation of the Company.	The Company will achieve a 5.5% return (or greater) on Shareholders' funds measured on a post-tax 3 year rolling average basis. A review of the Company's long term strategic plan will be completed each year, which targets a 5.5% return (or greater) on Shareholders' funds on a post-tax 3 year rolling average basis.
Market Diversification		
To operate and develop diversified markets for the Company's products.	To operate a market diversification strategy that optimises returns while managing risk. To balance exposure to both domestic and export markets taking into account market risk and product margin. To drive sustainable long-term value from the Company's carbon generating activities while balancing risk and environmental benefits.	The number of domestic regional markets and the number of export markets (countries) supplied will be tracked and reported. The percentage of annual supply to the domestic market by volume will be tracked. The Company will participate in the New Zealand ETS and may realise returns from the sales of carbon stored in the Company forests in compliance with its Carbon Policy.

City Forests Limited Statement of Intent 2025 / 2026

Goals	Objectives	Performance Measures
Sustainable Yield, Environmental & Biological Risk		
<p>To optimise the Net Present Value of the estate in perpetuity with the overall goal of managing the financial returns from the forest on a long-term sustainable basis.</p> <p>Ensure that the environmental and biological risks to the estate are identified and managed.</p>	<p>To ensure that the appropriate yield monitoring systems are in place and sufficient forest is available to achieve long term sustainable yield from the forest estate.</p> <p>To ensure that the risk to the forest estate from pests, fire and disease is minimised through appropriate management practices and audit.</p> <p>To respond to and manage legislative and compliance risk to the Company's operations and license to operate.</p> <p>Balance the risk to the forest estate and to users with the desire of the community to enjoy the forest.</p>	<p>The Company's annual harvest volumes as detailed in the strategic plan will be within 30% of projected long term sustainable yield.</p> <p>A forest Bio-security surveillance program will be in place as part of the National Bio-security surveillance program to assess the forest estate for pests and disease.</p> <p>The annual fire plan will be updated and operational by 1 October for each fire season.</p> <p>The Company will actively participate in regional land use and environmental planning processes representing its interests and values.</p> <p>Forest Access Permit system, appropriate signage and access restrictions in place.</p>
Goals	Objectives	Performance Measures
Research and Development		
<p>To support and participate in Research and Development to enable the Company to undertake continuous performance improvement to achieve industry best practice forest management, value recovery and supply chain performance.</p>	<p>To actively participate in value-added research into forest management, tree breeding, wood products, supply chain and environmental management.</p> <p>To leverage collaborative industry research initiatives and implement research results to achieve performance improvement through technology transfer.</p>	<p>The Company will participate in industry research consortia (via the Forest Levy) to ensure research objectives are in line with Company Strategy and to gain financial leverage to achieve research objectives.</p> <p>The implementation of research outcomes into operational management plans will be tracked.</p>
<p>To support the sustainable development of added value wood processing in Otago and Southland.</p>	<p>To support integrated wood processing capacity within the Otago and Southland regions, subject to optimising the long-term return from the Company to the Shareholder.</p>	<p>The Company will maintain supply arrangements with Otago and Southland wood processors provided customers match (or better) alternative market options. Annual supply volumes to the three largest wood processors customers will be tracked and reported.</p>

City Forests Limited Statement of Intent 2025 / 2026

	The Company will support regional bio-energy initiatives subject to optimising the long-term return from the Company to the Shareholder.	The annual volume of wood supplied to bio-energy uses (including firewood) will be tracked and reported.
ENVIRONMENTAL AND SOCIAL OBJECTIVES		
Goals	Objectives	Performance Measures
Corporate Responsibility		
To be a socially and environmentally responsible corporate citizen and maintain comprehensive environmental and health and safety systems for the Company's forests and operations.	<p>To minimise lost time accidents, injuries and property damage.</p> <p>To maintain Environmental Certification of the Company's forests. (Currently FSC)</p> <p>To preserve and enhance rare threatened and endangered (RT&E) species on the Company's estate.</p>	<p>Lost time accident rates for staff and contractors will be minimised and tracked with a target of less than 15 lost time accidents per 1,000,000 hours worked.</p> <p>The Company will undertake drug and alcohol testing of its staff and contract workforce. The number of random tests and percentage of positive random tests will be reported.</p> <p>Forest Stewardship Council Certification of the Forest Estate will be maintained.</p> <p>The Company will work with partners Doc, University of Otago & contractors to maintain and enhance RT&E species on and around the Company estate. Sponsorship amounts for these activities will be reported annually.</p>
Goals	Objectives	Performance Measures
Skilled Workforce		
To maintain an experienced, trained for task and reliable staff including managing succession	To ensure employees are trained or under training for the tasks they perform and to promote vocational training within the Company's staff.	The company will verify employees are trained or under training for the tasks they perform.

City Forests Limited Statement of Intent 2025 / 2026

To operate a personnel policy that complies with and adopts the principle of being a good employer.	To actively encourage "Forestry" as a vocation.	The Company will engage with its contractors to participate in Modern Apprenticeship programs. The number of apprentices working in Company operations will be reported each year.
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City Forests Limited Statement of Intent 2025 / 2026

Goals	Objectives	Performance Measures
Recreation and Education		
To encourage the use where appropriate, of the Company's forests for recreational and educational purposes by both organised groups and individuals.	To promote and manage community recreation and educational use of the Company's forests.	The Company will maintain a Forest Access permit system, track and report on forest recreational use statistics.
Shareholder Outcomes		
To recognise and maintain the vision of our forbearers in creating the Company Forest Estate and to apply the principle of Kaitiakitanga (Guardianship and Protection).	To maintain, grow and increase the productivity of the forest estate for future prosperity.	Productivity improvement and incremental expansion of the forest estate will be part of Company Strategy. The area of acquired land will be reported annually.
Communicate with the shareholder on a "no surprises" basis	Consult with the shareholder in a timely manner on DCHL Group strategic or operational matters which could compromise the Council's community outcomes.	Any such matters were escalated to the shareholder in a timely manner.
	Report to the shareholder within 24 hours of the Board becoming aware of any substantive matter, including any matter likely to generate media coverage.	Any such matters were reported to the shareholder within 24 hours.
Living Wage employer	The Company will disclose in its Annual Report the proportion of its workforce (staff) receiving the living wage (as calculated by the New Zealand Family Centre Social Policy Unit).	Ensure that all direct employees are paid the living wage or above.
Contribute to Council's Strategic Framework and Climate Change and Carbon Neutrality initiatives	Continue to contribute to Council's Carbon Neutrality initiatives.	Measure and publicly report in our Annual Report our Greenhouse Gas (GHG) emissions, and progress towards our emissions and waste reduction strategies and targets,

City Forests Limited Statement of Intent 2025 / 2026

6 FINANCIAL FORECASTS

a. The ratio of Shareholders' Funds to Total Assets and the definition of those terms.

	Year ending 30/06/2026	Year ending 30/06/2027	Year ending 30/06/2028
Shareholders' Funds to Total Assets	66.8%	67.2%	68.6%

The Company has adopted a target Shareholder Funds to Total Assets ratio (equity ratio) of between 65%-75%, but expects this ratio will fluctuate depending on a variety of circumstances. "Shareholders' Funds" are represented by the paid-up capital, reserves created by the revaluation of specific assets, and retained earnings.

"Total Assets" means the aggregate amount of all current and non-current assets. Included in Total Assets is the revalued (as 30 June) forest asset.

b. Estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to the shareholders.

	Year ending 30/06/2026	Year ending 30/06/2027	Year ending 30/06/2028
Normal Dividend	\$1.9m	\$5.9m	\$5.7m
Special Dividend	\$7.0m	\$3.0m	-

c. Other Financial Forecasts

	Year ending 30/06/2026	Year ending 30/06/2027	Year ending 30/06/2028
EBITDA	\$10.5m	\$14.5m	\$13.1m
Net Profit after Tax	\$5.8m	\$8.6m	\$7.6m
Cash Flow from operations	\$2.1m	\$8.7m	\$10.8m
Capital Expenditure	\$1.6m	\$1.0m	\$1.1m
Term Borrowings	\$49.7m	\$48.7m	\$43.5m
Shareholders Funds	\$237.2m	\$236.9m	\$238.8m

The projections provided have been prepared using the best information available at the time of preparation.

The financial forecasts are driven by log and carbon prices, forest, land and carbon asset values, harvest volumes and carbon available for sale, operating costs, acquisitions and development costs of land parcels, capital expenditure and debt levels.

City Forests Limited Statement of Intent 2025 / 2026

7 ACCOUNTING POLICIES

a) General Accounting Policies

The accounting policies recognised by the External Reporting Board (XRB) for the measurement and reporting of financial performance and financial position have been applied on a basis consistent with those used in previous years.

b) Particular Accounting Policies

The particular accounting policies which materially affect the measurement and reporting of financial performance and financial position, are consistent across the DCHL group and are fully listed in the Company annual report and website.

8 DIVIDEND POLICY

City Forests Limited will plan for a minimum base annual Ordinary Dividend payment equal to the lesser of; 75% of forecast after tax profit, or 90% of net operating cash flow less capitalised forest costs.

In addition, the Company may make Special Distributions arising from accretion of value from liquid Company assets such as Carbon Credits. It is recognised that the sharing of such gains over time between meeting Company strategic objectives, Shareholder return requirements, and funding future operations/returns, needs to be carefully considered to maintain inter-generational equity. However, the Company has in this SOI noted intended Special Distributions funded from value arising from Carbon Credits as follows:-

	Year ending 30/06/2026	Year ending 30/06/2027	Year ending 30/06/2028
Special Distribution	\$7.0m	\$3.0m	-

Ordinary Dividend/Special distribution payments are subject to the Directors' obligations to act in accordance with their statutory duties. The actual level of payments will be determined by Directors each year in light of the circumstances that exist at the time.

In arriving at a Ordinary Distribution/Special Distribution recommendation, Directors will consider:

- risk profile of the Company and its ability to meet other commitments under the SOI;
- the Company's current and expected future financial performance, in particular, the cash flows from operations and the cost of maintaining and sustaining the forest asset;
- asset value gains/losses impacting the Company's financial position, including from any regulatory changes to the ETS;
- the ratio of the Company's shareholders funds to total assets (equity ratio);
- the Company's future investment plans and profitability thereof;
- the Company's ability to raise loans and the terms thereof; and
- the Company's current cost and level of borrowings.

The debt facility remains at \$60m to enable payment of dividends. Additional distributions may be declared on the basis of above plan financial performance or above plan increases in financial position.

City Forests Limited Statement of Intent 2025 / 2026

Budgeted base dividend payments will be agreed as part of the annual business planning cycle. Dividends will be paid in equal instalments in December 2025 and June 2026.

9 COMMERCIAL VALUE OF THE SHAREHOLDER'S INVESTMENT

The commercial value of the Shareholder's investment in the City Forests Limited is considered by the Directors to be not less than the Shareholder's funds as disclosed in the Statement of Financial Position published in the last Annual Report.

This will be considered annually when the Statement of Intent is completed.

10 TRANSACTIONS WITH RELATED PARTIES

DCC is the sole Shareholder in DCHL, DCHL is the sole Shareholder in Aurora Energy Limited, City Forests Limited, Delta Utility Services Limited, Dunedin City Treasury Limited, Dunedin Venues Management Limited, Dunedin Stadium Property Limited and Dunedin Railways Limited.

DCHL owns 50% of Dunedin International Airport Limited.

Transactions between the Companies, DCC and other DCC controlled enterprises will be on a wholly commercial basis.

Charges from DCC and its other entities and charges to DCC and its other entities will be made for goods and services provided as part of the normal trading activities of each Company.

Related Party Transactions

Dunedin City Council (DCC)	Council rates for properties owned by the Company
	Lease of Council owned land
Dunedin City Treasury Limited	Provision of debt funding to the Company generating interest payments
	Management of foreign exchange
Delta Utility Services Limited	Maintenance and construction of forest roads and infrastructure
Dunedin City Holdings Limited (DCHL)	Management services provided to the Company

DCHL and its subsidiaries will undertake to obtain all debt funding from Dunedin City Treasury Limited, with exceptions as agreed with the Board of DCHL.

City Forests Limited Statement of Intent 2025 / 2026

**11 INFORMATION TO BE PROVIDED TO THE SHAREHOLDERS
IN THE FINANCIAL REPORTS**

	Quarterly	Half Yearly	Annual
Key Financial Performance Indicators	X	X	X
Statement of Financial Performance		X	X
Statement of Financial Position		X	X
Statement of Cash Flows		X	X
Statement of Movement in Equity		X	X
Notes to the Financial Statements		X	X
Statement of Service Performance against SOI targets		X	X
Directors' Report		X	X
Auditors Report			X
Statement of Intent (Draft)			Prior to 1 March
Statement of Intent (Final)			Prior to 30 th June

City Forests Limited Statement of Intent 2025 / 2026

12 OTHER MATTERS AS AGREED BY THE SHAREHOLDER AND THE BOARD

Working with the shareholder

The company will undertake to keep the shareholder informed of all substantive matters, as set out in the performance targets above. The Company will work to build a culture of accountability and constructive working practices between the Company and the shareholder. It is expected that any conflicts that may arise between the Company and the shareholder will be resolved directly between the shareholder and the Company, in accordance with appropriate governance practices.

Acquisition/Divestment of Shares or Assets in any Company or Organisation

The Company will only invest in the shares of another company or invest in an entity if the investment is considered to be likely to produce added value to the Company. In order to maximise benefit to the Shareholder, shares or assets may also be sold in response to, or in anticipation of, on-going changes in the marketplace.

If the Directors intend that the Company should acquire assets, they will obtain prior approval of the Shareholder where an investment into the new assets exceeds \$5 million. For the purpose of this section, "asset(s)" includes a group of assets similar in type, cost and useful life that are purchased together and can be identified and maintained as one asset or group of assets following purchase.

If the Directors intend that the Company should subscribe for or otherwise acquire issued capital or an interest in any company or organisation (other than minimum holdings in listed companies in related industries) exceeding a total investment of \$5 million they will obtain prior approval of the Shareholder.

The approval of the Shareholder is required before disposal by the Company of any segment of its business, including NZUs, or shares in a subsidiary or associate company where the value of the asset to be disposed of exceeds the investment delegated authority of \$5 million.

Long term debt Forecasts

The Company will commit to provide updated long term debt forecasts to Treasury on a quarterly basis.

Compensation Sought

At the request of the Shareholder, the Company may undertake activities that are not consistent with its normal commercial objectives. Specific financial arrangements will be entered into to meet the full commercial cost of undertaking such activities. At present, the Company does not have any activities in respect of which its Board wishes to seek compensation from any local authority.

Cyber Security Risk

The Company will assess and manage cyber-security risks in a manner appropriate to the sector in which it operates.

Group facility use

City Forests Limited will undertake "Group" purchasing of goods and services, unless it is demonstrated conclusively to the Shareholder that the total combined cost of such Group purchasing to the Group and DCC (including the costs of ceasing any such Group purchasing), is greater than any alternative identified.

Other agreements

City Forests Limited will not give sponsorship or accept sponsorship from or give naming rights to companies involved in activities deemed to be inconsistent with DCC's ethical position. The Company will work with DCHL to ensure that its sponsorship policy aligns with DCC's strategic framework.

Dunedin City Treasury Ltd

STATEMENT OF INTENT

For the Year Ending 30 June 2026

Statement of Intent 2025/26

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Statement of Intent 2025/26

1. INTRODUCTION

Dunedin City Treasury Limited (DCTL) is a Council-Controlled Organisation (CCO) established to provide treasury and funds management services to entities within the Dunedin City Council Group.

DCTL is a wholly owned subsidiary of Dunedin City Holdings Limited (DCHL), which is wholly owned by Dunedin City Council (DCC or "the Council").

This Statement of Intent (SoI) sets out DCTL's planned activities, objectives and financial forecasts for the next three years. It includes performance measures and targets which will be reported against in DCTL's 2026 Annual Report. This SoI takes shareholder comments into consideration.

2. OBJECTIVES

DCTL's purpose is to manage the funding of the Council and its CCOs. In performing this function, DCTL's objective is to ensure adequate funds are available to meet ongoing obligations, minimising funding costs and maximising return on surplus funds, within acceptable levels of risk.

As a Dunedin City Council Group company, DCTL aims to contribute to the Dunedin City Council's strategic framework and achievement of city objectives.

As a CCO, DCTL also has the following objectives, as defined in the Local Government Act 2002:

- a) achieve the objective of its shareholders, both commercial and non-commercial, as specified in the Statement of Intent; and
- b) be a good employer as per clause 36 of Schedule 7 LGA); and
- c) exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so."

In line with the DCHL Carbon Roadmap, DCTL will reduce emissions and work with DCC and DCHL to identify and scope further opportunities to contribute to Dunedin's citywide goal to be net zero carbon by 2030.

In 2025/26, DCTL intends to continue its focus on ensuring adequate cost-effective funding is available to entities within the DCC Group and ensuring that financial risks are effectively identified and managed. We will continue to consider the products and structures that best enable us to achieve our objectives.

DCTL's objectives and targets for the year, as set out on the following page, support this focus.

3. NATURE AND SCOPE OF ACTIVITIES

DCTL undertakes the following activities in support of its objectives:

- Source debt and on-lend to DCC and its CCOs, ensure funds are available to meet obligations.
- Minimise funding costs, and maximise return of surplus funds, within agreed acceptable levels of risk.
- Manage financial markets risk and ensure compliance with DCC's Treasury Risk Management Policy.
- Manage financial relationships with third parties.
- Separately, manage the Waipori Fund on behalf of DCC.

The undertaking by DCTL of any activity of a nature or scope outside of this would be subject to the prior approval of the shareholder.

Statement of Intent 2025/26

4. APPROACH TO GOVERNANCE

DCTL is governed by a board of independent directors appointed by the Council. Directors meet regularly to direct and control DCTL's proceedings.

The role of a Director of a CCO is defined in the Local Government Act 2002 as "to assist the organisation to meet its objectives and any other requirements in its Statement of Intent."

The DCTL board operates in accordance with the DCC Treasury Risk Management Policy and accepted best practice.

5. PERFORMANCE TARGETS

Goal	Objective	Performance Targets
Ensure funds are available to meet obligations.	Manage the liquidity risk of the DCC Group and use a variety of funding sources to achieve appropriate levels of funds as required by the DCC Group.	Zero breaches of DCC Treasury Risk Management Policy's borrowing maturity profile.
Minimise funding costs, while having regards to interest rate risk.	Utilise a portfolio approach to minimise funding costs and manage interest rate risk in accordance with the DCC Treasury Risk Management Policy.	Zero breaches of DCC Treasury Risk Management Policy's interest rate risk policy.
Maximise returns on surplus funds, within acceptable levels of risk.	Securely invest surplus cash available from within the DCC Group, ensuring funds deposited outside the DCC Group are compliant with the DCC Treasury Risk Management Policy.	Zero breaches of DCC Treasury Risk Management Policy's investment management policy.
Issue securities.	Manage the issuance of securities as and when required.	Successfully fill any issues brought to the market during the year.
Manage financial relationships with third parties.	Maintain financial relationships with preferred financial providers.	Meet at least annually with preferred financial providers.
Maximise the cost effectiveness of financial products.	Maintain a benchmarking system to measure DCTL's performance.	Regular reporting to the Board, of DCTL's achievement against defined benchmarks.
Manage the Waipori Fund on behalf of the Council.	Manage the 'Waipori Fund' fully in accordance with policy and objectives set by Council to achieve the investment objectives.	Management of the fund and meeting the investment objectives set by Council in the Statement of Investment Policy and Objectives.
Manage business risk.	Maintain a risk management framework to regularly identify, mitigate, and report risks.	Quarterly review by the Board, of the DCTL Risk Register and Dashboard. Regular reporting to the shareholder of DCTL's top 5 current risks.
Compliance with Dunedin City Council Treasury Risk Management Policy.	Comply with the DCC Treasury Risk Management Policy.	No breaches of policy. Where breaches have occurred, there are no breaches that have not been reported to the Chief Financial Officer of DCC within 1 business day and as per requirements of the policy.
Communicate with the shareholder on a 'no surprises' basis.	Consult with the shareholder in a timely manner on DCTL strategic or operational matters which could compromise the Council's community outcomes.	No such matters that were not escalated to the shareholder in a timely manner.
	Report to the shareholder within 24 hours of the Board becoming aware of any substantive matter, including any matter likely to generate media coverage.	No such matters that were not reported to the shareholder within 24 hours.
Contribute to Council's Strategic Framework and Climate Change and Carbon Neutrality initiatives.	Reduce emissions and contribute to Dunedin's citywide goal to be net zero carbon by 2030.	Refine and continue to implement DCTL's carbon emissions and waste reduction strategies. Measure and publicly report our Greenhouse Gas (GHG) emissions in our Annual Report.

Statement of Intent 2025/26

Goal	Objective	Performance Targets
Maximise benefits of the strong credit profile of the DCC to assist the Group.	Maintain a credit rating equal to that of the Dunedin City Council where the rating agency used applies the same credit rating to both entities.	Credit rating equal to that of Dunedin City Council.

6. FINANCIAL FORECASTS

This section sets out DCTL's financial forecasts for the next three financial years.

Ratio of Shareholder's Funds to Total Assets, and the definition of those terms

	Year ending 30/06/2026	Year ending 30/06/2027	Year ending 30/06/2028
Shareholders' Funds to Total Assets	0%	0%	0%

"Shareholders' Funds" are represented by the paid-up capital, reserves created by the revaluation of specific assets, and retained earnings. "Total Assets" means the aggregate amount of all current and non-current assets.

Estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to the shareholders.

	Year ending 30/06/2026	Year ending 30/06/2027	Year ending 30/06/2028
Dividend/Subvention Distributions	Nil	Nil	Nil

Other Financial Forecasts

	Year ending 30/06/2026 \$'000	Year ending 30/06/2027 \$'000	Year ending 30/06/2028 \$'000
EBITDA	4	5	5
Net Profit after Tax	3	3	4
Cash Flow from operations	(601)	(380)	(385)
Capital Expenditure	0	0	0
Debt	1,585,010	1,745,010	1,865,010
Shareholder's funds *	(2,847)	(2,842)	(2,837)

* Shareholder's funds largely consist of the hedge reserve which moves in line with the mark to market of the company's cash flow hedging arrangements. Movements are extremely difficult to forecast; therefore, no hedge reserve movements have been budgeted for above.

Statement of Intent 2025/26

7. ACCOUNTING POLICIES

General Accounting Policies

The accounting policies recognised by the External Reporting Board (XRB) for the measurement and reporting of financial performance and financial position have been applied on a basis consistent with those used in previous years.

Particular Accounting Policies

The particular accounting policies, which materially affect the measurement and reporting of financial performance and financial position, are consistent across the DCHL group and are fully listed in DCTL's annual report.

8. DIVIDEND POLICY

DCTL's policy is not to pay dividends.

9. COMMERCIAL VALUE OF SHAREHOLDERS' INVESTMENT

The commercial value of the Shareholder's investment in DCTL is considered by the Directors to be not less than the Shareholder's funds as disclosed in the Statement of Financial Position published in the last Annual Report.

This will be considered annually when the Statement of Intent is completed.

10. TRANSACTIONS WITH RELATED PARTIES

Dunedin City Council is the sole Shareholder of Dunedin City Holdings Limited.

Dunedin City Holdings Limited is the sole Shareholder in Aurora Energy Limited, City Forests Limited, Delta Utility Services Limited, Dunedin City Treasury Limited, Dunedin Railways Ltd, Dunedin Venues Management Limited and Dunedin Stadium Property Limited.

Dunedin City Holdings Limited owns 50% of Dunedin International Airport Limited.

Transactions between the Companies, Dunedin City Council and other Dunedin City Council controlled enterprises will be on a wholly commercial basis.

Charges from Dunedin City Council and its other entities and charges to Dunedin City Council and its other entities will be made for goods and services provided as part of the normal trading activities of each Company.

Related Party Transactions

Dunedin City Council	Provision of debt funding from DCTL generating interest income to DCTL
	Treasury and fund management services provided by DCTL
Dunedin City Holdings Limited and subsidiary companies	Provision of debt funding from DCTL generating interest income to DCTL
	Provision of management services by DCHL
City Forests Limited	Management of foreign exchange

Statement of Intent 2025/26

11. OTHER MATTERS AS AGREED BY THE SHAREHOLDER AND THE BOARD
Information to be provided to the shareholder

Information	Quarterly	Half Yearly	Annual
Key financial and service performance indicators	✓	✓	✓
Statement of Financial Performance		✓	✓
Statement of Financial Position		✓	✓
Statement of Cash Flows		✓	✓
Statement of Movement in Equity		✓	✓
Notes to the Financial Statements		✓	✓
Statement of Service Performance against SoI targets		✓	✓
Directors' Report		✓	✓
Auditors' Report			✓
Draft Statement of Intent			Prior to 1 Mar
Final Statement of Intent			Prior to 30 Jun

Working with the shareholder

DCTL will undertake to keep the Shareholder informed of all substantive matters, as set out in the performance targets above. DCTL will work to build a culture of accountability and constructive working practices between DCTL, the Shareholder, and Ultimate Shareholder as required. It is expected that any conflicts that may arise will be resolved directly between the Shareholder and DCTL, in accordance with appropriate governance practices.

Acquisition / divestment of assets or shares in any company or organisation

Except for the activities of DCTL as Manager for the Dunedin City Council 'Waipori Fund', DCTL will not invest in the shares of another company or invest in an entity other than placing surplus funds with counterparty banks or acquiring LGFA Borrower Notes.

The approval of the Shareholder is required before disposal by DCTL of any segment of its business.

Compensation sought

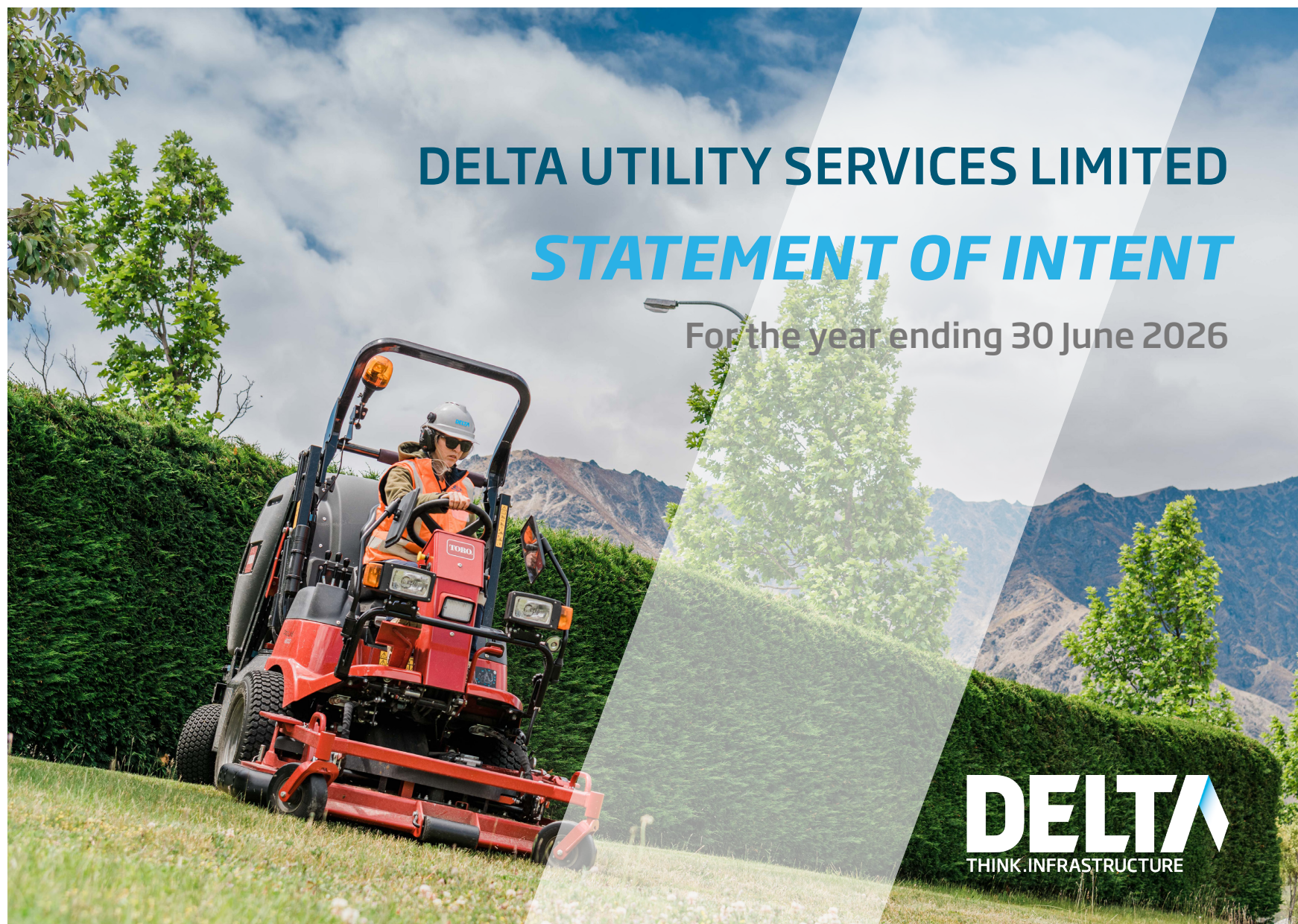
At the request of the Shareholder, DCTL may undertake activities that are not consistent with its normal commercial objectives. Specific financial arrangements will be entered into to meet the full commercial cost of undertaking such activities. At present, DCTL does not have any activities in respect of which its Board wishes to seek compensation from any local authority.

Group Facility Use

DCTL will undertake "Group" purchasing of goods and services, unless it is demonstrated conclusively to the Shareholder that the total combined cost of such Group purchasing to the Group and Dunedin City Council (including the costs of ceasing any such Group purchasing), is greater than any alternative identified.

Other agreements

DCTL will not accept sponsorship or give naming rights to companies involved in activities deemed to be inconsistent with Dunedin City Council's ethical position. DCTL will also work with DCHL to ensure that its sponsorship policy aligns with DCC's strategic framework.



Statement of Intent 2025/2026

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Statement of Intent 2025/2026

1 INTRODUCTION

Delta Utility Services Ltd (“Delta”) provides contracting services, including the construction, operation, and maintenance of essential energy and environmental infrastructure. Delta is a Council Controlled Trading Organisation (CCTO) owned wholly by Dunedin City Holdings Ltd (DCHL), which is wholly owned by Dunedin City Council.

A CCTO is required by law to produce a Statement of Intent (SOI). A SOI is an annual planning document which sets out the Company’s planned activities, objectives and financial forecasts for the next three years. It includes performance measures and targets which form the basis of the Company’s organisational accountability and will be reported on in the Company’s Annual Report. This SOI takes Shareholder comments into consideration.

**DO IT FIRST, DO IT RIGHT,
DO IT TOGETHER**

Everything we do is for people – the people living, working, and playing in our beautiful South Island.

It calls for fresh thinking, working together, and getting it done right.

That's Delta.



Statement of Intent 2025/2026

2 OBJECTIVES

As a CCTO, Delta has the following objectives, as defined in the Local Government Act 2002:

- a) *achieve the objectives of its shareholder, both commercial and non-commercial, as specified in the statement of intent; and*
- b) *be a good employer; and*
- c) *exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and*
- d) *conduct its affairs in accordance with sound business practice.*

Health and Safety performance is essential to the achievement of Delta's objectives. Delta's safety goal is "Everyone Home Safe, Every Day".

Delta's objective is to maximise consistent long-term annual dividend returns with an expectation of providing a commercial level of return on investment to DCHL, appropriate to the sector it operates in. Delta is also focused on capital management with a goal of returning any surplus capital to DCHL.

Delta's focus for FY2026 will be to continue to improve its financial results whilst minimising its carbon footprint and improving Health and Safety outcomes.

As a Dunedin City Council owned Company, Delta aims to contribute to the Dunedin City Council's strategic framework and achievement of city objectives.

In line with the DCHL carbon roadmap and in support of the Dunedin City Councils city-wide carbon neutrality initiatives, Delta will refresh the existing carbon reduction and waste minimisation strategy over the 2026 financial year and build on existing work to develop a roadmap to 2035.

OUR VISION

Great people shaping better communities together.

OUR PURPOSE

- Local professionals with innovative ideas, passionate about serving our communities.

Statement of Intent 2025/2026

3 APPROACH TO GOVERNANCE

In addition to the obligations of the Local Government Act 2002 (LGA), Delta is also subject to the requirements of the Companies Act 1993 and is governed by directors in accordance with the law and best practise.

As defined in Section 58 of the LGA:

- (1) *The role of a director of a council-controlled organisation is to assist the organisation to meet its objectives and any other requirements in its statement of intent.*
- (2) *This section does not limit or affect the other duties that a director of a council-controlled organisation has.*

The Board meets on a regular basis to direct and control the company's activities. Directors are appointed by the shareholder, DCHL.

The Board accepts that it is responsible for the overall control systems operating within Delta but recognises that no cost-effective internal control system will permanently preclude all errors or irregularities. The control systems reflect the specific risks associated with the business of Delta.

DCHL reviews and approves the SOI and three-year financial plan. Monthly, six-monthly and annual reports of financial and operating performance are provided to DCHL.

4 NATURE AND SCOPE OF ACTIVITIES

The principal activity of Delta is the provision of contracting services, which include the construction, operation, and maintenance of essential energy and environmental infrastructure. The undertaking of any activity of a nature or scope not provided for in Delta's mission or goals would be subject to the prior approval of DCHL.

Our purpose is to be local professionals with innovative ideas, passionate about serving our communities. This purpose directly relates to our vision of great people shaping better communities together. Our values of Do it First, Do it Right, Do it Together allow us to make a difference through fresh thinking, dependability, and working together.

We're a team of more than 600 skilled professionals, with a dedication and passion for the job. We are committed to our people, safety, and the environment, and support the communities we live and work in.

Delta's total assets were \$61 million as at 30 June 2024, and Delta generated operational revenues of \$130 million for the year then ended.

Statement of Intent 2025/2026

5 PERFORMANCE TARGETS AND OTHER MEASURES

Strategic Objective	Activity	Performance Measure
Community		
<i>We are big believers in supporting the communities in which we operate. Our vision is great people shaping better communities together. Our main contribution is through the essential infrastructure services we provide every day. We also support organisations in the local community nurture the next generation of smart thinking infrastructure specialists, and promote our brand to our stakeholders.</i>		
Make a positive contribution to the communities in which we operate	Provide community support through local sponsorship/donations	Sponsorship/donation value of ≥ \$25,000 per annum
Support community recreation and visitor experience	Maintain parks, reserves, sports fields, walking tracks, and amenities in Dunedin city, including significant tourist attractions (e.g. the Railway Station and Chinese Gardens)	Achieve KPIs on relevant service contracts
Promote economic development	Maintain essential infrastructure to support Dunedin City Council's strategy to be one of the world's great small cities	Deliver maintenance services per contractual arrangements with Aurora Energy Ltd and Dunedin City Council

Statement of Intent 2025/2026

Strategic Objective	Activity	Performance Measure
<i>People</i>		
<p><i>It is the skill and dedication of our people that makes the difference for our customers and keeps everyone safe at work.</i></p> <p><i>Our safety goal is 'Everyone Home Safe, Every day'. We are committed to the provision of safe and healthy work environments for our workers and the public.</i></p>		
Safe and healthy outcomes for our people	Maintain effective Health and Safety systems and processes supported by positive organisational culture to enable the Delta value of Everyone Home Safe, Every Day	Total recordable injury frequency rate (TRIFR) per 200,000 hours worked of ≤ 3.50
		Maximum total lost time injury frequency rate (LTIFR) per 200,000 hours worked of ≤ 1
		Maintain ISO 45001 Occupational Health and Safety Management System accreditation
Fully comply with Health and Safety legislation	Maintain a legislative compliance process that includes Health and Safety legislation.	Legislative compliance process is completed.
Maintain the health and wellbeing of staff	Maintain an employee wellbeing programme	Programme maintained throughout the year
	Ensure that all direct employees are paid at living wage or above	All direct employees are paid at the living wage or above
Run an effective apprenticeship/trainee scheme	Develop skill sets and succession planning through Delta's apprenticeship/trainee scheme	Average number of apprentices/trainees per annum of ≥ 20
Maintain a positive and satisfying working environment	Monitor staff retention as a percentage of permanent staff	Staff retention ≥ 85% per annum

Statement of Intent 2025/2026

Strategic Objective	Activity	Performance Measure
<i>Environment</i>		
<i>We are committed to continual improvement in our environmental performance, prevention of harm to the environment and adoption of sustainable work practices.</i>		
Operate using sustainable work practices that prevent harm to the environment	Maintain a well-recognised environmental accreditation	ISO14001 accreditation is maintained
Fully comply with environmental and resource consents	Maintain full compliance with the Resource Management Act (RMA)	Nil breaches of the RMA
Contribute to Dunedin City Council's city-wide carbon neutrality initiatives	Refresh Delta's Carbon Emission and Waste Reduction strategy developed in the 2022 financial year.	Carbon Emission and Waste Reduction Strategy is refreshed Selected Greenhouse Gas (GHG) emissions are measured and reported in our Annual Report

Statement of Intent 2025/2026

Strategic Objective	Activity	Performance Measure
<i>The Shareholder</i>		
<i>We are committed to communicating our activities and strategy clearly to DCHL and to continue to maintain an active dialogue.</i>		
Bring to the attention of DCHL any strategic or operational matters where there may be a conflict between the Dunedin City Council's community outcomes and those of Delta and seek DCHL's view on these	Consult with DCHL at the earliest possible time on matters where conflict may or could result	All potential conflicts notified to DCHL
Keep DCHL informed of all substantive matters	On a "no surprises" basis, advise DCHL promptly of any substantive matter that has the potential to impact negatively on DCHL and Delta with a particular focus on the media	Substantive matters reported to DCHL within 24 hours
Keep DCHL well briefed on monthly financial results and progress in respect of the Delta Boards plans for business strategy and performance improvement	Provide monthly KPI reports that include financial results and progress on performance improvement initiatives	KPI reports provided each month

Statement of Intent 2025/2026

6 FINANCIAL/ECONOMIC TARGETS

a) The ratio of Shareholder's Funds to Total Assets and the definition of those terms

	Year ending 30/06/2026	Year ending 30/06/2027	Year ending 30/06/2028
Shareholder's Funds to Total Assets	≥ 46%	≥47%	≥47%

Delta has adopted a target Shareholder's Funds to Total Assets ratio (equity ratio) of 50%, but expects this ratio will fluctuate depending on a variety of circumstances including asset renewal and investment cycles.

"Shareholder's Funds" are represented by the paid-up capital, reserves created by the revaluation of specific assets, and retained earnings.

"Total Assets" means the aggregate amount of all current and non-current assets.

b) Estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to the Shareholder

	Year ending 30/06/2026 \$000	Year ending 30/06/2027 \$000	Year ending 30/06/2028 \$000
Dividend	2,250	2,250	2,250

Note: The dividend estimates are heavily reliant on attaining the forecast financial results, which are dependent on retaining the current level of work at projected margins.

Statement of Intent 2025/2026

c) Other financial forecasts

	Year ending 30/06/2026 \$000	Year ending 30/06/2027 \$000	Year ending 30/06/2028 \$000
EBITDA	≥ 12,357	≥ 12,595	≥ 12,836
Net profit after tax	≥ 2,990	≥ 3,278	≥ 3,475
Cash flow from operations	≥ 14,227	≥ 11,440	≥ 10,946
Capital expenditure	≤ 6,000	≤ 6,600	≤ 6,600
Term borrowings	≤ 6,100	≤ 6,600	≤ 7,600
Shareholder's funds	≥ 28,981	≥ 30,010	≥ 31,234

7 ACCOUNTING POLICIES

a) General Accounting Policies

Delta is a Tier 1 For-profit entity as defined by the External Reporting Board and reports in accordance with Tier 1 For-profit Accounting Standards. Delta's accounting policies are based on NZ IFRS standards and interpretations, as recognised by Chartered Accountants Australia and New Zealand.

NZ IFRS standards and interpretations are subject to change and therefore Delta's accounting policies are also subject to change during the period of the SOI.

b) Particular Accounting Policies

The particular accounting policies, which materially affect the measurement and reporting of financial performance and financial position, are consistent across the DCHL group and are fully listed in the Delta annual report.

Statement of Intent 2025/2026

8 DIVIDEND POLICY

Delta aims to manage its long-term capital structure so it has sufficient flexibility to cope with significant capital replacements and investments without the need to seek additional capital or borrowings, while at the same time maintaining a sustainable and reliable dividend stream to DCHL.

Delta's dividend policy is to pay dividends within the range of 50-75% of the net surplus after tax, subject to the Directors' obligations to act in accordance with their statutory duties. The actual level of dividend will be determined by the Directors each year in light of the circumstances that exist at the time.

In arriving at a dividend recommendation, Directors will consider:

- Delta's financial performance, in particular, the cash flows from operations;
- The ratio of shareholder's funds to total assets (equity ratio);
- Delta's future investment plans and profitability thereof;
- Delta's ability to raise loans and the terms thereof; and
- Delta's current cost of borrowings.

We are forecasting that any dividend payments will be made in equal instalments in December 2025 and June 2026.

9 COMMERCIAL VALUE OF SHAREHOLDER'S INVESTMENT

The commercial value of DCHL's investment in Delta is considered by the Directors to be not less than the Shareholder's funds as disclosed in the Statement of Financial Position published in the last Annual Report.

This will be considered annually when the Statement of Intent is completed.

Statement of Intent 2025/2026

10 TRANSACTIONS WITH RELATED PARTIES

Dunedin City Council is the sole Shareholder of DCHL.

DCHL is the sole Shareholder of Delta Utility Services Limited, Aurora Energy Limited, City Forests Limited, Dunedin City Treasury Limited, Dunedin Railways Limited, Dunedin Venues Management Limited, and Dunedin Stadium Property Limited.

DCHL owns 50% of Dunedin International Airport Limited.

Transactions between the Companies, Dunedin City Council and other Dunedin City Council controlled enterprises will be on a wholly commercial basis.

Charges from Dunedin City Council and its other entities and charges to Dunedin City Council and its other entities will be made for goods and services provided as part of the normal trading activities of each Company.

Delta will undertake to obtain all debt funding from Dunedin City Treasury Limited, with any exceptions agreed with the DCHL Board.

Related Party Transactions

Aurora Energy Ltd	Provision of maintenance and construction services
City Forests Ltd	Provision of roading services and reserves maintenance
Dunedin City Council	Provision of greenspace services
Dunedin City Holdings Ltd	Functions appropriate between parent companies and subsidiaries
Dunedin City Treasury Ltd	Provision of debt funding to Delta generating interest payments to Dunedin City Treasury Ltd
Dunedin Venues Management Ltd	Provision of greenspace services

Statement of Intent 2025/2026

11 OTHER MATTERS AGREED BY DELTA UTILITY SERVICES LIMITED AND THE SHAREHOLDER

Information to be provided to the shareholder:	Quarterly	Half Yearly	Annual
Key financial performance indicators	✓	✓	✓
Long-term debt forecasts	✓		
Statement of Financial Performance		✓	✓
Statement of Financial Position		✓	✓
Statement of Cash Flows		✓	✓
Statement of Movement in Equity		✓	✓
Notes to the Financial Statements		✓	✓
Statement of Service Performance against SOI targets		✓	✓
Directors' Report		✓	✓
Auditor's Report			✓
Statement of Intent (Draft)			Prior to 1 March
Statement of Intent (Final)			Prior to 30 June

Statement of Intent 2025/2026

Delta has agreed to assess and manage cyber-security risks in a manner appropriate to the sector that we operate in.

Working with the Shareholder

Delta will undertake to keep DCHL informed of all substantive matters, as set out in the performance targets above. Delta will work to build a culture of accountability and constructive working practices between DCHL and Delta. It is expected that any conflicts that may arise between DCHL and Delta will be resolved directly between DCHL and Delta, in accordance with appropriate governance practices.

Delta will work with DCHL to ensure that its sponsorship policy aligns with the Dunedin City Council's strategic framework.

Acquisition/Divestment of Assets, or Shares in any Company or Organisation

Delta will only invest in the shares of another company or invest in an entity if the investment is considered to be likely to produce added value to Delta. In order to maximise the benefit to DCHL, shares or assets may also be sold in response to, or in anticipation of, on-going changes in the marketplace.

If the Directors intend that Delta or its subsidiaries should acquire assets, they will obtain prior approval of DCHL where an investment into the new assets exceeds \$5 million. For the purpose of this section, "asset(s)" includes a group of assets similar in type, cost, and useful life that are purchased together and can be identified and maintained as one asset or group of assets following purchase.

If the Directors intend that Delta or its subsidiaries should subscribe for or otherwise acquire issued capital or an interest in any company or organisation (other than minimum holdings in listed companies in related industries) exceeding a total investment of \$5 million they will obtain prior approval of DCHL.

The approval of DCHL is required before disposal by Delta of any segment of its business or shares in a subsidiary or associate company where the value of the asset to be disposed of exceeds the investment delegated authority of \$5 million.

Compensation Sought

At the request of DCHL, Delta may undertake activities that are not consistent with its normal commercial objectives. Specific financial arrangements will be entered into to meet the full commercial cost of undertaking such activities.

At present, Delta does not have any activities of this nature.

Group Facility Use

Statement of Intent 2025/2026

Delta will undertake to operate "Group" purchasing of goods and services, unless it is demonstrated conclusively to DCHL that the total combined cost of such Group purchasing to the Group and Dunedin City Council (including the costs of ceasing any such Group purchasing), is greater than any alternative identified.

Other agreements

Delta will not accept sponsorship or give naming rights to companies involved in activities deemed inconsistent with Dunedin City Council's ethical position.

Statement of Intent 2025/2026



DUNEDIN STADIUM PROPERTY LTD

STATEMENT OF INTENT For the Year Ending 30 June 2026

2025/26 SoI

Dunedin Stadium Property Limited

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Statement of Intent 2025/2026

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*Statement of Intent 2025/2026***1. INTRODUCTION**

Dunedin Stadium Property Limited (DSPL) is a Council-Controlled Organisation (CCO) established to hold the ownership of Forsyth Barr Stadium.

DSPL is a wholly owned subsidiary of Dunedin City Holdings Limited (DCHL), which is wholly owned by Dunedin City Council (DCC).

This Statement of Intent (SoI) sets out DSPL's planned activities, objectives and financial forecasts for the next three years. It includes performance measures and targets which will be reported against in DSPL's 2026 Annual Report.

2. OBJECTIVES

DSPL was established with the primary purpose of ownership of Forsyth Barr Stadium. DSPL's overarching objective is to ensure this asset remains a fit for purpose venue for public and private events.

As a Dunedin City Council Group company, DSPL aims to contribute to the Dunedin City Council's strategic framework and achievement of city objectives.

In line with the DCHL Carbon Roadmap, DSPL will reduce emissions and work with DCC and DCHL to identify and scope further opportunities to contribute to Dunedin's citywide goal to be net zero carbon by 2030.

The Local Government Act 2002 also defines the principal objectives of CCOs as to:

- a) achieve the objective of its shareholders, both commercial and non-commercial, as specified in the Statement of Intent; and
- b) be a good employer as per clause 36 of Schedule 7 LGA); and
- c) exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so.

DSPL conducts its affairs in accordance with sound business practice.

In 2025/2026, DSPL intends to focus on:

- a) ensuring Forsyth Barr Stadium is maintained in accordance with the Asset Management Plan; and
- b) managing DSPL's debt prudently.

DSPL's objectives and targets for the year, as set out on the following page, support this focus.

3. NATURE AND SCOPE OF ACTIVITIES

In support of its objectives, DSPL approves and regularly reviews the stadium's Asset Management Plan, monitors execution of the Asset Management Plan and the asset's performance, ensures an appropriate debt repayment programme is in place, and gives consideration to the long-term strategy for the asset.

The undertaking by DSPL of any activity of a nature or scope outside of this would be subject to the prior approval of the shareholder.

4. APPROACH TO GOVERNANCE

DSPL is governed by a board of independent directors appointed by DCHL. DCHL directors appointed to the board of DSPL are appointed by DCC. Directors meet regularly to direct and control DSPL's proceedings. The role of a Director of a CCO is defined in the Local Government Act 2002 as "to assist the organisation to meet its objectives and any other requirements in its Statement of Intent." The DSPL board operates in accordance with accepted best practice.

Statement of Intent 2025/2026

5. PERFORMANCE TARGETS

Goal	Objective	Performance Targets
Forsyth Barr Stadium remains a fit for purpose venue for public and private events	Ensure an Asset Management Plan which enables general use of the stadium, and meets asset warranty and guarantee requirements, is in place.	An Asset Management Plan is in place.
	Ensure the Asset Management Plan remains current and relevant.	The Asset Management Plan is internally reviewed annually, and externally reviewed every three years.
	Ensure assets are appropriately maintained.	A current Building Warrant of Fitness is always maintained for the stadium. The Board monitors progress against the Asset Management Plan and material changes to approved budgets.
Manage debt prudently	Ensure an appropriate debt management programme is in place.	A debt management programme is in place and reviewed by the Board annually.
DSPL maintains a strategic direction that is consistent with the policies and objectives of the shareholder	Ensure Statement of Intent is consistent with objectives of the shareholder.	A draft 2026/2027 Statement of Intent will be submitted to the shareholder by 1 March 2026.
Contribute to Council's Strategic Framework and Climate Change and Carbon Neutrality initiatives	Reduce emissions and contribute to Dunedin's citywide goal to be net zero carbon by 2030.	Refine and continue to implement DSPL's carbon emissions and waste reduction strategies. Measure and publicly report our Greenhouse Gas (GHG) emissions in our Annual Report.
Communicate with the shareholder on a 'no surprises' basis	Consult with the shareholder in a timely manner on DSPL strategic or operational matters which could compromise the Council's community outcomes.	No such matters that were not escalated to the shareholder in a timely manner.
	Report to the shareholder within 24 hours of the Board becoming aware of any substantive matter, including any matter likely to generate media coverage.	No such matters that were not reported to the shareholder within 24 hours.

Statement of Intent 2025/2026

6. FINANCIAL FORECASTS

Financial Forecasts

This section sets out DSPL's financial forecasts for the next three financial years.

Ratio of Shareholder's Funds to Total Assets, and the definition of those terms

	Year ending 30/06/2026	Year ending 30/06/2027	Year ending 30/06/2028
Shareholder's Funds to Total Assets	36%	34%	32%

"Shareholder's Funds" are represented by the paid-up capital, reserves created by the revaluation of specific assets, and retained earnings.

"Total Assets" means the aggregate amount of all current and non-current assets.

Estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to the shareholders.

	Year ending 30/06/2026	Year ending 30/06/2027	Year ending 30/06/2028
Dividend distributions	Nil	Nil	Nil

Other Financial Forecasts

	Year ending 30/06/2026 \$'000	Year ending 30/06/2027 \$'000	Year ending 30/06/2028 \$'000
EBITDA	(421)	(464)	(505)
Net / (loss) profit after tax	(3,078)	(6,629)	(6,892)
Cash flow from operations	1,487	(1,740)	(2,327)
Capital expenditure	4,621	1,252	901
Term loans	85,098	85,185	85,508
Shareholder's funds	47,773	44,049	40,062

As a council-controlled organisation that is not a council-controlled trading organisation, the company presents forecast financial statements for the year ending 30 June 2026 and the following two years, as required by section 64(6) of the Local Government Act 2002. The financial information is prospective.

Actual results are likely to vary from the information presented and the variations may be material. In preparing the financial forecasts it was necessary for the company to make key assumptions about the future. The following assumptions are significant in that if actual future events differ from the assumptions, it may result in material variances.

- Equity injection from DCHL of \$2.91m in June each year. This is assumed to continue for the foreseeable future.

Statement of Intent 2025/2026

- Subvention receipts are forecasted to be received on the assumption that the DCHL tax group will continue to make taxable profits.

In the year ending 30 June 2025, the company made adjustments to rent and outgoings charged to DSPL's tenant, Dunedin Venues Management Limited (DVML) in order to make the tenancy more commercially viable for DVML. The budget and forecasts assume that these adjustments continue, on the understanding that, following the DCC's recent Venues Review, further work with DCHL and the DCC will result in a long-term funding model that will sustain future capital expenditure and enable repayment of borrowings. In the interim, the board acknowledges an increase in equity funding from \$2.25m to \$2.91m.

The prospective financial statements were authorised for issue on 17 June 2025 by the Board of DSPL. The board is responsible for the information presented, including the underlying assumptions and all other disclosures. The prospective financial statements contain no actual operating results and will not be updated subsequent to presentation in this Statement of Intent.

Forecast Statement of Comprehensive Revenue and Expenses

	FY26 Budget 000's	FY27 Forecast 000's	FY28 Forecast 000's
Rent received	1,000	1,000	1,000
Outgoing recoveries	-	-	-
Total revenue	1,000	1,000	1,000
Less Expenses:			
Operating expenses	1,421	1,464	1,505
Interest expense	3,412	3,397	3,610
Depreciation	4,747	4,681	4,509
Total expenditure	9,580	9,541	9,624
Share of surplus/(deficit) in associates and jointly controlled entities	-	-	-
Net Profit before Tax	(8,580)	(8,541)	(8,624)
Add: subvention receipt	5,502	1,913	1,732
Less: tax expense	-	-	-
Net Profit/(Loss) after Tax	(3,078)	(6,629)	(6,892)
Other comprehensive revenue and expense:			
Interest rate swap hedges gains (losses) during the year	-	-	-
Total Comprehensive Revenue and Expenses for the year	(3,078)	(6,629)	(6,892)

Forecast Statement of Changes in Equity

	FY26 Budget 000's	FY27 Forecast 000's	FY28 Forecast 000's
Opening equity	47,945	47,773	44,049
Share capital contributions	2,905	2,905	2,905
Total comprehensive revenue and expense for the year	(3,078)	(6,629)	(6,892)
Closing Equity	47,773	44,049	40,062

Statement of Intent 2025/2026

Forecast Statement of Financial Position	FY26 Budget 000's	FY27 Forecast 000's	FY28 Forecast 000's
<u>Equity</u>			
Share capital	136,834	139,739	142,644
Accumulated losses	(89,061)	(95,690)	(102,582)
	47,773	44,049	40,062
Non-controlling interest	-	-	-
Total Equity	47,773	44,049	40,062
<u>Current Assets</u>			
Bank balance	20	20	20
Trade and other receivables	177	21	18
Total current assets	197	41	38
<u>Non-current Assets</u>			
Property, plant and equipment	133,578	130,149	126,541
Total non-current assets	133,578	130,149	126,541
Total Assets	133,775	130,191	126,578
<u>Current Liabilities</u>			
Trade and other payables	108	140	144
Current portion of term borrowings	797	817	865
Total current liabilities	904	957	1,009
<u>Non-current Liabilities</u>			
Term borrowings	85,098	85,185	85,508
Total non-current liabilities	85,098	85,185	85,508
Total Liabilities	86,002	86,142	86,517
Net Assets	47,773	44,049	40,062

Statement of Intent 2025/2026

Forecast Cash flow Statement	FY26 Budget 000's	FY27 Forecast 000's	FY28 Forecast 000's
<u>Cash flows from Operating</u>			
<i>Cash was provided from:</i>			
Receipts from customers	1,000	1,000	1,000
Income tax/ subvention	5,502	1,913	1,732
Net GST received	-	160	4
	6,502	3,072	2,736
<i>Cash was disbursed to:</i>			
Payments to suppliers	1,447	1,435	1,501
Net GST paid	166	-	-
Interest paid	3,403	3,377	3,562
	5,016	4,812	5,064
Net cash inflows/(outflows) from operating	1,487	(1,740)	(2,327)
<u>Cash flows from Investing</u>			
<i>Cash was provided from:</i>			
Proceeds from asset disposals	-	-	-
	-	-	-
<i>Cash was disbursed to:</i>			
Capital expenditure	4,621	1,252	901
	4,621	1,252	901
Net cash inflows/(outflows) from investing	(4,621)	(1,252)	(901)
<u>Cash flows from financing</u>			
<i>Cash was provided from:</i>			
Call on capital	2,905	2,905	2,905
Loan draw downs	6,081	87	323
	8,986	2,992	3,228
<i>Cash was disbursed to:</i>			
Loan repayments	5,848	-	-
	5,848	-	-
Net cash inflows/(outflows) from financing	3,138	2,992	3,228
Opening cash	17	20	20
Net change in cash	3	-	-
Closing Cash	20	20	20

Statement of Intent 2025/2026

7. ACCOUNTING POLICIES

General Accounting Policies

The accounting policies recognised by the External Reporting Board (XRB) for the measurement and reporting of financial performance and financial position have been applied on a basis consistent with those used in previous years.

Particular Accounting Policies

The particular accounting policies, which materially affect the measurement and reporting of financial performance and financial position, are consistent across the DCHL group and are fully listed in DSPL's Annual Report.

8. DIVIDEND POLICY

DSPL's current policy is to not pay dividends.

9. COMMERCIAL VALUE OF SHAREHOLDER'S INVESTMENT

The commercial value of the Shareholder's investment in DSPL is considered by the Directors to be not less than the Shareholder's funds as disclosed in the Statement of Financial Position published in the last Annual Report.

10. TRANSACTIONS WITH RELATED PARTIES

Dunedin City Council is the sole Shareholder of Dunedin City Holdings Limited.

Dunedin City Holdings Limited is the sole Shareholder in Aurora Energy Limited, City Forests Limited, Delta Utility Services Limited, Dunedin City Treasury Limited, Dunedin Railways Ltd, Dunedin Venues Management Limited and Dunedin Stadium Property Limited.

Dunedin City Holdings Limited owns 50% of Dunedin International Airport Limited.

Transactions between the Companies, Dunedin City Council and other Dunedin City Council controlled enterprises will be on a wholly commercial basis.

Charges from Dunedin City Council and its other entities and charges to Dunedin City Council and its other entities will be made for goods and services provided as part of the normal trading activities of each Company.

Related Party Transactions

Related party	Transactions
Dunedin City Council	Council rates for properties owned by DSPL Lease of Council owned land
Dunedin City Holdings Limited	Provision of administrative services to DSPL
Dunedin City Treasury Limited	Provision of debt funding to DSPL generating interest payments to DCTL
Dunedin Venues Management Limited	Maintenance of asset and grounds Lease of asset

DCHL and its subsidiaries, including DSPL, undertake to obtain all debt funding from DCTL, with exceptions as agreed with the Board of DCHL.

Statement of Intent 2025/2026

11. OTHER MATTERS AS AGREED BY THE SHAREHOLDER AND THE BOARD

Information to be provided to the Shareholder

Information	Quarterly	Half Yearly	Annual
Key financial and service performance indicators	✓	✓	✓
Long-term debt forecasts	✓		
Statement of Financial Performance		✓	✓
Statement of Financial Position		✓	✓
Statement of Cash Flows		✓	✓
Statement of Movement in Equity		✓	✓
Notes to the Financial Statements		✓	✓
Statement of Service Performance against SoI targets		✓	✓
Directors' Report		✓	✓
Auditors' Report			✓
Draft Statement of Intent			Prior to 1 Mar
Final Statement of Intent			Prior to 30 Jun

Working with the shareholder

DSPL will undertake to keep the Shareholder informed of all substantive matters, as set out in the performance targets above. DSPL will work to build a culture of accountability and constructive working practices between DSPL, Shareholder, and Ultimate Shareholder as required. It is expected that any conflicts that may arise will be resolved directly between the Shareholder and DSPL, in accordance with appropriate governance practices.

Acquisition / divestment of assets or shares in any company or organisation

DSPL will only invest in the shares of another company or invest in an entity if the investment is considered to be likely to produce added value to DSPL. In order to maximise benefit to the Shareholder, shares or assets may also be sold in response to, or in anticipation of, on-going changes in the marketplace.

If the Directors intend that DSPL should acquire assets, they will obtain prior approval of the Shareholder where an investment into the new assets exceeds \$500,000. For the purpose of this section, "asset(s)" includes a group of assets similar in type, cost and useful life that are purchased together and can be identified and maintained as one asset or group of assets following purchase.

If the Directors intend that DSPL should subscribe for or otherwise acquire issued capital or an interest in any company or organisation (other than minimum holdings in listed companies in related industries) they will obtain prior approval of the Shareholder.

The approval of the Shareholder is required before disposal by DSPL of any segment of its business, or disposal of any shares in a subsidiary or associated company where the value of the asset to be disposed of exceeds \$500,000.

Compensation sought

At the request of the Shareholder, DSPL may undertake activities that are not consistent with its normal commercial objectives. Specific financial arrangements will be entered into to meet the full commercial cost of undertaking such activities. At present, DSPL does not have any activities in respect of which its Board wishes to seek compensation from any local authority.

Statement of Intent 2025/2026

Group Facility Use

DSPL will undertake "Group" purchasing of goods and services, unless it is demonstrated conclusively to the Shareholder that the total combined cost of such Group purchasing to the Group and Dunedin City Council (including the costs of ceasing any such Group purchasing), is greater than any alternative identified.

Other agreements

DSPL will not accept sponsorship or give naming rights to companies involved in activities deemed to be inconsistent with Dunedin City Council's ethical position. DSPL will also work with DCHL to ensure that its sponsorship policy aligns with DCC's strategic framework.



STATEMENT OF INTENT

for the year ending 30 June 2026

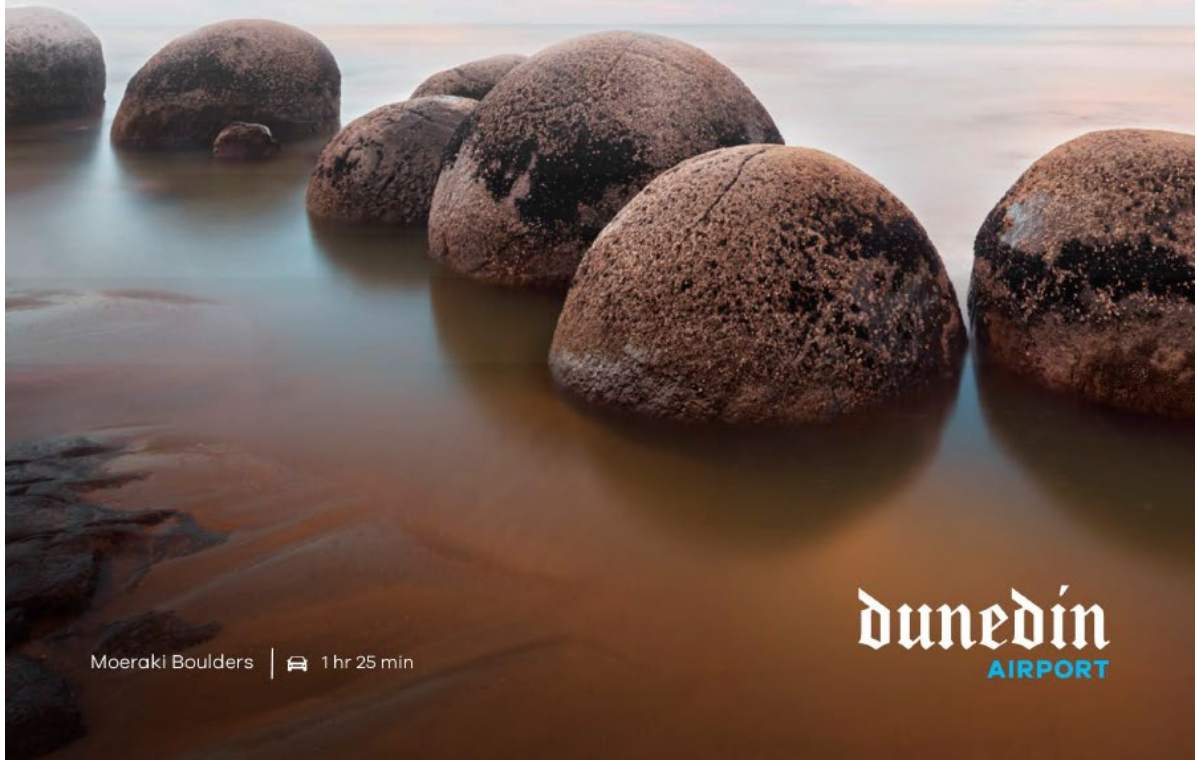


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INTRODUCTION

This Statement of Intent (SOI) is prepared by the board of directors of Dunedin International Airport Limited (DIAL) in accordance with Section 64(1) of the Local Government Act 2002.

DIAL is a council-controlled trading organisation (CCTO) as defined in the Local Government Act 2002 (LGA).

This SOI sets out the objectives, nature and scope of activities to be undertaken by DIAL and the performance targets and other measures by which the performance of the company may be judged in relation to its objectives.

DIAL's performance against these objectives will be reported against in the Statement of Service Performance (SSP) which forms part of its Annual Report.

The SOI is a public and legally required document, being created annually by its shareholders, and covers a three-year period. This SOI covers the period from 01 July 2025 to 30 June 2028.

The planned activities and performance measures take consideration of expectations outlined to DIAL by its shareholders.



OWNERSHIP & GOVERNANCE

DIAL is owned by two shareholders, made up of:

- Dunedin City Holdings (DCHL) - 50%
- The Crown - 50%

DIAL is governed by a board of 4 independent directors, with each shareholder entitled to appoint two directors.

As per Section 58 of the LGA, the role of a director of a CCTO is to assist the organisation to meet its objectives and any other requirements in its SOI. This does not limit or affect the other duties that a director of a CCTO has.

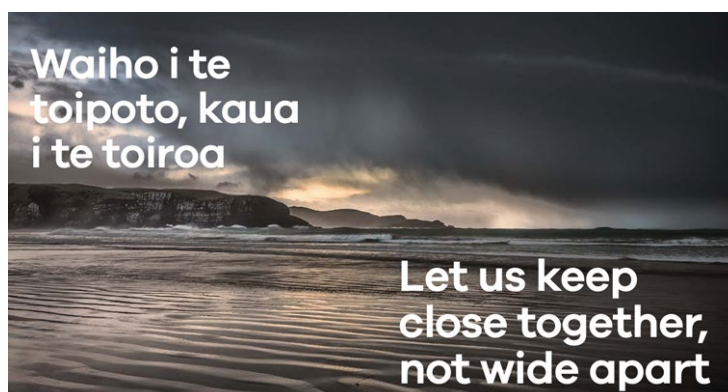
Additional to this, the directors are subject to the requirements of the Companies Act 1993 and govern the company in accordance with best practice.

The board is responsible for the preparation of the SOI. Under the LGA, shareholders of a CCTO may, by resolution, require the board to modify the SOI in accordance with the LGA.

As a company partly owned by Dunedin City Council (DCC), DIAL is mindful of DCC's strategic framework and city objectives. Further to this, DIAL will not accept sponsorship or give naming rights to companies involved in activities deemed to be inconsistent with DCC's ethical positions.

The board accepts that it is responsible for the overall control system operating within the company but recognises that no cost-effective internal control system will permanently preclude all errors or irregularities. The control systems reflect the specific risks associated with the business of the company.

Quarterly, six-monthly, and annual reports of financial and operational performance are provided to the shareholders.



REGULATORY CONTEXT

DIAL operates within a regulatory framework defined within legislation. In addition to the obligations of the Local Government Act 2002 and Companies Act 1993, DIAL is:

- An 'aerodrome operator' under Civil Aviation Rule Part 139 and the Civil Aviation Act 2023;
- A 'lifeline utility' under the Civil Defence Emergency Management Act 2002;
- A 'network utility operator' and 'requiring authority' under the Resource Management Act 1991.

As an airport with more than \$10 million in annual revenue, DIAL is considered a specified airport company for the purposes of the Airport Authorities Act 1966. As such, DIAL complies with the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999.

As an 'airport operator' under the Civil Aviation Act 2023, Dunedin Airport operates as a commercial undertaking.

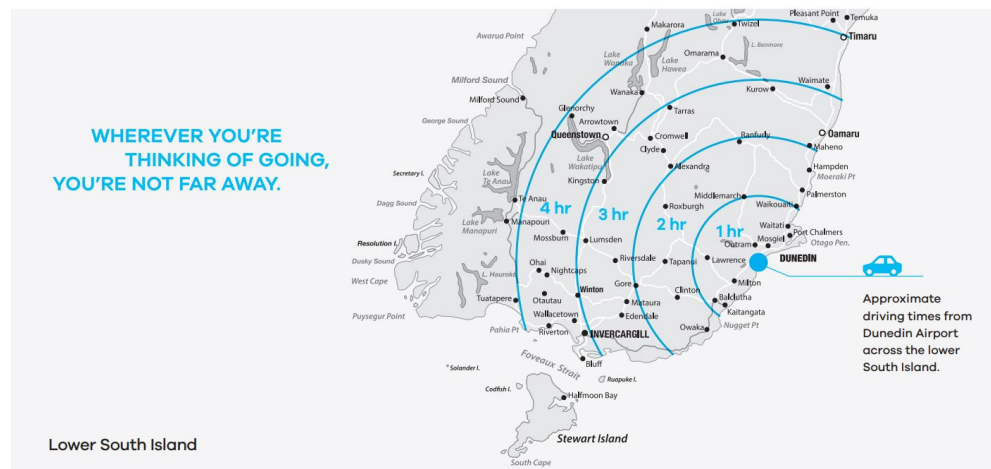




NATURE AND SCOPE OF ACTIVITIES

Dunedin Airport was established under the Airport Authorities Act 1966 and incorporated on 30 September 1988. DIAL's primary activity is the safe and efficient operation of Dunedin Airport, for the purposes of creating long term shareholder value and enabling air connectivity to the communities of Dunedin and the lower South Island.

Dunedin Airport is located approximately 30 minutes from the Dunedin CBD, serving the wider Otago Region made up of the Dunedin City, Waitaki, Central Otago and Clutha districts.



Dunedin Airport is a key player within a much larger aviation ecosystem. We do not operate in isolation; our success is deeply connected to the overall health and prosperity of the global aviation network. For this ecosystem to thrive, a strong and resilient industry is essential.

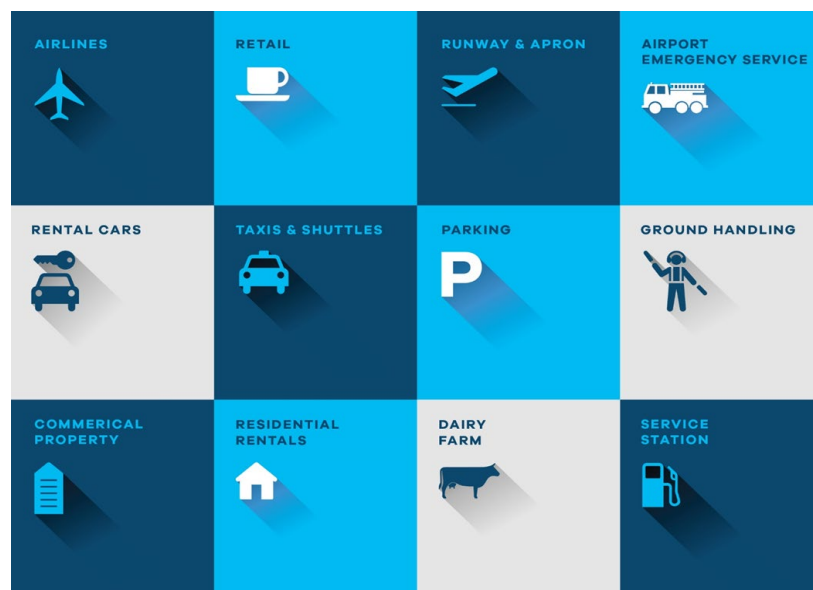
Collaboration, strategic partnerships, and mutual support across this broader system are vital to ensuring we continue to fulfil our long-term aspirations and foster sustained regional growth.



Operations

The operation of the airport includes the provision of “landside” and “airside” infrastructure and associated facilities across the airport campus:

- Landside functions include the provision of terminal facilities, carparking, and passenger transportation. This includes working with commercial tenants, business partners and government agencies.
- Airside functions include the provision of safe and secure aircraft and passenger facilities. DIAL is responsible for the provision of aeronautical infrastructure which includes runways, taxiways, aprons and associated facilities for the operation of the airport.



As a lifeline utility, DIAL ensures the operational resilience of Dunedin Airport, allowing the airport to function as efficiently as possible during, and after an emergency.

We are committed to transforming airport accessibility to make travel easier and more enjoyable for people with disabilities. By prioritising accessibility, communication, and tailored support, we aim to create truly inclusive travel experiences.

The company is also responsible for managing assets not currently used for airport activities, but which may be used in the future. For example, land held for airport expansion, environmental control purposes, or commercial operations inside the airport zone. This includes the operation of a dairy farm, a service station, and a residential property portfolio.

Commercial Value

The commercial value of the Shareholder's investment in the company is considered by the board to be not less than the Shareholder's funds as disclosed in the Statement of Financial Position published in the last Annual Report.

As disclosed in the Company's 2024 Annual Report, as at 30 June 2024 the value of Shareholder's funds in the Statement of Financial Position is \$88,645,000.

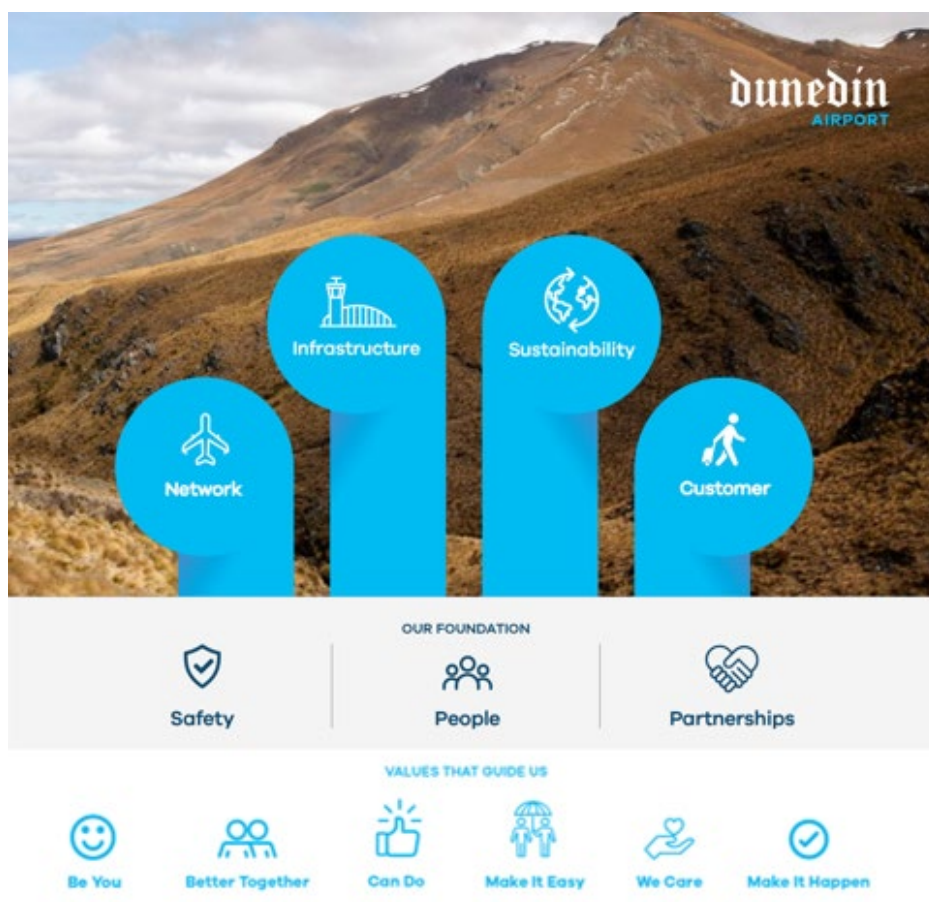
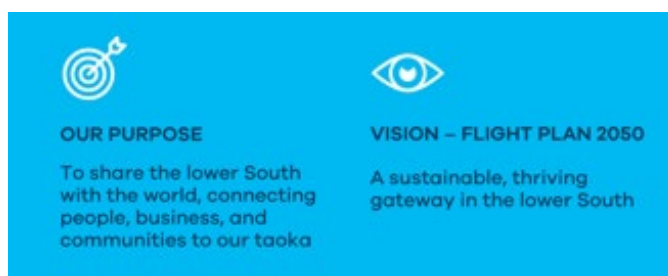
The commercial value will be considered annually when the Statement of Intent is completed.



We cannot lose sight of the role we play as kaitiaki of a long run generational asset, which enables over \$140m in Gross Domestic Product and supports direct employment of over 350 people on the airport campus and another 1,200 jobs in the Dunedin economy.

OUR PURPOSE, VISION & STRATEGY

In 2023 and 2024 we reviewed and refreshed our strategy, culminating in the unveiling of Flight Plan 2050.



Dunedin Airport is proud to serve as the gateway connecting Dunedin and the lower South of New Zealand to the world.

Driven by a clear purpose—to share the unique taoka of the lower South with Aotearoa and the world. This is underpinned by a unified vision that guides everything we do. This singular focus provides a North Star for our team, empowering us to deliver connectivity that benefits people, businesses, and communities alike.

More than just an airport, Dunedin Airport plays a pivotal role as a catalyst for regional growth and economic development. As a vital link for both passengers and freight, we enable local businesses to access global markets and new opportunities. In turn, this drives job creation, attracts investment, and strengthens the local economy by helping businesses expand their reach.

We understand that our airport is far more than an infrastructure asset. It's a critical enabler of economic prosperity, human connection, and sustainable development for the entire lower South. Through strong partnerships with businesses and communities, we are well-positioned to contribute to the region's growth and future connectivity. As a lifeline utility, Dunedin Airport plays a critical role in regional resilience, particularly in the event of a civil emergency.

Dunedin Airport is situated within Ōtākou's takiwā. Our relationship with Te Rūnaka o Ōtākou is a cornerstone of our commitment to ensuring that our operations respect and reflect the cultural and environmental significance of the land.

Our strategic focus ensures that Dunedin Airport will continue to be a cornerstone of regional success, unlocking new opportunities for people, business, and our community. Together, we are shaping a brighter future—one that benefits the lower South.

As we move into the 2026 financial year, while some supply-side issues persist such as shortages of aircraft engineers and engine reliability issues, we are now experiencing a shift towards a demand-side shock. This is driven by the high inflationary environment, increasing cost burden on the aviation system, and a softening of corporate and government travel demand. Dunedin Airport is not immune to these pressures.

The pressing challenge ahead is how we navigate these complexities to ensure the long-term economic viability of air services. At the same time, we are committed to delivering a safe, sustainable, and future-ready airport that provides a world-class customer experience.

Notwithstanding the macroeconomic context and geopolitical issues, the company is well financed, with a stable workforce, strong balance sheet, and diverse revenue streams. With a significant capital programme in excess of \$50m planned over the next five years, leveraging these assets is imperative to drive both cost and process efficiencies.

The 2026 financial year will see the reinstatement of international services following the announcement of Jetstar services to the Gold Coast - a massive achievement after a five-year hiatus and a testament to our engagement and partnership with airlines.

OBJECTIVES & PERFORMANCE MEASURES

Feeding into DIAL's business planning process, letters of expectations from shareholders have been considered in the development of the company's specific focus areas for 2025/2026.

This includes:

- Prioritising the development of an airport Strategic Development Framework and implementation of our capital programme.
- Continued focus on financial performance as the airport business makes progress on its Flight Plan 2050 strategy.
- Implementing carbon and waste reduction plans and setting, measuring and publicly reporting on progress towards waste minimisation goals and carbon emissions reduction strategies.
- Providing regular shareholder updates, including appropriate metrics, on the performance of the Jetstar Gold Coast service.
- Continue to work with DCC/DCHL to identify and scope further opportunities to contribute to Dunedin's citywide goal to be net zero carbon by 2030.
- Assessing and managing cyber-security risks in a manner appropriate to the aviation and infrastructure sector(s).

It is in this context that the revised SOI and associated Objectives & Performance Measures have been prepared by DIAL's board of directors and executive management team.



Key Objectives

SAFETY	
Operate a secure and safe airport	
Objectives	Key Performance Measures
Transform our approach to safety and security risk management	Nil Serious harm (as defined in the WorkSafe Accident and Accident Notification Definitions) to our staff, airports users or contactors Nil Runway Incursions
Promote and steward airport security	Achieve zero avoidable security incidents
Enhance wildlife hazard management	Strike rate <5 strikes per 10,000 on 12-month moving average

PEOPLE	
Our people are our most important asset	
Objectives	Key Performance Measures
Be a great place to work with a high performing team that understands our goals and the role they play	Conduct comprehensive staff engagement surveys annually, with the target of achieving an engagement score of over 85% Maintain a rate of unplanned employee absenteeism of 3% or less
Build our employment brand	Reduce the time it takes to fill employment vacancies to less than 30 days

PARTNERSHIPS	
Develop and strengthen our partnerships	
Objectives	Key Performance Measures
Continually develop the strength and transparency of our relationships	Achieve an overall engagement score of over 90% in our annual stakeholder engagement surveys Invest up to a total of \$40,000 in the 2026 financial year in sponsorship and donations

	Work with DCHL on aligning our sponsorship policy with the DCC's strategic framework
Drive meaningful engagement with mana whenua	Develop a cultural narrative

NETWORK	
Nurture, expand, and grow the network	
Objectives	Key Performance Measures
Work to ensure Dunedin remains a well-connected gateway, benefiting both the community and the broader regional economy	Year on year improvement in passenger volumes
	New regional connections

INFRASTRUCTURE	
A world class small airport, for a world class small city	
Objectives	Key Performance Measures
Maintain our assets to ensure no delays caused by DIAL to scheduled passenger operations	Zero on time performance delays to regular passenger transport operations due to airport owned infrastructure
With shareholder endorsement, develop a visionary airport master plan that incorporates aviation flight forecasting, climate change resilience and adaptation considerations, and critical planning for the airport campus utilities.	Completion of Strategic Airport Development Framework

SUSTAINABILITY	
To be considered one of New Zealand's most sustainable airports	
Objectives	Key Performance Measures
Increase waste diversion from landfill	Increase year on year waste diversion rate
Provide transparent and authentic sustainability disclosures	Prepare and disclose our Greenhouse Gas Emissions Inventory in an Annual Sustainability Report

	Obtain Level 4 Airport Carbon Accreditation from Airport Council International
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CUSTOMER	
Deliver world class customer experience	
Objectives	Key Performance Measures
Enhance commercial performance	Year on year increase in net Passenger Spend Rate
	Year on year increase in net Income per Passenger
	Exceed budget in Earnings Before Interest, Tax, Depreciation, Amortisation, Fair Value Movements (EBITDAF) per passenger
Improve customer experience for all airport users	Undertake a critical review of the entire airport to ensure we provide a welcoming, dignified and inclusive airport experience for people of all abilities
	Measure customer satisfaction through survey tools and feedback mechanisms

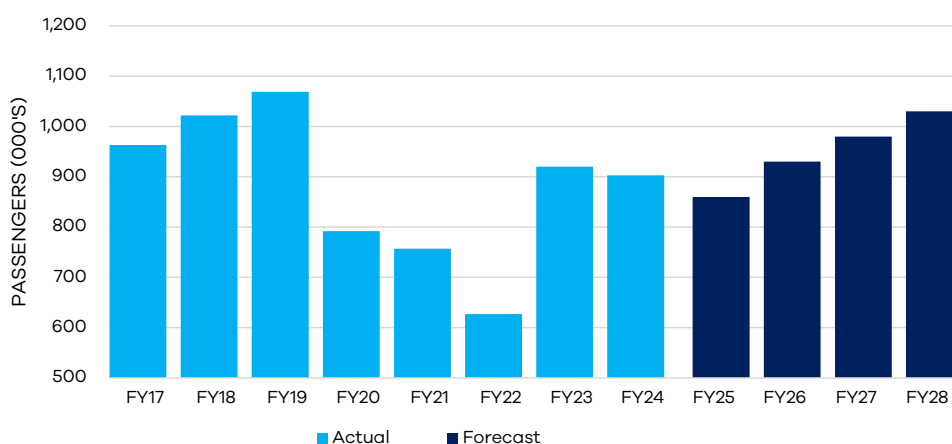
Our performance against these key objectives will be reported annually in the Statement of Service Performance which forms part of the company's annual report.

FINANCIAL PERFORMANCE & FORECASTS

The tables below summarise key financial performance indicators information relating to financial metrics and passenger volumes. The tables provide actual as well as budget data for the period to 2027/28.

Aircraft and Passenger Movements

Passenger Volumes FY17 - FY28



PASSENGERS (000'S)	FY23/24 ACTUAL	FY24/25 FORECAST	FY25/26	FY26/27 BUDGET	FY27/28
Domestic	903	860	883	932	980
International	-	-	47	48	50
Total Passengers	903	860	930	980	1,030
Percentage Change from Prior Year	-1.9%	-4.8%	8.1%	5.4%	5.1%

Financial Performance

Airport revenue and operating cashflows correlate closely with passenger numbers, both directly from Airport Charges but also indirectly from carparking, terminal concession sales, and Momona petrol station sales.

Accordingly, the impacts of the reduced passenger numbers shown above significantly influence financial performance.

	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28
(\$'000'S)	ACTUAL	FORECAST		BUDGET	
Revenue (incl. sundry income)	21,217	24,277	25,904	33,010	34,614
EBITDA	10,359	11,269	10,804	18,297	19,620
Net Profit after Taxation (NPAT)	(424)	4,643	1,918	4,985	5,647
Shareholders' Funds (average)	87,058	88,439	88,576	89,956	92,083
Cash Flow from Operations	7,136	5,874	8,724	11,824	12,521
Capital Expenditure	3,920	20,907	36,502	14,818	6,494
Term Borrowings	9,000	20,800	49,600	56,700	53,950
Dividend Paid	2,500	5,136	1,151	2,991	3,388

	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28
MEASURE	ACTUAL	FORECAST		BUDGET	
Profitability/Efficiency					
Return on Assets	(0.4%)	3.5%	1.2%	2.9%	3.4%
Return on Capital Employed	66.8%	73.3%	57.0%	118.7%	131.2%
Operating Margin	48.8%	46.4%	41.7%	55.4%	56.7%
Leverage/Solvency					
Equity Ratio	77.6%	67.4%	55.1%	53.7%	55.5%
Earnings Ratio (Interest Cover X)	14.9	11.4	4.7	4.7	4.8
Gearing Ratio (net %)	9.21	19.08	35.80	38.40	36.66
Shareholders Return					
Dividend Pay-out ratio	0.94	4.88	0.39	0.75	0.76
Return on equity	(0.5%)	5.2%	2.2%	5.5%	6.1%
Return on equity adjusted for IFRS fair value movements and asset revelations	(1.2%)	13.9%	5.7%	14.3%	15.3%

Notes

1. *Return on assets = (Net profit after tax / Total Assets)*
2. *Return on Capital Employed = (EBIT adjusted for IFRS fair value movements / Share capital)*
3. *Operating Margin = (EBITDA / Revenue)*
4. *Equity Ratio = (Total shareholders' funds / Total assets)*
Shareholders Funds = share capital, plus retained earnings, plus hedge and property plant and equipment revaluation reserves.
Total Assets = the aggregate of the carrying value all current and non-current assets.
5. *Earnings Ratio (interest cover) = (EBITDA (less dividends) / Interest paid)*
6. *Gearing ratio = (net debt / net debt plus equity)*
7. *Dividend Pay-out = (Dividends paid / Net cash flow from operating activities less depreciation expense)*
8. *Return on equity = (Net profit after tax / Average equity)*
9. *Return on equity (adjusted) = Net profit after tax adjusted for IFRS fair value movements (net of tax) / Average of share capital plus retained earnings.*

Forecast Assumptions

The following are assumptions made throughout the forecast:

- The budget assumes 2025-26 passengers of 930,000.
- Airfield and terminal landing charges are based on the charges outlined to Airlines in our 1 July 2025 Pricing Proposal.
- Passenger forecasts have been developed by DKMA, a firm specialising in airport forecasting. Notable increases occur in FY26 and FY27 due to the introduction of international services, and easing of Air New Zealand capacity issues respectively
- Runway, apron and taxiway OPEX and CAPEX forecasts are based on a defined maintenance program. As a result of inspection, our maintenance plan may be subject to change.
- Wages and Salaries have been budgeted based on current rates plus an 3% average yearly increase across all staff.
- An interest rate of 6.3% (including Westpac's 1.3% margin) has been applied to budgeted debt. Interest rate swaps derivatives are included based on the age profile of swaps in place at time of forecast.
- No fair value movement has been budgeted for interest rate hedge instruments, nor the airport's investments.
- No infrastructural asset revaluations have been budgeted.
- Inflation allowance for 2025/26 to 2026/27 and 2026/27 to 2027/28 is 3% for each year for both non-aeronautical income and expenditure items apart from landing charges, carpark and garage revenue which grows in line with the percentage change in forecast passenger numbers.
This excludes apron, runway, and taxiway operational expenditure which is based on defined maintenance plans.

- The cash flow statement assumes a 1-month lag between recognition of a capital addition, and payment. As such, additions per the cashflow may not equal additions per fixed assets.

ACCOUNTING POLICIES

General Accounting Policies

The accounting policies recognised by the External Reporting Board ('XRB') for the measurement and reporting of financial performance, and financial position, will be adopted by Dunedin International Airport Limited.

Accounting Policies

The accounting policies which materially affect the measurement and reporting of financial performance and financial position have been applied on a basis consistent with those used in previous years.

The accounting policies are listed in full in the annual report of the company and on the company website; www.dunedinairport.co.nz.

DIVIDEND POLICY

The company's dividend policy is to pay between 50% to 70% of the forecast operating surplus after tax, adjusting for fair value movements in any investments in equity securities. The actual level of dividend will be determined by the directors each year in light of the circumstances that then exist.

In arriving at a dividend recommendation, directors will take into account:

- The company's financial performance and, in particular, the cash flows generated by the company from operations.
- The ratio of the company's Shareholders funds to the assets.
- The company's investment proposals and profitability thereof.
- The company's ability to raise loans and the terms thereof.
- The company's capital expenditure programme.
- The current cost of borrowings to the company.
- The risks associated with the uncertainty of airline schedules in the short and medium term.
- The Debt/Equity ratio.
- Any views held by shareholders in respect of dividend payments.

Any final dividend will be paid no later than 30 November.

REPORTING TO SHAREHOLDERS

Annually – January, a draft Statement of Intent.

Annually – 30 June, a finalised Statement of Intent agreed by the shareholders.

The Directors will deliver to the shareholders an annual report and audited financial statements, which will consist of no less than:

- A Director's Report including –
 - a review of operations,
 - a comparison of actual performance with targeted performance recommendation in respect of dividend (if any).
- Greenhouse Gas (GHG) Emissions Disclosures;
- Statement of Financial Position;
- Statement of Comprehensive Income & Statement of Movements in Equity;
- Statement of Cash flows;
- Notes to the financial statements;
- Auditor's Report.

All reporting requirements noted above will be delivered within legislative timeframe deadlines.

Quarterly Reporting

Within 30 days of the end of each quarter, including Half Yearly, the directors will deliver to the shareholders a report consisting of:

- Financial review detailing actual performance against budget for revenue, expenditure, and taxation. This will include a Statement of Comprehensive Income, a Statement of Financial Position, and a Statement of Cash Flows.
- Aircraft and passenger activity.
- Commentary on any matters relating to the performance of the company.

Working with the Shareholders

The Company will undertake to keep the shareholders informed of all substantive matters, as set out in the performance targets above. The Company will work to build a culture of accountability and constructive working practices between the shareholder and/or its subsidiaries, and the Company. It is expected that any conflicts that may arise between the shareholder and/or its subsidiaries, and the Company will be resolved directly between the shareholder the Company, in accordance with appropriate governance practices.

ACQUISITION OF SHARES IN ANY COMPANY OR ORGANISATION

The Company will only invest in the shares of another company or invest in an entity if the investment is considered to be likely to produce added value to the Company. In order to maximise benefit to the Shareholder, shares or assets may also be sold in response to, or in anticipation of, on-going changes in the marketplace.

If the Directors intend that the Company:

- carry on any business other than the management and operation of DIAL;
- form any subsidiary company; or
- acquire more than 20% of the shares in any other company,

the Company will obtain prior approval of the Shareholder through special resolution, or the transaction must be contingent on a special resolution of Shareholders.

TRANSACTIONS WITH RELATED PARTIES

The shareholders of Dunedin International Airport Limited are Dunedin City Holdings Limited and the Crown - each holding 50%.

DUNEDIN CITY COUNCIL

The Dunedin City Council is the sole shareholder in Dunedin City Holdings Limited. Transactions between related parties will be on a wholly commercial basis. Charges from Dunedin City Council and its other companies and charges to Dunedin City Council and its other companies will be made for services provided as part of the normal trading activities of Dunedin International Airport Limited.

A summary of related parties, and transaction type are noted in the table below:

Related Party	Transaction Type
Dunedin City Council	Rates and Licences
Delta Limited	Maintenance Contracts
Dunedin Venues Management Limited	Corporate Membership
Dunedin City Treasury Limited	Specific Treasury Services

Statement of Intent 2025/26

DUNEDIN RAILWAYS



STATEMENT OF INTENT For the Year Ending 30 June 2026

Statement of Intent 2025/26

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Statement of Intent 2025/26

1. INTRODUCTION

Dunedin Railways Ltd (DRL) is developing a strategic plan to rebuild its rail tourism business, leveraging its heritage and brand identity to foster community engagement and economic growth.

This Statement of Intent outlines DRL's strategic direction and a commitment to develop a long-term strategy and a robust business model, transitioning from hibernation to operational maturity. Having been hibernated during the Covid-19 pandemic restrictions, DRL has made strides toward recovery and is committed to a sustainable future. On 29 January 2025, Dunedin City Council (DCC) resolved to direct Dunedin City Holdings Ltd (DCHL) to fund renewals of the Taieri Gorge rail corridor up to \$2 million per annum.

DRL is a wholly owned subsidiary of Dunedin City Holdings Ltd (DCHL) which is wholly owned by Dunedin City Council (DCC).

This SoI sets out DRL's planned activities and financial forecasts for the next three years. It includes performance measures and targets, which will be reported against in DRL's 2026 Annual Report.

2. OBJECTIVES

As a Dunedin City Council Group company, DRL aims to contribute to the Council's strategic framework and help achieve city objectives. With long-term funding support from its shareholder, DRL aims to be a market leader in Dunedin's tourism sector while embodying the city's heritage and brand values. Our objectives include:

- Developing and delivering a comprehensive strategic plan to transition the business from hibernation to operational maturity;
- Developing a comprehensive marketing strategy, enhancing product and brand positioning, strengthening market engagement and reconnecting with the tourism trade;
- Working towards achieving financial sustainability, assuming continued support for track renewals;
- Developing sustainable operating infrastructure and enhancing Risk and Safety management; and
- Building strong stakeholder relationships.

As defined in section 59 of the Local Government Act 2002, the principal objectives of CCOs are to:

- a) achieve the objective of its shareholders, both commercial and non-commercial, as specified in the Statement of Intent; and
- b) be a good employer as per clause 36 of Schedule 7 LGA); and
- c) exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so.

DRL conducts its affairs in accordance with sound business practice. DRL has adopted a target to reduce its carbon emissions by 2030 and will continue to work with DCC/DCHL to identify and scope further opportunities to contribute to Dunedin's citywide goal to be net zero carbon by 2030.

3. NATURE AND SCOPE OF ACTIVITIES

DRL will operate and redevelop its rail tourism business, focusing on enhancing passenger experiences. A priority will be placed on re-establishing direct relationships with key customer markets impacted during the pandemic to drive sales and improve brand positioning. The company will continue to invest in maintenance and renewal of its rolling stock and track infrastructure.

Statement of Intent 2025/26

DRL runs a public schedule regularly, so we remain a vital part of our community and tourist experience. DRL's undertaking of any activity of a nature or scope outside of this would be subject to the shareholder's prior approval.

4. APPROACH TO GOVERNANCE

DRL is governed by a board of independent directors appointed by DCHL. Directors meet regularly to direct and control DRL's proceedings.

The role of a Director of a CCO is defined in the Local Government Act 2002 as "to assist the organisation to meet its objectives and any other requirements in its Statement of Intent." The DRL board operates in accordance with accepted best practice.

5. PERFORMANCE TARGETS

Goal	Objective	Performance Targets
A sustainable future for Dunedin Railways and rail excursions through the Taieri Gorge.	Develop long-term strategy and a robust model.	Complete long-term strategic plan.
Manage the track maintenance plan to support our operational plan.	Ensure the safety, reliability, and efficiency of DRL's infrastructure.	Track maintenance plan in place. Board monitors changes to plan and approves material changes to budget.
	Maintenance is carried out without affecting train operations.	No unplanned delays to regular scheduled passenger operations.
Ensure the health and safety of our people.	Reduce harm to employees, contractors, and passengers.	Lost time incidents are less than two.
Marketing and brand awareness.	Drive passenger growth.	Complete strategic marketing plan.
Increase passenger numbers through relationships with tourism operators.	Re-establish customer relationships and grow market share.	Increase passenger numbers to 35,000 in 2026/27.
Be recognised as a positive contributor to our community.	Strengthen local ties.	Maintain relationships with key community stakeholders.
Provide outstanding customer service to our valued customers.	Provide consistent and quality service that exceeds expectations.	Maintain an average TripAdvisor rating of 4 stars or higher.
DRL maintains a strategic direction that is consistent with the policies and objectives of the shareholder.	Ensure Statement of Intent is consistent with objectives of the shareholder.	A draft 2026/2027 Statement of Intent will be submitted to the shareholder by 1 March 2026. Ensure that all direct employees are paid at living wage or above.
Contribute to Council's Strategic Framework and Climate Change and Carbon Neutrality initiatives	Contribute to Council's Carbon Neutrality initiatives.	Refine and continue to implement DRL's carbon emissions and waste reduction strategies. Measure and publicly report our Greenhouse Gas (GHG) emissions in our Annual Report.
Communicate with the shareholder on a 'no surprises' basis	Consult with the shareholders in a timely manner on DRL strategic or operational matters which could compromise Council's community outcomes.	No such matters that were not escalated to the shareholder in a timely manner.
	Report to the shareholder within 24 hours of the Board becoming aware of any substantive matter, including any matter likely to generate media coverage.	No such matters that were not reported to the shareholders within 24 hours.

Statement of Intent 2025/26

6. FINANCIAL FORECASTS

This section sets out DRL's financial forecasts for the next three financial years.

Ratio of Shareholder's Funds to Total Assets, and the definition of those terms

	Year ending 30/06/2026	Year ending 30/06/2027	Year ending 30/06/2028
Shareholder's Funds to Total Assets	90%	92%	94%

"Shareholder's Funds" are represented by the paid-up capital, reserves created by the revaluation of specific assets, and retained earnings. "Total Assets" means the aggregate amount of all current and non-current assets.

Estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to the shareholders.

	Year ending 30/06/2026	Year ending 30/06/2027	Year ending 30/06/2028
Dividend distributions	Nil	Nil	Nil

Other Financial Forecasts

	Year ending 30/06/2026 \$'000	Year ending 30/06/2027 \$'000	Year ending 30/06/2028 \$'000
EBITDA	(1,788)	(1,500)	(847)
Net profit/(loss) after tax	(2,101)	(1,362)	1,130
Cash flow from operations	(1,736)	(831)	1,688
Capital expenditure	215	1,000	1,000
Term loans	Nil	Nil	Nil
Shareholder's funds	2,473	3,111	4,241

As a council-controlled organisation that is not a council-controlled trading organisation, the company presents forecast financial statements for the year ending 30 June 2026 and the following two years, as required by section 64(6) of the Local Government Act 2002.

The financial information is prospective. Actual results are likely to vary from the information presented and the variations may be material. Since the business is transitioning from hibernation to operational maturity, operating revenue and expenditure forecasts reflect significant assumptions in respect of growth in passenger numbers, number of trips, passenger loading and pricing strategy. The company is developing a strategic marketing plan, which will inform future forecasts and operational execution, but there is inherent uncertainty in these assumptions. The company also plans significant investment in track renewals and operational infrastructure. As plans develop further and the company builds capability, there may be variations in phasing, which may impact on financial performance and funding requirements. Whilst forecasts indicate equity injections being required from DCHL, the shareholder, in FY26 and FY27, the actual amount and timing of equity funding required might vary.

The prospective financial statements were authorised for issue on 18 June 2025 by the Board of DRL. The board is responsible for the information presented, including the underlying assumptions and all other disclosures. The prospective financial statements contain no actual operating results and will not be updated subsequent to presentation in this Statement of Intent.

Statement of Intent 2025/26

Forecast Statement of Comprehensive Revenue and Expenses

	FY2026 Budget 000's	FY2027 Budget 000's	FY2028 Budget 000's
Operating revenue	4,856	5,547	6,536
<u>Less Expenses</u>			
Operating expenses	6,644	7,047	7,383
Depreciation	313	537	550
	<u>6,957</u>	<u>7,584</u>	<u>7,933</u>
Net (Loss)/Profit before Tax	<u>(2,101)</u>	<u>(2,037)</u>	<u>(1,397)</u>
Less: tax expense	-	-	-
Add: subvention receipt	-	675	2,527
Net (Loss)/Profit after Tax	<u>(2,101)</u>	<u>(1,362)</u>	<u>1,130</u>
Other comprehensive revenue and expense:	-	-	-
Total Comprehensive Revenue and Expenses for the year	<u>(2,101)</u>	<u>(1,362)</u>	<u>1,130</u>

Forecast Statement of Changes in Equity

	FY2026 Budget 000's	FY2027 Budget 000's	FY2028 Budget 000's
Opening equity	2,574	2,473	3,111
Share capital contributions	2,000	2,000	-
Total comprehensive revenue and expenses for the year	(2,101)	(1,362)	1,130
Closing Equity	<u>2,473</u>	<u>3,111</u>	<u>4,241</u>

Statement of Intent 2025/26

Forecast Statement of Financial Position

	FY2026 Budget 000's	FY2027 Budget 000's	FY2028 Budget 000's
<u>Equity</u>			
Share capital	14,097	16,097	16,097
Accumulated losses	(11,624)	(12,986)	(11,856)
Total Equity	2,473	3,111	4,241
<u>Current Assets</u>			
Bank balance	222	391	1,079
Trade and other receivables	134	159	144
Total current assets	356	549	1,223
<u>Non-current Assets</u>			
Property, plant & equipment	2,381	2,845	3,294
Total non-current assets	2,381	2,845	3,294
Total Assets	2,737	3,394	4,517
<u>Current Liabilities</u>			
Trade and other payables	264	283	276
Provision for Tax	-	-	-
Total current Liabilities	264	283	276
Total Liabilities	264	283	276
Net Assets	2,473	3,111	4,241

Statement of Intent 2025/26

Forecast Cashflow Statement

	FY2026 Budget 000's	FY2027 Budget 000's	FY2028 Budget 000's
<u>Cash flows from Operating</u>			
Cash was provided from:			
Receipts from customers	4,842	5,511	6,526
Income tax/subvention	-	675	2,527
Interest received	29	11	26
	<u>4,871</u>	<u>6,197</u>	<u>9,078</u>
Cash was disbursed to:			
Payments to suppliers	6,634	7,028	7,390
Income tax paid/(received)	-	-	-
	<u>6,634</u>	<u>7,028</u>	<u>7,390</u>
Net cash inflows/(outflows) from operating	(1,763)	(831)	1,688
<u>Cash flows from Investing</u>			
Cash was provided from:			
Proceeds from asset disposals	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Cash was disbursed to:			
Capital expenditure	215	1,000	1,000
	<u>215</u>	<u>1,000</u>	<u>1,000</u>
Net cash inflows/(outflows) from investing	(215)	(1,000)	(1,000)
<u>Cash flows from financing</u>			
Cash was provided from:			
Call on capital	2,000	2,000	-
Loan draw downs	-	-	-
	<u>2,000</u>	<u>2,000</u>	<u>-</u>
Cash was disbursed to:			
Repayment of borrowings	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net cash inflows/(outflows) from financing	2,000	2,000	-
Opening cash	200	222	391
Net change in cash	22	169	688
Closing cash	222	391	1,079

Statement of Intent 2025/26

7. ACCOUNTING POLICIES
General Accounting Policies

The accounting policies recognised by the External Reporting Board (XRB) for the measurement and reporting of financial performance and financial position have been applied on a basis consistent with those used in previous years.

Particular Accounting Policies

The particular accounting policies, which materially affect the measurement and reporting of financial performance and financial position, are consistent across the DCHL group and are fully listed in DRL's Annual Report.

8. DIVIDEND POLICY

DRL's current policy is not to pay dividends.

9. COMMERCIAL VALUE OF SHAREHOLDER'S INVESTMENT

The commercial value of the Shareholder's investment in DRL is considered by the Directors to be not less than the Shareholder's funds as disclosed in the Statement of Financial Position published in the last Annual Report.

10. TRANSACTIONS WITH RELATED PARTIES

Dunedin City Council is the sole Shareholder of Dunedin City Holdings Limited.

Dunedin City Holdings Limited is the sole Shareholder in Aurora Energy Limited, City Forests Limited, Delta Utility Services Limited, Dunedin City Treasury Limited, Dunedin Railways Ltd, Dunedin Venues Management Limited and Dunedin Stadium Property Limited.

Dunedin City Holdings Limited owns 50% of Dunedin International Airport Limited.

Transactions between the Companies, Dunedin City Council and other Dunedin City Council controlled enterprises will be on a wholly commercial basis.

Charges from Dunedin City Council and its other entities and charges to Dunedin City Council and its other entities will be made for goods and services provided as part of the normal trading activities of each Company.

Related Party Transactions

Dunedin City Council	Council rates for properties owned by DRL
	Lease of Council owned land
Dunedin City Holdings Limited	Equity funding
	Functions appropriate between Parent company (DCHL) and subsidiary (DRL)
Dunedin City Treasury Limited	Debt facility agreement in place.

DCHL and its subsidiaries, including DRL, undertake to obtain all debt funding from DCTL, with exceptions as agreed with the Board of DCHL.

Statement of Intent 2025/26

11. OTHER MATTERS AS AGREED BY THE SHAREHOLDER AND THE BOARD
Information to be provided to the Shareholder

Information	Quarterly	Half Yearly	Annual
Key financial and service performance indicators	✓	✓	✓
Statement of Financial Performance		✓	✓
Statement of Financial Position		✓	✓
Statement of Cash Flows		✓	✓
Statement of Movement in Equity		✓	✓
Notes to the Financial Statements		✓	✓
Statement of Service Performance against SoI targets		✓	✓
Directors' Report		✓	✓
Auditors' Report			✓
Draft Statement of Intent			Prior to 1 Mar
Final Statement of Intent			Prior to 30 Jun

Working with the shareholder

DRL will undertake to keep the Shareholder informed of all substantive matters, as set out in the performance targets above. DRL will work to build a culture of accountability and constructive working practices between DRL, Shareholder, and Ultimate Shareholder as required. It is expected that any conflicts that may arise will be resolved directly between the Shareholder and DRL, in accordance with appropriate governance practices.

Acquisition / divestment of assets or shares in any company or organisation

DRL will only invest in the shares of another company or invest in an entity if the investment is considered to be likely to produce added value to DRL. In order to maximise benefit to the Shareholder, shares or assets may also be sold in response to, or in anticipation of, on-going changes in the marketplace.

If the Directors intend that DRL should acquire assets, they will obtain prior approval of the Shareholder where an investment into the new assets exceeds \$500,000. For the purpose of this section, "asset(s)" includes a group of assets similar in type, cost and useful life that are purchased together and can be identified and maintained as one asset or group of assets following purchase.

If the Directors intend that DRL should subscribe for or otherwise acquire issued capital or an interest in any company or organisation (other than minimum holdings in listed companies in related industries) they will obtain prior approval of the Shareholder.

The approval of the Shareholder is required before disposal by DRL of any segment of its business, or disposal of any shares in a subsidiary or associated company where the value of the asset to be disposed of exceeds \$500,000.

Compensation sought

At the request of the Shareholder, the Company may undertake activities that are not consistent with its normal commercial objectives. Specific financial arrangements will be entered into to meet the full commercial cost of undertaking such activities. At present, the Company does not have any activities in respect of which its Board wishes to seek compensation from any local authority.

Group Facility Use

DRL will undertake "Group" purchasing of goods and services, unless it is demonstrated conclusively to the Shareholder that the total combined cost of such Group purchasing to the Group and Dunedin City Council (including the costs of ceasing any such Group purchasing), is greater than any alternative identified.

Statement of Intent 2025/26

Other agreements

DRL will not accept sponsorship or give naming rights to companies involved in activities deemed to be inconsistent with Dunedin City Council's ethical position. DRL will assist DCHL in developing a group sponsorship policy, aligned with Council's strategic framework.

DRL will assess and manage cyber-security risks in a manner appropriate to the sector that in which it operates.



STATEMENT OF INTENT

For the year ending 30 June 2026

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1. INTRODUCTION

Dunedin Venues Management Limited (DVML) is a stadium operator, events, and venue management company. It is a Council Controlled Trading Organisation (CCTO) wholly owned by Dunedin City Holdings Limited (DCHL), which is wholly owned by Dunedin City Council (DCC).

2. PURPOSE OF STATEMENT OF INTENT

This Statement of Intent (Sol) sets out DVML's planned activities and financial forecasts for the next three years. It includes performance measures and targets which form the basis of DVML's organisational accountability and will be reported on in DVML's 2026 Annual Report. This Sol takes DCHL expectations into consideration.

3. OBJECTIVES

As a CCTO, DVML has the following objectives, as defined in Section 59 of the Local Government Act (LGA):

- a) Achieve the objectives of its shareholder, both commercial and non-commercial, as specified in the statement of intent; and
- b) Be a good employer as per clause 36 of Schedule 7 of the LGA; and
- c) Exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and
- d) To conduct its affairs in accordance with sound business practice.

DVML will contribute to the growth and vitality of Dunedin City by driving strong and sustainable business performance, building a reputation for innovation and excellence in venue management and demonstrating our commitment to the delivery of outstanding event experiences.

As a DCC Group Company, DVML aims to contribute to the DCC's strategic framework and achievement of city objectives.

DVML plays a crucial role in making Dunedin a more liveable city by enhancing its cultural, economic, and social vibrancy. Its aim is to have impact across several key areas:

1. Economic contribution

- Attracting major events: Hosting concerts, sports matches, and festivals at Forsyth Barr Stadium and other venues such as the Town Hall brings visitors to Dunedin, boosting tourism and local businesses.
- Job creation: The events industry generates employment, from event staff to hospitality, security and tourism services.
- Supporting local businesses: Events drive spending at hotels, restaurants, and retail stores, strengthening the city's economy.

3. OBJECTIVES contd

2. Social and community benefits

- Enhancing community engagement: Public events, festivals, and cultural celebrations create opportunities for social connection and civic pride.
- Providing recreational and entertainment opportunities: A diverse event lineup contributes to a high quality of life by offering residents world-class entertainment without leaving the city.
- Supporting local sports and the arts industry: DVML provides high-quality facilities which can be accessed by community organisations through CAG programs.

3. Cultural and creative growth

- Showcasing local talent: The venues offer platforms for local artists, musicians, and performers to reach wider audiences.
- Hosting national and international acts: Bringing global entertainment to Dunedin enhances cultural diversity and adds to the city's appeal.
- Preserving and celebrating heritage: DVML venues host historic and cultural events, reinforcing the city's unique identity.

4. Infrastructure and city reputation

- Enhancing Dunedin's appeal as a destination: A thriving events calendar makes Dunedin more attractive to tourists, students, and new residents.
- Maximising use of Forsyth Barr Stadium: The covered multi-purpose stadium ensures year-round events, differentiating Dunedin from other New Zealand cities with weather-dependent venues.
- Attracting investment: A vibrant events sector encourages business investment and relocation to Dunedin.

5. Sustainability and innovation

- Encouraging sustainable practices and events: DVML is leading in green event practices (first stadium in NZ to use LED grow lights), and is implementing a number of waste reduction strategies.
- DVML supports DCHL's Carbon Roadmap by endeavouring to reduce emissions (on a per 1,000 attendee basis) from its 2019 baseline. We will also work with the Dunedin City Council to identify alternative or complimentary opportunities to contribute to the Dunedin City Council's city-wide net zero goal.

4. NATURE AND SCOPE OF ACTIVITIES

The principal activities of DVML are to:

- Source and secure events for all venues under its management that delivers commercial and economic returns for the company and the region.
- Plan, host and deliver exceptional events.
- Manage the assets and facilities for which it is responsible.
- Facilitate community access to the venues for which it is responsible.

In the 2026 financial year DVML will provide input to potential development of the Forsyth Barr Stadium precinct as required.

The undertaking by DVML of any activity of a nature or scope outside of this would be subject to the prior approval of the shareholder.



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5. CORPORATE GOVERNANCE

DVML is governed by a board of independent directors appointed by DCHL. Directors meet regularly to direct and control DVML's proceedings.

The role of a director of a CCTO is defined in section 58 of the LGA as "... to assist the organisation to meet its objectives and any other requirements in its statement of intent."

In addition to the obligations of the LGA, DVML is also subject to the requirements of the Companies Act 1993, and all other applicable legislative requirements.

The DVML board operates in accordance with accepted best practice governance.



Lee Piper - Chair



Adam La Hood



Verity Webber



Dylan Rushbrook

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6. PERFORMANCE TARGETS AND OTHER MEASURES

MARKETING AND BUSINESS (DCC Strategic Framework Accountabilities – Economic Development)		
Goals	Objectives	Performance Measures
To increase economic benefit to the Dunedin City and region through major events.	Visitor Marginal Direct Spend target is achieved, determined through a post event patron survey assessed by an independent economist.	A minimum of \$5m visitor marginal direct spend for Dunedin City per each major event which uses Event Attraction Funding. Achieve minimum 80% satisfaction rating through surveys of all major events (> 10,000 pax).
Forsyth Barr Stadium to provide a sense of value to ratepayers.	Ratepayers feel satisfied that Forsyth Barr Stadium is attracting events and providing economic benefit to the city.	Achieve 85% ratepayer satisfaction with Forsyth Barr Stadium in the Dunedin City Council's Residents' Opinion Survey.
To enhance the sense of value that DVML delivers to its Members.	Members feel valued, engaged and receive exceptional service through enhanced offerings.	Achieve a 75% retention rate of member renewals by contract value. Contract 50 new Membership seats for the year to 30 June 2026.
To maximise utilisation of Forsyth Barr Stadium.	Manage DVML's operations to maximise economic impact and commercial return through event acquisition at Forsyth Barr Stadium.	Hold a minimum of 50 commercial and community events at Forsyth Barr Stadium.

HUMAN RESOURCES (DCC Strategic Framework Accountabilities – Social and Wellbeing)		
Goals	Objectives	Performance Measures
To support and sustain a workplace that encourages and enables individuals as well as teams to grow and develop, providing high levels of satisfaction and a strong sense of wellbeing.	To create a motivated and satisfied team and to understand and action opportunities for improvement within the team environment. Ensure that all direct employees are paid at least the living wage.	At least 80% of staff are satisfied with working at DVML, as indicated in the annual staff survey. All direct employee's are paid the living wage, or more.

6. PERFORMANCE TARGETS AND OTHER MEASURES contd

SAFETY AND COMPLIANCE (DCC Strategic Framework Accountabilities – Social and Wellbeing, Parks and Recreation & Ara Toi Arts and Culture)		
Goals	Objectives	Performance Measures
Keep safety as DVML's first priority and provide a safe environment.	Report on Safety & Wellness management and provide statistical data at each scheduled Board meeting.	<p>An Incident Frequency Rate Events (IFRE) < 0.05% of the total number of event attendees across all venues.</p> <p>Total Incident Rate (TIR) < 6 incidents per 200,000 hours worked.</p> <p>Total Recordable Incidents (TRI) < 3.</p> <p>Lost Time Incidents (LTI) < 2.</p> <p>Lost Time Incident Frequency Rate (LTIFR) < 17 per 1,000,000 hours worked.</p>
Forsyth Barr Stadium is always event ready.	Facilities and infrastructure are maintained as fit for purpose.	Forsyth Barr Stadium maintains a current Building Warrant of Fitness (BWOFF).

FINANCIAL (DCC Strategic Framework Accountabilities – Economic Development)		
Goals	Objectives	Performance Measures
Attract major events to Dunedin with the assistance of the Event Attraction Fund (EAF), an annual grant from the Dunedin City Council.	Achieve a 15:1 Return On Investment of the Event Attraction Fund.	ROI is achieved and calculated by Visitor Marginal Direct Spend against the level of EAF investment for the major event.

IFRE – The Incident Frequency Rate Events is measured by the number of registered incidents divided by the number of attendees.
TIR – The total incident rate is the recorded incidents across all venues multiplied by 200,000 hours worked divided by the actual hours worked by people at the venues.
TRI – The total recordable incidents recorded is the total number of lost time injuries, or injuries which require medical treatment administered by a professional Doctor
LTI – A lost time injury that leads to an employee being absent from work
LTIFR – The lost time injury frequency rate is measured by the number of lost time injuries per 1,000,000 hours worked

6. PERFORMANCE TARGETS AND OTHER MEASURES contd

ENVIRONMENT AND SUSTAINABILITY (DCC Strategic Framework Accountabilities – Te Ao Tūroa Environment)		
Goals	Objectives	Performance Measures
Contribute to Council's Strategic Framework and Climate Change and Carbon Neutrality initiatives.	<p>Contribute to Council's Carbon Neutrality initiatives.</p> <p>Manage DVML operations to enhance economic and environment sustainability.</p>	<p>Continue progress towards achieving the FY2030 targets outlined in the Emissions Reduction Action Plan.</p> <p>Continue progress towards achieving the FY2030 targets outlined in the Waste Reduction Action Plan.</p> <p>Measure and publicly report our Greenhouse Gas (GHG) emissions, and progress towards our emissions and waste reduction strategies and targets, in our Annual Report.</p> <p>Continue to work with the DCC to eliminate the serving of drinks in single use cups at DVML venues by the end of 2025.</p>
To engage with the DCC on a regular basis where the DCC can assist DVML to enable local and regional groups to access all facilities under its management.	Facilitate community access through providing funding for community events through the Community Access Grant (\$750,000 annually across all DVML venues).	Report to the DCC on the application of the Service Level Agreement for Community Event Funding to ensure it caters to a variety of events and community groups.

SHAREHOLDER		
Goals	Objectives	Performance Measures
To bring to the attention of DCHL any matters where there may be conflict between the DCHL outcomes.	Consult with DCHL at the earliest possible time on matters where conflict may or could result.	Matters which may or could cause conflict have been escalated to the Shareholder.
Keep DCHL informed of all substantive matters.	To promptly advise DCHL on a 'no surprises' basis of any substantive matter that has the potential to impact negatively on DCHL and DVML with a particular focus on matters of interest to the media.	Report to DCHL within 24 hours of the Board becoming aware of substantive matters which have the potential to negatively impact on the Shareholder and DVML with a particular focus on matters of interest to the media.

7. FINANCIAL FORECASTS

a. The ratio of Shareholder Funds to Total Assets and the definition of those terms.

	Year ending 30/06/2026	Year ending 30/06/2027	Year ending 30/06/2028
Shareholder Funds to Total Assets	25%	30%	36%

DVML has adopted a target Shareholder Funds to Total Assets ratio (equity ratio) of 25% but expects this ratio will fluctuate depending on a variety of circumstances including accounting entries relating to IFRS16 leases, asset renewal and investment cycles. In relation to IFRS16, the equity ratio is low in the early years of a lease contract and increases each year as the lease asset reduces.

"Shareholder Funds" are represented by the paid-up capital, reserves created by the revaluation of specific assets, and retained earnings.

"Total Assets" means the aggregate amount of all current and non-current assets.

b. Estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to the Shareholder.

	Year ending 30/06/2026	Year ending 30/06/2027	Year ending 30/06/2028
Dividend/Subvention Distributions	Nil	Nil	Nil

c. Other Financial Forecasts.

	Year ending 30/06/2026 \$'000	Year ending 30/06/2027 \$'000	Year ending 30/06/2028 \$'000
EBITDA	\$1,872	\$1,834	\$1,809
Net Profit/(Loss) after Tax	\$392	\$366	\$367
Cash Flow from Operations	\$2,285	\$1,323	\$1,347
Capital Expenditure	\$370	\$400	\$400
Term Borrowings	\$Nil	\$Nil	\$Nil
Shareholder Funds	\$2,848	\$3,214	\$3,581



8. ACCOUNTING POLICIES

a) General Accounting Policies

The accounting policies recognised by the External Reporting Board (XRB) for the measurement and reporting of financial performance and financial position have been applied on a basis consistent with those used in previous years.

b) Particular Accounting Policies

The particular accounting policies, which materially affect the measurement and reporting of financial performance and financial position, are consistent across the DCHL group and are listed in DVML's Annual Report.

9. DIVIDEND POLICY

DVML's current policy is not to pay dividends.

DVML wishes to maintain an optimal capital structure and every three years will review that structure to determine whether additional capital can be released and whether changes need to be made to the Dividend Policy.

DVML's retention of cash is important:

- a) in an environment where future cashflow remains uncertain.
- b) to continue DVML's asset replacement program.
- c) to provide the ability to bid for major events.

10. COMMERCIAL VALUE OF SHAREHOLDER'S INVESTMENT

The commercial value of DCHL's investment in DVML is considered by the directors to be not less than the Shareholder's Funds as disclosed in the Statement of Financial Position published in the last Annual Report.

This will be considered annually when the Sol is completed.

The logo for Dunedin Venues, featuring the word "dunedin" in a large, black, serif font, and the word "venues" in a smaller, gold, sans-serif font below it.

11. TRANSACTIONS WITH RELATED PARTIES

The DCC is the sole shareholder of DCHL.

DCHL is the sole shareholder in Aurora Energy Limited, City Forests Limited, Delta Utility Services Limited, Dunedin City Treasury Limited (DCTL), Dunedin Railways Limited, Dunedin Venues Management Limited and Dunedin Stadium Property Limited.

DCHL owns 50% of Dunedin International Airport Limited.

Transactions between the companies, DCC and other DCC controlled enterprises will be on a wholly commercial basis.

Charges from DCC and its other entities and charges to DCC and its other entities will be made for goods and services provided as part of the normal trading activities of each company.

DCHL and its subsidiaries will undertake to obtain all debt funding from DCTL, with exceptions as agreed with the board of DCHL.

Related Party Transactions

Dunedin City Council	DCC rates for properties leased by DVML.
	Event Attraction Fund and Community Access Grant.
	Occupancy of DCC owned property.
	Provision of services.
Dunedin City Treasury Limited	Provision for debt funding and deposit facilities to DVML generating interest payments to and from DCTL.
Dunedin Stadium Property Limited	Lease of property to DVML. Provision of facility management services.
Dunedin City Holdings Limited	Functions appropriate between Parent company and subsidiary.

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12. OTHER MATTERS AS AGREED BY THE SHAREHOLDER AND THE BOARD

a) Information to be provided to the shareholder

	Quarterly	Half Yearly	Annual
Key financial performance indicators	✓	✓	✓
Statement of Financial Performance		✓	✓
Statement of Financial Position		✓	✓
Statement of Cash Flows		✓	✓
Statement of Movement in Equity		✓	✓
Notes to the Financial Statements		✓	✓
Statement of Service Performance against Sol targets		✓	✓
Directors Report		✓	✓
Auditors Report			✓
Statement of Intent (Draft)			Prior to 1 March
Statement of Intent (Final)			Prior to 30 June

b) Working with the shareholder

DVML will undertake to keep DCHL informed of all substantive matters, as set out in the performance measures above. DVML will work to build a culture of accountability and constructive working practices between DCHL and DVML.

It is expected that any conflicts that may arise between DCHL and DVML will be resolved directly between DCHL and DVML, in accordance with appropriate governance practices.

DVML will work with DCHL to ensure that its sponsorship activities align with DCC's strategic framework.

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- c) Acquisition/Divestment of assets, or shares in any company or organisation
DVML will only invest in the shares of another company or invest in an entity if the investment is considered to be likely to produce added value to DVML. In order to maximise benefit to DCHL, shares or assets may also be sold in response to, or in anticipation of, ongoing changes in the marketplace.

If the directors intend that DVML or its subsidiaries should acquire assets, they will obtain prior approval of DCHL where an investment into the new assets exceeds \$500,000. For the purpose of this section "Asset(s)" includes a group of assets similar in type, cost and useful life that are purchased together and can be identified and maintained as one asset or group of assets following purchase.

If the directors intend that DVML or its subsidiaries should subscribe for or otherwise acquire issued capital or an interest in any company or organisation (other than minimum holdings in listed companies in related industries) exceeding a total investment of \$500,000 they will obtain prior approval of DCHL.

The approval of DCHL is required before disposal by DVML of any segment of its business or shares in a subsidiary or associate company where the value of the asset to be disposed of exceeds the investment delegated authority of \$500,000.

- d) Compensation sought
At the request of DCHL, DVML may undertake activities that are not consistent with its normal commercial objectives. Specific financial arrangements will be entered into to meet the full commercial cost of undertaking such activities. At present, DVML does not have any activities in respect of which its Board wishes to seek compensation from any local authority.
- e) Group facility use
DVML will undertake to operate "Group" purchasing of goods and services, unless it is demonstrated conclusively to DCHL that the total combined cost of such Group purchasing to the Group and DCC (including the costs of ceasing any such Group purchasing), is greater than any alternative identified.
- f) Cyber security
DVML commit to assessing and managing cyber security risks in a manner appropriate to the events sector.

