DUNEDIN CITY HOLDINGS LIMITED

STATEMENT OF INTENT

for the year ending 30 June 2027

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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 2027 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. DCHL is currently working with the Council in connection with its Investment Framework. This work may lead to modifications to DCHL's strategic objectives.

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

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

VALUES

LEADERSHIP	INTEGRITY	STEWARDSHIP	TRANSPARENCY	PRO-ACTIVE

In 2026/27, 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:

- Following our review of DCC's Investment Framework in the year ending 30 June 2026, develop a project plan and deliver any agreed changes to the governance, management and reporting of the Council's investments;

- Continue to present strategic options on the future composition and direction of the DCHL portfolio;

- Present recommendations following our review of the Waipori Fund Statement of Investment Policies and Objectives (SIPO), aligning this with the Council's broader investment objectives;

- 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

- Consistent with DCC's investment objectives, continue to prioritise strong, consistent and sustainable distributions to Council whilst protecting the real value of capital, within the constraints of the portfolio composition and group company directors' statutory and fiduciary responsibilities.

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

DCHL acknowledges its responsibility to give effect to the principles of Te Tiriti o Waitangi / the Treaty of Waitangi in how it operates and makes decisions. As noted by Council, DCHL will work with Council staff to ensure that the Council's Te Taki Haruru Māori Strategic Framework can be effectively integrated into group company Statements of Intent from the 2027/28 financial year.

DCHL is committed to developing meaningful relationships with mana whenua that go beyond consultation and support a more collaborative approach. We will take a deliberate and staged approach to strengthening these relationships. In the first instance, this will focus on improving engagement, understanding mana whenua interests, and incorporating Māori perspectives into our planning and investment thinking, with a focus on:

- Strengthening engagement practices and capability across the group to work effectively with mana whenua;

- Establishing regular and constructive dialogue with iwi and rūnanga; and

- Exploring opportunities to partner with mana whenua, including identifying potential co-investment opportunities where these are mutually beneficial.

Noting variation across the DCHL group in organisational size and maturity, this work will initially focus on building a strong foundation at a group level.

In line with the DCHL Carbon Roadmap, the DCHL Group will continue to reduce emissions and work with DCC to explore and report on potential contributions to Dunedin's citywide emissions reduction goals.

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. We will continue to consider diversity of demographics and professional background in our selection process.

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

a) achieve the objectives 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 provide leadership and oversight to DCHL's affairs.

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 subsidiary companies. DCHL is also responsible for appointing two of the four directors of Dunedin International Airport Ltd. DCHL directors are also appointed to the boards of Dunedin City Treasury Limited, Dunedin Stadium Property Limited and Dunedin Railways Limited, with the approval of the Council.

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.

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	• 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	• DCHL Board meet with full group of Chairs and Chief Executives twice annually • Synergies achieved across the DCHL Group

Strategic Objective	Activity	Target
To take a long term and strategic view of the portfolio, and make proposals to Council on strategic issues	Review DCC Investment Framework and implement agreed changes	• Agreed changes are implemented
	Review the Waipori Fund Statement of Investment Policy and Objectives (SIPO)	• Report to Council on review of Waipori Fund SIPO and implement agreed changes
	Monitor performance of DCHL portfolio as a whole to ensure returns (financial and other) are optimised	• 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 Performance Committee on the DCHL Group's performance (financial and other) • Deliver at least 2 individual company briefings to Councillors
	Consider strategic issues	• 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	• 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	• Review draft SoIs by 1 March 2027 • Approve SoIs by 30 June 2027
	Set expectations through annual Letters of Expectation to DCHL Group companies	• Send Letters of Expectation to subsidiary and associate companies by 31 December 2026
	Monitor performance of the DCHL group in measuring, reporting and reducing carbon emissions and waste	• 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	• Appointments and re-appointments are 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.	• 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

Strategic Objective	Activity	Target
	Living wage	• All direct employees of the company and the group are paid at living wage or above
	Health and safety	• 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.	• 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.	• 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.	• No serious injury events (excluding third party contacts with the network) involving members of the public
	Reduce harm to employees and contractors.	• 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.	• 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 2026.	SAIDI System Average Interruption Duration Index - Class B Interruptions (Planned)	• Average minutes without electricity per consumer year ended 31 March 2027: ≤ 215.55 minutes
	SAIDI System Average Interruption Duration Index - Class C Interruptions (Unplanned)	• Average minutes without electricity per consumer year ended 31 March 2027: ≤ 128.36 minutes

Strategic Objective	Activity	Target
	SAIFI System Average Interruption Frequency Index - Class B Interruptions (Planned)	• Average frequency of outages per consumer year ended 31 March 2027: ≤ 1.22
	SAIFI System Average Interruption Frequency Index - Class C Interruptions (Unplanned)	• Average frequency of outages per consumer year ended 31 March 2027: ≤ 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 Delta 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 and satisfaction rating targets are achieved, determined through a post event patron survey assessed by an independent economist.	• For each event over 15,000 attendance which uses Event Attraction Funding, achieve a minimum of $5m visitor marginal direct spend for Dunedin City.
		• For each event over 15,000 attendance which uses Event Attraction Funding, achieve a minimum 80% satisfaction rating.

Strategic Objective	Activity	Target
Keep safety as DVML's first priority and provide a safe environment.	Manage risks to workers, visitors and event attendees through proactive risk identification and management.	• Health & Safety critical risk controls reviewed every 6 months.
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.	• An Asset Management Plan is in place.
	Ensure assets are appropriately maintained.	• A current Building Warrant of Fitness is maintained for the stadium.
		• The Board monitors progress against the Asset Management Plan and material changes to approved budgets.
DUNEDIN RAILWAYS LIMITED		
Deliver safe, reliable rail operations that build customer confidence and support sustainable growth.	Maintain high levels of service reliability while embedding mature safety practices and asset resilience.	• Scheduled services operate as planned (excluding weather/third party cancellations). • Lost time incidents are less than two.
Protect and strengthen the long-term resilience of the rail corridor through disciplined asset renewal and capital management.	Deliver the approved track renewal programme efficiently and transparently.	• No unplanned service cancellations attributable to infrastructure failure. • Track renewal programme delivered within approved budget.
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.	• 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.

Strategic Objective	Activity	Target
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.	• Zero on-time performance delays to regular passenger transport operations due to airport owned infrastructure.
	Provide high quality, fit for purpose infrastructure	• A high-quality asset management plan is in place and operational.
Nurture, expand and grow the network.	Work to ensure Dunedin remains a well-connected gateway, benefiting both the community and the broader regional economy	• Exceed FY2027 budgeted passenger numbers (815,000 • passengers).
Operate a secure and safe airport.	Continuous improvement in our approach to safety and security risk management.	• Nil serious harm to our staff, airport users or contractors.

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 June 2027	Year ending 30 June 2028	Year ending 30 June 2029
Shareholder's funds to total assets	23%	22%	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 June 2027 $'000	Year ending 30 June 2028 $'000	Year ending 30 June 2029 $'000
Interest paid to shareholder	5,902	5,902	5,902
Dividends	12,000	14,000	16,000

Other financial forecasts – DCHL Group

	Year ending 30 June 2027 $'000	Year ending 30 June 2028 $'000	Year ending 30 June 2029 $'000
EBITDA	165,140	177,577	196,523
Net profit/(loss) after tax	31,754	30,488	34,733
Cash flow from operations	84,140	95,231	100,669
Capital expenditure	156,682	163,179	148,910
Term loans	1,650,482	1,920,483	2,060,482
Shareholder's funds	610,412	632,035	656,130

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 2026, February 2027 and June 2027.

This Statement of Intent forecasts dividends to the shareholder of $12 million, in addition to interest on Shareholder's Advance of $5.9 million and funding for Dunedin Railways Ltd, at the direction of Council, of $2 million in the 2027 financial year. These amounts will be primarily funded from a resumption in dividends from Aurora Energy Limited and planned additional dividends from City Forests Ltd.

Our forecasts indicate that a dividend stream from Aurora will be necessary to enable DCHL to meet DCC's dividend expectations as set out in its 9-year plan 2025-2034. Aurora has an elevated capital investment programme across the next 10 years and probably longer, driven by network growth and decarbonisation. This will require funding from both retained earnings and higher borrowings. Future dividends from Aurora will therefore 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. DCHL continues to work with Aurora Energy to enable an optimal dividend stream whilst maintaining acceptable financial ratios.

Having increased its external borrowings in 2025 and 2026, in order to meet DCC's dividend requests, DCHL intends to balance repayment of these incremental borrowings with delivering higher cash returns to DCC.

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.

DCHL parent entity financial forecasts

Key incoming cash	**Year ending 30 June 2027 $'000**	**Year ending 30 June 2028 $'000**	**Year ending 30 June 2029 $'000**
Dividend income received from subsidiary and associate companies	18,192	22,495	25,301
Contribution of equity received from Dunedin City Council (for DSPL)	4,155	5,405	5,405

Key outgoing cash	**Year ending 30 June 2027 $'000**	**Year ending 30 June 2028 $'000**	**Year ending 30 June 2029 $'000**
Contribution of equity made in DSPL	4,155	5,405	5,405
Equity funding of Dunedin Railways	2,000	-	-
Interest on shareholder’s advance	5,902	5,902	5,902
Dividend distribution to shareholder	12,000	14,000	16,000

Other key financial forecasts	**Year ending 30 June 2027 $'000**	**Year ending 30 June 2028 $'000**	**Year ending 30 June 2029 $'000**
Net profit/(loss) after tax	8,417	14,608	17,550
Term loans	32,695	32,109	30,509

The financial forecasts included in this Statement of Intent were approved by the board of DCHL in June 2026.

Forecast distributions in the year ending 30 June 2027 represent 143% of parent company NPAT (2028: 96%, 2029: 91%), which is higher than the minimum distribution of 60% under the company’s dividend policy.

DCC funding of capital expenditure and debt repayment requirements in Dunedin Stadium Property Limited (DSPL) is transacted by increasing share capital (equity) in DCHL, which, in turn, increases its share capital in DSPL.

As directed by the Council in January 2025, the DCHL parent company will fund track renewals of Dunedin Railways Limited up to $2 million per annum. If the equity funding required by Dunedin Railways in the year ending 30 June 2027 is less than the $2 million allocated, the balance will be distributed to DCC as a dividend, subject to Directors’ obligations. Current forecasts indicate that equity contributions to Dunedin Railways Limited will not be required in the years ending 30 June 2028 and 2029, due to the forecast availability of subvention payments from other group companies, utilising brought forward tax losses, and forecast increases in cash from operations.

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.

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 the shares in Dunedin International Airport Limited.

Transactions between group 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, including those 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.

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 generate 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 continue to work with Council staff and group companies to develop and implement a sponsorship policy, that aligns with the Council's strategic framework and enables greater clarity in reporting of sponsorship activity across the group.

DCHL and group companies will work collaboratively with DCC and the group's auditors to incrementally shorten the DCC group annual reporting timeline.