



DUNEDIN CITY HOLDINGS LIMITED



Contents

Chair and General Manager's review 4

Performance 10

Infrastructure investment 16

Community 22

Stewardship 28

Environment 32

Governance 42

Consolidated financial statements 44

 Statement of responsibility 45

 Consolidated statement of financial performance 46

 Consolidated statement of other comprehensive income 47

 Consolidated statement of changes in equity 48

 Consolidated statement of financial position 49

 Consolidated statement of cash flows 51

 Notes to the consolidated financial statements 52

 Statement of service performance 97

 Summary of associate performance 104

Independent Auditor's report 106

Statutory information 112

Directory 117

Additional photography by DunedinNZ: dunedinnz.com





Chair and General Manager's review

The year was characterised by a steady improvement in financial performance, continued investment in critical infrastructure, and a renewed focus on the future of Council's investment portfolio. Together, these developments have strengthened the platform from which Dunedin City Holdings Limited (DCHL) can deliver long-term value and sustainable returns for the people of Dunedin.



As well as overseeing solid operational and financial performance, DCHL has been active in developing strategy for the future of the portfolio. During the year, DCHL completed a comprehensive review of Dunedin City Council's investment portfolio and developed a new Investment Framework. The review considered the Council's major commercial investments, including its trading companies, the Waipori Fund and investment property holdings, and concluded that these assets should be viewed and governed as one portfolio. This approach will provide a clearer understanding of the Council's overall investment position, will enable decisions to be made with a portfolio-wide view of risk and return, and will strengthen accountability for investment performance.

The Investment Framework establishes a clear platform for the future management of the portfolio. It confirms two core objectives: to protect the real value of capital for future generations and to provide strong, consistent and sustainable distributions to Council. Under the framework, DCHL will act as Council's trusted investment portfolio manager, overseeing the portfolio as a whole and reporting on its performance against these objectives. The framework supports a long-term approach focused on improving diversification, managing risk, increasing liquidity and optimising returns, while providing higher and more reliable income to help fund Council services and infrastructure. In doing so, it strengthens the governance of Council's investments and helps ensure they deliver the right outcomes for the people of Dunedin.

The 2025/26 year represents a step in the right direction, as the DCHL group delivered a fourth consecutive increase in earnings, with net profit before tax of \$32.8m for the 2025/26 year. In line with its targets, DCHL distributed \$14.9m to Council, as well as an additional investment of \$1m into Dunedin Railways to fund track renewals.

Adapting to the future

Whilst DCHL is responding strategically to the Council's desire for higher cash returns, the current portfolio is weighted towards capital-intensive infrastructure, which comes with a responsibility to invest for the future. Aurora Energy is Council's largest single investment. The regulated electricity distribution business – one of the largest in New Zealand with more than 200,000 local customers – reported net profit before tax of \$48.6m, representing continued growth in earnings, following a sustained period of reinvestment in the business.

Behind the financial headlines of what is now a high-performing business, is a decade-long commitment by the Aurora team and leadership to transform the business. This year marks the completion of Aurora's Customised Price-Quality Path (CPP). The 5-year CPP enabled Aurora to deliver required investment in the network, spending \$560m over that period to not only bring the infrastructure up to standard but also provide a platform for continued investment to meet the strong demand anticipated across the network, in particular in Queenstown and the Upper Clutha.

Electrification and the development of renewable energy infrastructure underpin New Zealand's ability to decarbonise. It also helps meet the demands of emerging local industries

and technologies. That requires leadership and a vision for the future of our region, which is a growing part of Aurora's role in a sector that is rapidly evolving. The operation is increasingly adopting technology and smart solutions to optimise the network's operation.

Also investing in the future, this year Dunedin Airport allocated \$24m to infrastructure to support the long-term growth of the business. This included the renewal of its runway – over four kilometres of what it describes as one of the most important ‘main streets’ in the region, as well as investments in strategic land acquisition and water infrastructure.

Despite a challenging period for the world's aviation industry, Dunedin Airport performed well in the 2025/26 year. It reported an increase in revenue due to higher aeronautical charges and commercial revenue growth, with DCHL's 50% share of the company's net profit after tax, \$0.8m.

The airport also marked a full year of the Dunedin-Gold Coast direct service, which carried over 45,000 passengers. The success of the trans-Tasman service was underpinned by strong partnership between the airport and the local tourism industry, with a number of joint initiatives aimed at boosting visitation across the region and supporting Otago's tourism sector.

Resilient response

Many local residents will recall the extraordinary wind event which tore through the region in October 2025. While the response and clean up brought out the best in our community – including the Delta team, who rallied to help with downed trees and blocked roads – the economic impact of the event was far-reaching.

For City Forests – our second largest investment – the storm damaged around 4% of the productive forest estate and increased the cost and complexity of harvesting and supply chain operations. Combined with challenging market conditions, including high fuel and shipping costs and flat log prices, the storm contributed to a before tax loss of \$3.2m this year, compared with a budgeted profit of \$8.0m. The result reflects a reduction in the annual forestry valuation, driven by damage to the forests' productive value, along with cost inflation and a subdued market outlook.

While the impacts of the storm and global tensions driving up costs are outside the control of the business, what has emerged from the event is an organisation that has shown remarkable resilience. This was particularly highlighted by City Forest's rapid response to the event, accelerating production to prioritise recovery of damaged trees before decay and further value loss, and a strong focus on health and safety throughout the process.

Delta provided invaluable services to the community during the storm event, which underscored the organisation's role in making a range of local resources, such as playgrounds, parks and event spaces, safe and accessible. The company also performed well in challenging market conditions. A focus on operational efficiency and managing costs saw Delta deliver a net profit before tax of \$6.8m, a significant improvement on the prior year.

Economic and community impact

The DCHL group also includes investments that operate commercially but provide other benefits to the community – from supporting the visitor economy, to providing the opportunity for local people to participate in unique events and entertainment.

Over the year, more than 44,000 people attended 39 community events at Dunedin Venues. This included a number of high-profile festivals, concerts and interactive displays which showcased the versatility of Forsyth Barr stadium and the Dunedin Centre.

The continued rebuild of Dunedin Railways' business was also welcomed by locals and visitors alike. Passenger numbers exceeded expectations over the summer, with demand growing by more than a quarter, while the organisation continues to build capability as a customer-focused, rail tourism business.

The company is also developing strong asset and risk management practices as it seeks to provide value for money in its delivery of the long-term track maintenance plan for the Taieri Gorge Line, which includes a number of bridges and tunnels. The plan did not meet its \$2m investment target this year, but this is expected to lift in the next year.

Solid performance and a platform for the future

The 2025/26 year leaves DCHL well positioned for the future. Performance across the portfolio continued to improve, significant investment continued in infrastructure that underpins regional growth, and Council endorsed a new Investment Framework to guide future decision-making. That framework recognises the importance of managing Council's investments as one portfolio and provides a pathway towards stronger, more sustainable cash returns, while maintaining the long-term value of assets held on behalf of the people of Dunedin.



Tim Loan
Chair

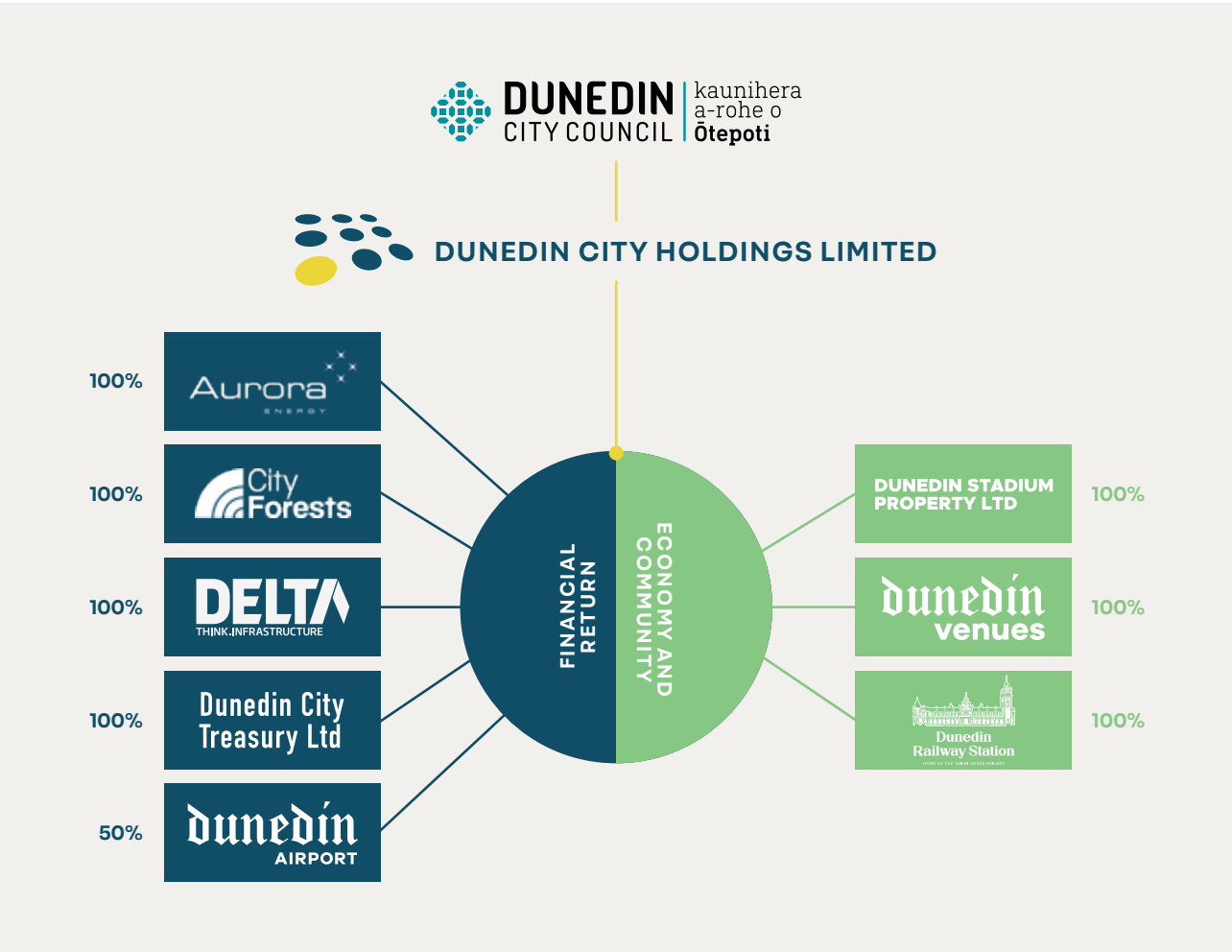


Peter Hocking
General Manager

Who we are

Dunedin City Holdings Limited (DCHL) is wholly owned by Dunedin City Council (DCC) and is responsible for governing the Council's investments in a diverse group of companies.

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.



Our portfolio

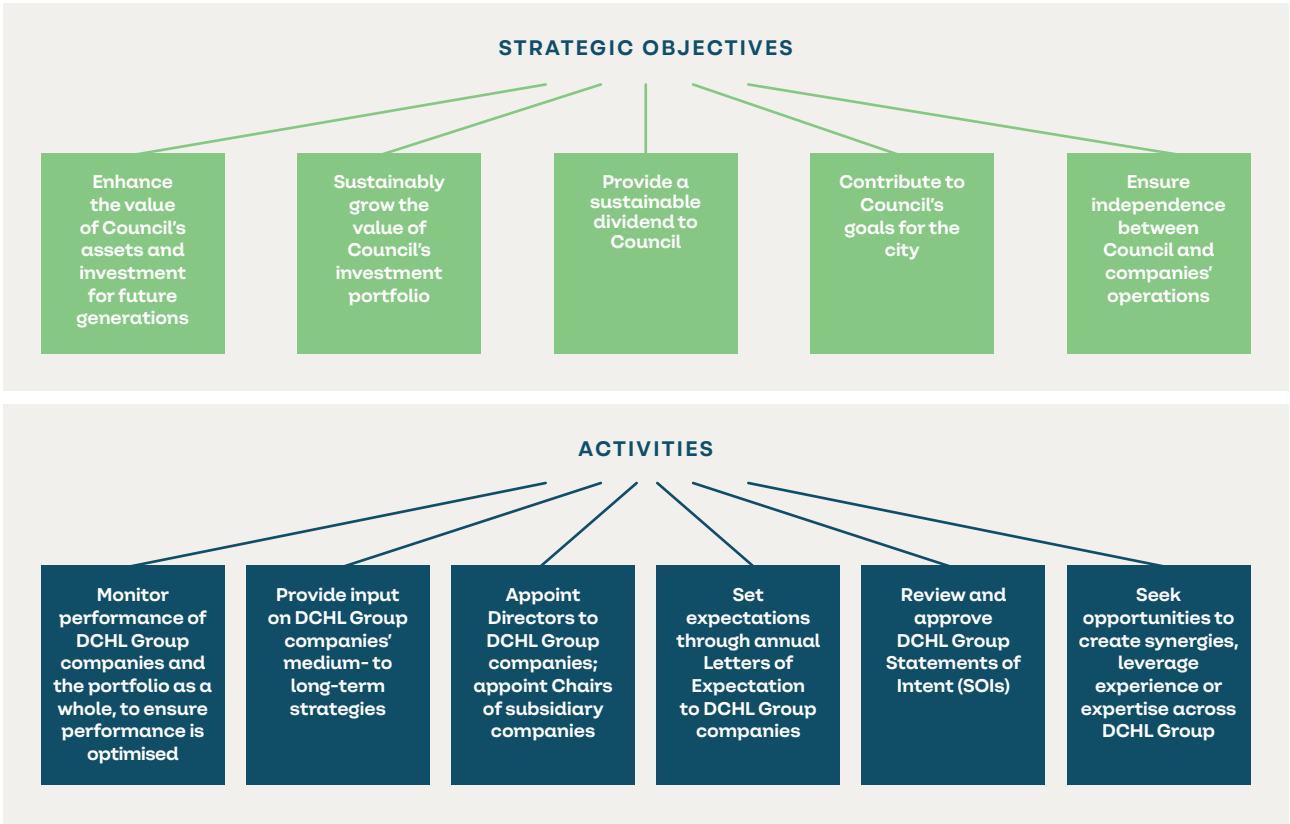
Abbreviations

- | | |
|---|---|
| Dunedin City Holdings Limited (<i>DCHL</i>) | Dunedin Stadium Property Limited (<i>DSPL</i>) |
| Aurora Energy Limited (<i>Aurora Energy</i>) | Dunedin Venues Management Limited (<i>DVML</i>) |
| City Forests Limited (<i>City Forests</i>) | Dunedin Railways Limited (<i>DRL</i>) |
| Delta Utility Services Limited (<i>Delta</i>) | Dunedin City Treasury Limited (<i>DCTL</i>) |
| Dunedin International Airport Limited (<i>DIAL</i>) | |

What we do

DCHL's purpose is to achieve the best for Dunedin from its investments, while ensuring the Group operates in an environmentally and socially responsible way. This purpose is supported by the strategic objectives and activities in the company's strategic framework.

To achieve the best for Dunedin from its investments



DCHL is responsible for setting the strategic direction of DCC's companies as a group, monitoring their operational performance, appointing directors to their boards, providing input to annual planning documents and approving significant transactions.

DCHL contributes to the Dunedin City Council's strategic framework and the achievement of the city's objectives.

The organisation is committed to developing meaningful relationships with mana whenua that go beyond consultation and support a more collaborative approach which reflects a greater understanding of mana whenua interests.

The DCHL Group works to reduce emissions and, alongside DCC, explores and reports on potential contributions to Dunedin's citywide emissions reduction goals.

DCHL also promotes and administers the Graham Crombie Intern Director Programme. The programme aims to develop governance capability in Dunedin and build 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.



Our governance approach

DCHL is governed by a board of independent directors appointed by Dunedin City Council. The DCHL board operates in accordance with accepted best practice. Directors meet regularly to provide leadership and oversight to DCHL's affairs.

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. With the approval of the Council, DCHL directors are also appointed to the board of Dunedin City Treasury Limited and, pending planned governance changes in the 2027 financial year, to the boards of Dunedin Stadium Property Limited and Dunedin Railways Limited.



Performance

Financial performance

Net profit after tax



Distributions to DCC (and on behalf of DCC)



Investment

Aurora Energy's capital investment

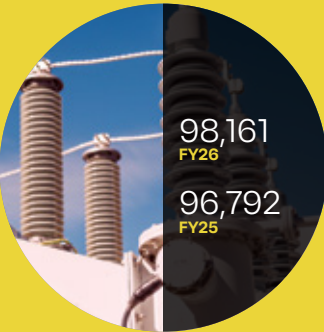


Dunedin Airport's capital investment



Customer

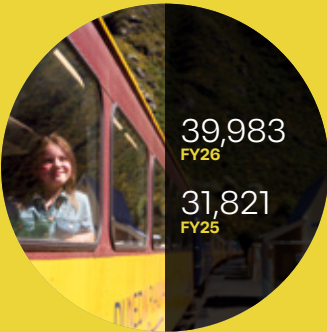
Aurora Energy total customer connections (cumulative)



Dunedin Airport passenger numbers



Dunedin Railways passenger numbers





Financial focus

DCHL's adjusted net profit after tax increased for the fourth consecutive year, continuing a steady improvement in earnings performance (Chart 1). The 2021 result remains an outlier due to a significant fair value uplift in the forestry estate. Excluding this one-off effect, earnings have trended upward over recent years.

Cash distributions to Dunedin City Council have also increased over the past four years (Chart 2). Much of this increase has been supported by higher dividends from City Forests, which has converted balance sheet value growth into cash returns for its shareholder. Aurora Energy, the group's largest investment, has been unable to pay a dividend since 2017.

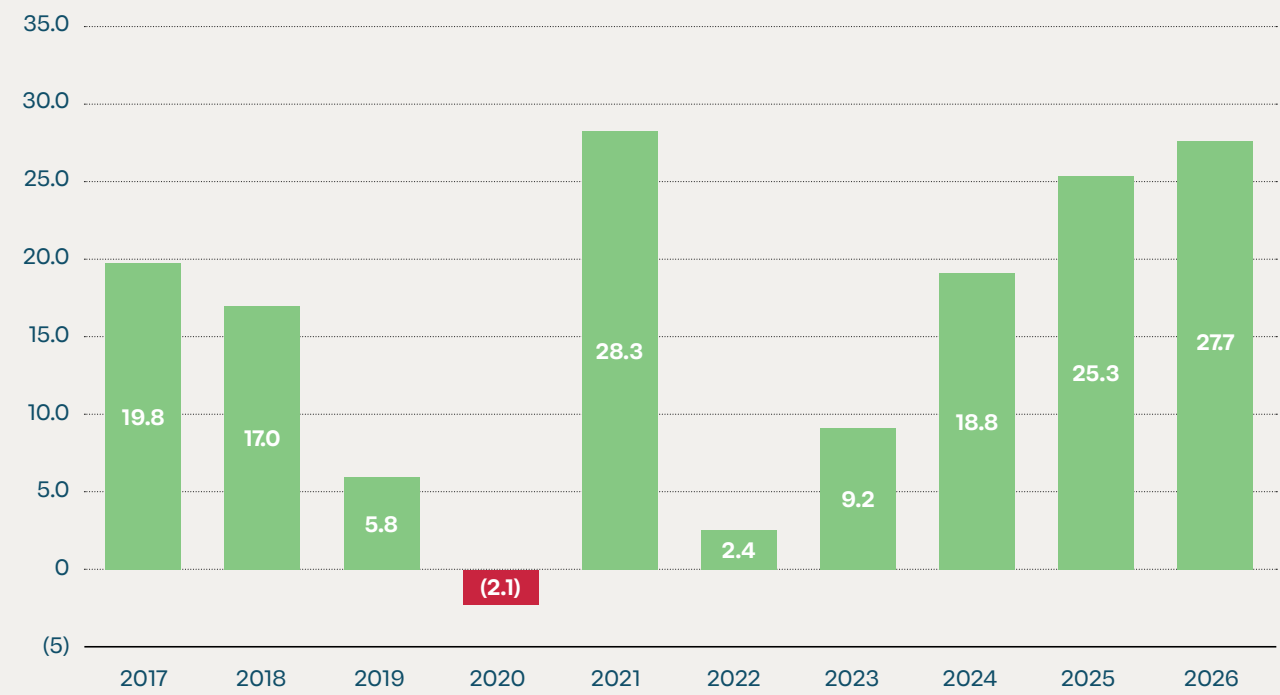
Council has been clear in its desire for higher cash returns from its investments. While DCHL's commercial businesses have generated reasonable growth in value, the portfolio's composition creates challenges in translating that growth into dividends.

The Group's asset base has more than doubled over the past decade and now exceeds \$2.3 billion (Chart 3). Most of this growth reflects substantial investment by Aurora Energy in the electricity networks serving Dunedin, Queenstown, Central Otago and the Upper Clutha. These investments have strengthened and expanded critical infrastructure, while also increasing the Group's borrowings.

The nature of these investments is reflected in the Group's cash flows. In recent years, capital expenditure has consistently exceeded cash generated from operations, resulting in negative free cash flows (Chart 4). Put simply, most of the cash generated by the Group has been reinvested in the business rather than distributed to shareholders. Furthermore, since investment requirements have exceeded cash generated from operations, additional borrowing has been required.

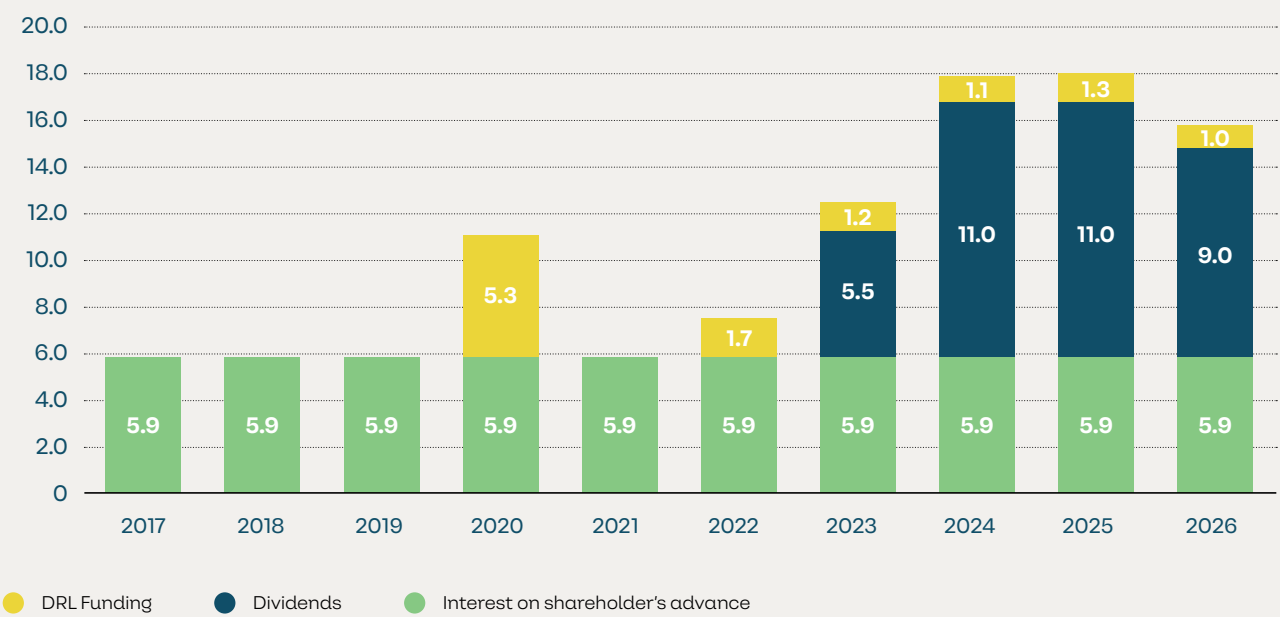
This pattern is expected to continue. For at least the next decade, Aurora Energy is forecasting high capital expenditure requirements to improve resilience and meet growing electricity demand, driven by economic growth in the Queenstown and Central Otago regions and decarbonisation. Aurora Energy is forecasting to resume dividends at a modest level from 2027, but this will be balanced with requirements to reinvest in the network. In line with the Investment Framework, DCHL will continue to develop strategic options to provide strong, consistent and sustainable distributions to Council, while protecting the real value of capital for future generations.

Chart 1: Adjusted net profit after tax (\$ million)



DCC's ownership interest in DCHL is represented by a combination of equity and a non-cash shareholder's advance. Cash is distributed to DCC by way of dividends (recorded as a movement in equity) and interest on the shareholder's advance (recorded as an expense). Adjusted NPAT represents net profit after tax, excluding interest expense on the shareholder's advance.

Chart 2: DCHL cash distributions to (or on behalf of) DCC (\$ million)



● DRL Funding ● Dividends ● Interest on shareholder's advance

Chart 3: Total assets and term borrowings (\$ billion)

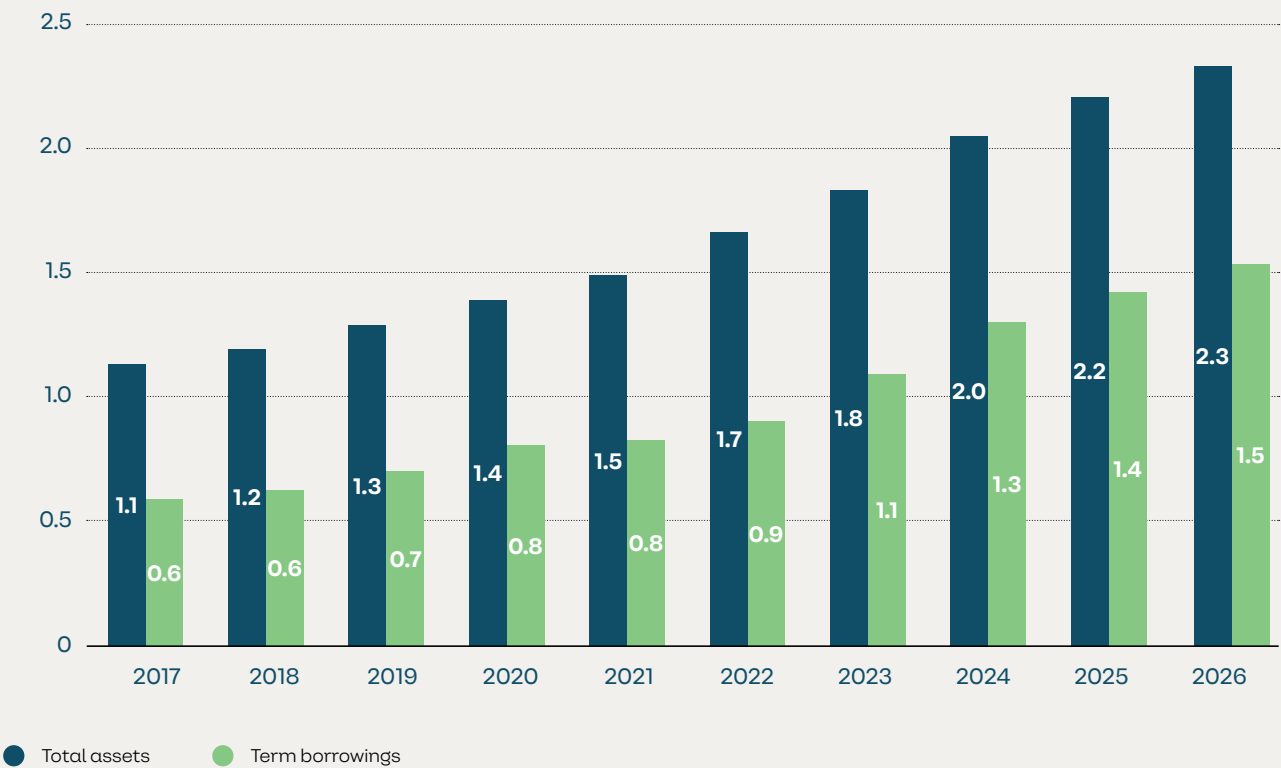
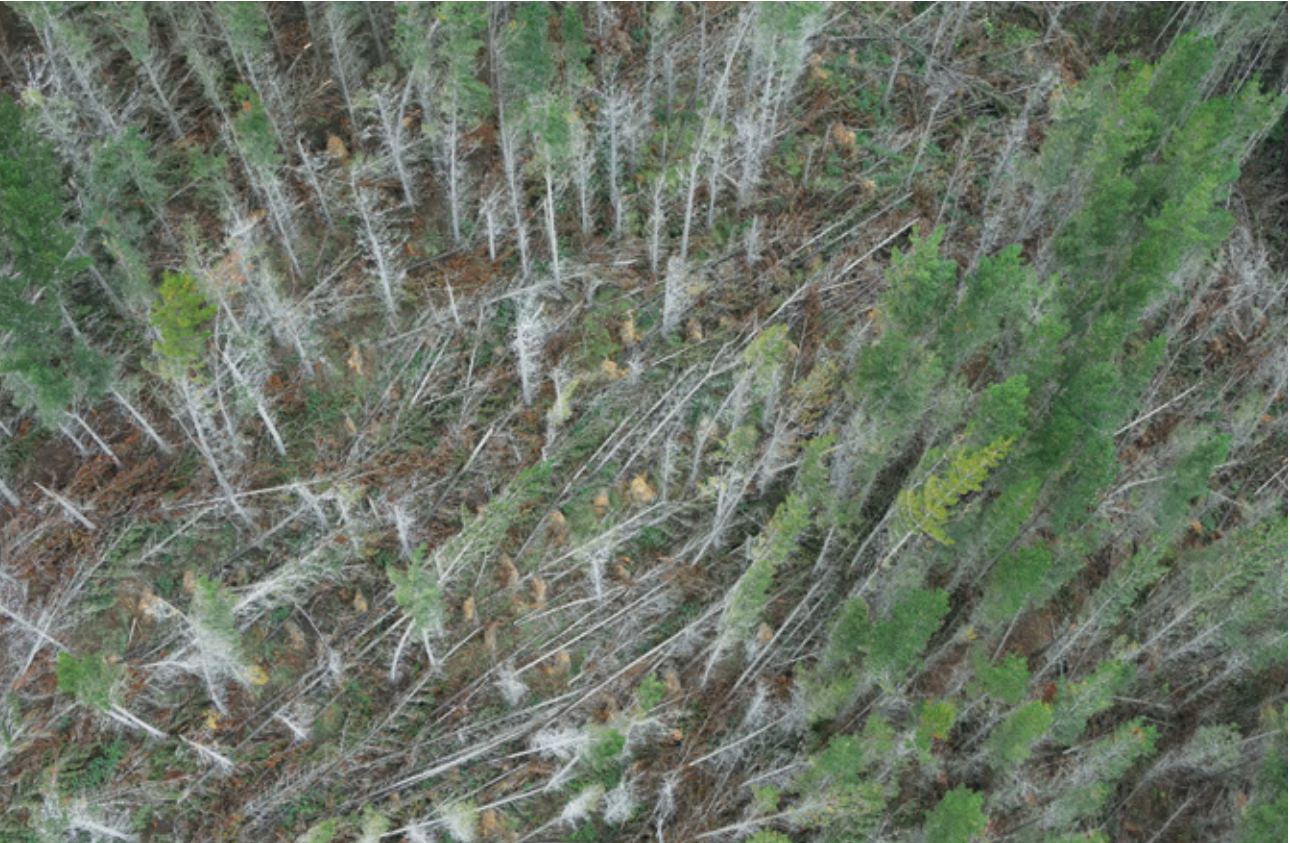
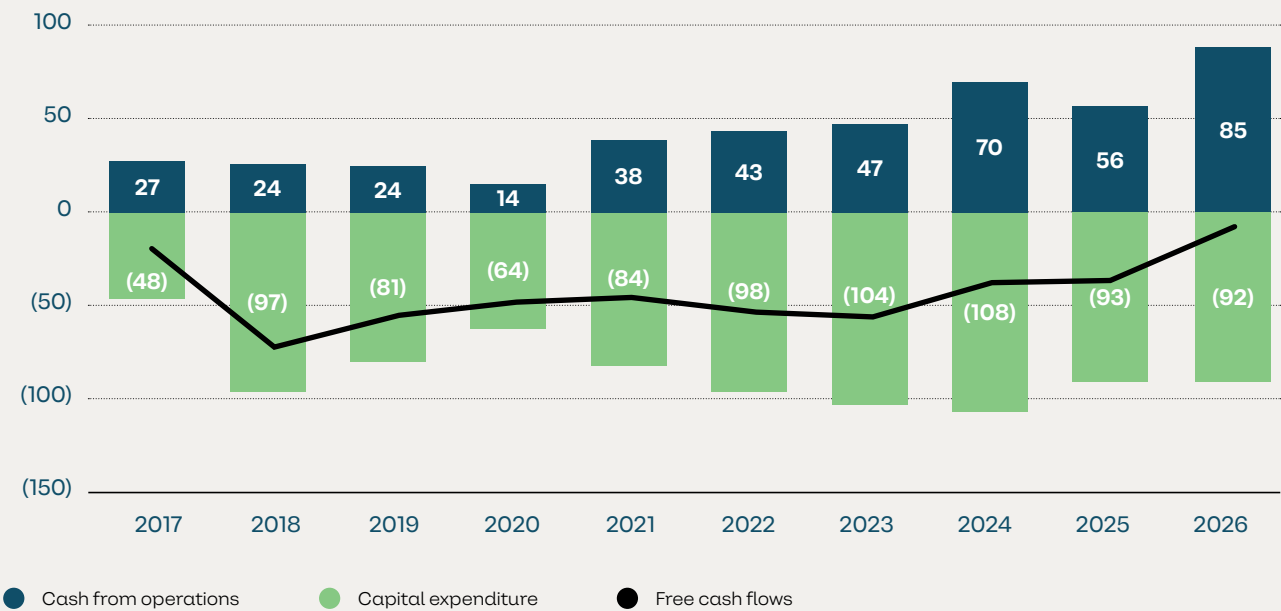


Chart 4: Free cash flows (\$ million)



Windstorm hits City Forests' earnings

A sudden wind event in late October 2025, which caused widespread disruption and damage across the region, had a significant impact on the City Forests estate with over 500 hectares of trees affected by wind throw.

Striking before midday on 23 October 2025, after several days of strong winds, the storm produced gusts of up to 170kmh recorded at Taiaroa Head just before 2pm. While the effects of the storm were felt across the region, bringing down lines and trees, the direct impact on City Forests' estate was notable.

Approximately 530 hectares of forest were affected, representing about 4% of City Forest's 20,000 hectares of productive estate. The damage included several hundred hectares of harvest-ready trees, which were the primary focus of the recovery effort, designed to maximise the wood's value before decay could set in.

Given the potential risks involved in managing wind-blown timber, City Forests undertook a fully mechanised recovery, ensuring there were no injuries during the harvest process. The team also had to manage increased complexity, with broken trees, damaged wood and up-rooted stumps all requiring special handling.

The accelerated recovery programme was largely successful in recouping as much value as possible from the damaged stands. The windstorm also had no material impact on the current year's replanting programme, with 550-600 hectares completed as planned.

Although the wind event only affected a small percentage of the total productive estate, the forest valuation decreased from \$212m to \$202m, roughly correlating with the scale of the damage. Combined with a more expensive operating environment, with increased fuel costs impacting the supply chain, including harvesting, trucking and shipping, the storm had a significant financial impact on the business this year.

Around 70% of logs are exported. While key overseas markets, primarily South Korea and China were relatively soft, City Forest's export operations functioned well, with volume placement and positive margins maintained.

While the effects of the severe weather were significant, the scale of the wind throw event was unusual for the City Forests estate. Given its relatively sheltered geographic location, stable soils, and less frequent impact from cyclones, the operation is at considerably lower risk from ongoing weather and climate-related impacts, compared to other forestry areas in New Zealand.



Infrastructure investment



DCHL is a shareholder in two regionally significant infrastructure businesses – wholly owning Aurora Energy and holding a 50% interest in Dunedin Airport. These companies provide essential infrastructure that supports economic activity, population growth and community interests across Otago and Southland. As long-term assets, electricity networks and airport infrastructure require ongoing investment to maintain safety, reliability, resilience and capacity as customer needs evolve.

As an owner, DCHL has a responsibility to invest or enable funding to ensure that these businesses are positioned to meet the needs of the community they serve. Both companies operate within regulatory frameworks that are designed to protect customers, set expectations for performance and service quality, and provide opportunities to earn an appropriate return on invested capital.

Aurora Energy is subject to Commerce Commission price-quality regulation, while Dunedin Airport operates under a regulatory regime that requires extensive disclosure and consultation on airport pricing. These arrangements support prudent investment in infrastructure that communities and businesses rely on every day.



Smith St: The Smith Street Zone Substation Upgrade strengthened electricity supply and created greater network resilience and back-up supply options for customers in central Dunedin and Roslyn.

Investing today for the energy needs of tomorrow

Aurora Energy has completed a five-year investment programme, running from April 2021 to March 2026 and approved by the Commerce Commission following public consultation, representing several hundred million dollars of network investment.

The programme delivered essential maintenance and upgrades across Ōtepoti Dunedin, Central Otago, Wānaka and Queenstown-Lakes, replacing ageing infrastructure, constructing and upgrading substations, and strengthening the network for future demand. In the most recent reporting year alone, Aurora replaced several hundred power poles, tens of kilometres of high-voltage lines, and over a hundred distribution transformers – work that has continued steadily across all five years of the programme.

The value of this work is measured not only in assets installed but in the delivery of a safer, stronger and more dependable electricity service. The Commerce Commission’s enhanced annual monitoring has shown continued progress since 2021, with improved asset-management practices reflected in better reliability and customer service, ongoing replacement of assets presenting safety risks, and a reduction in unplanned interruptions. Aurora’s network now supports close to 100,000 consumer connections and over 200,000 people across the region.

A recent example of this resilience investment in action is the replacement of two ageing high-voltage cables between the Kaikorai Valley zone substation and Transpower’s Halfway Bush Grid Exit Point, completed in July 2026. The three-kilometre underground cable project strengthens supply security for thousands of Dunedin homes and businesses, using directional drilling to minimise disruption to residents and roads during construction.

Queenstown-Lakes remains one of the fastest-growing parts of the network and meeting that growth safely and affordably is central to the next decade of planning. The district’s population has grown at over 5.0% a year over the past decade, more than three times the national rate, and peak demand at the Frankton grid exit point has climbed by an average 2.8 MW a year over the same period.

Completion of the customised price-quality path is a foundation, not a finish line: Aurora’s Asset Management Plan Update covers the decade from April 2026 to March 2036, built around developing a more intelligent and digitally enabled network, a more dynamic network operating model, strengthened strategic partnerships and a future-focused and efficient core business.

Looking further ahead, Powering Southern Lakes 2050 and Powering Dunedin 2050 – Aurora’s long-term visions for their core regions – will guide staged investment through the 2020s and 2030s and into the 2040’s, optimising new transmission build, distribution network augmentation and both customer and grid scale non-network solutions to meet demand and resilience needs at the lowest sustainable long-term cost. The aim being to keep capacity ahead of demand – whether that capacity is delivered via the network or from locally distributed battery and generation sources. The network will play a pivotal role in underpinning the region’s continued economic growth.

Strengthening southern connections

For Dunedin Airport, the 2025/26 year marked the first full year of operation for the trans-Tasman service between the city and Australia’s Gold Coast Airport, carrying over 45,000 passengers.



The new direct trans-Tasman service reflects a continued focus on investing in the airport’s future, not only through the growth of aviation connectivity of the wider Lower South region it serves, but also the development of the terminal and the strengthening of key relationships across the sector.

To continue to build awareness and demand for the service, Dunedin Airport has worked closely with Jetstar and Gold Coast Airport, as well as regional tourism organisations and partners on both sides of the Tasman.

This approach received support from the Ministry of Business, Innovation and Employment (MBIE), which in November allocated \$1.2m to Southern Way through its Regional Tourism Boost funding. Southern Way is New Zealand’s latest fully mapped bikepacking route, offering 1,000 kilometres of multiday cycling through Otago. The funding supported activity aimed at increasing Gold Coast visitation during the first quarter of the year, with the ‘Tastes of the Southern Way’ campaign delivered alongside Jetstar, TripAdvisor and the Restaurant Association.



The welcome received by both international and local visitors was also reinforced by Dunedin Airport’s Terminal Enhancement Project. This year, the multi-year programme delivered a reconfigured Level 1 retail and food and beverage precinct.

The terminal investment was also complemented by the first stage of a runway renewal programme, designed to upgrade the underlying structural runway base that has supported airport operations for more than 60 years. A seven week, around the clock project to rebuild the runway’s central keel – an 18-metre-wide strip running the full length of Runway 03/21 – was completed by Fulton Hogan in May. A second stage of work is scheduled for the summer of 2026/2027. This will see the full width of the runway resurfaced and have its end-of-life airfield lighting system upgraded.

These investments in both infrastructure and the network are designed to not only enhance critical connections for the lower South Island but also support the local tourism industry and the wider local economy, while connecting our community with the country and the world.

Delta supporting the local electricity network

Stage Two of Aurora Energy’s Waipori (ABC) 33 kV Line Upgrade was a significant infrastructure project supporting the electricity network serving more than 10,000 customers across Mosgiel, East Taieri, Outram and Berwick.



Planning, consent requirements and coordination for the project took place across early FY26, with the main construction work delivered between January and March 2026.

Overall, the project involved 17 new steel towers, the removal of an estimated 45 existing poles and approximately 3.1 kilometres of new conductor – around 1.5 kilometres on each of the B and C lines, plus the A line section.

One dedicated line crew completed most of the work, with support from all Delta line crews and other network crews during the outage. This wider support was important to completing the required work within the available outage window.

Skevingtons completed the civil works in advance, while HeliOtago supported the conductor stringing by helicopter during the outage. The helicopter provided the most effective way to cross the Taieri River and reduced the need to move heavy equipment through areas where access and ground conditions were constrained.

The project brought together Delta’s technical experience in overhead line construction with strong project management and practical problem-solving skills. The river crossing and surrounding flood banks added considerable complexity, requiring Delta to work closely with the Otago Regional Council and local landowners while operating within restrictions designed to protect the flood banks. Working around private land, variable ground conditions and existing electrical infrastructure required careful access planning and construction sequencing. Strong communication and coordination between the flight crew, line crews, contractors and other stakeholders supported the safe and efficient delivery of the project to a high standard.

As Aurora Energy continues to renew and upgrade the Waipori (ABC) lines, it strengthens network reliability and helps support future growth in the area. Delta’s delivery of this section of Stage Two builds on the work its teams completed on Stage One between Berwick and Outram in 2021.





Community



From ethical investment to environmental protection, DCHL recognises the potential impacts and positive opportunities of its operations across the region. These are not only in terms of direct financial benefits to Council, but also in helping to support a liveable, vibrant and successful city for our broader community.

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. DCHL is committed to developing meaningful relationships with mana whenua. This means taking a deliberate and staged approach to strengthening these relationships, including improving engagement, understanding mana whenua interests and incorporating Māori perspectives into planning.

With all directly-employed team members on a living wage, DCHL is also committed to operating as a good employer. In particular, the Group continues to focus on building and supporting diversity across its operations.

Ultimately, DCHL is working to ensure it demonstrates a strong sense of social and environmental responsibility, in support of Council's objectives and the interests of our broader community.

Building governance capability for the region

Now in its fifth iteration, the DCHL Graham Crombie Intern Director programme is helping build governance capability in Dunedin, for the benefit of local organisations, the economy and the community.

The programme places emerging governance leaders with DCHL company boards, allowing them to take part in meetings, contribute to discussions, and build a working understanding of governance in a commercial setting. Each intern also receives mentoring, Institute of Directors training support, and networking opportunities.

The six new intern directors commenced their terms on 1 July 2026 and will work alongside the company boards for 18 months. Interest in the programme was high, with 99 applications received.

The current cohort of intern directors are:

- | | | |
|--|---|---|
| Louisa Homersham
Placed with Dunedin Venues Management Ltd | Marc Keen
Placed with Dunedin International Airport Ltd | Marieke Mahoney
Placed with Aurora Energy Ltd |
| Penelope Grellet
Placed with Delta Utility Services Ltd | Cory Neale
Placed with City Forests Ltd | Max Sims
Placed with Dunedin Railways Ltd |

The programme was named in honour of former DCHL Chair Graham Crombie (1963-2019). Graham, who led the establishment of the programme, had a strong interest in developing emerging leaders, and was closely involved in supporting the early cohorts of intern directors.



International appeal for railway experiences

Offering a uniquely local experience, coupled with the activation of an important part of Dunedin's heritage, Dunedin Railways is experiencing growing local and international demand, while providing broader social and economic returns to the city.



Passenger numbers for Dunedin Railways increased by 26% in the 2025/26 year, reaching almost 40,000. The business experienced growth across several areas, including the Taieri Gorge service – to an area inaccessible by road – and cruise operations.

The operation is also evolving beyond its scheduled services, to offer unique products and special events. These have included the Wild Dunedin 'Wild' Seaside, which saw both train sets coupled to carry 337 passengers, and the Stargazer, which takes passengers into Taieri Gorge after dark.

Dunedin Railways is working to a five-year plan, which focuses on transitioning to operational maturity, safe and reliable rail operations, passenger and yield growth, stronger commercial systems and disciplined financial management. The business has been investing in the track and railway, while building operational systems and team capability. This is helping to protect essential skills, infrastructure and railway heritage, which would be extremely difficult to recreate.

The business operates out of Dunedin Railway Station – one of the city's most recognisable landmarks – ensuring this iconic heritage building is an active attraction for local visitors and a drawcard for the region.

Response from the local visitor industry to Dunedin Railways' redevelopment has also been strong. Dunedin Railways is actively rebuilding relationships with the domestic and international travel trade, cruise sector and tourism operators, while developing products that allow the railway to form part of a broader South Island itinerary.

A good example of this approach is the company's work with operators whose guests travel by rail from Dunedin through the Taieri Gorge to Pukerangi and then continue by coach towards Queenstown or Te Anau. By building Dunedin Railways into the itinerary, it turns what would otherwise be a road transfer into a memorable visitor experience, while connecting Dunedin more effectively with the wider Otago tourism journey. The approach is particularly important because these partners are planning itineraries two and three years in advance, so rebuilding those relationships now creates a pipeline of future business.

Ultimately, Dunedin Railways is working towards becoming a sustainable, commercially strong and genuinely valuable part of the region's visitor economy, creating opportunities for other operators and businesses while supporting a unique part of Dunedin's heritage.



Community performing under the roof



While the Highlanders home season once again showcased the atmosphere at Forsyth Barr Stadium, this year saw a range of community events, festivals and experiences that brought the community together under the roof.

The Highlanders Super Rugby season continued to attract significant crowds, with over 85,000 attending during the season's matches.

The continued appeal of the venue was also showcased in a range of events that provided the community with the opportunity to play and entertain on a world class pitch at Forsyth Barr.

Over 44,000 people attended 39 different community events across Dunedin Venues' spaces, including 15 held at the stadium.

One of the highlights of the season was the New Zealand Festival of Nature. The weekend opened with the Pitch Choir, turning the pitch into a shared creative space as hundreds of voices filled the stadium. The Wild Dunedin Nature Dome, held the following day, transformed Forsyth Barr into an interactive environmental showcase, to the delight of local families. Over 8,500 people attended the event, which underscored the ability of the venue to host both performance and festival events in the course of a single weekend.

Other notable events included the Relay for Life, in which more than a thousand runners and walkers raised \$25,000 for the Cancer Society and the Moana Nui Pacific Festival, which drew a crowd of almost 6,000.

Major events, such as the All Blacks vs France test in July 2025, which generated over \$13m in direct economic impact for the city, and the Hot Wheels Monster Trucks Live, drawing an audience of more than 15,000, continue to reinforce the international quality of the stadium. The last 12 months have highlighted the versatility of Forsyth Barr Stadium, and Dunedin Venues' range of other performance and events spaces.



City-wide response to keep our community safe

In response to the wind event that affected Dunedin in late October 2025, Delta's Tree Services and Greenspace teams supported the city-wide recovery efforts, responding as soon as the first reports of fallen and damaged trees came in and continuing well beyond the initial emergency.



Crews were often dispatched with little more than an address and brief details. Once on site, they used their technical expertise and professional judgement to assess the situation, determine what could be completed safely and decide whether another location required more immediate attention. They communicated clearly about what could be done, what needed to be deferred and what additional resources were required.

This judgement was particularly important when working around unstable trees, power lines, blocked roads, damaged underground services and continued high winds. Work did not proceed where conditions made it unsafe, and roads or public areas remained closed when necessary. Despite the scale of the event and the difficult conditions, there were no injuries within Delta's response teams, no significant operational issues and no complaints.

The most urgent work was addressed first. Tree crews supported Delta's electrical fault teams where vegetation had damaged or become entangled with power lines, allowing electrical repairs to proceed. They then focused on trees threatening public safety or affecting roads and important infrastructure. Less urgent sites were inspected, isolated or left closed until crews could return.

Close communication between Delta teams, Dunedin City Council and other contractors was essential. DCC passed on reports received from the public, while Citycare Water, Downer and other contractors shared information about damage they'd encountered. Delta's Greenspace teams also identified affected areas, helped secure or close sites and advised Tree Services where specialist assistance was needed.

The initial emergency developed into a much longer recovery. Three tree crews worked across Dunedin for approximately six weeks to address remaining dangerous trees, with some follow-up continuing through Christmas. The focus was on removing immediate hazards rather than full reinstatement. The remaining work was incorporated into forward maintenance planning with the DCC.

In response to Delta's work, public and customer feedback was positive. North Taieri resident Claire Perry publicly praised Delta's arborists and line crews after they worked into the night to disentangle a large gum tree from power lines, restore electricity to the area and then move directly to their next job.



Stewardship

Managing an intergenerational investment

A comprehensive review of the Waipori Fund's objectives and investment strategy, undertaken during the year, has established a modern and fit-for-purpose framework for the fund's management, preserving its intergenerational purpose and strengthening governance, while delivering higher and more sustainable benefits for the people of Dunedin.



While the fund has done a good job of growing and protecting the real value of capital, DCHL reviewed the Waipori Fund's Statement of Investment Policies and Objectives (SIPO) in response to DCC's request to increase returns from its investments to reduce pressure on ratepayers.

DCHL recommended retaining and clarifying the fund's core purpose by adopting four investment objectives:

- Providing a strong, consistent and sustainable distribution to Council;
- Maintaining the capital base of the fund in real terms;
- Maximising the real rate of return subject to the selected asset allocation; and
- Maintaining sufficient liquidity to meet distribution requirements.

In order to increase returns, DCHL recommended a change in strategic asset allocation. This means a shift from the current balanced income approach, to a more growth-orientated portfolio. This will comprise 80% growth assets and 20% income assets – a mix DCHL considers provides the best balance between return and risk. The approach is consistent with a number of similar funds, like the Auckland Future Fund and New Plymouth's Perpetual Investment Fund.

While a higher-growth portfolio will see greater volatility, a new approach will enable more predictable and sustainable distributions, while protecting capital value over the long-term.

The fund will continue to be owned by the Council, which will maintain ultimate oversight and approve distributions. However, consistent with the 'one portfolio' approach, DCHL will be formally responsible for overseeing the investment strategy, reviewing performance and making active recommendations on distributions and the SIPO.

The new SIPO was approved by Council in August 2026.

The Waipori Fund was established in 1998, from the proceeds of Dunedin City Council's (DCC) sale of Waipori Power Generation Limited and its share of United Energy Limited.

Over the last two and a half decades, the fund has performed well. Established with an investment of just over \$56m, the fund has grown to a value of \$117.7m as at 30 June 2026. During that time, the fund has distributed over \$80m to Council, with an estimated annualised compounding return of 6.7% since June 2014.

This return has also been achieved while adhering to a strict, socially responsible investment strategy. This means avoiding investments in activities which are inconsistent with Council's ethical position, such as those involving tobacco, armaments, fossil fuel extraction and gambling, or that do not meet UN policies on health and safety, and child and human rights.

A decade of transformational change

In announcing the retirement of Aurora Energy Limited Chair Steve Thompson in May 2026, DCHL acknowledged the decade of transformational change Aurora Energy has achieved under his tenure, which has seen the focus of the organisation transition from ‘fix the network’ to ‘meet the future’.

DCHL acknowledges Steve’s role in steering the electricity distribution business through one of the most consequential transitions of any infrastructure business in New Zealand.

During this time, Aurora was established as an independently governed and managed network business, when it separated from Delta Utility Services in 2017. This enabled clear accountability for network performance, and a sharper regulatory and customer focus.

The new operating model has also enabled Aurora to invest more than \$600m in renewing the network across Dunedin, Central Otago and Queenstown Lakes, built through a Customised Price-Quality Path (CPP), approved by Commerce Commission.

As a result of the focus on investment, and operational and cultural improvements across the organisation, Aurora has also seen a step-change in network reliability and resilience, as well as measurable improvements in health and safety.

The transformation has gone a long way towards building stakeholder trust. Aurora has moved from a position of regulatory scrutiny to constructive sector leadership. A focus on strong financial stewardship has also positioned the business to make sustainable returns to the community.

As a result of the changes, Aurora is now positioned for the energy transition, with positive impacts on communities and the environment across the region. This includes the Queenstown Regional Electrification Development Plan, leadership on distributed energy resources and non-network solutions, as well as a 10-year investment plan to respond to growth and decarbonisation.

Dunedin City Treasury maximising financial efficiency

Established in 1992, Dunedin City Treasury Limited (DCTL) has been providing centralised funding and financial risk management for Council and its companies for over three decades, managing risk, reducing cost and maximising funding for the businesses’ operations.

Wholly owned by Dunedin City Holdings Limited, DCTL is responsible for all the borrowing for the DCC Group, issuing debt securities and on-lending to the Council and companies within the Group.

This centralised approach enables the Group to benefit from DCTL’s access to investors, which include wholesale investors, fund managers and banks, and the joint security of the Group’s portfolio of assets and capital. Combined with DCTL’s credit rating (Standard & Poor’s AA-/A-1+), this centralised approach means borrowing costs are significantly reduced for both the Council and group companies.

DCTL activities are managed within the Treasury Risk Management Policy. This provides a framework for managing the DCC Group’s interest rate, funding, liquidity, foreign exchange and credit risks. Compliance with the policy is reported monthly to the DCTL Board.





Environment



Greenhouse gas emissions

Over the course of the year, DCHL Group continued to implement its Carbon Roadmap, with a dual focus on reducing emissions from Group activities and supporting Dunedin's broader city-wide emissions reduction goals.

While those efforts continue, the Group is balancing increased demand in key areas, such as airport passenger numbers, sea freight and electricity demand, which contribute emissions largely outside of its direct control.

DCHL Group measured a gross emissions total of 83,299 tCO₂-e, across Scope 1, 2 and 3, in the year ended 30 June 2026. Compared with FY25, gross emissions increased by approximately 3.4%. This was primarily driven by a rise in Dunedin Airport's aircraft and passenger travel-related Scope 3 emissions, following the reopening of the international terminal. This increase outweighed reductions elsewhere in the Group.

Emissions performance

Table 1: DCHL Consolidated FY26 emissions by scope and year (tonnes CO₂-e)

Measure (tCO ₂ -e)	FY24 (restated)	FY25 (restated)	FY26	Change (FY25–FY26)
Scope 1	4,507	4,712	4,586	-2.7%
Scope 2	5,097	8,286	6,135	-26.0%
Scope 3	77,140	67,576	72,578	+7.4%
Gross emissions	86,744	80,574	83,299	+3.4%
Forestry	(4,931)	(4,929)	(4,929)	0.0%
Net emissions	81,813	75,645	78,369	+3.6%

Notes: Tables are reporting Scope 2 under the market-based method. The DCHL GHG Inventory ISO Report contains details of both the location-based and market-based emissions for Scope 2. FY24 and FY25 figures have recalculations applied to update the historical electricity emission factors for the latest released in 2026, as well as updated aircraft emissions following methodological updates by the Airport.

Emissions by company

Table 2: FY26 emissions by company and scope (tonnes CO₂-e, market-based).

Company	Scope 1	Scope 2	Scope 3	Total Gross	Forestry	Net
Dunedin Airport	95	82	45,365	45,541	–	45,541
City Forests	114	2	24,200	24,317	(4,929)	19,388
Aurora Energy	260	5,850	2,306	8,416	–	8,416
Delta Utility Services	3,425	0	622	4,047	–	4,047
Dunedin Venues	221	191	94	506	–	506
Dunedin Railways	469	9	6	485	–	485
Dunedin City Holdings	1	0	8	9	–	9
Dunedin City Treasury	1	0	1	2	–	2
Total	4,586	6,135	72,578	83,299	(4,929)	78,369

Note: The Total row in Table 2 includes a 24 tCO₂-e Group-level Transmission and Distribution losses adjustment that is not allocated to individual companies. This means the rows in Table 2 do not match the Total row.

Top 10 emission sources

Table 3: FY26 top 10 emission sources (tCO₂-e)

Source	Scope	tCO ₂ -e	% of gross emission
Airport indirect emissions	3	42,110	50.6%
Freight	3	20,182	24.2%
Aurora – electricity transmission and distribution losses	2	5,762	6.9%
City Forests – contractor fuels	3	4,463	5.4%
Fuels	1	4,453	5.3%
Airport – dairy farm	3	3,083	3.7%
Aurora – contractors	3	2,044	2.5%
Purchased electricity (market-based)	2	372	0.4%
Waste to landfill	3	227	0.3%
Car-based transport	3	221	0.3%

Notes: Emissions are measured and reported in accordance with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and ISO 14064-1 (version 2006 or 2018, as applicable for each company). Not all indirect (Scope 3) emissions across the Group's value chain are captured; Scope 3 reporting is reviewed and expanded on an ongoing basis.

Major movements

The Group measures its emissions in line with international standards. These include those it has direct influence over, as well as the emissions coming from its energy use and the downstream operational activities of which it is a part.

Scope 1 – direct emissions (down 2.7%)

The Group's Scope 1 emissions reduced by 2.7% compared to the prior year. This was predominately driven by the reduction in fuel use from Delta, whose Scope 1 emissions reduced by 283 tonnes (7.6%) during the year.

Scope 2 – purchased energy (down 26%)

Group-wide Scope 2 emissions fell 26% in FY26. This was primarily driven by lower emissions from the national grid as New Zealand's electricity generation mix became cleaner (higher renewable, lower coal and gas-fired generation), rather than lower electricity demand across the Group.

On top of this, two subsidiaries made genuine, activity-driven contributions. Dunedin Airport's new terminal rooftop solar array reduced its grid electricity consumption, even as demand rose following the reopening of the international terminal. Dunedin Venues' investment in LED lighting with smart motion and daylight controls, alongside its ongoing energy systems automation upgrade, also contributed to a reduction in electricity consumption.

Scope 3 – value chain (up 7.4%)

Group Scope 3 emissions rose 7.4% (+5,002 tCO₂-e) in FY26, driven predominantly by Dunedin Airport's aircraft and passenger travel-related emissions, following the re-establishment of international flights. Smaller increases were recorded at City Forests and the Airport's Dairy Farm operations, partially offset by reductions in Group business-travel flights and Aurora Energy's contractor emissions.



Progress on emissions reduction

Each company within the DCHL Group also has a major focus on emissions and waste reduction, as part of the Group's broader commitment to sustainability.

Aurora

Aurora continued refining its GHG and waste reduction strategies (first developed FY22) across four workstreams: fleet conversion, generator diesel reduction, solar investment and waste. All non-utility/towing vehicles replaced in FY26 were swapped to hybrid, and an EV charger was installed at Cromwell. Aurora is assessing battery storage (BESS) to supplement diesel generators in its mobile fleet, and investigating solar for its new Cromwell office.

Total GHG emissions fell to 8,416 tCO₂-e in FY26, down from 10,527 tCO₂-e in FY25; Scope 1 and 2 (excluding line losses) were 348 tCO₂-e, 3% below the FY21 baseline, mainly from lower fleet emissions. On waste, Aurora progressed pilot reporting with its largest provider and confirmed key field service providers have appropriate disposal and recycling arrangements, including transformer oil recycling.

Delta

Delta continued replacing light passenger vehicles with hybrids. The company has also ordered two fully electric vehicles to replace combustion-engine vehicles, and is replacing an Elevated Work Platform truck with an Electric Power Take Off (EPTO) unit.

Delta refreshed its Carbon Emissions & Waste Reduction Strategy (first developed FY22) to cover FY26–FY36. Its targets remain a 45% reduction in Scope 1 gross emissions, 100% reduction in Scope 2 net emissions, and 20% reduction in Scope 3 gross emissions, against a FY22 baseline.

Against that baseline, Delta reported a 7% gross reduction in Scope 1 (constrained by limited low-emissions vehicle options and business growth). It also recorded a 100% net reduction in Scope 2 via Renewable Energy Certificates from Meridian Energy and a 2% gross increase in Scope 3, driven by a supply-chain change that saw stock freighted from Australia. Delta will complete a Scope 3 inventory during FY27 to identify further reduction categories.

Dunedin Airport

Dunedin Airport commissioned its first major rooftop solar installation on the terminal building in December 2025. In its first months of operation, the solar array was successful in reducing grid electricity use, despite increased demand from the reopened international terminal.

Following an audit of terminal waste diversion, which did not achieve its 30% target (19% in June 2026), funding has been allocated for improved recycling infrastructure and an upgraded waste-transfer area.

The Airport achieved Level 4 Airport Carbon Accreditation in September 2025, with its Carbon Management Plan (Scope 1 and 2), Stakeholder Partnership Plan (Scope 3), and FY19 baseline all independently reviewed or assured for the first time.

Combined Scope 1 and 2 emissions are 41% below the FY19 baseline (market-based) — ahead of the pathway to reduce operational emissions by 46.2% from FY19 by 2030 — while total Scope 1–3 emissions are down 20% against the same baseline.

Dunedin Venues

DVML completed engagement with key contractors and suppliers to review Scope 3 emissions at the stadium, with further work targeted for 2028 covering vehicle movement, generator usage, and event AV/lighting efficiency. The organisation agreed a five-year electricity contract at a capped rate, and is exploring battery storage for peak-demand management.

DVML has replaced stadium lighting with LED and smart controls, and is upgrading its energy systems with further automation and sensors, targeted for 2030.

DVML's new waste contractor completed a review as part of an audit, and DVML completed bin-management improvements (location, numbers, colour-coding, signage) to boost recycling awareness. It is working with its food service provider to reduce food waste and packaging, and is substituting cups for aluminium cans where possible.

Contribution to city-wide emissions reduction

As part of its broader commitment to Dunedin's city-wide emissions reduction goals, the DCHL Group continues to actively explore a range of opportunities and take actions which help the local community reduce net emissions.

Aurora Energy

Enables decarbonisation across the city through the electrification of transport, industry and households. Aurora is also supporting the decarbonisation of the growing local region through increased network capacity.

Dunedin Airport

Achieved Level 4 Airport Carbon Accreditation (up from Level 3) and published its first standalone Sustainability Report. The airport joined ten other Aotearoa New Zealand airports in adopting the Platform for Analysing Carbon Emissions (PACE), giving the sector a consistent methodology for measuring aircraft emissions and a stronger basis for engaging airlines on reductions. Local carbon-removal options are continued to be developed by the airport through the Dunedin Zero Carbon Alliance.

City Forests

Makes a significant contribution to lowering the region's gross carbon footprint through carbon sequestration in its actively managed native forest reserves, and the supply of bioenergy material used by customers across Otago to offset coal and gas use.



Looking ahead

During FY27, DCHL expects to take an active coordination role on climate-related matters across the Group, supporting capability development and the sharing of knowledge between subsidiaries. This will help understanding of climate-related risks and opportunities while recognising that delivery remains the responsibility of each operational subsidiary.

Dunedin Airport will further reduce electricity demand through the existing terminal solar array, planned solar installations on the AvSec and Airport Emergency Services buildings, and a potential farm solar project. The airport is also continuing to advance climate-risk and adaptation planning.

Delta will complete an inventory of its remaining, currently unmeasured Scope 3 emissions during FY27, to identify further categories it can begin measuring and reducing.

All group companies will continue implementation of their carbon emissions and waste reduction strategies.



Future energy Wanaka: Aurora Energy supporting growth and increasing electrification

Community energy – turning customers into network partners

Community generated and stored electricity is changing the relationship between customers and the electricity network.

Instead of relying solely on new poles, wires and substations, Aurora Energy is testing how household batteries, intelligent controls and network scale battery storage, can reduce peak demand, improve resilience and potentially defer major investment. This builds on earlier work in the Upper Clutha, where a distributed-energy solution delivered a meaningful reduction in peak demand and deferred infrastructure upgrades by around two years.

The most visible current example is Aurora's partnership with Octopus Energy. Customers in Queenstown and Wānaka/Upper Clutha with a home battery or vehicle-to-grid setup can sign up for a higher than normal export payment, when their battery helps balance the network during peak demand. It's a practical, lower-cost alternative to building new lines, poles and cables in the short-term – helping keep costs down for all customers. If successful, the initiative could be extended to other parts of the network facing emerging capacity constraints as the region grows and electrifies.

Aurora is also exploring solutions designed around entire communities. At a large proposed residential development near Queenstown, Aurora and its development partner are assessing smart EV charging and community batteries from the master-planning stage, with an initial concept for community batteries operating as a virtual power plant. A new zone substation will ultimately be required, but coordinated

non-network solutions may defer that investment for several years while supporting reliability and more efficient long-term spending, directly supporting growth in one of the region's highest-demand areas.

Glenorchy addresses a different community need. Supplied from Queenstown by a single line and vulnerable to weather and slips, it is the proposed location for Aurora's first battery energy-storage trial. The battery would work alongside Glenorchy's existing generation, helping restart and stabilise the local network if the community becomes disconnected from the wider grid – with lessons applicable to other isolated communities on Aurora's network.

Together, these initiatives form a portfolio rather than a single answer: customer flexibility, shared storage and network-owned resilience assets are being evaluated alongside continued investment in the core network. Trials like these also reflect Aurora's role in testing approaches ahead of wider adoption across the sector. Their intended benefits include stronger customer participation, improved emergency resilience, better use of existing assets, more efficient investment timing, and lower costs for the wider community. All remain trials or feasibility work, so realised value will depend on customer uptake, technical performance and robust economic assessment.

Supporting biodiversity across the region

While the City Forests estate is providing a welcoming environment for some of our rarest species, the company is also focusing on supporting a range of initiatives – from pest and predator control to wildlife protection – as part of a wide focus on the local environment.



The 25,000 hectares City Forests has under management, including around 4,000 hectares of significant native reserves, are a unique habitat for some of the region's most distinctive birds and animals. A healthy population of kārearea, the New Zealand Falcon, thrive in the pine forests, using clear-cut edges for hunting. South Island Robin, an at-risk species that is unique to New Zealand, are also found in Flagstaff Forest, with some previously relocated to the Silver Peaks eco-sanctuary. To help minimise disturbance to these birds, and others which live in the forest, City Forests carefully adapts its harvest practices, especially around nesting seasons.

The forests are also home to Eldon's galaxias, a rare non-migratory fish, which populate the forest's waterways. City Forests collaborates with the Department of Conservation to understand and maintain these populations, which have survived multiple harvest cycles.

As part of its protection of these species, as well as others in the region, City Forests works closely with neighbours to remove predators from the area. The organisation is also a major sponsor of Predator Free Dunedin, contributing around \$70,000 per annum.

Animal pests, such as deer, pigs and goats are controlled through an active management programme. This includes recreational hunting – around 80% of the recreational permits issued for the forests are for hunting – commercial ground control, and aerial control if required. The company also typically spends around \$50,000 per year on controlling wilding pines, while new plantings adhere to strict national environmental standards to mitigate wilding risk.

To support the wider region, City Forests sponsors the Otago Wildlife Hospital, which aids injured wildlife and has recently re-signed a sponsorship agreement with the Yellow-Eyed Penguin Trust, complementing other conservation efforts.

City Forests has participated in the Emissions Trading Scheme (ETS) since its inception in 2009. The forests currently store around 8 million tonnes of carbon.

Switching on investment in a sustainable future

When Dunedin Airport switched on its first rooftop solar array in December 2025, it marked the start of an ongoing investment in renewable energy.

The solar array is the airport’s largest emissions-reduction project to date, designed to generate around 145,000kWh per year. The project is helping shape the next stage of the airport’s energy supply programme, which will see additional solar and other infrastructure, supported by improved measurement and monitoring.

The approach is part of the airport’s broader sustainability focus, which recognises the challenges of an operation where over 80% of emissions are from aircraft and ground vehicles. The airport’s response is being driven by improved data and enhanced partnerships, to help address a whole-of-industry issue.

This included the development of independent assurance for the airport’s greenhouse gas baseline, as the basis for future targets and reporting. It also saw the adoption of the PACE airports platform, used by 10 other airports around the country, which provides a consistent basis for working with airlines and measuring aircraft emissions.

New technology is also helping address aircraft emissions. New generation aircraft, such as the Airbus A320neo operated by Jetstar on trans-Tasman flights, operate more efficiently and burn less fuel. For Dunedin Airport, this has meant avoiding approximately 1,314 tonnes of CO₂e, compared to the use of older generation aircraft over the 25/26 year.

Dunedin Airport’s sustainability work was also recognised in the achievement of Airport Carbon Accreditation Level 4. This recognises the airport’s commitment to reduce total emissions through actionable targets, while working with industry partners to reduce their own emissions.





Governance



From L to R: Tim Loan (Chair), Greg Anderson, Chris Milne, Shane Ellison, Peter Hocking (General Manager), Susie Johnstone

Directors

Tim Loan *(Chair)*
BCom, FCA, CFInstD

Tim is an independent director and board chair, with professional expertise in finance and insurance. He was Chief Financial Officer of SBS Bank for 19 years and brings extensive experience in governance, finance, and risk management to a portfolio of board roles.

Greg Anderson *(Deputy Chair)*
BCom (Ag), MCom (Hons), PhD, MInstD

Greg is Managing Director of Northington Partners and has more than 25 years’ experience in corporate finance and investment banking. He advises boards and senior executives on strategy, investment, M&A and capital structure matters. He is also active in private equity and holds a range of governance roles for investee companies.

Shane Ellison *(Director)*
BBS (Hons), MPubInfra, CMInstD

Shane is an independent director and former Chief Executive of Auckland Transport. He brings more than 25 years’ experience in infrastructure, transport, and major capital projects, and currently works in governance and advisory roles with Māori commercial entities on investment and infrastructure opportunities.

Susie Johnstone *(Director)*
BCom, FCA, CFInstD

Susie is the Managing Partner at Shand Thomson and an independent director. She brings extensive governance experience across the health, education, and tourism sectors including leadership of audit and risk committees and board roles in a range of public sector organisations.

Chris Milne *(Director)*
BCom

Chris is a Partner at Investment Banking firm Murray & Co. He brings more than 30 years’ experience in both advisory and senior executive roles, advising boards and senior executives on corporate transactions and through the provision of strategic and financial advice.



Consolidated financial statements

Statement of responsibility

The Board of DCHL accepts responsibility for the preparation of the annual financial statements and the judgements used in them.

The Board of DCHL accepts responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Board of DCHL, except for any adjustments that may have been required in relation to the accounting treatment of related party advances and DSPL's fixed assets in the group financial statements, and the related financial information in the group statement of service performance, the annual group financial statements fairly reflect the financial position and operations of DCHL for the financial year ended 30 June 2026.



Tim Loan
Chair



Greg Anderson
Deputy Chair

Consolidated statement of financial performance for the year ended 30 June 2026

	Note	2026 \$'000	2025 \$'000
Revenue			
Operating revenue	1	360,026	335,244
Financial income	2	29,617	29,145
Gain in fair value of biological assets	12	66	7,422
Total operating revenue		389,710	371,811
Expenditure			
Employee expenses		78,648	79,485
Audit fees	3	1,211	1,178
Financial expenses	3	63,062	65,413
Other expenses	3	172,571	159,815
Depreciation - right of use leased assets	13	3,590	3,930
Depreciation and amortisation	11 & 14	38,677	37,357
Total operating expenditure		357,759	347,177
Operating profit/(loss)		31,951	24,634
Share of associate surplus		827	2,301
Profit/(loss) before taxation		32,778	26,935
Less taxation expense	4	10,991	7,498
Profit/(loss) after taxation		21,786	19,437

The accompanying notes and accounting policies form an integral part of these financial statements.

Consolidated statement of other comprehensive income for the year ended 30 June 2026

	Note	2026 \$'000	2025 \$'000
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Gain (loss) on cash flow hedges		(6,650)	(26,337)
Other comprehensive income associates		26	(70)
Items that will not be reclassified subsequently to profit or loss:			
Gain (loss) on land revaluations		(10,581)	26,649
Gain (loss) on carbon credit revaluation		(5,227)	11,777
Carbon credits ((devaluation)/revaluation) on sale units		1,417	(840)
Other comprehensive income associates		-	3,822
Income tax on other comprehensive income			
Tax effect of cashflow hedges taken to equity		1,434	7,374
Tax effect of carbon credits sold		(2,639)	(1,503)
Tax effect of carbon credits taken to equity		3,701	(1,581)
Net income recognised directly as other comprehensive income		(18,519)	19,291
Profit/(loss) after taxation		21,786	19,437
Total comprehensive income/(loss) for the year		3,267	38,728

The accompanying notes and accounting policies form an integral part of these financial statements.

Consolidated statement of changes in equity for the year ended 30 June 2026

	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Share capital	Accum. funds	Associate revaluation reserve	Cash flow hedge reserve	Land revaluation reserve	Carbon credit reserve	Total equity
2025							
Balance as at 30 June 2024	136,339	157,644	27,413	21,065	50,720	32,241	425,422
Profit/(loss) after tax	-	19,437	-	-	-	-	19,437
Transfer carbon reserve		3,857				(3,856)	-
Other comprehensive income	-	-	3,752	(18,963)	26,649	7,852	19,290
Total comprehensive income/(loss) for the period	-	23,294	3,752	(18,963)	26,649	3,996	38,727
<i>Transactions with owners in their capacity as owners:</i>							
Dividends paid	-	(11,000)	-	-	-	-	(11,000)
Contributions of equity	2,550	-	-	-	-	-	2,550
Balance as at 30 June 2025	138,889	169,938	31,165	2,101	77,369	36,237	455,700
2026							
Balance as at 30 June 2025	138,889	169,938	31,165	2,101	77,369	36,237	455,700
Profit after tax	-	21,786	-	-	-	-	21,786
Transfer carbon reserve		6,768	-			(6,768)	-
Other comprehensive income	-	-	26	(5,216)	(10,581)	(2,748)	(18,520)
Total comprehensive income/(loss) for the period	-	28,554	26	(5,216)	(10,581)	(9,516)	3,267
<i>Transactions with owners in their capacity as owners:</i>							
Dividends paid	-	(9,000)	-	-	-	-	(9,000)
Contributions of equity	2,905	-	-	-	-	-	2,905
Balance as at 30 June 2026	141,794	189,493	31,190	(3,115)	66,788	26,721	452,872

The accompanying notes and accounting policies form an integral part of these financial statements.



Consolidated statement of financial position as at 30 June 2026

	Note	2026	2025
		\$'000	\$'000
Current assets			
Cash and cash equivalents	5	50,406	13,877
Derivative financial instruments	17	56	811
Trade and other receivables	7	47,268	43,940
Inventories	8	8,769	7,252
Non current assets held for sale		-	2,862
Prepayments		2,795	2,750
Total current assets		109,294	71,492
Non-current assets			
Other financial assets	6	740,363	665,278
Derivative financial instruments	17	12,481	15,984
Investments in associate companies	9	47,857	47,805
Intangible assets - carbon credits	11	38,201	51,353
Intangible assets - other	11	3,023	5,606
Biological assets	12	201,783	210,105
Right of use assets	13	8,068	10,389
Property, plant and equipment	14	1,165,852	1,124,205
Total non current assets		2,217,629	2,130,725
Total assets		2,326,923	2,202,217

The accompanying notes and accounting policies form an integral part of these financial statements.



Consolidated statement of financial position as at 30 June 2026

Current liabilities			
Trade and other payables	15	42,299	40,454
Employee entitlements	16	8,988	8,943
Derivative financial instruments	17	2,049	151
Provision for tax		6,881	3,987
Lease liabilities	18	3,136	3,596
Short term borrowings	19	1,097	1,319
Total current liabilities		64,449	58,450
Non-current liabilities			
Term borrowings	20	1,530,326	1,413,502
Shareholder's advance	21	112,000	112,000
Employee entitlements	16	1,117	1,021
Other liabilities		4,341	1,191
Lease liabilities	18	5,311	7,281
Derivative financial instruments	17	17,517	19,323
Deferred taxation	4	138,989	133,749
Total non-current liabilities		1,809,601	1,688,067
Equity			
Share capital	25	141,794	138,889
Accumulated funds	26	189,493	169,938
Associate company asset revaluation reserve	27	31,190	31,165
Hedging reserve	27	(3,115)	2,101
Land revaluation reserves	27	66,788	77,369
Carbon credit reserve	27	26,721	36,237
Total equity		452,872	455,700
Total liabilities and equity		2,326,923	2,202,217

The accompanying notes and accounting policies form an integral part of these financial statements.

Consolidated statement of cash flows for the year ended 30 June 2026

	Note	2026 \$'000	2025 \$'000
Cash flow from operating activities			
<i>Cash was provided from:</i>			
Receipts from customers		359,273	318,137
Interest received		28,065	30,675
Dividend received		800	2,568
		388,137	351,380
<i>Cash was applied to:</i>			
Suppliers and employees		235,949	228,767
Finance costs paid		64,187	69,233
Taxation paid		343	410
Net GST paid/ (received)		539	(2,932)
		301,018	295,478
Net cash flow from operating activities	31	87,119	55,902
Cash flow from investing activities			
<i>Cash was provided from:</i>			
Sale of property, plant and equipment		3,347	615
Carbon credits sold/(purchased)		9,426	5,370
		12,773	5,985
<i>Cash was applied to:</i>			
Purchase of property, plant and equipment		91,698	90,229
Purchase of biological assets		2,572	2,565
Increase in financial assets		73,565	70,565
		167,835	163,359
Net cash flow from investing activities		(155,062)	(157,374)
Cash flow from financing activities			
<i>Cash was provided from:</i>			
Call on capital		2,905	2,550
Loans raised	32	114,333	110,222
		117,238	112,772
<i>Cash was applied to:</i>			
Lease liability repaid	32	3,707	4,171
Dividends		9,000	11,000
		12,707	15,171
Net cash flow from financing activities		104,531	97,601
Net increase/(decrease) in cash		36,588	(3,870)
Net foreign exchange difference		(59)	(949)
Opening cash and cash equivalents		13,877	18,696
Closing cash and cash equivalents		50,406	13,877

The accompanying notes and accounting policies form an integral part of these financial statements.

REPORTING ENTITY

The financial statements presented here are the consolidated financial statements of the Group comprising Dunedin City Holdings Ltd (the Company) and its subsidiary and associate companies.

Dunedin City Holdings Ltd is a Council Controlled Organisation as defined in the Local Government Act 2002. The Company, incorporated in New Zealand under the Companies Act 1993, is wholly owned by the ultimate parent of the Group, the Dunedin City Council.

The financial statements of the Dunedin City Holdings Ltd Group are for the year ended 30 June 2026.

The registered address of the Company is 50 The Octagon, Dunedin 9016.

Dunedin City Holdings Ltd is a profit orientated entity.

The financial statements have been prepared in accordance with the requirements of the Local Government Act 2002 and the Companies Act 1993.

These financial statements are presented in New Zealand dollars because that is the currency of the primary economic environment in which the Company and Group operate.

STATEMENT OF COMPLIANCE

The Group is a Tier 1 for-profit entity as defined by the External Reporting Board (expenses over \$30 million) and has reported in accordance with Tier 1 For-profit Accounting Standards. These annual financial statements are general purpose financial reports which have been prepared in accordance with NZIAS1, additional information as requested by Directors, and in accordance with NZ GAAP. They comply with New Zealand Equivalents to IFRS, and other applicable Financial Reporting Standards, as appropriate for profit orientated entities.

The financial statements were authorised for issue by the directors on 25 September 2026.

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). For the purposes of complying with NZ GAAP the entity is a for-profit entity.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain property, plant and equipment, biological assets, derivative financial instruments, financial instruments classified as available for sale and financial instruments held for trading.

The cash flows arising from advances held to Dunedin City Council are presented on a net basis, as either net investments realised or net purchase of investments in the cash flow statement.

The accounting policies have been applied consistently by Group entities.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the statement of financial performance in the period of acquisition.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of financial performance from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group, with the exception of the valuation of Dunedin Stadium Property's and Dunedin Railways fixed assets and the related depreciation expense.

In preparing the consolidated financial statements, all intra-Group transactions, balances, income and expenses are eliminated in full.

CHANGES IN ACCOUNTING POLICY

DCTL reviewed the contractual terms of LGFA borrower notes, which have historically been classified as financial assets measured at amortised cost. The review identified that there are contractual terms which could give rise to cash flows that are not solely payments of principal and interest. Accordingly, these financial assets have been reclassified and measured at fair value through profit and loss.

The impact of this change in accounting policy was assessed and determined to be immaterial to the prior year financial statements. Accordingly, no balances have been restated.

There have been no other changes in accounting policy. All policies for the current year and comparative year have been applied on a consistent basis.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In the application of NZ IFRS the Directors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. These are based on historical experience and other various factors and are reviewed on an on-going basis.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next financial year include:

- carrying value of the deferred tax liability (note 4);
- impairment of investments in associate companies (note 9);
- valuation of NZ carbon credits (note 11);
- valuation and impairment of intangible assets (note 11);
- valuation of biological assets (note 12);
- valuation of right of use assets and liabilities (note 13);
- valuation and impairment of property, plant and equipment including profit elimination on intra-group transactions (note 14);
- valuation of employee entitlements (note 16).
- valuation of derivative financial instruments (note 17).

The Directors believe that, as at the date of these financial statements, there are no significant sources of estimation uncertainty that have not been disclosed in these notes. However, they do make estimates and assumptions concerning the future. The resulting accounting estimates may not equal the related actual results.

STANDARDS AMENDED OR ISSUED DURING THE YEAR

There were no new or amended accounting standards which materially impacted on the financial reporting of the Group for the year ended 30 June 2026.

STANDARDS ISSUED BUT NOT YET EFFECTIVE

The International Accounting Standards Board (IASB) has issued the following amendments to standards: NZ IFRS 18 Presentation and Disclosure in Financial Statements issued in May 2024, is effective for the annual reporting periods beginning on or after 1 January 2027, and entities can early adopt this account standard. NZ IFRS 18 sets out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income, and expenses. The Group is yet to assess NZ IFRS 18's full impact. The Group will first apply the standard to 30 June 2028 financial statements.

The Companies have not yet assessed in detail the impact of these amendments.

There are no other new or revised standards issued, but not yet effective, that have a material impact on the financial reporting of the Group.

1 OPERATING REVENUE

Accounting policy

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and GST.

Revenue from services rendered is recognised when it is probable that the economic benefits associated with the transaction will flow to the entity. The stage of completion at balance date is assessed based on the value of services performed to date as a percentage of the total services to be performed.

Sales of goods are recognised when significant risks and rewards of owning the goods are transferred to the buyer, when the revenue can be measured reliably and when management effectively ceases involvement or control.

The Group earns revenue from the following main sources:

Line charges and pass-through and recoverable cost revenue is recognised at the fair value of services provided. These revenue streams relate to the provision of distribution services for electricity. Prices are regulated and customers are charged through a mix of fixed charges which are recognised on a straight line basis and variable charges which are recognised based on the volume of distribution services provided. Consistent with NZ IFRS 15 this revenue is recognised during the period in which the service is delivered.

Customer contribution revenue relates to contributions received from customers towards the costs of reticulating electricity to new connections, constructing uneconomic lines and relocating existing network assets. Revenue is generally recognised at the time the new connection is fully constructed and livened. For contracts with multiple performance obligations revenue is recognised at the point in time when each performance obligation is satisfied.

Maintenance Services revenue is derived from contracts that involve various different processes, activities and services, and includes revenue from electrical services, greenspace services and meter & related services. Where these processes and activities tend to be highly inter-related, these are taken to be one performance obligation, otherwise separate performance obligations are identified. The transaction price is allocated across each service or performance obligation based on contracted prices/schedules of rates. Revenue from maintenance services rendered is recognised in the Statement of comprehensive income in proportion to the stage of completion of the contract. The stage of completion is assessed by reference to the proportion of costs incurred to date compared to the estimated total costs of the contract. The Directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under NZ IFRS 15. The Company becomes entitled to invoice customers on a periodic basis, at particular stages of completion or upon completion of works. The Group recognises a contract asset (Work in Progress) for any work performed and not invoiced, derived on the basis of costs incurred to date plus an estimated margin. Any amount recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the invoiced amount exceeds the revenue recognised to date under the stage of completion method, then the Company recognises a contract liability (Income in Advance) for the difference.

Electrical Services revenue is derived from the construction of electrical infrastructure assets. The construction of each individual piece of infrastructure is generally taken to be one performance obligation. Where contracts are entered for several projects the total transaction price is allocated across each project based on stand-alone selling prices. Revenue from construction contracts is recognised over time on a cost-to-cost method i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The Directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under NZ IFRS 15. The company generally becomes entitled to invoice customers through a monthly claim based on a measure and value calculation or on a milestone basis. The customer is sent a relevant claim or statement of work, the customer assesses the claim and approves it for payment on which an invoice is raised. The Group recognises a contract asset (Work in Progress) for any work performed. Any amount recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the invoiced amount exceeds the revenue recognised to date under the cost-to-cost method, then the Group recognises a contract liability (Income in Advance) for the difference.

A small amount of Delta Utility Services Limited's contracts include performance bonuses for meeting relevant performance KPIs. In this instance the expected value of revenue is only recognised to the amount management considers it likely, measurable and recoverable. This is assessed on a periodic basis and is based on all available information including historic performance. Where modifications in design or contract requirements are entered into, the transaction price is updated to reflect these. Where the price of the modification has not been confirmed, an estimate is made of the amount of revenue to recognise.

Construction and service contracts can include defect and warranty periods following completion of the project. These obligations are not deemed to be separate performance obligations and therefore are estimated and included in the total costs of the contracts. Where required, amounts are recognised in provisions. Where material a retention is held or a performance bond is put in place to reflect this claim/defects periods. Where material costs are incurred to obtain or fulfil a contract, these costs are held on the statement of financial position and amortised over either the life of the contract or, in the case of a construction contract, in line with the stage of completion. The Group has applied the practical expedient in paragraph B16 of IFRS 15 Revenue from Contracts with Customers, in that disclosure information regarding future performance obligations is not required as it has a right to consideration from the customer in an amount that corresponds directly with the value to the customer of its performance completed to date.

Notes to the consolidated financial statements for the year ended 30 June 2026

In respect of export sales, the largest category of log sales revenue, the Group has determined that there are two performance obligations. The Group is obligated under the contract to supply the specified goods and also to arrange and pay for shipping and insurance on behalf of the customer. Control of the goods passes, and the service of arranging shipping and insurance is complete, at the point when the goods have been loaded onto a ship at the port of departure, to be delivered to the customer's chosen destination. Revenue is recognised at this point in time. In respect of domestic sales within New Zealand, control is considered to be transferred to the customer on delivery of the goods.

All venues management income is either related to an ongoing contract over a period of time (unused contracts quantified and shown as contract liabilities), or is event based. Memberships, corporate box licenses, signage and sponsorship agreements range from one year to ten years. Payment for these items has been received and recorded as income received in advance. This income is amortised as revenue on a straight-line basis over the term of the agreement.

	2026 \$'000	2025 \$'000
Line charges	155,020	131,641
Pass-through and recoverable cost revenue	34,323	28,728
Customer contributions	10,823	15,007
Electrical services	29,637	31,249
Meters and related services	20,535	16,639
Greenspace services	30,010	30,934
Tree services	-	-
Log sales revenue	59,320	57,691
Reversal of Land Impairments	-	5,037
Reversal of Building Impairments	88	6
Reversal of Impairment of DRL property, plant and equipment, and inventories	-	2,297
Venues management income	12,064	11,340
Railway income	5,130	3,204
Covid-19 wage subsidy	-	-
Other operating revenue	2,334	1,231
Gain on sale of assets	743	240
	360,026	335,244

Impact of 2021 Customised Price-Quality Path Determination on revenue recognition

The Commerce Commission's Customised Price-Quality Path Determination for Aurora Energy included a 10% limit on the annual increase in line charge revenue in order to reduce the price impact on consumers. Combined with the impact of volume driven revenue variances the revenue wash-up amount for year ended 31 March 2026 is \$41.037 million (Restated 2025: \$31.06 million). The 2025 revenue washup amount was adjusted downwards to \$31.060 million (-\$0.041 million), following an adjustment to reflect a low-value transfer of assets previously owned in Te Anau. Revenue wash-up amounts will be recovered from consumers in future financial years.

Notes to the consolidated financial statements for the year ended 30 June 2026

2 FINANCIAL INCOME

Accounting policy

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

Dividend income from investments is recognised when the shareholder's rights to receive payment have been established.

	2026 \$'000	2025 \$'000
Interest on advances to related parties	27,584	27,353
Interest on other investments	462	1,792
Gain on fair value of financial assets	1,571	-
	29,617	29,145

3 SEPARATELY DISCLOSED EXPENDITURE

Accounting policy

At each statement of financial position date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate (with the exception of Network who use a post-tax discount rate) that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is immediately recognised as an expense, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease to the extent of any previous revaluation increase for that asset (or cash generating unit) that remains in the revaluation reserve. Any additional impairment is immediately transferred to the statement of financial performance.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is immediately recognised as income.

Leases are classified as right-of-use assets except where lease payments that are short-term or low value are recognised as an expense on a straight-line basis over the term of the lease.

Lease liability payments are allocated between interest expense and reduction of the lease liability over the term of the lease. Capitalised right-of-use assets are depreciated over the shorter of the estimated useful life of the assets and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Notes to the consolidated financial statements for the year ended 30 June 2026

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

	2026 \$'000	2025 \$'000
Bad debts written off	313	51
Impairment loss on valuation of land	295	-
Increase/(decrease) in expected credit losses for receivables	(250)	(70)
Donations	26	29
Rental expense on leases	374	794
Research expenditure	65	129
Transmission costs on the energy network	34,323	28,728
Maintenance costs on the energy network	4,950	5,103
Cost of bush applied	11,333	10,664
Contractor costs	26,660	22,793
Subcontractor costs	26,405	24,976
Shipping costs	18,474	17,762
Loss on sale of assets	3,167	2,143
Other expenditure	46,436	46,714
Expenditure on continuing activities	172,571	159,815
Audit fees		
Audit of the financial report	1,000	961
Audit of the financial report - previous year	33	44
Audit or review related services		
Assurance engagement for the information disclosure	65	62
Assurance engagement for the annual compliance statement in compliance with the customised price-quality path determination	38	52
Assurance engagement for the annual delivery report	59	59
Commerce comission additional information request assurance services	15	-
Total audit fees	1,211	1,178

Accounting policy

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to prepare them for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The interest rate used to calculate borrowing costs in the year to 30 June 2026 was 4.05% (2025: 4.28%). This was the interest rate applicable to new project financing in the reporting period.

All borrowing costs are recognised in the statement of comprehensive income using the effective interest rate method.

	2026 \$'000	2025 \$'000
Financial expenses		
Interest - related parties	5,937	5,964
Interest - term loans	58,116	59,552
Interest - capitalised	(1,380)	(1,440)
Interest - leased assets	330	388
Net loss on foreign currency transactions	59	949
Total financial expenses	63,062	65,413

Notes to the consolidated financial statements for the year ended 30 June 2026

4 TAXATION

Accounting policy

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of financial performance because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted by the statement of financial position date.

Income Tax

	2026 \$'000	2025 \$'000
Operating profit/(loss)	32,778	26,935
Tax thereon at 28%	9,178	7,542
Plus/(Less) the tax effect of differences		
Revenue not liable for taxation	(24)	(1,411)
Expenditure not deductible for taxation	3,317	2,901
Tax losses to be utilised	-	-
Under/(over) tax provision in prior years	(1,544)	(397)
Group recognition of deferred tax in current year	0	(433)
Removal of tax depreciation on commercial buildings	23	(3)
Deferred tax differences on network asset value	-	-
Other	41	(700)
Taxation charge	10,991	7,498
Effective tax rate	33.5%	27.8%
The taxation charge is represented by:		
Current tax provision	6,884	3,154
Deferred tax provision	6,441	7,958
Under/(over) tax provision in prior years	(3,626)	(3,215)
Under/(over) deferred tax in prior years	1,293	(400)
	10,991	7,498
Tax expense continuing activity	10,991	7,498
	10,991	7,498

Income tax benefits arising from the ability of companies within the Group to offset against their taxable profit the income tax losses generated by Dunedin City Holdings Limited are recognised as an income tax benefit in Dunedin City Holdings Limited.

Notes to the consolidated financial statements for the year ended 30 June 2026

Dunedin City Holdings Limited, Aurora Energy Limited, Delta Utility Services Limited, the Dunedin City Council, City Forests Limited are members of an income tax consolidated Group. The income tax consolidated Group is taxed as a single entity and each member is jointly and severally liable for the Group's income tax liability, except to the extent that members of the group elect to limit this liability.

Dunedin City Holdings Limited, as a member of the income tax consolidated Group, has access to the Group's imputation credit account. After taking into account imputation credits attached to accrued dividends and known income tax payments/refunds, Dunedin City Holdings Limited has direct access to consolidated Group imputation credits that relate to 30 June 2026 and earlier years which will be available for use in subsequent reporting periods totalling \$19,747,688 (2025: \$19,436,431).

Accounting policy

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

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

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of financial performance, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.



Notes to the consolidated financial statements for the year ended 30 June 2026

Deferred tax

	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	<i>Opening Balance</i>	<i>Charged to Equity</i>	<i>Charged to Income</i>	<i>Closing Balance Assets</i>	<i>Closing Balance Liabilities</i>	<i>Closing Balance Net</i>
2026						
Property, plant and equipment & intangibles	64,226	-	10,402	-	74,630	74,630
Provisions	10,591	-	507	(448)	11,544	11,096
Tax losses	(9,200)	-	1,894	(7,334)	28	(7,306)
Forest	40,551	-	(2,752)	-	37,799	37,799
Forest costs capitalised	12,888	-	269	-	13,157	13,157
Carbon credits and other Investments	13,928	(1,062)	(2,626)	(136)	10,377	10,240
Hedge reserve – foreign exchange contracts	588	(1,235)	-	(647)	-	(647)
Hedge reserve – interest rate swaps	177	(198)	41	20	0	20
Balance at the end of the year	133,749	(2,495)	7,734	(8,546)	147,535	138,989
2025						
Property, plant and equipment & intangibles	58,840	-	5,388	-	64,226	64,226
Provisions	9,423	-	1,166	(3,515)	14,106	10,591
Tax losses	(9,968)	-	768	(9,200)	-	(9,200)
Forest	40,961	-	(410)	-	40,551	40,551
Forest costs capitalised	12,246	-	642	-	12,888	12,888
Carbon credits and other Investments	12,336	1,581	11	(151)	14,080	13,928
Hedge reserve – foreign exchange contracts	31	557	-	-	588	588
Hedge reserve – interest rate swaps	8,116	(7,932)	(7)	20	157	177
Balance at the end of the year	131,985	(5,794)	7,559	(12,847)	146,596	133,749



5 CASH AND CASH EQUIVALENTS

Accounting policy

Cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

	2026 \$'000	2025 \$'000
Cash and cash equivalents	50,406	13,877

The carrying amount of these assets approximates their fair value.

Short-term deposits are made at call deposit rates.

The credit risk on liquid funds is limited as the banks used are banks with high credit ratings assigned by international credit rating agencies.

6 OTHER FINANCIAL ASSETS

Accounting policy

Related party advances and LGFA borrower notes are recognised and derecognised on trade date. Related party advances are measured at amortised cost. LGFA borrower notes are measured at fair value.

	2026 \$'000	2025 \$'000
Related Party Advances:		
Maturity one to five years	-	-
Maturity over five years	711,500	650,500
	711,500	650,500
Shares and units in other companies and funds	42	28
LGFA borrower notes	28,821	14,750
Total other non current financial assets	740,363	665,278

Related Party Advances

The advances (above) due from the Dunedin City Council had a weighted average interest rate of 4.02% (2025: 4.28%). The advances are evergreen and the carrying amount approximates their fair value. There have been no indications of impairment relating to the advances.

Related party advances are reported at amortised cost as at 30 June 2025 and 30 June 2024. The Group has reviewed the terms of its related party advances and concluded that, as at 30 June 2025, the advances are held to collect contractual cash flows, and those cash flows are solely payments of principal and interest, as defined by NZ IFRS 9 Financial Instruments.

At 30 June 2024, cash flows did not meet the definition of ‘solely payments of principal and interest’ under NZ IFRS 9, which required reporting at fair value. However, the directors elected to report related party advances at amortised cost for both periods, as this approach provides greater clarity for users of the financial statements:

- Recognising unrealised gains or losses on fair value would have given rise to significant volatility year on year.
- Such gains or losses would never be realised since all advances are held to collect and there are no foreseeable circumstances in which they would be sold.

In order to comply with the requirements of NZ IFRS 9, the Group should have reported related party advances at fair value at 30 June 2024. When the contractual terms were changed during the 2025 financial year, the existing financial assets measured at fair value should have been derecognised and new instruments recognised and classified as held at amortised cost. Fair value movements until the date of derecognition and a gain or loss on derecognition would have been recognised, which would have resulted in an unrealised net fair value gain of \$21.4 million in profit and loss for the year ended 30 June 2025.

Shares and units in other companies and funds

The investments included above represent investments in listed equity securities that offer the group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate.

7 TRADE AND OTHER RECEIVABLES

Accounting policy

Trade and other receivables are financial instruments that are measured at amortised cost using the effective interest method less any allowances for estimated irrecoverable amounts.

All past due balances are considered collectable, however in line with NZ IFRS 9 the Group applies a simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure credit losses, trade receivables are grouped based on similar credit risk and aging. The expected loss rates factor in the credit losses experienced over the three year period prior to the period end. The historical loss rates are then adjusted for where necessary based on current and forward-looking macroeconomic factors affecting the Group’s customers.

Notes to the consolidated financial statements for the year ended 30 June 2026

Work in progress is stated at estimated realisable value, after providing for non-recoverable amounts. Work in progress represents work from contracts which has been performed, but which is unable to be billed as the right to consideration remains conditional.

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. This is normally measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer and the performance obligations have been satisfied. Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable and where the Group believes the identified performance obligations have been satisfied. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

	2026 \$'000	2025 \$'000
Trade receivables	34,427	32,268
Expected credit loss	(320)	(573)
Work in progress	4,218	2,844
	<u>38,325</u>	<u>34,539</u>
Due from related parties:		
Dunedin City Council	8,588	7,728
	<u>8,588</u>	<u>7,728</u>
Other receivables		
Other current receivables	354	1,674
	<u>47,268</u>	<u>43,940</u>

The directors consider that the carrying amount of the trade and other receivables approximates their fair value.

A summary of all receivables impaired or otherwise, is included at Note 22. The estimated doubtful debts provision relates entirely to the general provision for estimated credit loss.

	2026 \$'000	2025 \$'000
Opening doubtful debts provision	(573)	(648)
Additional provisions made during the year	(61)	21
Receivables written off during the year	313	51
Provisions reversed during the year	1	3
Closing doubtful debts provision	<u>(320)</u>	<u>(573)</u>

Notes to the consolidated financial statements for the year ended 30 June 2026

8 INVENTORIES

Accounting policy

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

	2026 \$'000	2025 \$'000
Raw materials and stores	8,746	7,227
Finished goods	23	25
	<u>8,769</u>	<u>7,252</u>

9 INVESTMENTS IN ASSOCIATE COMPANIES

Accounting policy

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting except when classified as held for sale. Investments in associates are carried in the consolidated statement of financial position at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of the associates in excess of the Group's interest in those associates are not recognised.

Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition is recognised as goodwill. Any deficiency of the cost of acquisition below the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition (i.e. discount on acquisition) is credited to the statement of financial performance in the period of acquisition.

Where a Group company transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate. Losses may provide evidence of an impairment of the asset transferred in which case appropriate provision is made for impairment.

The financial statements include the investment in entities over which the Group is in a position to exercise significant influence (associates) at the cost of the acquisition.

	2026 Interest held	2025 Interest held
Name of entity (principal activities, place of business)		
Dunedin International Airport Limited (Transport, Momona NZ)	50%	50%

For the purpose of applying the equity method of accounting, the financial statements of Dunedin International Airport Limited for the year ended 30 June have been used.

The associate companies is not listed and therefore there are no published price quotations to establish the fair value of the investment.

There are no contingent liabilities arising from the group's involvement in the associate company.



Notes to the consolidated financial statements for the year ended 30 June 2026

Set out below is the summarised financial information of associates which are accounted for using the equity method:

	Dunedin International Airport Limited	
	As at 30 June	
	2026	2025
Summarised statement of financial position	\$'000	\$'000
Current assets		
Cash and cash equivalents	281	1,534
Other current assets	2,271	2,438
Total current assets	2,552	3,972
Non-current assets	152,726	138,926
Total assets	155,278	142,898
Current liabilities	6,076	6,242
Non-current liabilities		
Financial liabilities	30,200	17,750
Other financial liabilities	23,243	23,251
Total-non current liabilities	53,443	41,001
Total liabilities	59,519	47,243
Net assets	95,759	95,655
Less Impairment	-	-
Other adjustments	(46)	(46)
Net assets after impairment and other adjustments	95,713	95,609
Carrying value of associates 50%	47,857	47,805
Summarised statement of comprehensive income		
Revenue (excl interest received)	24,704	23,692
(Loss)/Gain on investment and sale of PPE	89	155
Interest and Dividends received	231	239
Total Revenue	25,024	24,086
Less expenses		
Depreciation and amortisation	6,302	4,868
Interest expense	950	589
Other expenses	15,442	12,457
Total expenses	22,694	17,914
Operating profit/(loss) before tax	2,330	6,172
Income tax	677	1,570
Operating profit/(loss) after tax	1,653	4,602
Other comprehensive income	51	7,504
Total comprehensive income/(deficit)	1,704	12,106
Dividends received from associate	800	2,568

Notes to the consolidated financial statements for the year ended 30 June 2026

10 INVESTMENTS IN SUBSIDIARY COMPANIES

Parent company	2026 Interest held	2025 Interest held
Name of entity (principal activities)		
City Forests Limited (Forestry)	100%	100%
Dunedin City Treasury Limited (Finance)	100%	100%
Aurora Energy Limited (Energy)	100%	100%
Dunedin Railways Limited (Rail tourism)	100%	100%
Delta Utility Services Limited (Contractor and Asset Manager)	100%	100%
Dunedin Stadium Property Limited (Stadium ownership)	100%	100%
Dunedin Venues Management Limited (Events)	100%	100%

All subsidiary companies have balance dates of 30 June.

Estimates of the recoverable amounts supporting the carrying amounts of the investments in these subsidiary companies have been based on their future estimates of revenue, expenditure and cash flows.

It is possible a commercial based valuation of the Dunedin Stadium Property Limited assets (Forsyth Barr Stadium) could be materially lower than the carrying value recorded in the Group's statement of financial position. The stadium is a unique asset with no active market to make a reasonable assessment of fair value between a willing buyer and seller. Whilst it is possible to identify certain cash flows with stadium assets, its primary purpose is to provide public benefit for which there are limited or no directly attributable cash flows within the Group. As such, the nature of existing cash flows within the Group do not necessarily represent commercial cash flows for the purposes of undertaking a discounted cash flow calculation to assess fair value. These factors mean that establishing a commercial value using a market value or discounted cash flow approach involves significant assumptions and estimates which would be highly uncertain. As a result, the Group is not able to reasonably assess the value of the acquired stadium assets on a commercial basis and consequently are also unable to determine the amount of the adjustment required. Any adjustment required to the stadium assets would be adjusted directly in equity.

11 INTANGIBLE ASSETS

New Zealand Carbon Credits

Accounting policy

Carbon credits held are treated as intangible assets.

Purchased carbon units are initially measured at cost.

Carbon units are granted by the Government under the emissions trading scheme for carbon sequestration by post-1989 forests. Although some carbon units earned for forest growth will subsequently be returned to the government when the forest is harvested, a proportion of units will never be returned under expected forest crop rotations.

All units allocated by government are initially measured at nil. Those units that are not required to be held to be surrendered to meet future harvest liabilities, are subsequently valued at fair value.

Notes to the consolidated financial statements for the year ended 30 June 2026

Carbon units that are held to be surrendered to meet future harvest liabilities, are measured at nil.

Liability free carbon units are marked to market (revalued) regularly as required, and at 30 June subsequent to initial recognition. This fair value is based on current market prices. The difference between initial fair value or previous annual revaluation and revaluation value of the liability free units is recognised in other comprehensive income.

The carbon credit valuation is based on market data and falls within Level 1 of the fair value hierarchy.

NZUs are revalued prior to disposal to fair value based on current market prices. The gain or loss arising from derecognition is determined as the difference between net proceeds and the carrying amount of the units.

Emissions obligations are recognised for forest harvesting that has occurred up to balance date. Emissions obligations are measured based on the carrying value of carbon units held by the Group that will be used to settle the obligation (generally nil value) plus the fair value of any excess carbon units required to be purchased to meet the emissions obligation.

The New Zealand Emissions Trading Scheme was enacted under the Climate Change Response Amendment Act 2008 and was made into law on 26th September 2008.

A forest owner with forests established after 31st December 1989, under the Act, may opt to join the Emissions Trading Scheme. Post-89 forests will earn carbon credits (NZU's) from 1st January 2008 and these may be traded within New Zealand. City Forests Limited completed registration of initial post-89 forests under the Emissions Trading Scheme in January 2010. These forests and those forests acquired after that date have been sequestering carbon under the scheme since 1st January 2008. Subsequent to our Post-89 registration, the New Zealand Government has allocated City Forests 2,865,718 Post-89 derived NZU's, being the carbon sequestered by these forests during the 2008 to 2020 calendar years. There were carbon credit sales for the financial year of 200,000 units. (2025 100,000 units).

The carbon credits are assessed as having an indefinite life as they have no expiry date. As the NZUs are an indefinite life intangible asset they are not amortised but are tested for impairment on an annual basis or when indications of impairment exist.

As at 30th June 2026, 1,052,206 units were unsold (2025 1,239,750 units). Under the accrual principle, safe carbon level credits have been valued based on the current market prices. The value has been carried in the financial statements as follows:

	Year ending 30 June 2026 \$'000	Year ending 30 June 2025 \$'000
Balance at the beginning of the year	51,353	45,776
Plus revaluations	(4,166)	6,832
Plus/(less) change in value of safe carbon harbor units	375	4,115
Less disposals	(9,426)	(5,370)
Plus additiona/allocations	65	-
New Zealand carbon credits - non current	38,201	51,353

In future years there will be a carbon credit liability against a proportion of the carbon credits sequestered from post-1989 forest areas registered in the "Stock Change" system in accordance with New Zealand Emissions Trading Scheme Regulations. A proportion of Carbon sequestered from Post-1989 areas will have to be surrendered to compensate for the carbon liability generated from harvesting those forest areas.

Notes to the consolidated financial statements for the year ended 30 June 2026

The group carries out modelling work to forecast future annual carbon sequestration and emission transactions in accordance with the rules of the New Zealand Emissions Trading Scheme. This modelling establishes a safe or liability free carbon level being the number of NZU's the Group has available for sale liability free. NZU's held above this safe level effectively have no value as the NZU's are subject to future surrender liabilities following harvest. The safe carbon level is a management estimate based on the company's current official FMA (Forestry Management Approach) yield tables, and a City Forests' specific harvest schedule of Carbon Accounting Areas (CAAs) when managed in perpetuity. The estimate assumes ETS land eligibility for areas not yet registered. The modelling is independently reviewed by Indufor.

The recognition of NZU's held in the Group's registry account is defined by accounting policy.

	Year ending 30 June 2026	Year ending 30 June 2025
NZU's # of units at end of year		
Held At Fair value	700,937	881,597
Held at Nil value	351,269	358,153
Total Units at end of year	1,052,206	1,239,750
Units – Post 1989		
Opening	1,239,750	1,338,370
Credits Issued	5,953	-
Per Emissions Trading Register	1,245,703	1,338,370
Units acquired	6,503	-
Units sold	(200,000)	(98,620)
Fair Value NZUs	1,052,206	1,239,750
Units – Pre 1990		
Opening balance	-	1,380
Acquired	-	(1,380)
Closing balance at end of year	-	-
Closing balance all units at end of year	1,052,206	1,239,750
Less Units at Nil value	(351,269)	(358,153)
Risk Free Units	700,937	881,597

	\$'000	\$'000
Value applied to risk free units @ \$54.50 (2025: \$58.25)	38,201	51,353

The price of the risk-free units is determined by the NZU spot price on the "Carbon Match" trading platform as at 30 June.

Notes to the consolidated financial statements for the year ended 30 June 2026

The price is sensitive to economic factors that can lead to sudden significant price swings. The Group has a full policy on NZU management and manages the risk around price swings by maintaining a NZU holding as a percentage of Net Assets, constantly monitoring and reporting on current price/trends of NZUs and ensuring action if any quantitative trigger points occur in terms of upper/lower value thresholds.

The risk-free number of NZUs are determined by forest estate modelling of the groups' forest growth and forecast harvest profile. This generates forecast future annual carbon sequestration and harvest liability transactions in accordance with the rules of the New Zealand Emissions Trading Scheme.

The time period that a NZU is held at nil value to meet future harvest liabilities is from balance date to the projected low point in the Group's carbon modelling.

The calculation of Safe carbon is a management estimate based on the best information available at 30 June. The calculation is dependent on assumptions made in;

- the formation of the future harvest plan,
- an assumption of no change to the current FMA carbon yield tables, and
- an estimation of carbon to be derived from a proportion of the post-89 forest area currently un-registered. This is new land either in the registration process or pending registration following planting.

All of these variables are expected to change over time. The calculation is most sensitive to the harvest plan assumptions and the harvest plan can be expected to be modified over time as the forest harvest program is managed to meet market and supply chain operational constraints.

Other intangible assets**Accounting policy**

Other intangible assets is largely software which is recognised at cost and amortised on a straight-line basis over its estimated useful life which is a maximum period of ten years.

	2026 \$'000	2025 \$'000
Cost		
Opening balance	16,433	15,463
Purchases	468	1,016
Transfers	-	-
Disposals	-	(46)
Total cost	16,901	16,433
Accumulated amortisation		
Opening balance	10,827	8,097
Amortisation	3,051	2,773
Transfers	-	-
Disposals	-	(42)
Total amortisation	13,877	10,827
Closing balance	3,023	5,606

Software assets of \$0.270 million (2025: \$2.796 million) are the subject of a debenture held as security for the DCTL borrowings on behalf of the DCC consolidated group.

Notes to the consolidated financial statements for the year ended 30 June 2026

12 BIOLOGICAL ASSETS**Accounting policy**

The group capitalises the initial costs for the establishment of the biological assets and all subsequent costs. These costs include site preparation, establishment, releasing, fertilising, and tending.

The fair value of the biological assets, exclusive of the forest land, is determined at each reporting date. Fair value is determined using the discounted cash flow methodology and in using this method, financing costs and replanting costs are excluded. The method first determines the current market value of the collective forest and land resource, with land then subtracted at its current market value to provide the value of the biological assets. The biological assets valuation is based on unobservable inputs and falls withing Level 3 of the fair value hierarchy.

The valuation takes into account changes in price over the accounting period through a graduated current to five year average price curve as well as the quantity of trees harvested and the growth that has occurred in the forest. Any change in forest valuation is recorded in the statement of comprehensive income via profit or loss.

	2026 \$'000	2025 \$'000
Balance at the beginning of the year	210,105	210,248
Add costs capitalised in establishing forests during the year	2,945	3,108
Increase in forest from acquisition	-	-
Biological assets revaluation	66	7,422
Less cost of trees harvested at fair value	(11,333)	(10,673)
Balance at the end of the year	201,783	210,105

The Directors of City Forests Limited revalue its biological assets annually as at 30 June, and the Group adopts that value.

The valuation methodology used establishes the fair value of the biological assets and an independent market value has been used to establish the forest land value. The change in the value of the biological assets from year to year is reflected in the statement of comprehensive income.

Fair value is determined by calculating the present value of expected net cash flows using a pre-tax discount rate. This discount rate used by the Group is 6.4% (2025 6.4%).



Notes to the consolidated financial statements for the year ended 30 June 2026

The biological assets valuation is subject to a number of assumptions. The ones with the most significant volatility or impact on the valuation are the discount rate applied and log prices adopted. The discount rate adopted was 6.4% (2025 6.4% pre-tax); a +/- 50 basis point movement in the discount rate would change the valuation by +\$19.3 mil / -\$16.3 mil (2025 +\$13.1 mil / -\$11.9 mil). A 10% increase or decrease in assumed log prices would change the valuation by +\$9.4 mil / -\$9.2 mil (2025 +\$16.4 mil / -\$16.4 mil) (note that these sensitivities as shown are independent and a different outcome would result from combined changes in discount and log prices).

At 30 June 2026 the Group owned stands of trees on 20,103 hectares of a total productive land within a total area of land holdings (including freehold, lease, Joint Venture & Forestry Right) of 25,220 hectares. During the year the group harvested approx. 409,407 m3 of wood from its forests.

City Forests Limited is exposed to financial risks associated with USD log price. This risk is managed through its financial management policy described within note 22, Financial Risk. City Forests Limited is a long-term forestry investor that expects log prices to fluctuate within a commodity cycle. It is not possible to hedge against 100% of the price cycle but the company does manage harvest volumes to minimise the impact of the commodity price cycle over the longer term.

During the 2026 financial year, a significant wind event impacted areas of the Company's forestry estate. As a result, the Company has lodged four adverse event pause applications with the Ministry of Primary Industries under the New Zealand Emissions Trading Scheme. As at 30 June 2026, the applications remained under assessment and the timing and outcome of any decisions were uncertain. Accordingly, no adjustment has been made to the Company's biological asset valuation for any potential impact arising from those applications beyond currently scheduled harvest activity.

The valuer of the forestry asset is an employee of City Forests who has a Bachelor of Business Management, a Masters in Forestry Science and is a member of the New Zealand Institute of Forestry. He has the appropriate knowledge and the skills to complete the valuation.

Change in valuation methodology

During the year ended 30 June 2026, the Company adopted a revised valuation methodology for its biological assets using a multi-rotation discounted cash flow model. Management and Board concluded that the revised methodology provides a more representative measure of fair value as it incorporates multiple harvest rotations and a longer-term assessment of expected cash flows from the forestry. The change was made following improvements in valuation modelling capability and the availability of information supporting a multi-rotation assessment of value.

The Company continues to measure biological assets at fair value less costs to sell in accordance with NZ IAS 41 Agriculture. The revised methodology represents a change in valuation technique used to estimate fair value rather than a change in accounting policy. The valuation remains classified as a Level 3 fair value measurement under NZ IFRS 13 Fair Value Measurement.

Management considers the revised methodology is inherently more detailed in its analysis of inputs and only represents a change in accounting estimate arising from a change in valuation technique. Consistent with NZ IFRS 13.66, changes in valuation techniques are accounted for as changes in accounting estimates in accordance with NZ IAS 8. The effects of the revised methodology have therefore been recognised prospectively in the current reporting period.

Comparative information has not been restated. The previous valuation methodology was based on a materially different approach and was not capable of generating equivalent multi-rotation outputs. As a result, management was unable to reliably recreate comparable prior-period valuations using the revised methodology.

A peer review of the valuation process and key inputs was conducted by Indufor Asia Pacific. The peer review did not seek to complete examination of financial records or confirm derivation of input costs, price assumptions or review the harvest strategy or allocation assumptions for applicability to the business. The peer review confirmed subject to the inputs and assumptions being correct, the valuation is calculated correctly.



Notes to the consolidated financial statements for the year ended 30 June 2026

13 RIGHT-OF-USE ASSETS**Accounting policy**

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. To assess whether a contract conveys the right to control the use of an identified asset, the group assesses whether:

- the contract involves the use of an identified asset;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and the Group has the right to direct the use of the asset.

The right-of-use asset is recognised at the present value of lease payments, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus, where applicable, any indirect costs incurred and an estimate of costs to dismantle or/and remove the asset or reinstate/restore the asset or the site where it is located.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term. The estimated useful lives of the assets are determined on the same basis as those of property, plant and equipment. In addition, the asset is periodically reviewed for impairment.

Also see Note 18 Lease liabilities, for more information.

	Land & Buildings \$'000	Plant & Equipment \$'000	Motor Vehicles \$'000	Total \$'000
2026				
Cost or valuation				
Balance at the beginning of the year	9,475	3,387	15,065	27,926
Purchases	1,004	183	232	1,419
Sales	(475)	-	(2,262)	(2,737)
Balance at the end of the year	10,004	3,569	13,034	26,608
Accumulated depreciation				
Balance at the beginning of the year	4,668	2,123	10,746	17,537
Depreciation	1,398	299	1,893	3,590
Sales	(325)	-	(2,264)	(2,588)
	5,742	2,422	10,376	18,539
Balance at the end of the year	4,263	1,147	2,659	8,068

2025

Cost or valuation				
Balance at the beginning of the year	7,734	3,283	14,898	25,915
Purchases	2,258	104	518	2,880
Sales	(518)	-	(352)	(869)
Balance at the end of the year	9,475	3,387	15,065	27,926
Accumulated depreciation				
Balance at the beginning of the year	3,909	1,827	8,649	14,385
Depreciation	1,185	296	2,449	3,930
Sales	(426)	-	(352)	(778)
	4,668	2,123	10,746	17,537
Balance at the end of the year	4,807	1,263	4,319	10,389



14 PROPERTY, PLANT AND EQUIPMENT

Accounting policy

Property, plant and equipment are those assets held by the Group for the purpose of carrying on its business activities on an ongoing basis.

All property, plant and equipment, apart from forestry land, is stated at cost less any subsequent accumulated depreciation and any accumulated impairment losses.

Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the statement of financial position date.

Any revaluation increase is credited to the appropriate revaluation reserve, except to the extent that it reverses a revaluation decrease previously recognised as an expense, in which case the increase is credited to the statement of financial performance to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land is charged as an expense to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Self-constructed assets include the direct cost of construction to the extent that they relate to bringing the fixed assets to the location and condition for their intended service.

Depreciation is charged so as to write off the cost or valuation of assets, other than land, forestry land, properties under construction and capital work in progress, on the straight-line basis. Rates used have been calculated to allocate the assets cost or valuation less estimated residual value over their estimated remaining useful lives.

Depreciation of these assets commences when the assets are ready for their intended use.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation on revalued assets, excluding land, is charged to the statement of financial performance. On the subsequent sale or retirement of a revalued asset, the attributable revaluation profit remaining in the appropriate property revaluation reserve is transferred directly to accumulated funds.

Assets held under finance leases are depreciated.

The Group has had its land assets independently valued at 30 June 2026 by Morice Limited using the Fair Value approach. Morice Limited is a valuation company used by various other forestry companies. The revaluation movement in the land for the year ended 30 June 2026 was an decrease of \$10,563k (devalue to reserve of \$10,268k plus net impairments of \$295k) (2025 increase of \$31,686k). The market value of land decreased during the year reflecting an updated area statement of productive areas. All other asset classes are shown at cost.

Depreciation rates and methods used by all companies except for City Forests Limited are as follows:

	Rate	Method
Buildings	1% to 21%	Straight Line
Metering equipment	7% to 10%	Straight Line
Electricity network assets	1% to 20%	Straight Line
Plant and equipment	1% to 70%	Straight Line
Motor vehicles	5% to 33%	Straight Line
Railway assets	1% to 50%	Straight Line
Office equipment and fittings	4% to 71%	Straight Line
Construction in progress	no depreciation	

Depreciation rates and methods used by City Forests Limited are as follows:

	Rate	Method
Buildings	2% to 5%	Straight Line
Roads	5% to 24%	Diminishing Value
Bridges	2% to 2.4%	Diminishing Value
Plant and equipment	6% to 80.4%	Diminishing Value
Fences	10% to 13%	Diminishing Value
Motor vehicles	9.6% to 36%	Diminishing Value
Office equipment	10% to 60%	Diminishing Value
Forestry land	no depreciation	

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of comprehensive income in the year the item is derecognised.

Property, plant and equipment assets of \$956.542 million (2025: \$881.176 million) are the subject of a debenture held as security for the DCTL borrowings on behalf of the DCC consolidated group.

Notes to the consolidated financial statements for the year ended 30 June 2026

Property, plant and equipment

	Forest		Roads		Plant		
2026	Land	Land	Buildings	Bridges	Network	Equipment	Sub-Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost or valuation							
Balance at the beginning of the year	39,359	125,279	156,563	11,073	1,042,518	98,538	1,473,330
Purchases	-	481	747	257	-	940	2,426
Revaluation	-	(10,268)	-	-	-	-	(10,268)
Sales	-	-	-	-	(1,773)	(332)	(2,105)
Impairment	-	-	-	-	-	-	-
Transfers	188	-	14,958	-	81,746	860	97,753
Balance at the end of the year	39,547	115,492	172,268	11,330	1,122,491	100,006	1,561,135
Accumulated depreciation							
Balance at the beginning of the year	-	1,220	42,660	5,887	283,694	76,090	409,552
Depreciation	-	-	3,444	263	25,187	4,492	33,385
Impairment	-	295	-	-	-	-	295
Sales	-	-	(2)	-	(8)	(318)	(328)
Transfers	-	-	(14)	-	-	-	(14)
Balance at the end of the year	39,547	113,977	126,180	5,180	813,618	19,742	1,118,245
Comprising:							
Cost	39,547	-	126,180	5,180	813,618	19,742	1,004,267
Valuation	-	113,977	-	-	-	-	113,977
Total							1,118,245

	Motor		Office		Railway		
2026	Sub-Total	Vehicles	Equipment	Locomotives	Track	Work in Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost or valuation							
Balance at the beginning of the year	1,473,330	34,245	2,311	5,552	1,109	47,706	1,564,253
Purchases	2,426	2,129	169	9	7	85,901	90,641
Revaluation	(10,268)	-	-	-	-	-	(10,268)
Sales	(2,105)	(2,204)	-	-	-	-	(4,309)
Impairment	-	-	-	-	-	-	-
Transfers	97,753	758	34	(15)	-	(99,446)	(917)
Balance at end of year	1,561,135	34,928	2,514	5,546	1,116	34,161	1,639,399
Accumulated depreciation							
Balance at the beginning of the year	409,552	24,588	1,405	4,140	212	151	440,048
Depreciation	33,385	1,815	171	230	24	-	35,626
Impairment	295	-	-	-	-	-	295
Sales	(328)	(2,080)	-	-	-	-	(2,408)
Transfers	(14)	-	-	-	-	-	(14)
Balance at the end of the year	442,890	24,323	1,577	4,370	236	151	473,547
Balance at the end of the year	1,118,245	10,605	937	1,176	880	34,010	1,165,852
Comprising:							
Cost	1,004,267	10,605	937	1,176	880	34,010	1,051,875
Valuation	113,977	-	-	-	-	-	113,977
Total							1,165,852

Notes to the consolidated financial statements for the year ended 30 June 2026

Property, plant and equipment

	Forest		Roads		Plant		
2025	Land	Land	Buildings	Bridges	Network	Equipment	Sub-Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost or valuation							
Balance at the beginning of the year	39,131	98,305	156,050	10,680	956,300	96,214	1,356,681
Purchases	-	8	48	393	216	983	1,648
Revaluation	-	26,649	-	-	-	-	26,649
Sales	-	-	-	-	(3,180)	(430)	(3,610)
Impairment	-	-	21	-	-	887	908
Transfers	228	317	443	-	89,182	883	91,053
Balance at the end of the year	39,359	125,279	156,563	11,073	1,042,518	98,538	1,473,330
Accumulated depreciation							
Balance at the beginning of the year	-	6,257	39,428	5,624	261,457	70,445	383,211
Depreciation	-	-	3,220	263	23,774	5,211	32,469
Impairment	-	(5,037)	12	-	-	833	(4,192)
Sales	-	-	-	-	(1,537)	(399)	(1,936)
Transfers	-	-	-	-	-	-	-
Balance at the end of the year	39,359	124,059	113,903	5,186	758,823	22,449	1,063,778
Comprising:							
Cost	39,359	-	113,903	5,186	758,823	22,449	939,719
Valuation	-	124,059	-	-	-	-	124,059
Total							1,063,778

	Motor		Office		Railway		
2025	Sub-Total	Vehicles	Equipment	Locomotives	Track	Work in Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost or valuation							
Balance at the beginning of the year	1,356,681	32,933	2,162	201	12	48,679	1,440,668
Purchases	1,648	1,826	55	36	-	100,855	104,420
Revaluation	26,649	-	-	-	-	-	26,649
Sales	(3,610)	(996)	(30)	-	-	-	(4,636)
Impairment	908	348	(1)	5,315	1,097	-	7,667
Transfers	91,053	135	125	-	-	(101,829)	(10,517)
Balance at the end of the year	1,473,330	34,245	2,311	5,552	1,109	47,706	1,564,253
Accumulated depreciation							
Balance at the beginning of the year	383,211	23,268	1,261	57	-	151	407,947
Depreciation	32,469	1,925	173	18	-	-	34,585
Impairment	(4,192)	339	(1)	4,065	212	-	422
Sales	(1,936)	(944)	(27)	-	-	-	(2,907)
Transfers	-	-	-	-	-	-	-
Balance at the end of the year	409,552	24,588	1,405	4,140	212	151	440,048
Balance at the end of the year	1,063,778	9,657	905	1,412	897	47,555	1,124,205
Comprising:							
Cost	939,719	9,657	905	1,412	897	47,555	1,000,145
Valuation	124,059	-	-	-	-	-	124,059
Total							1,124,205



Notes to the consolidated financial statements for the year ended 30 June 2026

The directors assess the fair value of land and buildings as the carrying value shown above.

The carrying amounts of property, plant and equipment are reviewed at each balance date to determine whether there is any indication of impairment. If such impairment exists, the recoverable amount of assets is estimated to determine the extent of any impairment loss. The recoverable amount is the higher of an asset’s net selling price and value in use. An impairment loss is recognised whenever the carrying amount of assets exceeds its recoverable amount. Impairment losses are recognised in the statement of financial performance.

Network

In assessing the recoverable amount of Aurora Energy’s electricity network and fibre assets the Directors have relied on the assessment completed by Aurora Energy. The Directors of Aurora Energy have reviewed the results of impairment testing undertaken by Aurora Energy's management as at 30 June 2026. The impairment testing was performed on a “no growth” basis in accordance with NZ IAS 36 Impairment of Assets.

The impairment testing used the discounted cashflow (DCF) methodology to arrive at an estimated valuation range based on Free Cash Flows (FCF) for a 10-year period from 1 July 2026. The key assumptions utilised in the impairment testing were that:

- For the 10 years from 1 July 2026, the network revenue forecasts are derived from the Commerce Commission approved Default Price-Quality Path (DPP4) allowances for Aurora Energy and Building Blocks Allowable Revenue (BBAR) forecasts.
- Operating and capital expenditure forecasts were derived from the 10-year expenditure forecasts included in the Company’s 2026 Asset Management Plan Update.
- In applying the DCF methodology the Company considered a range of discount rates from 5.84% to 6.84%. The discount rate is a matter of professional judgement.
- In determining the discount rate for year-end impairment testing, the 10-year Government bond rate at valuation date was used as a basis for the risk-free rate. The risk-free rate was used in conjunction with a view of an appropriate post-tax market risk premium.
- The discount rates used in the impairment testing were based on the same level of asset beta and similar level of leverage as set by the Commerce Commission for the 5-year regulatory period from 1 April 2025.

Sensitivity analysis showed a 0.25% decrease/(increase) in the DCF discount rate used for impairment testing would increase/(decrease) the indicative value range by about \$23 million.

On reviewing the DCF analysis Aurora Energy assessed that there was no impairment to the carrying value of the network assets as at 30 June 2026.

The value of the assets is fundamentally linked to Aurora Energy’s ability to operate within the future expenditure allowances approved by the Commerce Commission.

Locomotives and Railway Track

No impairment losses or impairment reversals were recognised during the year ended 30 June 2026 (2025: impairment reversal of \$2.2 million).

The impairment reversal recognised during the year ended 30 June 2025 followed a reassessment of the recoverable service amount of DRL's rail corridor and associated assets. The recoverable service amount was determined using value in use calculated on a depreciated replacement cost basis. In accordance with PBE IPSAS 21, the impairment reversal was limited to the carrying amount that would have been determined had no impairment loss been recognised in prior periods.

Notes to the consolidated financial statements for the year ended 30 June 2026

15 TRADE AND OTHER PAYABLES

Accounting policy

Trade and other payables are stated at amortised cost.
A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Goods and services tax (GST)

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except for receivables and payables which are recognised inclusive of GST. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense. Commitments and contingencies are disclosed exclusive of GST.

	2026 \$'000	2025 \$'000
Trade payables	22,755	20,658
Due to related parties:		
Dunedin City Council	46	104
Dunedin Heritage Fund	2	3
	<u>47</u>	<u>107</u>
Other payables:		
Contract liabilities	2,691	2,389
GST payable	1,103	860
Other current liabilities	<u>15,703</u>	<u>16,439</u>
	<u>19,497</u>	<u>19,689</u>
	<u>42,299</u>	<u>40,454</u>

The directors consider that the carrying amount of trade payables approximates their fair value.

Contract liabilities relate to Aurora Energy's customer prepayments on capital contribution projects that have not been completed, and Dunedin Venues revenue received in advance from its contracts with customers.

16 EMPLOYEE ENTITLEMENTS

Accounting policy

Entitlements to salary and wages and annual leave are recognised when they accrue to employees. This includes the estimated liability for salaries and wages and annual leave as a result of services rendered by employees up to balance date at current rates of pay.

Entitlements to long service leave and retirement gratuities are calculated on an actuarial basis and are based on the reasonable likelihood that they will be earned by employees and paid by the Group.

The Group recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The calculation is based on the value of excess sick leave taken within the previous twelve months.

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions for restructuring costs are recognised when the Group has a detailed formal plan for the restructuring that has been communicated to affected parties.

	2026 \$'000	2025 \$'000
Current liabilities		
Long service leave	344	408
Annual leave	8,024	7,631
Gratuities	205	200
Sick leave	172	218
Other provisions	<u>244</u>	<u>486</u>
	<u>8,988</u>	<u>8,943</u>
Non-current liabilities		
Long service leave	955	874
Gratuities	<u>162</u>	<u>147</u>
	<u>1,117</u>	<u>1,021</u>

Notes to the consolidated financial statements for the year ended 30 June 2026

17 DERIVATIVE FINANCIAL INSTRUMENTS

Accounting Policy

Financial assets and financial liabilities are recognised on the Group’s statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

The Group’s activities expose it primarily to the financial risks of changes in interest rates. The Group uses interest rate swap contracts to hedge these exposures. Interest rate swaps are fair valued using forward interest rates extracted from observable yield curves.

The Group does not use derivative financial instruments for speculative purposes. However, any derivatives that do not qualify for hedge accounting, under the specific NZ IFRS rules, would be accounted for as trading instruments with fair value gains/losses being taken directly to profit and loss.

The use of financial derivatives within the Group is governed by the Dunedin City Council's Treasury Risk Management Policy (reviewed and last approved 28 January 2025). The policy provides written principles on the use of financial derivatives.

Derivative financial instruments are recognised at fair value on the date the derivative is entered into and are subsequently re-measured to their fair value. The fair value on initial recognition is the transaction price. Subsequent fair values are based on independent prices quoted in active markets as provided to us from Thomson Reuters data.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges), or
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

The fair value of interest rate swaps is calculated based on pricing using Thomson Reuters data. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

The gain or loss from re-measuring the hedging instrument at fair value, along with the changes in the fair value on the hedged item attributable to the hedged risk, is recognised in the profit or loss. Fair value hedge accounting is applied only for hedging fixed interest risk on borrowings.

If the hedge relationship no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the profit or loss over the period to maturity.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity with any ineffective portion recognised immediately in profit or loss. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in other comprehensive income in the same period in which the hedged item affects net profit or loss.

For an effective hedge of an exposure to changes in the fair value, the hedged item is adjusted for changes in fair value attributable to the risk being hedged with the corresponding entry in the statement of comprehensive income via other comprehensive income. Gains or losses from re-measuring the derivative, or for non-derivatives the foreign currency component of its carrying amount, are recognised in the statement of comprehensive income via other comprehensive income.

The fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedge relationship is more than twelve months and as a current liability if the remaining maturity of the hedge relationship is less than twelve months.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the statement of comprehensive income as they arise. Derivatives not designated into an effective hedge relationship are classified as current assets or liabilities.

Notes to the consolidated financial statements for the year ended 30 June 2026

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the profit or loss for the period.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value with unrealised gains or losses reported in the income statement.

	2026 Asset \$'000	2026 Liability \$'000	2025 Asset \$'000	2025 Liability \$'000
<i>Fair value</i>				
Interest rate swaps	12,446	17,160	14,696	19,474
Analysed as:				
Current	-	726	-	151
Non-current	12,446	16,434	14,696	19,323
	12,446	17,160	14,696	19,474

	2026 Asset \$'000	2026 Liability \$'000	2025 Asset \$'000	2025 Liability \$'000
<i>Fair value</i>				
Foreign exchange contracts	91	2,406	2,099	-
Analysed as:				
Current	56	1,323	811	-
Non-current	35	1,083	1,288	-
	91	2,406	2,099	-

The ineffective portion recognised in the statement of comprehensive income that arises from fair value hedges amounts to a loss of \$31 thousand (2025: loss of \$27 thousand). This represents the current year net movement in the value of the fair value hedge swaps of \$2.3 million (gain) and fair value hedge adjustment to debt of \$2.3 million (loss).

18 LEASE LIABILITIES

Accounting policy

The Group leases land, buildings, plant and equipment, communication access rights and motor vehicles with lease terms up to 10 years.

The lease liabilities are initially measured at the present value of the lease payments, discounted using the interest rate inherent in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

The lease liabilities are measured at amortised cost using the effective interest method. They are remeasured when there is a change in future lease payments arising from a change in index or rate.

Also see Note 13 Right-of-use assets, for more information.

	2026 \$'000	2025 \$'000
Current	3,136	3,596
Non current	5,311	7,281
Balance at the end of the year	8,447	10,877
Maturity analysis		
Payable within one year	3,136	3,596
Payable between one to five years	4,717	7,044
Payable later than five years	594	238
	8,447	10,877

Notes to the consolidated financial statements for the year ended 30 June 2026

19 SHORT TERM BORROWINGS

	2026 \$'000	2025 \$'000
Related party borrowings	1,097	1,319
	<u>1,097</u>	<u>1,319</u>

The Group's short term borrowings are unsecured and are arranged at floating interest rates thus exposing the Group to cash flow interest rate risk.

20 TERM BORROWINGS

Accounting policy

Borrowings are initially recorded net of directly attributable transaction costs and are measured at subsequent reporting dates at amortised cost. Finance charges, premiums payable on settlement or redemption and direct costs are accounted for on an accrual basis to the statement of financial performance using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

	2026 \$'000	2025 \$'000
Non-current		
Multi-option debt facility	1,530,326	1,413,502
	<u>1,530,326</u>	<u>1,413,502</u>

As at 30 June 2026, the Group had a \$1,900 million multi option instrument issuance facility which is secured against certain assets and undertakings of the Dunedin City Council Group. Group debt is raised by Dunedin City Treasury Limited, by issuing long dated bonds, floating rate notes or by the issue of promissory notes. In addition, Dunedin City Treasury also borrows funds from the New Zealand Local Government Funding Agency.

Three independent banks have provided committed facilities to the amount of \$240 million (2025: \$240 million).

The amount of unamortised premium or (discount) on medium term notes on issue at 30 June 2026 is nil (2025: nil).

The tender of promissory notes under the multi-option facility generally raises debt for a term of three months before being re-tendered. In addition to this, the issue of floating rate notes under the multi-option facility also raises floating rate debt. This type of borrowing is executed at the floating rate at the date of borrowing drawdown or at the start of the floating rate reset and exposes the group to cash flow interest rate risk. Interest rate derivatives are taken out to manage that risk. Floating rate debt is also created by converting fixed rate bond issuance from fixed to floating using interest rate swaps. The credit risk from each derivative is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Borrower notes are subordinated convertible debt instruments that the Group subscribes for an amount equal to 5% (2025 5.0%) of the total long-term borrowings from LGFA. LGFA will redeem borrower notes when the Groups related borrowings are repaid or no longer owed to LGFA. At 30 June 2026 the Company had subscribed to \$27.25m of borrower notes. (2025: \$14.75m).

While the contractual maturities of the Group's debt are not all long-term, the Group expects and has the ability to refinance debt under the multi option instrument issuance facility. The Group has therefore determined that all debt is non-current as per the provisions of NZ IAS1.

Notes to the consolidated financial statements for the year ended 30 June 2026

Multi-option debt facility		2026 \$'000	2025 \$'000
Promissory notes	Interest Rate	233,396	193,841
Medium term notes 17/07/2025	Coupon rate 3.61%	-	50,000
Floating rate notes 15/10/2025	47.0bp over BKBM	-	75,000
Medium term notes 15/04/2026	Coupon rate 3.98%	-	65,000
Medium term notes 15/03/2026	Coupon rate 2.90%	-	50,000
Medium term notes 15/11/2026	Coupon rate 2.09%	55,000	55,000
Medium term notes 16/11/2026	Coupon rate 0.676%	60,000	60,000
Medium term notes 18/04/2028	Coupon rate 1.93%	110,000	110,000
Medium term notes 15/11/2028	Coupon rate 5.55%	60,000	60,000
Medium term notes 27/11/2028	Coupon rate 3.22%	100,000	100,000
Floating rate notes 09/02/2030	65.0bp over BKBM	75,000	75,000
Floating rate notes 09/02/2030	78.1bp over BKBM	25,000	25,000
Floating rate notes 15/05/2031	75.8bp over BKBM	25,000	25,000
Floating rate notes 15/05/2031	92.0bp over BKBM	100,000	100,000
Floating rate notes 09/02/2030	82.1bp over BKBM	25,000	25,000
Floating rate notes 14/04/2033	99.0bp over BKBM	20,000	20,000
Floating rate notes 15/02/2027	56.0bp over BKBM	50,000	50,000
Floating rate notes 17/07/2025	32.0bp over BKBM	-	20,000
Floating rate notes 08/07/2027	41.0bp over BKBM	50,000	50,000
Floating rate notes 01/04/2032	96.0bp over BKBM	85,000	85,000
Floating rate notes 14/04/2033	105.0bp over BKBM	30,000	30,000
Floating rate notes 14/04/2033	103.4bp over BKBM	35,000	35,000
Medium term notes 10/10/2033	Coupon rate 4.996%	60,000	60,000
Floating rate notes 15/10/2029	71.3bp over BKBM	120,000	-
Floating rate notes 01/04/2032	82.0bp over BKBM	30,000	-
Floating rate notes 17/07/2028	62.0bp over BKBM	75,000	-
Floating rate notes 14/04/2033	92.0bp over BKBM	60,000	-
Floating rate notes 15/05/2035	103.0bp over BKBM	50,000	-
Fair value impact on medium term notes		(3,070)	(5,339)
Total term borrowings		<u>1,530,326</u>	<u>1,413,502</u>

The repayment period on the term borrowings is as follows:

	2026 \$'000	2025 \$'000
Repayable less than one year	398,369	453,718
Effective interest rate	3.57%	3.57%
Repayable between one to five years	762,067	605,342
Effective interest rate	3.18%	3.18%
Repayable later than five years	369,890	354,442
Effective interest rate	5.13%	5.13%
	<u>1,530,326</u>	<u>1,413,502</u>

With the exception of borrowings, the directors' view is that the carrying value of financial assets and liabilities equals their fair value.

Debt instruments are fair valued using a discounted cash flow approach, which discounts the contractual cash flows using discount rates derived from observable market prices of other quoted debt instruments of the counterparties.

The directors estimate the fair value of the Group's borrowings, by discounting their future cash flows at the market rate, to be as follows:

	2026 \$'000	2025 \$'000
Multi-option note facility	1,529,418	1,407,836
21 SHAREHOLDER'S ADVANCE		
	2026 \$'000	2025 \$'000
Balance at the end of the year	112,000	112,000



Notes to the consolidated financial statements for the year ended 30 June 2026

The shareholder’s advance owing to the Dunedin City Council is unsecured. The directors’ view is that this advance forms an integral part of the Council’s investment in the Company. The terms of the advance agreement between shareholder and Company are such that there is no obligation on the Company to transfer economic benefit at any specific time. This year, the cash payment to the Council was \$5.9 million (2025: \$5.9 million) on the advance. In 2026, the gross interest on the debt was set at 5.27% (2025: 5.27%).

22 FINANCIAL RISK

Accounting policy

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

In the normal course of business the Group is exposed to a variety of financial risks. The Group is risk averse and seeks to minimise exposure from its treasury activities. Dunedin City Council has established a Treasury Risk Management Policy covering both investment and borrowing policies, that the Group is required to comply with. This policy does not allow any transactions to be entered into that are speculative in nature.

Dunedin City Treasury Limited provides services and loans to the businesses and the shareholder, co-ordinates access to domestic financial markets, and monitors and manages the financial risks relating to the operations of the Group. These risks include market risk, credit risk and liquidity risk.

22.1 Capital management strategy

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The parent company meets with its shareholder on a regular basis and advises what capacity it has to provide tax effective distributions. The parent board seeks to maximise those distributions while balancing the ongoing need to grow the overall Group business and to maintain the Group’s financial strength through sound and innovative financial management.

Dunedin City Holdings Limited's forecast distributions for each three year period are disclosed in its annual Statement of Intent. The Group's capital is its equity, which comprises issued capital and retained surpluses. Equity is represented by net assets. The Group's equity is largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

22.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group aims to maintain flexibility in funding by keeping committed credit lines available. The Group has committed bank lines available that can be drawn of \$240 million (2025: \$220 million).

The Group evaluates its liquidity requirements on an ongoing basis and Dunedin City Treasury Limited actively manages its liquidity risk through:

- maintaining the best credit rating appropriate to the Dunedin City Council Group expenditure and revenue plans;
- arrangement of appropriate backup facilities to the short term borrowing programme;
- managing a prudent balance of both short and long term borrowing programmes;
- regular review of projected cash flows and debt requirements.
- ensuring sufficient size of underwriting facilities
- having no more than \$450,000,000 to mature in any single year.
- spreading of underwriting facilities, floating rate and fixed rate note issues
- a target of at least 20% of debt with maturity dates greater than five years

In general, the Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has credit lines in place to cover potential shortfalls.

The maturity profile and effective interest rates of the Group term borrowings are set out in note 20. The maturity profiles of the Group’s financial assets and liabilities, with the exception of equity investments are explained in note 22.10.

22.3 Interest rate risk

Under the Dunedin City Council Treasury Risk Management Policy last approved 28 January 2025, Dunedin City Treasury Limited utilises a portfolio approach to manage interest rate risk for the Group. The approach to manage exposure arising from interest rate risk is to use interest rate derivatives to achieve the desired fixed rate maturity profile.

Interest rate risk is the risk that fluctuations in interest rates impact the Group’s financial performance or the fair value of its holding of financial instruments.

The Group has exposure to interest rate risk. The Group maintains the Fixed Rate Maturity Profile outlined in the Dunedin City Council Treasury Risk Management Policy.

Group companies and the Dunedin City Council are precluded from entering into financial transactions with external counterparties, except City Forests (foreign exchange and carbon credits within their approved policies).

Notes to the consolidated financial statements for the year ended 30 June 2026

As at 30 June 2026 if interest rates moved by plus or minus 1% across the yield curve the impact on the profit and loss would be nil and the movement in equity would also be nil. This is because the impact of any interest rate movements from third parties is reflected in the interest rates charges Dunedin City Council.

The Group uses interest rate swaps to manage its exposure to interest rate movements on its multi-option facility borrowings by swapping a proportion of those borrowings from floating rates to fixed rates.

The notional principal outstanding with regard to the interest rate swaps is:

	2026 \$’000	2025 \$’000
Maturing in less than one year	255,000	80,000
Maturing between one and five years	980,000	800,000
Maturing in more than five years	745,000	665,000
	1,980,000	1,545,000

Note the above table only includes 3rd party interest rate swaps. There is no interest rate swaps held with their parent, Dunedin City Council (2025: Nil).

22.4 Currency market risk

City Forests Limited is the one company within the Dunedin City Holdings Limited Group that consistently generates cash flows in foreign currency. NZD is the functional currency of both City Forests Limited and the Dunedin City Holdings Limited Group. City Forests Limited manages the risk associated with exchange rate fluctuations through the use of currency derivatives to hedge significant future export sales in accordance with foreign exchange policy established by directors. This foreign exchange policy of City Forests Limited allows foreign exchange forward contracts and the purchase of options in the management of its exchange rate exposures. The instruments purchased are only against the currencv in which the exports are sold.

The interest rates on the Group's related party advances and LGFA borrower notes are disclosed in note 6 and on the Group's borrowings in note 20.

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to fair value interest rate risk is limited to its borrowings and short-term bank deposits, at fixed interest rates and derivatives at fixed interest rates.

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose the Group to cash flow interest rate risk. The Goup manages the interest rate risk by using derivatives to convert floating interest to fixed interest.

Other companies within the Group will occasionally purchase forward cover against expected purchases in foreign currency.

At statement of financial position date, the total notional amount and fair values of outstanding forward foreign exchange contracts to which City Forests Limited is committed are as follows:

	2026 \$’000	2025 \$’000
Forward foreign exchange contracts		
- fair value	(2,315)	2,099
- nominal value (sale of USD and purchase of NZD)	72,226	70,981

22.5 Effectiveness of cash flow hedges

The matched terms method is the method used in applying hedges across the Group. In all cases, the critical terms of both the hedge instrument and the underlying transaction are matched.

	2026 %	2025 %
Effectiveness	100	100

22.6 Credit risk

Credit risk is the risk that a third party will default on its obligation to the Group, causing the Group to incur a loss.

The Group has processes in place to review the credit quality of customers and counterparty prior to the granting of credit to ensure they maintain an investment grade rating. Dunedin City Treasury Limited actively manages its credit risk through:

- individual and maximum counterparty credit limits.
- specific limit calculations for individual financial instruments recognising potential changes in fair value of the instrument.

In financial transactions, the Group deals only with credit-worthy counterparties that are rated the equivalent of investment grade and above. This information is supplied by credit rating agencies. The Group’s exposure and the credit ratings of its counterparties are continually monitored and the aggregate value of transactions undertaken is spread among the approved counterparties.

The Group's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash equivalents (note 5), other financial assets (note 6) and trade receivables (note 7). The credit risk on liquid funds and derivative financial instruments is limited because counterparties are banks with high credit ratings assigned by international credit rating agencies.

Trade receivables consist of a large number of customers spread across diverse industries and geographical areas. The Group does not have any significant credit risk exposure to any single counterparty or Group of counterparties having similar characteristics.

Notes to the consolidated financial statements for the year ended 30 June 2026

Contracts have been entered into with various counterparties that have approved and satisfactory credit ratings, and in accordance with dollar limits set in the Dunedin City Council Treasury Risk Management Policy.

Industry and product concentrations are determined by the activities within the Group.

There is no security held over cash equivalents, trade receivables and related party loans.

The amounts presented in the statement of financial position for trade receivables are net of allowances for doubtful debts. Credit terms differ between companies within the Group.

Past due, but not impaired, receivables are as follows:

	2026 \$'000	2025 \$'000
Accounts Receivable Aging		
Age analysis: current	42,269	36,133
30-60 days	426	2,934
60-90 days	91	194
90 days plus	230	734

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard & Poor's credit ratings.

Financial assets analysis

2026	AAA	AA+	AA	AA-	No Rating	Group
Cash and cash equivalents	-	-	-	50,406	-	50,406
Trade and other receivables	-	-	-	9,185	38,083	47,268
LGFA borrower notes	28,821	-	-	-	-	28,821
Advances due from related parties	-	-	-	711,500	42	711,542
Derivatives	-	-	-	12,537	-	12,537
NZ carbon credits	-	-	-	-	38,201	38,201
	28,821	-	-	783,628	76,326	888,776

2025	AAA	AA+	AA	AA-	No Rating	Group
Cash and cash equivalents	-	-	-	13,877	-	13,877
Trade and other receivables	-	-	-	9,273	34,668	43,940
LGFA borrower notes	14,750	-	-	-	-	14,750
Advances due from related parties	-	-	-	650,500	28	650,528
Derivatives	-	-	-	16,795	-	16,795
NZ carbon credits	-	-	-	-	51,353	51,353
	14,750	-	-	690,445	86,049	791,243

22.7 Categories of financial assets and liabilities
Accounting policy

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Under NZ IFRS 9, all the financial assets and liabilities are measured at amortised cost, fair value through profit or loss, or fair value through other comprehensive income on the basis of the Group's business model for managing the financial instrument and the contractual cash flow characteristics of the financial instrument.

The Group enters into derivative financial instruments to manage its exposure to interest rate risks. There was no change of classification in relation to derivatives, these continue to be measured at fair value through profit or loss.

The Group's advances to DCC are measured at amortised cost in accordance with NZ IFRS 9 and and LGFA borrower notes are measured at fair value through profit and loss, in accordance with NZ IFRS 9.

The Group's other financial assets and liabilities including cash and cash equivalents, trade and other receivables, term receivables, trade and other payables, accrued expenditure, short term borrowings, term loans, and shareholder's advance to DCC are measured at amortised cost as they meet the conditions under IFRS 9.

Under NZ IFRS 9, the impairment model requires the recognition of impairment provisions based on expected credit losses. It applies to financial assets classified at amortised cost. The introduction of the impairment model has had no impact on the Group's financial assets classified at amortised cost. For trade and other receivables, the Group applies a simplified model of recognising lifetime expected credit losses as these items do not have a significant financing component.

Notes to the consolidated financial statements for the year ended 30 June 2026

The category and carrying amount of financial assets and liabilities in each of the NZ IFRS 9 categories is as follows:

	2026 \$'000	2025 \$'000
Financial assets measured at amortised cost:		
Cash and cash equivalents (note 5)	50,406	13,877
Trade and other receivables (note 7)	43,050	41,097
Other financial assets (note 6)	740,363	665,278
Term receivables (note 7)	-	-
Financial assets measured at amortised cost	833,820	720,252

Financial assets at fair value through the statement of financial performance:

Derivative financial instruments assets (note 17)	12,537	16,795
LGFA borrower notes (note 6)	28,821	14,750
	41,358	31,545

Financial liabilities measured at amortised cost:

Trade and other payables (note 15)	39,608	38,065
Short term borrowings (note 19)	1,097	1,319
Term borrowings (note 20)	1,530,326	1,413,502
Shareholder's advance (note 21)	112,000	112,000
Total financial liabilities measure at amortised cost	1,683,030	1,564,885

Financial liabilities at fair value through the statement of financial performance:

Derivative financial instrument liabilities (note 17)	19,566	19,474
---	--------	--------

22.8 Sensitivity analysis of financial assets and liabilities

Based on historic movements and volatilities, the following movements are reasonably possible over a twelve month period:

Proportional foreign exchange rate movement of -10% (depreciation of NZD) and a +10% (appreciation of the NZD) against the USD, from the year end rate of 0.56775. A parallel shift of +1%/-1% of the NZD yield curve from market closing values as at 30 June 2026.

Should these movements occur, the effect on consolidated statement of financial performance and equity for each category of financial instrument held at balance date is presented below. The movements are illustrative only.

	Carrying Amount \$'000	Interest Rate		FX	
		-100bp Profit	+100bp Equity	-10% Equity	10% Equity
2026					
Financial assets					
Derivatives – designated as cash flow hedges (interest rate swaps)	10,461	-	(17,831)	-	-
Derivatives – designated as cash flow hedges (forward currency deals)	91	-	-	8,399	(6,872)
Other financial assets	833,820	344	(384)	-	-
	844,371	344	(17,831)	8,399	(6,872)
Financial liabilities					
Derivatives – designated as cash flow hedges (interest rate swaps)	11,989	-	(41,323)	-	-
Derivatives – designated as cash flow hedges (forward currency deals)	2,406	-	-	-	-
Other financial liabilities	1,666,178	(1,252)	1,219	-	-
	1,680,573	(1,252)	(41,323)	1,219	38,875
Total increase/(decrease)		(908)	(59,154)	8,399	(6,872)



Notes to the consolidated financial statements for the year ended 30 June 2026

	Carrying Amount \$'000	Interest Rate		FX	
		-100bp	+100bp	-10%	10%
2025					
Financial assets					
Derivatives – designated as cash flow hedges (interest rate swaps)	11,921	-	(11,361)	-	10,732
Derivatives – designated as cash flow hedges (forward currency deals)	2,099	-	-	-	(7,718)
Other financial assets	720,252	231	-	(257)	-
	734,271	231	(11,361)	(257)	10,732
Financial liabilities					
Derivatives – designated as cash flow hedges (interest rate swaps)	11,214	-	(36,088)	-	33,978
Derivatives – designated as cash flow hedges (forward currency deals)	-	-	-	-	-
Other financial liabilities	1,547,478	(3,175)	3,112	-	-
	1,558,692	(3,175)	(36,088)	3,112	33,978
Total increase/(decrease)		(2,945)	(47,448)	2,854	44,710

- Cash and cash equivalents include deposits at call which are at floating interest rates. Sensitivity to a 1% movement in rates is immaterial as these deposits are very short term.
- Derivatives subject to the hedge accounting regime are managed by the group to be 100% effective and thus there is no sensitivity to change in either interest rates or exchange rates. Changes to interest rates charged caused by any change to the credit standing of the Group cannot be hedged.
- Borrowings within each of the companies of the Group are subject to the Treasury Risk Management Policy. Sensitivity to any movement in the interest rate in the statement of financial performance is limited to the effect on the amount of floating rate debt that exceeds the amount of the fixed rate hedge.
- A proportion of derivatives contracted with third parties are offset by corresponding contractual arrangements with the Dunedin City Council. An interest rate movement of plus or minus 1% across the yield curve would have no impact on the statement of financial performance and equity for these derivatives.
- The shareholder's advance of \$112 million from the Dunedin City Council to Dunedin City Holdings Limited is variable rate debt that is not hedged.

22.9 Fair value of financial instruments**Fair value measurements recognised in the statement of financial position**

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the consolidated financial statements for the year ended 30 June 2026

	Level 1 NZ \$'000	Level 2 NZ \$'000	Level 3 NZ \$'000	Total NZ \$'000
2026				
Financial assets				
Derivative financial assets	-	12,537	-	12,537
New Zealand carbon credits	38,201	-	-	38,201
	38,201	12,537	-	50,738
Financial liabilities				
Derivative financial liabilities	-	19,566	-	19,566
2025				
Financial assets				
Derivative financial assets	-	16,795	-	16,795
New Zealand carbon credits	51,353	-	-	51,353
	51,353	16,795	-	68,148
Financial liabilities				
Derivative financial liabilities	-	19,474	-	19,474

22.10 Contractual maturity analysis of financial assets and liabilities

The tables below analyse the Group's financial assets and financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows and includes interest receipts. Where the amount payable is not fixed, the amount disclosed in the analysis below is determined by reference to the conditions existing at balance date. The swap settlement rate as at 30 June 2026 was 2.72% (2025: 3.29%). Contractual amounts for the interest expense and balance of the shareholder advance have not been included as the interest is currently payable on a year by year basis and there is no contractual date for the repayment of the outstanding balance.

	Carrying Amount \$000's	Contractual Cash Flows \$000's	Less than 1 year \$000's	1 to 2 years \$000's	2 to 5 years \$000's	More than 5 years \$000's	No maturity \$000's
Financial assets							
2026							
Cash and cash equivalents	50,406	50,406	50,406	-	-	-	-
Trade and other receivables	43,050	43,050	43,050	-	-	-	-
Term receivables	-	-	-	-	-	-	-
Derivative financial instruments	12,537	(12,169)	304	(1,668)	(8,177)	(2,628)	-
Investments	740,363	740,321	-	-	13,280	15,541	711,500
Total	846,357	821,609	93,761	(1,668)	5,103	12,913	711,500
2025							
Cash and cash equivalents	13,877	13,877	13,877	-	-	-	-
Trade and other receivables	41,097	41,097	41,097	-	-	-	-
Term receivables	-	-	-	-	-	-	-
Derivative financial instruments	16,795	(6,874)	521	172	(5,155)	(2,412)	-
Investments	665,278	664,750	-	-	3,125	11,125	650,500
Total	737,047	712,850	55,495	172	(2,030)	8,713	650,500
Financial liabilities							
2026							
Trade and other payables	39,608	39,608	39,608	-	-	-	-
Derivative financial instruments	19,566	5,121	6,365	2,877	723	(4,844)	-
Borrowings	1,531,422	1,734,379	449,902	201,270	684,258	398,949	-
Total	1,590,596	1,779,108	495,875	204,147	684,981	394,105	-
2025							
Trade and other payables	38,065	38,065	38,065	-	-	-	-
Derivative financial instruments	19,474	11,940	6,016	4,889	3,603	(2,568)	-
Borrowings	1,414,820	1,605,711	500,254	198,888	518,792	387,777	-
Total	1,472,360	1,655,716	544,335	203,777	522,395	385,209	-

The maturity profiles of the Group's interest bearing LGFA borrower notes and borrowings are disclosed in notes 6 and 20 respectively.



Notes to the consolidated financial statements for the year ended 30 June 2026

23 CONTINGENT LIABILITIES

	2026 \$'000	2025 \$'000
Performance Bonds	636	636

The performance bonds issued are principally in favour of South Island Local Authorities for contract work by Delta Utility Services Limited. There is no indication that any of these contingent liabilities will crystallise in the foreseeable future.

In future years there will be a carbon credit liability against a proportion of the carbon credits sequestered from post-1989 forest areas in accordance with New Zealand Emissions Trading Scheme Regulations. A proportion of carbon sequestered from Post-1989 areas will have to be surrendered to compensate for the carbon liability generated from harvesting those forest areas. As at 30 June 2026 and similar to 30 June 2025 the value of the potential liability in future years is not known with sufficient certainty to be classified as a Contingent Liability due to the variations in the harvesting schedule, carbon reporting periods and the value of carbon to surrender. (2025 \$nil.)

24 CAPITAL EXPENDITURE COMMITMENTS

	2026 \$'000	2025 \$'000
Plant and equipment	31,418	15,596
Land	-	1,050

Other commitments

Undrawn Facilities: Level of committed facilities undrawn was \$240,000,000 (2025: \$240,000,000).

Field Service Agreement Contracts: The Group is party to field service agreement contracts. The value of total committed expenditure under these contracts is \$16 million for the 31 March 2027 and 31 March 2028 regulatory years. The current FSA contracts include network operational expenditure and do not specify the minimum capital expenditure per annum .

25 EQUITY - SHARE CAPITAL

	2026 \$'000	2025 \$'000
Issued capital		
2,041,794,000 ordinary shares	141,794	138,889

On incorporation, Dunedin City Holdings Limited issued 100,000,000 ordinary shares in favour of the Dunedin City Council. Only \$100,000 was called.

Since incorporation Dunedin City Holdings Ltd has issued additional shares of \$1 each in favour of the Dunedin City Council. The shares carry equal voting rights and 1,900,000,000 are uncalled. During the year ended 30 June 2026 a further 2,905,000 ordinary shares were issued and called. The amounts and dates of all issues made since incorporation are:

• June 1993	99,900,000 ordinary shares
• May 1996	75,000,000 ordinary shares
• March 1999	100,000,000 ordinary shares
• June 2002	75,000,000 ordinary shares
• September 2008	250,000,000 ordinary shares
• April 2011	250,000,000 ordinary shares
• June 2016	115,839,000 ordinary shares
• June 2017	2,550,000 ordinary shares
• June 2018	2,550,000 ordinary shares
• June 2019	2,550,000 ordinary shares
• April 2020	125,100,000 ordinary shares
• June 2020	2,550,000 ordinary shares
• June 2021	2,550,000 ordinary shares
• June 2022	2,550,000 ordinary shares
• August 2022	225,000,000 ordinary shares
• June 2023	2,550,000 ordinary shares
• September 2023	400,000,000 ordinary shares
• June 2024	2,550,000 ordinary shares
• June 2025	2,550,000 ordinary shares
• August 2025	300,000,000 ordinary shares
• June 2026	2,905,000 ordinary shares

Notes to the consolidated financial statements for the year ended 30 June 2026

26 ACCUMULATED FUNDS

	2026 \$'000	2025 \$'000
Balance at the beginning of the year		
Group companies	146,767	136,774
Associate companies	23,172	20,871
	<u>169,938</u>	<u>157,644</u>
Net profit for the year	21,786	19,437
Dividend distributions	(9,000)	(11,000)
Transfer from carbon reserve	6,768	3,857
Balance at the end of the year	<u>189,493</u>	<u>169,938</u>

	2026 \$'000	2025 \$'000
<i>Represented by</i>		
Group companies	165,495	146,767
Associate companies	23,998	23,172
Balance at the end of the year	<u>189,493</u>	<u>169,938</u>

Accumulated funds includes the forestry reserve. The forestry reserve arises with the revaluation of the biological assets which is put to the statement of comprehensive income. There is a transfer between retained earnings and the forestry reserve of the revaluation net of deferred taxation.

27 RESERVES

	2026 \$'000	2025 \$'000
Balance at beginning of the year	31,165	27,413
Gain/(loss) recognised on cash flow hedges/assets	26	3,752
Balance at the end of the year	<u>31,190</u>	<u>31,165</u>

The reserve relates to assets of Dunedin International Airport Limited.

Hedging reserve

Balance at beginning of the year	2,101	21,063
Gain/(loss) recognised on cash flow hedges:	(6,649)	(26,337)
Deferred tax arising on hedges (note 4)	1,433	7,375
Balance at the end of the year	<u>(3,115)</u>	<u>2,101</u>

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of the hedging instruments relating to foreign exchange transactions that have not yet occurred. The hedging gains/losses reclassified to profit or loss during the year are included in financial expense in the statement of comprehensive income.

Land revaluation reserve

Balance at beginning of the year	77,369	50,720
Net revaluation of forest land	(10,581)	26,649
Balance at the end of the year	<u>66,788</u>	<u>77,369</u>

Carbon credit reserve

Balance at beginning of the year	36,237	32,241
Transfer to retained earnings re sale of carbon credits	(6,767)	(3,857)
Net gain in carbon credits above initial recognition value	(2,748)	7,852
Balance at the end of the year	<u>26,721</u>	<u>36,237</u>

The carbon credit reserve records movements in the fair value of carbon credits. The amount held in the reserve is net of deferred tax where relevant. Any value above initial recognition is held in the Carbon Credit revaluation reserve.



Notes to the consolidated financial statements for the year ended 30 June 2026

28 EARNINGS PER SHARE

	2026	2025
Basic earnings per share is calculated by dividing the net profit attributable to the shareholder of the Group by the weighted average number of ordinary shares on issue during the year.		
Number of shares		
Shares at year end	1,741,794,000	1,738,889,000
Weighted average number of ordinary shares	1,738,920,836	1,736,471,740
Basic earnings per share	\$ 0.0125	\$ 0.0112
Earnings per paid up share	\$ 0.15	\$ 0.14

Diluted earnings per share
The Group had no dilutive potential ordinary shares during the current or previous period.

29 DIVIDENDS

	2026 \$'000	2025 \$'000
Final Dividend - June		
0.52 cents /share (2025: 0.63 cents /share)	9,000	11,000
	<u>9,000</u>	<u>11,000</u>

30 RELATED PARTY TRANSACTIONS

The parent entity in the consolidated Group is Dunedin City Holdings Limited which is wholly owned by the Dunedin City Council.

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 10 to the Financial Statements.

Details of the percentage of ordinary shares held in associates are disclosed in note 9 to the Financial Statements.

Amounts receivable from and payable to related parties at balance date are disclosed in notes 7 and 15.

Notes to the consolidated financial statements for the year ended 30 June 2026

Transactions with Dunedin City Council Group outside the Dunedin City Holdings Limited Group

Dunedin City Holdings Limited and its group companies undertake transactions with the Dunedin City Council. The Group provided services and traded with the Dunedin City Council in respect of the following transactions:

	2026 \$'000	2025 \$'000
<i>Sales of services to Dunedin City Council Group outside the Dunedin City Holdings Limited Group:</i>		
Contracting services	14,221	11,639
Interest income	27,568	27,353
Grants	1,504	1,919
	<u>43,324</u>	<u>40,911</u>

<i>Purchases of goods and services from Dunedin City Council Group outside the Dunedin City Holdings Limited Group:</i>		
Interest	5,937	5,964
Tax Compensation	-	409
Materials/network assets	7	32
Rates and property rentals	3,215	3,000
Administration and office services	87	89
	<u>9,247</u>	<u>9,494</u>

<i>As at balance date:</i>		
Receivable from the Dunedin City Council Group	720,155	658,222
Payable to the Dunedin City Council Group (inclusive of shareholders advance)	113,142	113,425

Transactions with companies in which key management personnel have an interest and with close members of the family of key management personnel

Key management personnel within the Group include the Board of Directors, Chief Executives, any manager with the title of Chief Financial Officer or equivalent and any manager with general management responsibilities over a major division.

2026				Received	Paid	Receivable	Payable
Related Party	Relationship	Director	Entity				
AG Foleys Ltd	Director	J George	Delta Utility Services Ltd	25,072	69,995	-	6,000
Bluecurrent Holdings NZ Ltd	Director	S Clarke	Aurora Energy Ltd	-	217,353	-	-
Central Otago District Council	Director	D Rushbrook	Dunedin Venues Mant. Ltd				
				6,000	-	-	-
Cook Brothers Group Ltd	Chief Financial Officer	A La Hood	Dunedin Venues Mant. Ltd	23,000	-	-	-
CORDE Ltd (previously Sicon Ltd)	Chair	S Grave	Delta Utility Services Ltd			No longer a related party	
Duncan Cotterill	Partner	R Lovett	Dunedin Venues Mant. Ltd			No longer a related party	
Dunedin Diocese Trust Board	Trustee	S Johnstone	DCHL Group	-	-	-	-
Excellence in Business Solutions Ltd	Director and Shareholder	W Harvey	Aurora Energy Ltd	-	59,000	-	-
Fern Energy Limited	Director	P Carnahan	Delta Utility Services Ltd	-	66,975	-	4,341
Forests Owners Association		G Dodson	City Forests Ltd	-	5,000	-	-
Gin Factory Limited	Shareholder	S Thompson	Aurora Energy Ltd	-	-	-	-
Lee Piper	Interim Management Services Provided - June 2026 to September 2026	L Piper	Dunedin Venues Mant. Ltd	-	4,000	-	-
Matua Governance Ltd	Director and Shareholder	S Clarke	Aurora Energy Ltd	-	59,000	-	-
McKenzie Architects Ltd	Shareholder	S Thompson	Aurora Energy Ltd		66,945	-	-
New Zealand Post Ltd	Director	S Clarke	Aurora Energy Ltd	-	1,000	-	-
Orokonui Econsanctuary Ltd	Director	S Chalmers	City Forests Ltd	-	40,000	-	-
Passmore Consulting Services Limited	Director & Shareholder	S Thompson	Aurora Energy Ltd	-	118,000	-	-
Predator Free Dunedin	Director	S Chalmers	City Forests Ltd	-	125,000	-	-
Primeport Timaru Ltd	Director	P Melhopt	City Forests Ltd	-	41,000	-	-

Notes to the consolidated financial statements for the year ended 30 June 2026

Radiata Pine Breeding Coy	Director	S Chalmers	City Forests Ltd		23,000		
Samiam Notas Limited	Chairman	S Mason	City Forests Ltd	-	82,000	-	-
Shand Thomson Chartered Accountants	Director and shareholder	S Johnstone	DCHL Group	-	-	-	-
Southern Wood Council	Chairman	G Dodson	City Forests Ltd	-	2,000	-	-
Trojan Holdings Limited	Director and employee	P Caranhan	Delta Utility Services Ltd	-	3,509	-	-
Unison Contracting Services Ltd	Director	W Harvey	Aurora Energy Ltd	-	11,420,619		1,209,932
Whitestone Contracting Ltd	Director	S Grave	Delta Utility Services Ltd	-	24,808	-	2,212

2025				Received	Paid	Receivable	Payable
Related Party	Relationship	Director	Entity				
AG Foleys Ltd	Director	J George	Delta Utility Services Ltd	7,628	13,538	-	161
Allied Queenstown Concrete	Director	P Caranhan	Delta Utility Services Ltd	-	310	-	-
Alpine Energy Ltd	Chair	S Thompson	Aurora Energy Ltd		No longer a related party		
Bluecurrent Holdings NZ Ltd	Director	S Clarke	Aurora Energy Ltd		74,022	-	21,875
Cook Brothers Group Ltd	Chief Financial Officer	A La Hood	Dunedin Venues Mant. Ltd	16,000	-	-	-
CORDE Ltd (previously Sicon Ltd)	Chair	S Grave	Delta Utility Services Ltd		No longer a related party		
Duncan Cotterill	Partner	R Lovett	Dunedin Venues Mant. Ltd	-	3,000	-	-
Dunedin Diocese Trust Board	Trustee	S Johnstone	DCHL Group	19,665	-	-	-
Excellence in Business Solutions Ltd	Director and Shareholder	W Harvey	Aurora Energy Ltd	-	49,767	-	-
Fern Energy Limited	Director	P Carnahan	Delta Utility Services Ltd	-	48,687	-	-
Forests Owners Association		G Dodson	City Forests Ltd		9,000		
Gin Factory Limited	Shareholder	S Thompson	Aurora Energy Ltd	-	-	-	-
Jadran Consulting	Director and Shareholder	Adrian Januszkiewicz	Dunedin Railways Limited	-	6,000	-	-
Invercargill City Holdings Limited	Director	P Carnahan	Delta Utility Services Ltd	-	-	-	-
Matua Governance Ltd	Director and Shareholder	S Clarke	Aurora Energy Ltd	-	49,767	-	-
McKenzie Architects Ltd	Shareholder	S Thompson	Aurora Energy Ltd		68,680	-	10,707
Orokonui Econsanctuary Ltd	Director	S Chalmers	City Forests Ltd	-	30,000	-	-
Passmore Consulting Services Limited	Director & Shareholder	S Thompson	Aurora Energy Ltd	-	99,534	-	-
Predator Free Dunedin	Director	S Chalmers	City Forests Ltd	-	60,000	-	-
Primeport Timaru Ltd	Director	P Melhopt	City Forests Ltd	-	38,000	-	-
Radiata Pine Breeding Coy	Director	S Chalmers	City Forests Ltd		21,000		
Samiam Notas Limited	Chairman	S Mason	City Forests Ltd	-	75,000	-	-
Shand Thomson Chartered Accountants	Director and shareholder	S Johnstone	DCHL Group	-	-	-	-
Southern Wood Council	Chairman	G Dodson	City Forests Ltd	-	5,000	-	-
Trojan Holdings Limited	Director and employee	P Caranhan	Delta Utility Services Ltd	-	-	-	-
Unison Contracting Services Ltd	Director	W Harvey	Aurora Energy Ltd	-	13,752,989	-	908,289
Whitestone Contracting Ltd	Director	S Grave	Delta Utility Services Ltd	12,098	37,458	300	1,351

Notes to the consolidated financial statements for the year ended 30 June 2026

Compensation of key management personnel

The remuneration of directors and other members of key management of the company and all its subsidiaries, during the year was as follows:

	2026 \$'000	2025 \$'000
Directors fees	1,465	1,187
Short-term employment benefits	8,093	8,301
Post-employment benefits	103	100
Termination benefits	109	334
	9,770	9,922

The remuneration of directors is agreed annually by the Dunedin City Council in accordance with the policies that it sets from time to time. The remuneration of management is determined by the remuneration committees of each board having regard to the performance of individuals and market trends.

31 RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	2026 \$'000	2025 \$'000
Operating profit/(loss)	21,786	19,437
Share of net (profit)/loss in associated companies	(827)	(2,301)
<i>Items not involving cash flows</i>		
Depreciation	42,267	41,287
Depletion of forest	11,333	10,673
Deferred tax	7,734	7,559
Write (up)/down of forestry land/buildings for sale	207	(5,043)
Write (up)/down of DRL property, plant and equipment, and inventories	-	(2,297)
Biological assets revaluation	(66)	(7,422)
Deferred tax movement to reserve	-	(1,504)
Foreign Exchange Movement	59	949
Other non-cash items	270	(14,926)
<i>Impact of changes in working capital items</i>		
(Increase)/Decrease in trade and other receivables	(3,327)	(5,829)
(Increase)/Decrease in other current assets	-	-
(Increase)/Decrease in inventories	(1,517)	(138)
(Increase)/Decrease in prepayments	(46)	(498)
(Increase)/Decrease in tax refund due	-	-
Increase/(Decrease) in trade and other payables	1,845	(3,029)
Increase/(Decrease) in provision for tax	2,895	1,041
Increase/(Decrease) in other current liabilities	45	1,232
<i>Items classified as investing or financing activities</i>		
Gain on sale of property, plant and equipment	(743)	(240)
Loss on sale of property, plant and equipment	3,167	2,143
Interest paid	(232)	-
Investment in financial instruments	2,269	14,808
Movement in capital creditors	-	-
Net cash inflows from operating activities	87,119	55,902

32 RECONCILIATION OF CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Long term borrowings \$000's	Short term borrowings \$000's	Lease liabilities \$000's	Total liabilities \$000's
2026				
Opening statement of financial position	1,413,502	1,319	10,877	1,425,698
Net cash flows	114,555	(222)	(3,707)	110,626
Non-cash movements	2,269	-	1,277	3,546
Closing statement of financial position	1,530,326	1,097	8,447	1,539,869



Notes to the consolidated financial statements for the year ended 30 June 2026

2025				
Opening statement of financial position	1,288,354	1,436	11,877	1,301,667
Net cash flows	110,340	(118)	(4,171)	106,051
Non-cash movements	14,808	-	3,171	17,979
Closing statement of financial position	1,413,502	1,319	10,877	1,425,698

33 FINANCIAL STATEMENT RECLASSIFICATIONS

There have been no prior period reclassifications made during the year ended 30 June 2026.

34 EVENTS AFTER BALANCE DATE

Subsequent to balance date, the Boards of Dunedin Stadium Property Limited and Dunedin City Holdings Limited approved capital expenditure of \$4.1 million to install a Capacity Reduction System at Forsyth Barr Stadium. The system utilises draped curtaining to configure the stadium for smaller capacity events, enabling the stadium operators, Dunedin Venues, to attract and accommodate a broader range of content.

During the period subsequent to balance date, there was a change in the Board of Directors of Delta Utility Services Ltd. Steve Grave ceased as a director and David Wilson was appointed as a director, effective 1 July 2026.

Subsequent to balance date, Phil King was appointed CEO of Dunedin Venues Management Ltd. Phil commences in his new role on 14th September 2026.

There are no other significant post balance date events.

Statement of service performance – DCHL for the year ended 30 June 2026

The performance targets established in the 2025/26 Statement of Intent for Dunedin City Holdings Ltd and the results achieved for the year ended 30 June 2026 are as follows:

OBJECTIVES	PERFORMANCE TARGET	OUTCOME
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	At each board meeting, the DCHL Board reviewed each of the DCHL Group companies’ operating and financial performance against budget, with DIAL reviewed on a quarterly basis.
	DCHL Board monitor DCHL Group companies’ progress against their Sol targets quarterly	At each board meeting, the DCHL Board monitored each of the DCHL Group companies’ progress against their Sol targets on an exception basis. Progress was also reviewed quarterly in preparing the Quarterly Update report to DCC.
Seek opportunities to create synergies, leverage experience or expertise across DCHL Group, where appropriate	CHL Board meet with full group of Chairs and Chief Executives twice annually	Throughout the year DCHL has continued to support group-wide co-operation including climate-related reporting and insurances. DCHL also led roundtable meetings with Chairs and Chief Executives.
	Synergies have been made across the DCHL Group	
Review DCC Investment Framework	Deliver Review of DCC Investment Framework with recommendations	DCHL's Review Report was considered by Council on 26 March 2026.
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	Each month the DCHL Board reviewed the consolidated DCHL Group financial performance against budget.
	DCHL Board review rates of return for DCHL Group companies	The DCHL board reviewed returns from group companies on a monthly basis and considered portfolio analysis, including rates of return.
	DCHL Board provide a quarterly update to DCC’s Finance and Council Controlled Organisations Committee on the DCHL Group’s performance (financial and other).	A Quarterly Update report was provided to Council or its committees for each quarter.
	Deliver at least 2 individual company briefings to Councillors	Two company briefings were held during the year and all companies participated in induction workshops for Councillors.
Consider strategic issues.	DCHL Board review the ownership and capital structures of the DCHL Group companies (at least annually)	The ownership and capital structures of the DCHL Group companies are an ongoing consideration of the DCHL Board. Ownership and capital structures were specifically considered at the March board meeting.
	Consider capital expenditure proposals and business cases in accordance with company constitutions and Sols.	Capital expenditure proposals and business cases have been considered in accordance with individual company constitutions and Sols.

Statement of service performance – DCHL for the year ended 30 June 2026

The performance targets established in the 2025/26 Statement of Intent for Dunedin City Holdings Ltd and the results achieved for the year ended 30 June 2026 are as follows:

OBJECTIVES	PERFORMANCE TARGET	OUTCOME
Provide input on DCHL Group companies’ medium to long term strategies.	DCHL Board engage with each group company at least annually on strategy	In most cases, the DCHL Board engaged with each group company at least twice during the year.
Review and approve DCHL Group Statements of Intent for consistency with Council’s strategic direction	Review draft Sols by 1 March 2026	The DCHL Board reviewed each of the DCHL Group companies draft SOIs in February 2026.
	Approve Sols by 30 June 2026	All group company Statements of Intent were reviewed and approved prior to 30 June 2026.
Set expectations through annual Letters of Expectation to DCHL Group companies	Send Letters of Expectation to subsidiary and associate companies by 31 December 2025	Letters of Expectation were sent to group companies on 19 December 2025.
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	Progress continued and is reported in the Emissions Summary section of the Annual Report.
	Measure and publicly report DCHL group Greenhouse Gas (GHG) emissions in our Annual Report for the group	Progress continued and is reported in the Emissions Summary section of the Annual Report.
	Report progress in respect of DCHL Group’s carbon roadmap to DCC	Progress continued and is reported in the Emissions Summary section of the Annual Report.
Appoint Directors to DCHL Group companies; appoint Chairs to subsidiary companies.	Appointments and re-appointments are all completed on time, and in compliance with DCHL and Council policy.	All appointments and re-appointments made during the 2026 financial year were 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	Confirmed that all group companies have appropriate policies and procedures in place and they are reviewed on a regular basis.
	DCHL Board review DCHL Group companies’ (including DCHL) ESG disclosures in their Annual Reports.	The Board reviewed these sections when Annual Reports were published.
Living wage	All direct employees of the company and the group are paid at living wage or above	All employees were paid equal to or higher than the living wage.
Health and safety	DCHL Board review DCHL Group companies’ Health and Safety measures in regular periodic reporting	The Board monitored key measures each month.
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.	All strategic or operational matters which could compromise the Council’s community outcomes, were reported to the shareholder in a timely manner.

Statement of service performance – DCHL for the year ended 30 June 2026

The performance targets established in the 2025/26 Statement of Intent for Dunedin City Holdings Ltd and the results achieved for the year ended 30 June 2026 are as follows:

OBJECTIVES	PERFORMANCE TARGET	OUTCOME
	DCHL board provide briefings to Councillors on matters of significance as required.	Briefings were provided on all matters of significance 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	All substantive matters were reported to the shareholder within 24 hours of the DCHL Board becoming aware of them.

Statement of service performance – DCHL Group *for the year ended 30 June 2026*

The performance targets established in the 2025/26 Statement of Intent for Dunedin City Holdings Ltd and the results achieved for the year ended 30 June 2026 are as follows:

Other financial forecasts - DCHL Group

Financial forecasts		\$'000	Financial achievement		\$'000
Shareholder's funds to total assets		21%	Shareholder's funds to total assets		19%
Interest paid to shareholder		5,902	Interest paid to shareholder		5,902
Dividend distributions		9,000	Dividend distributions		9,000
EBITDA		144,618	EBITDA		138,107
Net profit after tax		26,219	Net profit after tax		21,786
Cash flow from operations		76,139	Cash flow from operations		87,119
Capital expenditure		121,319	Capital expenditure		91,698
Shareholder's funds		523,738	Shareholder's funds		452,872
Term loans	parent	30,416	Term loans	parent	28,744
	group	1,554,594		group	1,530,326

**Statement of service performance – Group measures** *for the year ended 30 June 2026*

The performance targets established as significant to the group in the DCHL 2025/26 Statement of Intent for subsidiaries and the results achieved for the year ended 30 June 2026 are as follows:

OBJECTIVES	PERFORMANCE TARGET	OUTCOME
<u>Aurora Energy Limited</u>		
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 Target: Nil	There were no serious harm events involving members of the public
Reduce harm to employees and contractors	Board and Leadership site visits and safety observations Target: 100	There were 156 Board and Leadership site visits and safety observations
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	A 10-year Asset Management Plan (AMP) Update was published by 31st March 2026 for the 2027-2036 period
Reliability Performance Targets (Statement of Intent Targets – Period Ended 31 March 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	85.35 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	112.46 minutes
SAIFI System Average Interruption Frequency Index - Class B Interruptions (Planned)	Average frequency of outages per consumer year ended 31 March 2026: ≤ 1.22	0.49 interruptions
SAIFI System Average Interruption Frequency Index - Class C Interruptions (Unplanned)	Average frequency of outages per consumer year ended 31 March 2026: ≤ 1.97	1.29 interruptions
<u>Delta Utility Services Limited</u>		
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	Total recordable injury frequency rate (TRIFR) for the year was 3.40 per 200,000 hours worked. This was slightly under the target of ≤ 3.5. The severity of the incidents was minor and most related to the high amount of manual handling that is a requirement of the work we complete



Statement of service performance – Group measures *for the year ended 30 June 2026*

The performance targets established as significant to the group in the DCHL 2025/26 Statement of Intent for subsidiaries and the results achieved for the year ended 30 June 2026 are as follows:

OBJECTIVES	PERFORMANCE TARGET	OUTCOME
	Maintain ISO 45001 Occupational Health and Safety Management System accreditation	The Company maintained ISO 45001 Occupational Health and Safety Management System accreditation throughout the year
<u>City Forests Limited</u>		
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.	The annual harvest from the Company Forest estate during the year was 409,407m3 including additional billet wood and slash recovered. This is 114.7% of plan volume of 356,966m3 which was the FY2026 sustainable harvest level. Sustainable harvest levels in the long-term strategic plan for the next 3 years are; 373k m3, 373k m3 and 373k m3. This is the updated sustainable harvest level.
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.	12 month rolling lost time accident rate for staff and forest contractors was 12.4 lost time injuries per 1,000,000 hours
To maintain Environmental Certification of the Company's forests (currently FSC).	Forest Stewardship Council Certification of the Forest Estate will be maintained.	Forest Stewardship Council Certification was maintained following audit in 2025
<u>Dunedin Venues Management Limited</u>		
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.	The Visitor Marginal Direct Spend for major events in the year to 30 June 2026 as determined by an independent economist were as follows: Event/Visitor Marginal Direct Spend (\$,000) All Blacks v France 13,200 Hot Wheels Monster Trucks 5,940 Total \$19,140
	Achieve minimum 80% satisfaction rating through surveys of all major events (>10,000 pax).	Not achieved. Satisfaction and attendance numbers for major events in the year to 30 June 2026 were: Event/Satisfaction All Blacks v France 95% Hot Wheels Monster Trucks 66%
Report on Safety & Wellness management and provide statistical data at each scheduled Board meeting	An Incident Frequency Rate Events (IFRE) of less than 0.05% of the total number of event attendees across all venues	Achieved - The Incident Frequency Rate was 0.024% of the total number of people attending events at the venues for the reporting period

Statement of service performance – Group measures *for the year ended 30 June 2026*

The performance targets established as significant to the group in the DCHL 2025/26 Statement of Intent for subsidiaries and the results achieved for the year ended 30 June 2026 are as follows:

OBJECTIVES	PERFORMANCE TARGET	OUTCOME
<u>Dunedin Stadium Property Limited</u>		
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.	An Asset Management Plan is in place.
Ensure assets are appropriately maintained.	A current Building Warrant of Fitness is always maintained for the stadium.	A current Building Warrant of Fitness is in place.
	The Board monitors progress against the Asset Management Plan and material changes to approved budgets.	The Board monitored progress against the Asset Management Plan and considered any material changes to the approved budgets at Board meetings during the year.
<u>Dunedin Railways Limited</u>		
Develop long-term strategy and a robust model.	Complete long-term strategic plan.	Achieved - Strategic plan was completed and approved during the year
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.	Achieved - preliminary plan in place whilst refinement on long term renewal plan continues with board oversight
Maintenance is carried out without affecting train operations.	No unplanned delays to regular scheduled passenger operations.	Achieved
Reduce harm to employees and contractors.	Lost time incidents are less than two.	Achieved - LTI was 1 in FY2026
<u>Dunedin City Treasury Limited</u>		
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.	There were no breaches of DCC Treasury Risk Management Policy's borrowing maturity profile.
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.	There were no breaches of DCC Treasury Risk Management Policy's interest rate risk policy.
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.	There were no breaches of DCC Treasury Risk Management Policy's investment management policy.



Statement of associate performance for the year ended 30 June 2026

Dunedin International Airport Limited

The performance targets established as significant to the group in the DCHL 2025/26 Statement of Intent for Dunedin International Airport Limited, and the results achieved for the year ended 30 June 2026 are as follows:

OBJECTIVES	PERFORMANCE TARGET	OUTCOME
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.	NOT ACHIEVED Air New Zealand reported seven delays to regular passenger transport operations due to Dunedin Airport owned infrastructure. One due to an airbridge malfunction, three due to baggage system malfunctions, one due to an issue with a security gate delaying refuelling, and two due to an urgent repair needed on the runway. Jetstar reported no delays due to infrastructure owned by Dunedin Airport.
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.	ACHIEVED Passenger volumes increased by 22,887 (2.7%) during the 2026 financial year to 876,699.
Transform our approach to safety and security risk management.	Nil serious harm to our staff, airport users or contractors.	ACHIEVED There were no serious harm* injuries during the 2026 financial year. *As defined in the WorkSafe Accident and Accident Notification Definitions





Independent Auditor's Report

To the readers of Dunedin City Holdings Limited's group financial statements and performance information for the year ended 30 June 2026

The Auditor-General is the auditor of Dunedin City Holdings Limited (the Group). The Auditor-General has appointed me, Rudie Tomlinson, using the staff and resources of The Audit Office, to carry out the audit of the financial statements and performance information on his behalf.

Qualified opinion

We have audited:

- the financial statements of the Group that comprise the statement of financial position as at 30 June 2026, the statement of financial performance, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include material accounting policy information and other explanatory information on pages 46 to 96; and
- the performance information that consists of the statement of service performance of the Group for the year ended 30 June 2026 on pages 97 to 103.

In our opinion, except for the effects of the matters described in the *Basis for our qualified opinion* section of our report:

- the financial statements of the Group present fairly, in all material respects, its financial position as at 30 June 2026, and its financial performance and cash flows for the year then ended, in accordance with New Zealand equivalents to International Financial Reporting Standards; and
- the performance information of the Group accurately reports, in all material respects, the Group's actual performance compared against the performance targets and other measures adopted for the year ended 30 June 2026, and has been prepared, in all material respects, in accordance with section 68 of the Local Government Act 2002 (the Act).

Basis for our qualified opinion

Financial statements: Stadium assets were not tested for impairment under NZ IAS 36

As outlined in the statement of compliance on page 52, the Group is designated as a for-profit entity for financial purposes. The Group includes Dunedin Stadium Property Limited (the Stadium company), which is designated as a public benefit entity.

As a public benefit entity, the Stadium company has concluded that the value of its stadium assets of \$129 million, as included within property, plant and equipment in the Group financial statements, is not impaired. This is because the Stadium company is primarily there to operate and provide services to the public, rather than to generate a commercial return. However, the Group as a for-profit entity, is required to consider whether the value of the stadium assets has been impaired, based on forecast cash flows. There is an indicator that the value of the stadium assets to the Group is impaired.

The impairment to the stadium assets is expected to be material to the Group's financial position. However, the Group has not assessed the value of the stadium assets on a commercial basis as outlined in note 10 on page 67, which is a departure from the requirements of NZ IAS 36 *Impairment of Assets*. We did not determine this value because it was impracticable for us to do so.

We issued a qualified opinion on the Group's 30 June 2025 financial statements for the same reasons described above.

Financial statements: fair value movements on advances in the prior year not recognised

In the year ended 30 June 2024, the Group concluded that its related party advances did not meet the requirements in NZ IFRS 9, *Financial Instruments* to be measured at amortised cost. These assets should therefore have been measured at fair value through profit or loss as at 30 June 2024 but the Group measured these at amortised cost.

Following modifications to contractual lending agreements during the year ended 30 June 2025, the related party advances outstanding at 30 June 2025 met the criteria for measurement at amortised cost. However, as the Group did not measure its related party advances at fair value up to the date of the contract modifications, in accordance with the requirements of NZ IFRS 9, it did not recognise fair value movements (including reversals) within profit or loss for the year ended 30 June 2025 in relation to those advances. As a consequence, we concluded that the reported profit after taxation of \$19,437,000 for the year ended 30 June 2025, presented as comparative information, was not materially correct and our opinion for the year ended 30 June 2025 was qualified in respect of this matter.

Accordingly, our opinion on the current year's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

Performance information: Limited evidence to support the “Shareholder’s funds to total assets” and “Net profit after tax” performance measures.

The performance information of the Group contains certain financial related performance measures derived from the financial statements. As a consequence of the impact of the matters above on the financial statements, we were also unable to obtain adequate evidence to support the Group’s “Shareholder’s funds to total assets” and “Net profit after tax” performance measures presented on page 100.

We issued a qualified opinion on the Group’s 30 June 2025 performance information for the same reasons outlined above.

We carried out our audit in accordance with the Auditor-General’s Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Responsibilities of the auditor* section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General’s Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of the Board of Directors for the financial statements and performance information

The Board of Directors is responsible on behalf of the Group for preparing financial statements that are fairly presented and comply with New Zealand equivalents to International Financial Reporting Standards. The Board of Directors is also responsible for preparing the performance information contained in the statement of service performance of the Group in accordance with the Act.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and performance information of the Group, the Board of Directors is responsible on behalf of the Group for assessing the Group’s ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

The Board of Directors’ responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit carried out in accordance with the Auditor-General’s Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and performance information.

We did not evaluate the security and controls over the electronic publication of the financial statements and performance information.

As part of an audit in accordance with the Auditor-General’s Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We evaluate the overall presentation, structure and content of the performance information, including the disclosures, and assess whether the performance information achieves its statutory purpose of enabling the Group's readers to judge the actual performance of the Group against its objectives in its statement of intent.
- We plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information and performance information of the entities or business units within the group as a basis for forming an opinion on the group financial statements and the group performance information. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Directors is responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and performance information consisting of statement of service performance, and our auditor's report thereon.

Our qualified opinion on the financial statements and performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and performance information or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the *Basis for our qualified opinion* section above, we could not obtain adequate evidence over the carrying value of stadium assets and the reported comparative profit after taxation of \$19,437,000. Accordingly, we are unable to conclude whether the other information is materially misstated with respect to these matters.

Independence

We are independent of the Group in accordance with the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* as applicable for audits of public interest entities issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit, we have carried out engagements in the areas of statutory and regulatory engagements for the Group's subsidiaries and associate, which are compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with, or interests in, the Group.



Rudie Tomlinson
The Audit Office
On behalf of the Auditor-General
Dunedin, New Zealand
25 September 2026

Statutory information

For the year ended 30 June 2026

Directors' declarations of interest for the year ended 30 June 2026

Director	Responsibilities	Declarations of interest
Tim Loan 3 October 2022-present (Chair 29 February 2024-present)	Non-Executive Director/Chair	Director, <i>Dunedin City Holdings Limited</i> Director, <i>Dunedin City Treasury Limited</i> Director, <i>Dunedin Stadium Property Limited</i> Director, <i>Dunedin Railways Limited</i> Director & Shareholder, <i>Abbot Insurance Brokers Southern Limited</i> Director, <i>Finance Now Limited</i> (including subsidiary companies: <i>TW Financial Services Operations Limited</i> , <i>The Warehouse Financial Services Ltd</i> and <i>SBS Money Limited</i>) Director and Shareholder, <i>LWB Holdings Limited</i> Director, <i>Presbyterian Support Southland Holding Company Limited</i> Director, <i>Presbyterian Support Southland Retirement Villages Limited</i> Chair, <i>H&J Smith Holdings Limited</i> (including subsidiary companies: <i>H&J Smith Limited</i> , <i>H&J Smith Parking Building Limited</i> , <i>Outdoor World Limited</i> , <i>Outdoor Adventures Limited</i> (dormant), <i>H&J's Hardware Limited</i> (dormant), <i>Southern Department Stores Limited</i> (dormant), <i>Shotover Hardware Limited</i> , <i>Symphony Retailing Limited</i> , <i>Cross Roads Properties Limited</i> , <i>H&J's Electrical Limited</i> , <i>H&J's Properties Limited</i> , <i>H&J Smith Corporate Limited</i> , <i>H&J Smith Finance Limited</i>)
Susie Johnstone 1 March 2021-present	Non-Executive Director	Director, <i>Dunedin City Holdings Limited</i> Director, <i>Dunedin City Treasury Limited</i> Director, <i>Dunedin Stadium Property Limited</i> Director, <i>Dunedin Railways Limited</i> Director & Shareholder, <i>Shand Thomson Chartered Accountants</i> Director, <i>SDH GP Limited</i> Trustee, <i>Dunedin Diocese Trust Board</i> Trustee, <i>Clutha Community Foundation</i> Trustee of various client trusts through <i>Shand Thomson & Abacus Nominee Companies</i>

Director	Responsibilities	Declarations of interest
Greg Anderson 1 July 2023-present	Non-Executive Director	Director, <i>Dunedin City Holdings Limited</i> Director, <i>Dunedin City Treasury Limited</i> Director, <i>Dunedin Stadium Property Limited</i> Director, <i>Dunedin Railways Limited</i> Director and Shareholder, <i>Northington Partners Limited</i> (including subsidiary companies <i>Northington Agricapital Limited</i> , <i>NPL Investments Limited</i> and <i>NPL No.1 Holdco Limited</i>) Director and Shareholder, <i>Cultivate Ventures GP Limited</i> (including related entity <i>NPL No. 2 LP Limited</i>) Director and Shareholder, <i>NZ Drinks Holdings Limited</i> (including subsidiary <i>NZ Drinks Limited</i>) Director and Shareholder, <i>Hedgebook Limited</i> Director and Shareholder, <i>Stirling Sports Limited</i> Director and Shareholder, <i>Reliable Foundations Holdings Limited</i> (including subsidiary companies and related entities: <i>Reliable Foundations NZ Limited</i> , <i>Reliable Foundations (South Island) Limited</i> , <i>RFL Earthworks NZ Limited</i> , <i>RFL Earthworks (South Island) Limited</i> , <i>Reliable Foundations GP Limited</i> , <i>NPL No.1 LP Limited</i>) Director and Shareholder, <i>Agri Realty Limited</i> Director and Shareholder, <i>Ra Tuatahi No. 1 Limited</i> Trustee, <i>St Margaret's College Foundation</i>
Chris Milne 1 July 2023-present	Non-Executive Director	Director, <i>Dunedin City Holdings Limited</i> Director, <i>Dunedin City Treasury Limited</i> Director, <i>Dunedin Stadium Property Limited</i> Director, <i>Dunedin Railways Limited</i> Director and Shareholder, <i>Murray & Company Limited</i> Chair, <i>CSO Foundation Trust</i> Director, <i>Southern Eye Specialists Limited</i>
Shane Ellison 1 July 2025-present	Non-Executive Director	Director, <i>Dunedin City Holdings Limited</i> Director, <i>Dunedin City Treasury Limited</i> Director, <i>Dunedin Stadium Property Limited</i> Director, <i>Dunedin Railways Limited</i> Director, <i>Waipā Networks Limited</i> and <i>Waipā Networks Growth Limited</i> Infrastructure and Resources Director and Investment Manager for <i>Te Ātiawa o Te Waka a Māui, Koau Capital Partners Limited</i> Member, <i>Kāti Huirapa Rūnaka ki Puketeraki</i> Member, <i>Te Rūnaka o Ōtākou</i> Iwi Member, <i>Ngāti Mutunga</i> , <i>Te Ātiawa</i> , and <i>Ngāti Ruanui</i> Director and Shareholder, <i>Tāwhirimātea Advisory (Ngā Kaitohutohu o Tāwhirimātea) Limited</i> Director, <i>Aukaha (1997) Limited</i> Commercial Advisor to <i>Ka Taki te Umere Limited</i>



Directors' remuneration and benefits

Company		Remuneration \$'000
Parent Company		
Tim Loan	Dunedin City Holdings Ltd	130
Susie Johnstone	Dunedin City Holdings Ltd	65
Greg Anderson	Dunedin City Holdings Ltd	65
Chris Milne	Dunedin City Holdings Ltd	65
Shane Ellison	Dunedin City Holdings Ltd	65
Parent Company total		390

Subsidiaries & associated companies

Tim Loan	Dunedin City Treasury Ltd	nil
	Dunedin Stadium Property Ltd	nil
	Dunedin Railways Ltd	nil
Shane Ellison	Dunedin City Treasury Ltd	nil
	Dunedin Stadium Property Ltd	nil
	Dunedin Railways Ltd	nil
Susie Johnstone	Dunedin City Treasury Ltd	nil
	Dunedin Stadium Property Ltd	nil
	Dunedin Railways Ltd	nil
Greg Anderson	Dunedin City Treasury Ltd	nil
	Dunedin Stadium Property Ltd	nil
	Dunedin Railways Ltd	nil
Chris Milne	Dunedin City Treasury Ltd	nil
	Dunedin Stadium Property Ltd	nil
	Dunedin Railways Ltd	nil
David O'Malley	Dunedin Stadium Property Ltd	27
	Aurora Energy Ltd	118
	Aurora Energy Ltd	59
Stephen Thompson	Aurora Energy Ltd	59
Simon Clarke	Aurora Energy Ltd	59
Janice Fredric	Aurora Energy Ltd	59
Wendie Harvey	Aurora Energy Ltd	59
Stephen Lewis	Aurora Energy Ltd	59
Kenneth Sutherland	Aurora Energy Ltd	59
Peter Carnahan	Delta Utility Services Ltd	90
Jane George	Delta Utility Services Ltd	45
Steve Grave	Delta Utility Services Ltd	45
Cameron Baudinet	Delta Utility Services Ltd	45
Scott Mason	City Forests Ltd	82
Alison Posa	City Forests Ltd	41
Kate Bromfield	City Forests Ltd	41
Phil Melhopt	City Forests Ltd	41
Adam La Hood	Dunedin Venues Management Ltd	26
Dylan Rushbrook	Dunedin Venues Management Ltd	26
Verity Webber	Dunedin Venues Management Ltd	26
Lee Piper	Dunedin Venues Management Ltd	52
Adrian Januszkiewicz	Dunedin Railways Ltd	52
Philip O'Connell	Dunedin Railways Ltd	22
Chris Hopkins	Dunedin International Airport Ltd	66
Katie Breathnach	Dunedin International Airport Ltd	33
Timothy Hunter	Dunedin International Airport Ltd	33
Catherine Taylor	Dunedin International Airport Ltd	41

No director of the Group has, since the end of the previous financial year, received or become entitled to receive a benefit (other than a benefit included in the total remuneration received or due, and receivable by the directors as disclosed in the Group financial statements). No directors have received loans from the parent Company or the Group.

There were no notices from directors of the Group requesting to use Group information which had been received in their capacity as directors, and which would not otherwise have been available to them.

Employee remuneration

Remuneration range	DCHL Group	Remuneration range	DCHL Group
\$690,000-699,999	1	\$220,000-229,999	5
\$430,000-439,999	1	\$210,000-219,999	6
\$420,000-429,999	2	\$200,000-209,999	8
\$400,000-409,999	1	\$190,000-199,999	10
\$380,000-389,999	1	\$180,000-189,999	8
\$340,000-349,999	2	\$170,000-179,999	23
\$300,000-309,999	1	\$160,000-169,999	16
\$290,000-299,999	–	\$150,000-159,999	21
\$280,000-289,999	2	\$140,000-149,999	42
\$260,000-269,999	5	\$130,000-139,999	33
\$250,000-259,999	–	\$120,000-129,999	42
\$240,000-249,999	1	\$110,000-119,999	68
\$230,000-239,999	2	\$100,000-109,999	62

Gender pay gap

This year the DCHL Group has calculated and reported the consolidated group's gender pay gap.

Gender pay gap compares the average hourly earnings of women and men in full- and part- time work (as opposed to pay equity which would compare the pay between similar roles). In calculating this disclosure we took into account the Organisational Gender Pay Gaps: measurement and analysis guidelines (State Services Commission, Ministry for Women and StatsNZ, 2020).

Most DCHL Group companies fall beneath the minimum organisation size of 100 employees in order to have statistically robust data. For this reason we have elected to report at a consolidated group level. In calculating this disclosure we have included full time and part time employees, as at 30 June 2025. We collated mean hourly pay for male employees and mean hourly pay for female employees from each subsidiary, and calculated a weighted average to reach the following data:

Male employees		Female employees		Pay gap
Number of employees	Weighted mean hourly pay	Number of employees	Weighted mean hourly pay	%
647	\$49.54	230	\$46.59	6%

Fewer than 20 employees across the group identified as gender diverse or did not state a gender identity. While this group was too small for statistical comparison, companies will make an effort to consider whether they experience pay differences.

DCHL Group companies do not hold data that would enable reporting of ethnicity pay gap/s, but we will look into this for future years.

Gender diversity across the DCHL group

	Aurora Energy Ltd	City Forests Ltd	Delta Utility Services Ltd	Dunedin City Treasury Ltd	Dunedin Stadium Property Ltd
Directors					
Male	4	2	3	–	1
Female	2	2	1	–	–
	6	4	4	–	1
Senior management					
Male	17	4	6	–	–
Female	9	1	3	–	–
	26	5	9	–	–
All staff					
Male	109	10	462	–	–
Female	64	4	112	–	–
	173	14	574	–	–

	Dunedin Venues Management Ltd	Dunedin Railways Ltd	Dunedin Int. Airport Ltd	Dunedin City Holdings Ltd	Group total	%
Directors						
Male	3	6	2	4	25	71
Female	1	1	2	1	10	29
	4	7	4	5	35	100
Senior management						
Male	1	4	4	2	38	66
Female	3	3	1	–	20	34
	4	7	5	2	58	100
All staff						
Male	6	22	35	3	647	74
Female	14	19	12	2	227	26
	20	41	47	5	874	100

Directory

Directors

Tim Loan
Susie Johnstone
Greg Anderson
Chris Milne
Shane Ellison

General Manager

Peter Hocking

Registered office

50 The Octagon
Dunedin
New Zealand

Bankers

Westpac

Taxation advisors

Deloitte

Solicitors

Anderson Lloyd

Auditor

The Audit Office, on behalf of the Controller
and Auditor General





50 The Octagon, Dunedin Central
Dunedin 9016