dunedin AIRPORT

Statement of Intent 2027

Contents

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Date: 30 June 2026

Introduction

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

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

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

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

The SOI is a public and legally required document, developed annually and covering a three-year period. This SOI covers the period from 1 July 2026 to 30 June 2029.

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

Ownership & Governance

Dunedin Airport was originally established under the Airport Authorities Act 1966 and incorporated on 30 September 1988.

DIAL is owned by two shareholders, made up of:

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

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

Refer to Appendix I for an outline of the role and governance objectives of our Board of Directors.

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

Regulatory Context

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

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

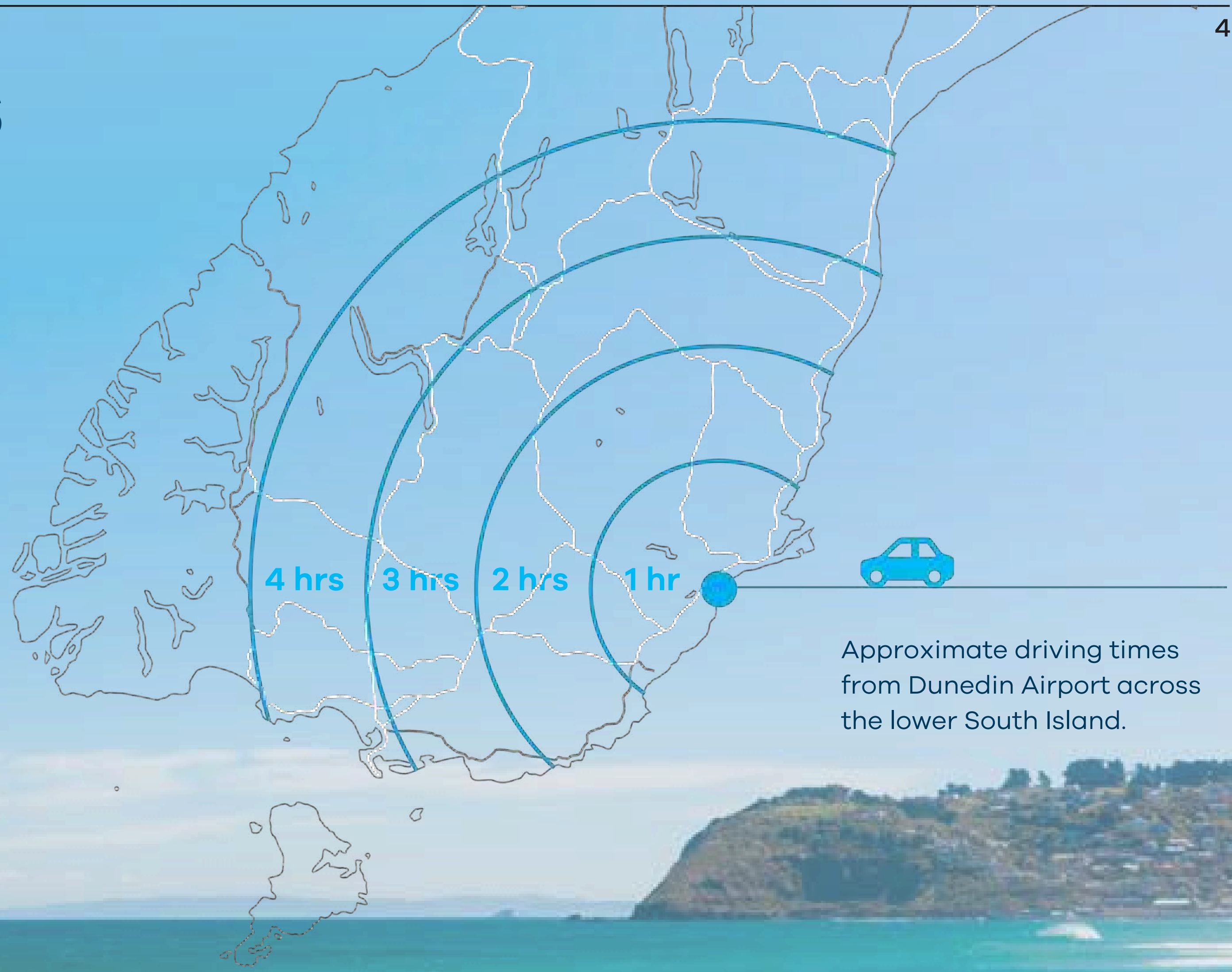
DIAL is registered as an airport operator under the Civil Aviation Act 2023. The Civil Aviation Act 2023 came into force on 5 April 2025 and repeals the Airport Authorities Act 1966 on 5 April 2030, following a five-year transition period.

During the transition to the Civil Aviation Act 2023, DIAL continued to meet applicable information-disclosure obligations carried over from the Airport Authorities Act 1966 and the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999, to the extent they continued to apply during this period.

DIAL has historically been treated as a specified airport company for the purposes of the Airport Authorities Act 1966 and continues to comply with applicable information-disclosure requirements during the transition to the Civil Aviation Act 2023.

Nature and Scope of Activities

WHEREVER YOU'RE THINKING OF GOING, YOU'RE NOT FAR AWAY.



Approximate driving times from Dunedin Airport across the lower South Island.

DIAL's primary activity is the safe and efficient operation of Dunedin Airport, for the purposes of creating long term shareholder value and enabling air connectivity to the communities of Dunedin and the lower South Island.

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

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

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

Operations

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

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

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

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

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

Commercial Value

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

As disclosed in the Company's 2025 Annual Report, as at 30 June 2025 the value of Shareholder's funds in the Statement of Financial Position is $95,655,000.

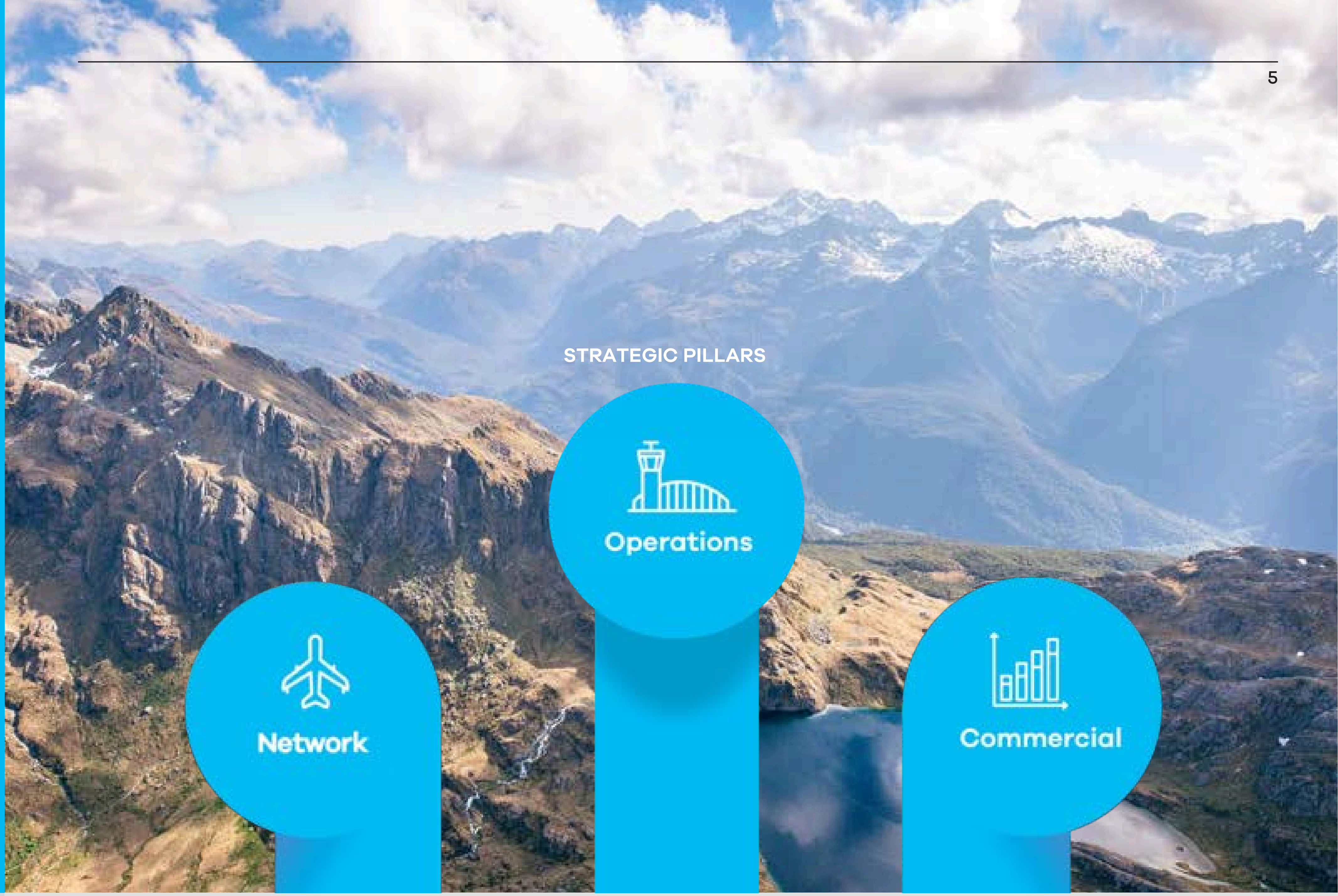
The commercial value will be considered annually when the Statement of Intent is completed.

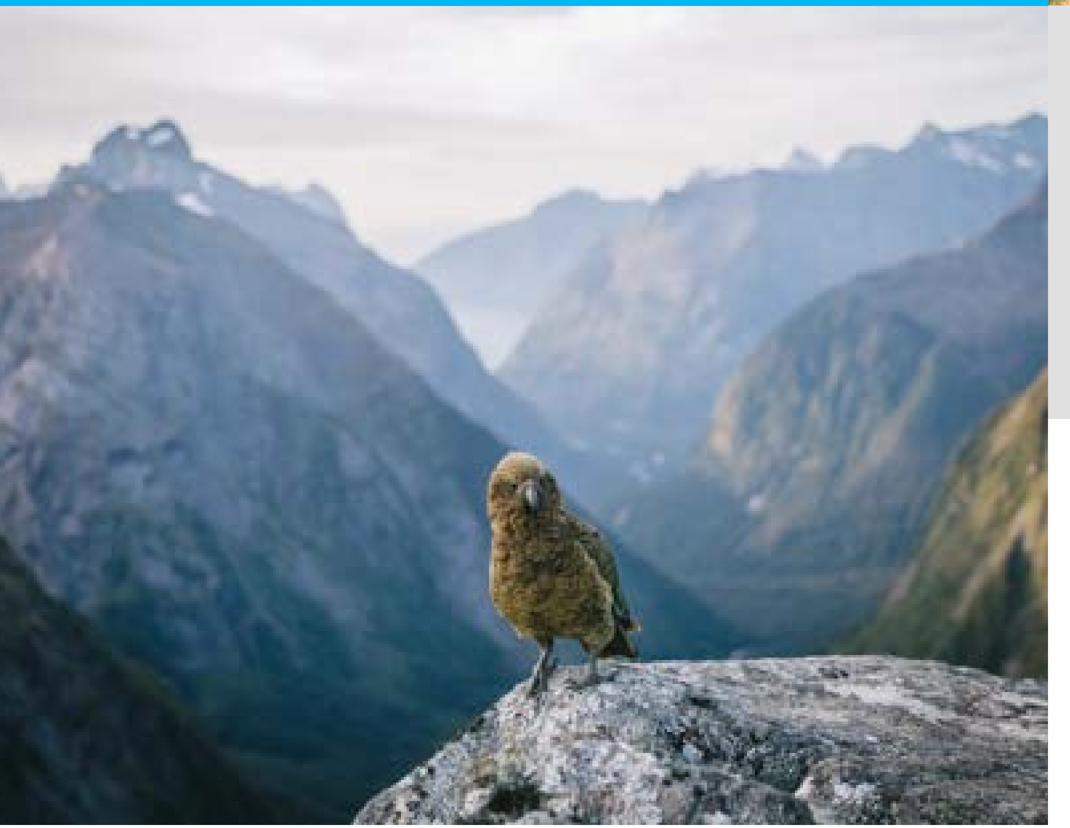
Our Purpose, Vision & Strategy

We recently reviewed and refreshed our strategy, culminating in the unveiling of Flight Plan 2050.

OUR PURPOSE
FLIGHT PLAN 2050

To provide a sustainable, thriving gateway in the lower south that connects people, business and communities to our taoka.





OUR FOUNDATION

Safety

People

Place

VALUES THAT GUIDE US

Be You

Better Together

Can Do

Make It Easy

We Care

Make It Happen

Our Purpose, Vision & Strategy

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

Our purpose is to provide a sustainable, thriving gateway in the lower south that connects people, business and communities to our taoka.

This provides a clear North Star for our people and partners and reinforces that our role is to provide connectivity that benefits communities, business and visitors.

Dunedin Airport is a catalyst for regional growth and economic development. As a vital link for passengers and freight, we enable local businesses to access markets and opportunities across New Zealand and overseas. This supports jobs, attracts investment and strengthens the local economy.

Our airport is more than an infrastructure asset. It is a critical enabler of economic prosperity, human connection and sustainable development for the lower South.

Through strong partnerships with business and community, we are well positioned to contribute to the region's growth and future connectivity.

As a lifeline utility, Dunedin Airport plays a critical role in regional resilience, particularly in a civil emergency.

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

Under Flight Plan 2050, which we have further refined, our focus is now expressed through three core pillars: Network, Operations and Commercial, supported by the foundations of Safety, People and Place. Place reflects our partnerships, brand, customer experience and sustainability commitments.

This updated framework guides our work to protect and grow connectivity, deliver affordable and resilient infrastructure, and maintain a sustainable EBITDAF.

As we move into the 2027 financial year, the New Zealand aviation sector is facing significant headwinds. The fuel supply disruption has highlighted the vulnerability of the aviation system.

At the same time, airline operating performance, aircraft availability, sector cost pressures and pressure on discretionary household spending are affecting demand dynamics and route economics.

The full impact of recent fuel market disruption remains uncertain, including the potential flow-on effects of higher market prices and cost escalation across both operating expenditure and capital delivery.

These conditions are being felt directly at Dunedin Airport. Passenger volumes are lower than previously forecast, airline economics are more challenging, and some non-aeronautical revenue lines have softened.

The impact is compounded by the need to continue with a substantial capital programme, including critical renewals across the airfield, three-waters and related infrastructure.

These investments are necessary to maintain safe, resilient and compliant operations, but they increase near-term funding requirements and debt levels at a time when cost escalation, supply chain uncertainty and market pricing pressures remain difficult to quantify.

The key challenge ahead is how we navigate these sector complexities with discipline. We must protect the core network, support sustainable airline services, maintain affordability and continue to invest in infrastructure that cannot prudently be deferred. This requires clear prioritisation, strong cost control, disciplined pricing and investment decisions, active management of risk, and close monitoring of the financial impacts as they become clearer.

Looking ahead, we remain focused on being a world-class small airport for a regional city. We remain committed to maintaining safe and reliable operations, enhancing customer experience, supporting a high-performing and inclusive workplace and building a resilient, future ready airport for generations to come.

Each step we take is grounded in Flight Plan 2050 and the objectives we have set, ensuring that today's progress aligns with our long-term vision.

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

Objectives & Performance Measures

Feeding into DIAL's business planning process, letters of expectations from shareholders have been considered in the development of the company's specific focus areas for 2026/2027.

This includes:

- Prioritising delivery of our core infrastructure programme and Strategic Development Framework so that airport assets are of high quality, affordable and resilient, including runway, airfield lighting, three waters and terminal precinct projects.
- Maintaining and, where possible, improving EBITDAF performance through disciplined cost efficiency, revenue diversification and a clear approach to capital investment that supports long term financial sustainability.
- Protecting and growing our network by retaining trunk connections, supporting the performance of the Jetstar Gold Coast service and progressing sustainable opportunities for further network development.
- Implementing carbon and waste reduction plans and setting, measuring and publicly reporting progress towards waste minimisation and emissions reduction, including contributions to Dunedin's citywide goal to be Net Zero Carbon by 2030.
- Strengthening our foundations of Safety, People and Place, including continued maturation of safety systems, capability and succession planning for critical roles and initiatives that enhance customer experience, brand and social licence.
- Work with DCC, DCHL and Audit New Zealand to incrementally shorten the DCC Group annual reporting timeline.
- Continue supporting the DCHL Intern Director programme.

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

Key Objectives

OPERATIONS	
Objectives	**Key Performance Measures**
Maintain our assets to ensure no delays caused by DIAL to scheduled passenger operations	Zero on time performance delays to regular passenger transport operations due to airport owned infrastructure
Provide high quality, fit for purpose infrastructure	A high quality asset management plan is in place and operational
	All critical infrastructure is assessed for operational resilience

NETWORK	
Objectives	**Key Performance Measures**
Work to ensure Dunedin remains a well-connected gateway, benefiting both the community and the broader regional economy	Exceed FY2027 budgeted passenger numbers (815,000 passengers)

COMMERCIAL	
Objectives	**Key Performance Measures**
Enhance commercial performance	≥8% increase in net Passenger Spend Rate
	≥8% increase in net Income per Passenger
	Exceed budget in Earnings Before Interest, Tax, Depreciation, Amortisation, Fair Value Movements (EBITDAF) per passenger

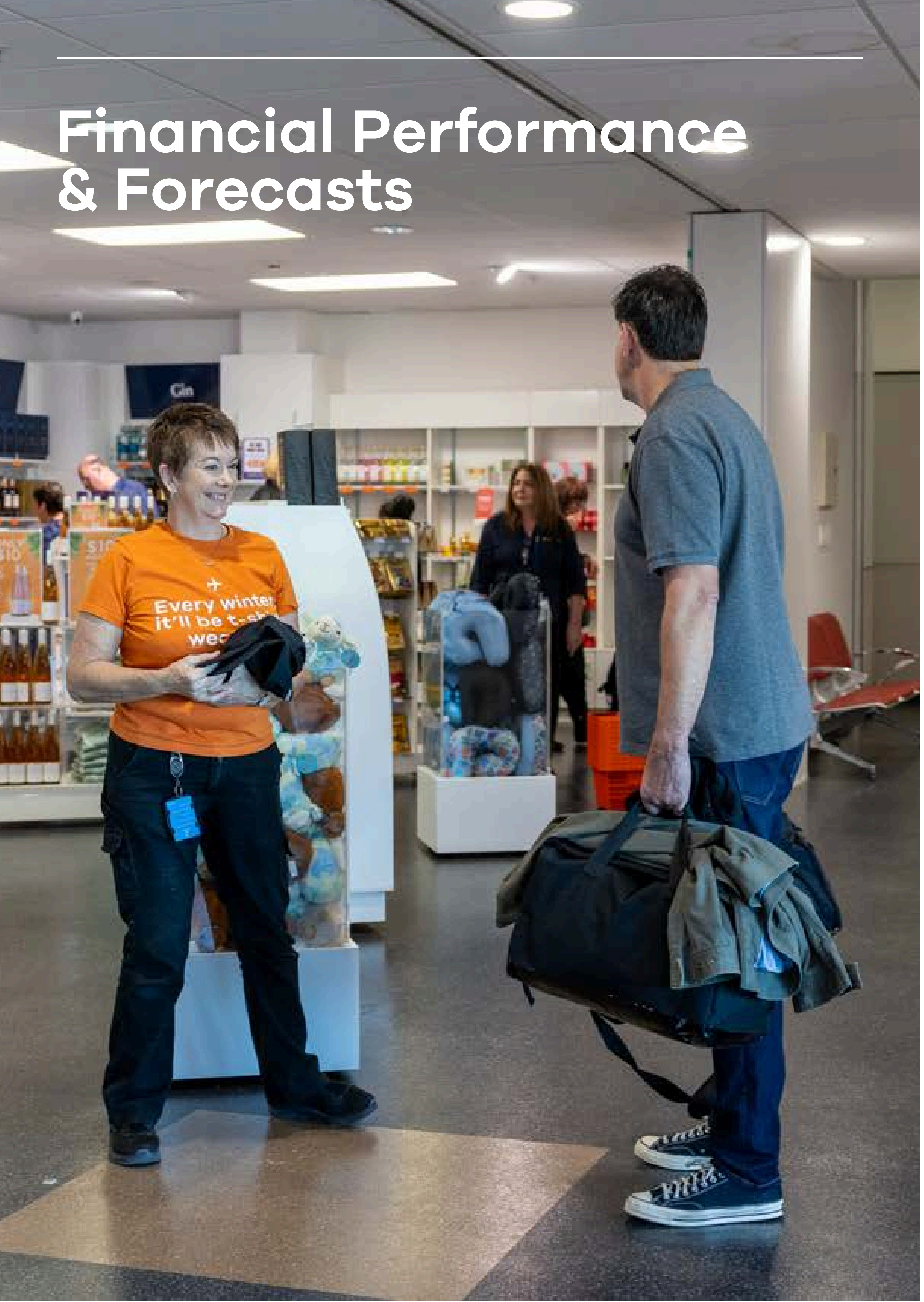
Key Objectives continued

SAFETY	
Objectives	**Key Performance Measures**
Continuous improvement in our approach to safety and security risk management	Nil Serious Harm (as defined in the WorkSafe Accident and Accident Notification Definitions) to our staff, airports users or contractors
	Nil Runway Incursions
Enhance wildlife hazard management	Strike rate <5 strikes per 10,000 on 12-month moving average

PEOPLE	
Objectives	**Key Performance Measures**
Be a great place to work with a high performing team that understands our goals and the role they play	Conduct comprehensive staff engagement surveys annually, with the target of achieving an engagement score in excess of the prior year

PLACE	
Objectives	**Key Performance Measures**
Provide transparent and authentic sustainability disclosures	Prepare and disclose our Greenhouse Gas Emissions Inventory and waste reduction measures in an Annual Sustainability Report
	Maintain Level 4 Airport Carbon Accreditation from Airports Council International
Continually develop the strength, authenticity, and transparency of our relationships	Achieve an overall engagement score of over 90% in our annual stakeholder engagement surveys
	Demonstrate support for the region through collaborative activities and utilisation of airport channels
	Drive engagement with mana whenua
	Work with shareholders on settings for sponsorship and promotional activity, including Southern Way and tourism
Improve customer experience for all airport users	Undertake a critical review of the entire airport to ensure we provide a welcoming, dignified and inclusive airport experience for people of all abilities
	Measure customer satisfaction through survey tools and feedback mechanisms

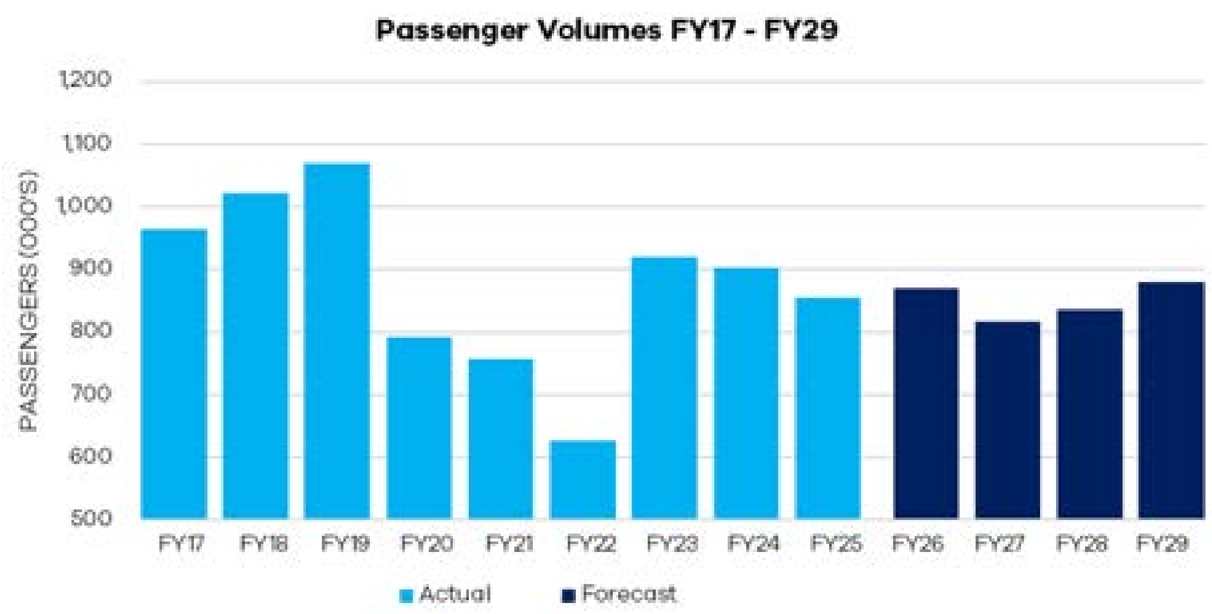
Our performance against these key objectives will be reported annually in the Statement of Service Performance which forms part of the company's Annual Report



Financial Performance & Forecasts

The tables below summarise key financial performance indicators information relating to financial metrics and passenger volumes. The tables provide actual as well as budget data for the period to 2028/29.

Aircraft and Passenger Movements



PASSENGERS (000'S)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29
	ACTUAL	FORECAST	BUDGET		
Domestic	853	825	770	789	833
International	1	45	45	46	47
Total Passengers	**854**	**870**	**815**	**835**	**880**
Percentage Change from Prior Year	-5.45%	1.90%	-6.30%	2.40%	5.40%

Key Financial Metrics

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

($000'S)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29
	ACTUAL	FORECAST	BUDGET		
Revenue (incl. sundry income)	23,933	23,883	25,908	28,436	30,808
EBITDAF	11,512	11,022	11,792	14,279	16,212
Net Profit after Taxation (NPAT)	4,601	2,689	1,474	1,319	2,503
Shareholders' Funds (average)	95,922	96,193	97,025	97,584	98,348
Cash Flow from Operations	8,163	11,190	4,548	10,821	9,259
Capital Expenditure	14,768	29,161	25,075	28,854	1,495
Term Borrowings	17,750	32,376	56,276	74,876	68,876
Dividend Paid	5,136	1,614	884	791	1,502

Performance Ratios

The table below summarises key performance ratios over the reporting period for profitability, leverage and shareholder return based metrics:

MEASURE	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29
	ACTUAL	FORECAST	BUDGET		
Profitability					
Return on Assets	3.20%	1.70%	0.8%	0.7%	1.3%
Return on Share Capital	76.8%	56.0%	54.3%	62.0%	85.4%
Operating Margin	48.10%	45.60%	45.5%	50.2%	52.6%
Leverage					
Equity Ratio	67.1%	60.7%	54.5%	49.2%	51.4%
Earnings Ratio (Interest Cover X)	10.8	7.0	4.0	3.7	3.7
Gearing Ratio (net %)	15.7%	25.1%	36.6%	43.4%	41.1%
Shareholders' Return					
Dividend Pay-out ratio	1.6	0.3	-0.4	0.4	2.7
Return on equity	4.8%	2.8%	1.5%	1.3%	2.5%
Return on equity adjusted for IFRS fair value movements and asset revelations	13.7%	7.1%	4.3%	3.8%	7.0%

Refer to Appendix II for definitions of the formulas pertaining to each measure noted in the table above.

Prospective Summary Statement of Comprehensive Income

($000'S)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29
	ACTUAL	FORECAST	BUDGET		
Revenue					
Aeronautical	13,437	13,275	16,038	17,944	19,860
Non-Aeronautical	10,251	10,608	9,782	10,402	10,858
Other Revenue	245	151	89	90	90
Total Revenue	**23,933**	**23,883**	**25,908**	**28,436**	**30,808**
Operating Expenditure.	(12,421)	(12,861)	(14,116)	(14,156)	(14,597)
EBITDAF	**11,512**	**11,022**	**11,792**	**14,279**	**16,212**
Depreciation	(4,868)	(6,174)	(6,854)	(8,662)	(8,698)
EBITAF	**6,644**	**4,848**	**4,938**	**5,617**	**7,513**
Interest Expense	(590)	(1,341)	(2,745)	(3,616)	(4,021)
Amortisation	-	(158)	(158)	(158)	-
Other Gains/Losses	118	288	-	-	-
Profit Before Income Tax	**6,171**	**3,636**	**2,035**	**1,843**	**3,492**
Income Tax Expense	(1,570)	(947)	(561)	(525)	(989)
Net Profit After Tax	**4,601**	**2,689**	**1,474**	**1,319**	**2,503**

Prospective Summary Statement of Financial Position

($000'S)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29
	ACTUAL	FORECAST	BUDGET		
Current Assets					
Cash and Cash Equivalents	1,534	600	662	365	627
Trade Receivables	1,738	1,713	2,426	3,005	3,194
Contract Assets	158	159	158	-	-
Other	128	128	128	129	129
Total Current Assets	3,558	2,600	3,375	3,499	3,950
Non-Current Assets					
Property, Plant and Equipment	137,314	155,862	174,083	194,275	187,071
Investments	1,137	1,137	1,137	1,137	1,137
Contract Assets	315	157	-	-	-
Other	160	160	160	160	160
Total Non-Current Assets	**138,926**	**157,316**	**175,380**	**195,572**	**188,368**
Total Assets	**142,484**	**159.916**	**178,755**	**199,071**	**192,318**
Current Liabilities					
Trade Payables	(4,974)	(7,914)	(2.732)	(4,040)	(2,223)
Provision for Taxation	(783)	(577)	(208)	(183)	(422)
Total Current Liabilities	**(5,757)**	**(8,491)**	**(2,941)**	**(4,222)**	**(2,645)**
Non-Current Liabilities					
Term Borrowings	(17,750)	(32,376)	(56,276)	(74,876)	(68,876)
Other Non-Current Liabilities	(23,322)	(22,319)	(22,218)	(22,125)	(21,948)
Total Non-Current Liabilities	**(41,072)**	**(54,695)**	**(78,494)**	**(97,001)**	**(90,824)**
Total Liabilities	**(46,829)**	**(63,186)**	**(81,435)**	**(101,223)**	**(93,469)**
Net Assets	**95,654**	**96,731**	**97,320**	**97,848**	**98,849**
Shareholders' Funds					
Share Capital	8,800	8,800	8,800	8,800	8,800
Reserves	62,452	62,452	62,452	62,452	62,452
Retained Earnings	24,402	25,479	26,068	26,596	27,597
Total Shareholders' Funds	**95,654**	**96,731**	**97,320**	**97,848**	**98,849**

Prospective Summary Statement of Cashflows

($000'S)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29
	ACTUAL	FORECAST	BUDGET		
Cashflows from Operating Activities					
Receipts from Customers	24,046	23,657	24,442	26,144	28,227
Payments to Suppliers/Employees	(12,846)	(9,097)	(16,460)	(11,389)	(14,331)
Interest Paid	(590)	(1,467)	(2,404)	(3,290)	(3,711)
Income Tax Paid	(2,447)	(1,903)	(1,030)	(644)	(926)
Net Cashflows from Operating Activities	**8,163**	**11,190**	**4,548**	**10,821**	**9,259**
Cashflows from Investing Activities					
Capital Expenditure	(12,533)	(29,161)	(27,502)	(28,927)	(1,495)
Net Cashflows from Investing Activities	**(12,533)**	**(29,161)**	**(27,502)**	**(28,927)**	**(1,495)**
Cashflows from Financing Activities					
Borrowings Received	7,250	18,650	23,900	18,600	
Borrowings Repaid	-	-			(6,000)
Dividends	(5,136)	(1,614)	(884)	(791)	(1,502)
Net Cashflows from Financing Activities	**2,114**	**17,037**	**23,016**	**17,809**	**(7,502)**
Opening Cash and Cash Equivalents	**3,789**	**1,534**	**600**	**662**	**365**
Net Increase/(Decrease)	(2,256)	(934)	62	(297)	262
Closing Cash and Cash Equivalents	**1,534**	**600**	**662**	**365**	**627**

Capital Expenditure

DIAL continues to invest in its infrastructure in line with passenger numbers, asset management condition assessments, and Civil Aviation Authority safety and security requirements.

While we continue to identify opportunities to further diversify our non-aeronautical revenue streams, the key capital focus remains on positioning the airport to be fit for the future. This means undertaking workstreams that support resilience and climate change and also embracing opportunities to transform our site through technology enhancements.

Budgeted capital expenditure is summarised in the table below:

Prospective Summary Statement of Capital Expenditure

($000'S)	FY25/26	FY26/27	FY27/28	FY28/29
	FORECAST	BUDGET		
Aviation	15,723	16,824	7,782	1,272
Commercial	4,000	5,692	11,308	223
Property	9,438	2,559	9,764	-
Total Capital Expenditure	**29,161**	**25,075**	**28,854**	**1,495**

Prospective Capital Expenditure by Classification

($000'S)	FY25/26	FY26/27	FY27/28	FY28/29
	FORECAST	BUDGET		
Maintenance	20,098	18,253	1,551	465
Investment	6,187	4,649	16,608	800
Growth	2,816	-	720	-
Resilience	60	2,174	9,975	230
Total Capital Expenditure	**29,161**	**25,075**	**28,854**	**1,495**

Where the categories are represented as below:

Maintenance	Expenditure to maintain and improve core infrastructure for our people and our site to provide a safe and secure airport for all.
	Expenditure to upgrade infrastructure to ensure relevance and uptime efficiencies.
Investment	Expenditure on projects that generate revenue diversity and non-aeronautical financial return.
Growth	Expenditure necessitated by passenger growth and the associated impacts on airport infrastructure.
Resilience	Developing a robust environment to support our lifeline utility designation and building resilience against climate change.

Accounting Policies

General Accounting Policies

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

Accounting Policies

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

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

Dividend Policy

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

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

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

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

Reporting to Shareholders

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

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

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

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

Quarterly Reporting

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

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

Working with the Shareholders

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

Acquisition of Shares in any Company or Organisation

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

If the Directors intend that the Company:

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

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

Transactions with Related Parties

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

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

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

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

APPENDIX I :

Board of Directors' Role and Governance Objectives

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

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

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

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

The Board has four directors, two of whom are appointed by Dunedin City Holdings Limited, and two of whom are appointed by the Crown. The Board meets regularly with Airport executive management to review the company's performance.

In carrying out its principal function, the Board's specific responsibilities and objectives include:

a) Ensuring that the company has adequate management resources to achieve its objectives.
b) Reviewing and approving the strategic, business, and financial plans prepared by management and developing a depth of knowledge of the company's business to understand and question the assumptions upon which such plans are based and to reach an independent judgement on the probability that such plans can be achieved.
c) Reviewing and approving material transactions not in the ordinary course of the company's business.
d) Approving policies and overseeing the management of strategic business risks, safety, sustainability, occupational health, and environmental issues.
e) Monitoring adherence to major policies, including capital investment, treasury, accounting and financial, executive remuneration, and delegated authority limits.
f) Monitoring the company's performance against its approved strategic, business, and financial plans and overseeing the company's operating results.
g) Ensuring compliance with the company's constitution, the relevant laws, and the relevant auditing and accounting principles.
h) Ensuring that the company's shareholder reporting meets the requirements of the Owner's Expectation Manual which can be found on the Treasury's website **treasury.govt.nz/publications/guide/owners-expectations.**
i) Assess, from time to time, its own effectiveness in carrying out these functions and the other responsibilities of the Board.

APPENDIX II :

Key Performance Ratio Definitions

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