



DUNEDIN CITY HOLDINGS LIMITED

INTERIM REPORT

For the six months ended 31 December 2025

Dunedin City Holdings Limited

Contents

Page

Directors' report	2
Statement of responsibility	6
Principal activities of the group	7
Group financial statistics	8
Statement of comprehensive income	9
Statement of changes in equity	11
Statement of financial position	12
Statement of cash flows	14
Notes to the financial statements	15
Statement of Service Performance	21
Company directory	28

Dunedin City Holdings Limited

Directors' report

The Directors of Dunedin City Holdings Limited are pleased to present their report on the activities of the Group for the six months ended 31 December 2025.

Overview of results

	Unaudited 6 months to 31 Dec 2025 \$'000	Unaudited 6 months to 31 Dec 2024 \$'000	Audited full year to 30 Jun 2025 \$'000
Total revenue	202,109	192,398	371,811
Net profit before tax	20,858	16,346	26,935
Income tax	6,669	5,700	7,498
Net profit after tax	14,189	10,646	19,437
Other comprehensive income (see page 10)	(15,831)	(15,532)	19,291
Total comprehensive income for the period	(1,642)	(4,886)	38,728
Net cash flow from operating activities	45,801	34,874	54,953
Total assets	2,276,078	2,132,889	2,202,213

Dividends

An interim dividend of \$3 million has been paid during the six monthly period to the Dunedin City Council. This is consistent with the current year Statement of Intent.

Retained earnings and reserves

The change in retained earnings comprises the after tax profit and items subsequently reclassified to profit and loss.

The carbon credit reserve has decreased in value and there were no sales of carbon credit units during the period.

Review of operations

Group Overview

This review of operations and the accompanying financial reports cover the first six months of the 2025/2026 financial year.

The financial results for this reporting period are broadly ahead of budget projections. Overall, the Group recorded a pre tax profit of \$20.858 million.

Directors' report

Dunedin City Holdings Ltd has pursued a range of initiatives in order to **achieve the best for Dunedin from its investments**.

Activities this period include:

- monitoring the performance of the DCHL Group companies to ensure returns (financial and other) are optimised
- engaging with the DCHL Group companies on their medium term strategies
- communicating with Dunedin City Council with regular reports and on ad hoc matters as required
- providing support for Dunedin Railways
- appointing new directors and overseeing a programme of subsidiary board evaluations
- administering the DCHL Graham Crombie Intern Director programme
- participating in the DCHL Group companies' annual planning processes, and providing expectations guidance for the companies
- seeking opportunities to create synergies, and leverage experience and expertise across the DCHL Group, such as progressing work on carbon emissions and waste reduction strategies.

DCHL Group Company Summaries



DUNEDIN CITY HOLDINGS LIMITED

DCHL received \$5.335 million in dividends during the six-month period, comprising \$4.210 million from City Forests Ltd and \$1.125 million from Delta.

During the six monthly period, this dividend income was applied towards the payment of the \$3 million interim dividend to Dunedin City Council, \$2.95 million of shareholder interest to Council, and \$1 million of funding support for Dunedin Railways.

DCHL expects to pay the full \$9 million dividend to Council by 30 June 2026. This includes the \$3 million interim dividend already paid and a further \$6 million to be paid before year end. The remaining shareholder interest payments will be made by 30 June 2026 to bring the total to \$5.9 million. A further \$1 million will be provided to Dunedin Railways before 30 June 2026 to meet the full \$2 million funding support in line with Council direction.



Net profit after tax of \$16.0 million for the six months to 31 December 2025, was \$0.5 million below budget but \$0.9 million higher than the same period last year (HY24 \$15.1 million). Half year revenue increased to \$97.8 million (HY24: \$89.0 million) driven by higher use of system charges. Operating expenses (including network management, operations and maintenance) increased to \$75.6 million (HY24: \$68.0 million) largely due to higher network operations and maintenance, transmission charges, and depreciation, which were partially offset by lower interest costs. Network operations and maintenance costs included emergency response expenditure of approximately \$650k in relation to the severe weather event in Dunedin during October. Asset additions were \$31.5 million (HY24: \$50.5 million) for the half year reporting period. The company continues to fund its investment programmes through a combination of operating cash flows and term borrowings from Dunedin City Treasury Ltd. Term borrowings reduced by \$1.8 million, from \$573.1 million as at 30 June 2025, to \$571.3 million at 31 December 2025.

Dunedin City Holdings Limited

Directors' report



In October 2025, a severe, short duration frontal weather system crossed the region causing extensive damage. The Company's forest estate was primarily impacted in the Tokoiti forest area. All available resources have been deployed by the Company to restore boundary fencing, open roads and salvage as much of the wind damaged timber as possible before it degrades. The Company experienced modest profitable trading conditions and delivered a \$3.207 million profit after tax for the first six months of the 2025/2026 financial year. This is marginally below the profit recorded for the same period of the previous year (\$3.359 million). To achieve this result, the Company has harvested more volume than planned to recover wind damaged timber. This resulted in both higher revenues and higher costs, producing a net profit close to budget. Forest production for the period was above budget by approximately 23,000m³ (11.2%), reflecting increased harvesting undertaken primarily to recover windthrow logs. This elevated production level will continue until accessible damaged wood has been salvaged, after which a revised production plan will return long term estate harvest volumes to sustainable levels.



THINK.INFRASTRUCTURE

The first six months of FY26 have shown improved financial results from operations when compared to prior years. All of the Delta operational divisions have improvement plans in place and it is pleasing to see the results of these reflected in the improved financial performance. It has however continued to be a challenging operational period with attraction and retention of skilled and experienced staff, continued inflationary pressures and a somewhat inconsistent work programme continuing to impact on results. Total operating revenue of \$65.8 million was \$4.6 million below the \$70.4 million generated in the same period last year. Delta responded to the reduced revenue by reducing available resource and were able to maintain good margins to generate a net profit before tax of \$3.8 million, \$1.8 million ahead of the same period last year. The Company's net profit after income tax of \$2.7 million for the six months (FY25: \$2.1 million, HY25: \$1.5 million) provided a return on average shareholder's equity of 9.1% for HY26 (FY25: 7.3%, HY25: 5.1%).

Dunedin City Treasury Ltd

Dunedin City Treasury Limited cost of funds decreased marginally from 3.87% to 3.86% over the period. This was supported by a downward trend in New Zealand short term wholesale interest rates following RBNZ Monetary Policy stimulus. During the half-year the RBNZ reduced the Official Cash Rate (OCR) from 3.25% to 2.25%. Market expectations suggest the easing cycle has concluded, with increases to the OCR anticipated in the second half of 2026. The Company maintained strict adherence to the Treasury Risk Management Policy.

DUNEDIN STADIUM PROPERTY LTD

Dunedin Stadium Property Limited, net surplus before taxation is tracking in line with the budget for the six monthly period.



Dunedin Venues Management Limited recorded a net surplus before taxation and other comprehensive income of \$0.688 million for the six months to 31 December 2025 compared to a surplus of \$0.191 million for the same period in the previous year.

Directors' report

DUNEDIN RAILWAYS



During the six months ended 31 December 2025, Dunedin Railways Limited (DRL) advanced its transition out of hibernation, focusing on re-establishing operations and executing the foundations of its five year strategic plan. Management focused on sharpening commercial discipline, improving service mix and ensuring operational effort was aligned to the strongest revenue and brand opportunities. DRL recorded a loss of \$0.810m for the period, which is ahead of the budgeted loss of \$1.142m.

dunedin AIRPORT

Year to date to 31 December 2025, passenger volumes totalled 477,000, which is 1% ahead of the prior year but 6% below budget. This reflects ongoing softness in domestic demand and continued constraints in Air New Zealand capacity. Total seat capacity is modestly ahead of both budget and the prior year, supported by JetStar. Financially, operating revenue excluding fair value movements is tracking ahead of plan at \$13.8 million. Operating surplus after taxation of \$2.9 million is ahead of budget, underpinned by the July 2025 aeronautical charge reset and disciplined cost management, albeit slightly below the prior year comparator. The new Dunedin to Gold Coast services are performing well, with strong load factors.

Events subsequent to balance date

The Directors are not aware of any matters or circumstances since the end of the financial period not otherwise discussed in the notes to these financial statements, that has significantly or may significantly affect the operation of Dunedin City Holdings Limited, the results of those operations or the state of affairs of the parent company or the Group.

Corporate governance

DCHL is governed by a Board of independent Directors, in accordance with the law and best practice. Directors meet regularly to direct and control DCHL's proceedings.

The role of a Director of a CCO is defined in section 58 of the Local Government Act 2002 as "to assist the organisation to meet its objectives and any other requirements in its Statement of Intent."

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

Outlook

The outlook for the Group remains stable, with no significant changes in markets or updates to the projections set out in Statements of Intent.

Statement of responsibility

The Directors accept responsibility for the preparation of the interim financial statements and the judgements used in them.

The Directors accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting; and

In the opinion of the Directors, the interim financial statements fairly reflect the financial position as at 31 December 2025 and operations for the six months to 31 December 2025 of Dunedin City Holdings Limited Group.

The Directors of Dunedin City Holdings Limited have pleasure in presenting the interim group financial statements, set out on pages 9 to 27, for the six months ended 31 December 2025 and authorises them for issue on 26 February 2026



Chair



Director

Dunedin City Holdings Limited

Principal activities of the group

Dunedin City Holdings Limited's purpose is to **achieve the best for Dunedin from its investments** on behalf of its shareholder, the Dunedin City Council.

Dunedin City Holdings Limited's primary objective is to encourage and facilitate increased shareholder value of DCHL Group companies. The company does this by monitoring performance, engaging with companies on strategy and planning, making governance appointments, and seeking synergies across the Group.

Dunedin City Holdings Limited is responsible for the overall strategic direction of the group and provides guidance and support to its subsidiary and associate companies.

Principal activities of the subsidiary and associate companies

- [Aurora Energy Limited](#) owns the electricity network assets of poles, lines, cables, and substations in Dunedin, Central Otago and Queenstown Lakes. Its function is to transfer electricity from the national grid to the end consumer.
- [City Forests Limited](#) owns and or manages approximately 25,245 hectares of land from which forest products are grown, harvested and marketed. Products are sold in both the export and domestic markets.
- [Delta Utility Services Limited's](#) principal activity is the provision of contracting services, which encompasses a broad range of energy and environmental services to local authority and private sector customers. The Company's core business centres on the construction, operation and maintenance of essential energy and environmental infrastructure.
- [Dunedin City Treasury Limited](#) provides the group with funding and financial services and manages the financial risks of the group.
- [Dunedin Stadium Property Limited](#) owns Forsyth Barr Stadium and oversees the maintenance programme with the objective of ensuring the stadium is at a standard that enables it to operate effectively.
- [Dunedin Venues Management Limited](#) is an event, stadium and facilities management company which currently operates out of the Forsyth Barr Stadium, and the Dunedin Centre/Town Hall Complex.
- [Dunedin Railways Limited](#) operates a rail tourism business, including services through the Taieri Gorge. Having been hibernated during the height of the Covid-19 pandemic, the company is now focused on rebuilding the business.
- [Dunedin International Airport Limited](#) (associate) operates the Dunedin Airport. It also farms adjacent land in partnership with sharemilkers and owns a small residential housing estate on land adjoining the airfield to the north.

Dunedin City Holdings Limited

Group financial statistics

	Six Months to Dec 2025 \$'000	Six Months to Dec 2024 \$'000	Year to June 2025 \$'000	Year to June 2024 \$'000	Year to June 2023 \$'000
Revenue	202,109	192,398	371,811	360,219	319,980
Profit before subvention and tax	20,858	16,346	26,935	23,007	7,266
Income tax	6,669	5,700	7,498	10,157	3,925
Net profit after tax	14,189	10,646	19,437	12,850	3,340
Net interest paid to the Council on advance	2,951	2,951	5,902	5,902	5,902
Profit after tax before shareholder interest	17,140	13,597	25,339	18,752	9,242
Cash flows from operating activities	45,801	34,874	55,902	69,814	46,687
Shareholder's funds	451,055	420,533	455,696	425,419	414,702
Shareholder's advance	112,000	112,000	112,000	112,000	112,000
Total shareholder's interest	563,055	532,533	567,696	537,419	526,702
Rate of return (on shareholder funds)	3.1%	2.5%	4.3%	3.0%	0.8%
Dividend paid	3,000	-	11,000	11,000	5,500
Total assets	2,276,078	2,132,889	2,202,213	2,049,674	1,830,480
Shareholder's funds to total assets	19.8%	19.7%	20.7%	20.8%	22.7%

Dunedin City Holdings Limited

Statement of comprehensive income For the six months ending 31 December 2025

	Unaudited 6 months to 31 Dec 2025 \$'000	Unaudited 6 months to 31 Dec 2024 \$'000	Audited full year to 30 Jun 2025 \$'000
Income continuing operations			
Operating revenue	182,698	173,064	335,003
Gain on sale of assets	134	4	240
Interest on advances to related parties	13,045	14,348	27,353
Interest - other	961	917	1,792
Dividends	-	-	1
Gain in fair value of forestry land	5,271	4,065	7,422
Total operating revenue	202,109	192,398	371,811
Expenses continuing operations			
Employee expenses	44,558	43,703	79,485
Directors remuneration	752	592	1,187
Audit fees	524	518	1,178
Interest - related parties	2,971	2,951	5,964
Interest - other	28,893	31,244	59,449
Depreciation and amortisation	21,043	20,161	41,287
Lease expense	1,133	700	794
Other expenses	82,845	77,651	157,833
Total operating expenditure	182,719	177,520	347,177
Profit (Loss) from continuing operations	19,390	14,878	24,634
Share of associate profit	1,468	1,468	2,301
Income tax	6,669	5,700	7,498
Profit (Loss) after tax	14,189	10,646	19,437
Attributable to:			
Equity holders of the parent	14,189	10,646	19,437

Dunedin City Holdings Limited

Statement of comprehensive income For the six months ending 31 December 2025

	Unaudited 6 months to 31 Dec 2025 \$'000	Unaudited 6 months to 31 Dec 2024 \$'000	Audited full year to 30 Jun 2025 \$'000
Profit (Loss) after tax brought forward	14,189	10,646	19,437
Other comprehensive income:			
Gain (loss) on forestry land revaluations	(150)	-	26,649
Gain (loss) on cashflow hedges	(5,840)	(30,945)	(26,337)
Gain (loss) on carbon credit revaluation	(15,938)	7,712	10,937
Other comprehensive income associates	-	(69)	3,752
Income tax on other comprehensive income	6,097	7,770	4,290
Total other comprehensive income	(15,831)	(15,532)	19,291
Total comprehensive income for the period	(1,642)	(4,886)	38,728
Attributable to:			
Equity holders of the parent	(1,642)	(4,886)	38,728
Minority interest	-	-	-
	(1,642)	(4,886)	38,728

Dunedin City Holdings Limited

Statement of changes in equity For the six months ending 31 December 2025

	Share capital \$'000	Retained earnings \$'000	Reserves \$'000	Total equity \$'000
Unaudited				
Equity as at 1 July 2025	138,889	169,937	146,871	455,697
Profit after tax	-	14,189	-	14,189
Other comprehensive income	-	-	(15,831)	(15,831)
Dividends Paid	-	(3,000)	-	(3,000)
Share capital contribution	-	-	-	-
Distributions to equity holders	-	-	-	-
Equity as at 31 December 2025	138,889	181,126	131,040	451,055
Unaudited				
Equity as at 1 July 2024	136,339	157,643	131,436	425,418
Profit after tax	-	10,646	-	10,646
Other comprehensive income	-	-	(15,532)	(15,532)
Dividends Paid	-	-	-	-
Share capital contribution	-	-	-	-
Equity as at 31 December 2024	136,339	168,289	115,904	420,532
Audited				
Equity as at 1 July 2024	136,339	157,643	131,436	425,418
Profit after tax	-	19,438	-	19,438
Transfer to Carbon Credit Reserve	-	3,857	(3,857)	-
Other comprehensive income	-	-	19,291	19,291
Dividends Paid	-	(11,000)	-	(11,000)
Share capital contribution	2,550	-	-	2,550
Equity as at 30 June 2025	138,889	169,937	146,871	455,697

Dunedin City Holdings Limited

Statement of financial position As at 31 December 2025

	<i>Note</i>	Unaudited 6 months to 31 Dec 2025 \$'000	Unaudited 6 months to 31 Dec 2024 \$'000	Audited full year to 30 Jun 2025 \$'000
Current assets				
Cash and cash equivalents		66,316	32,619	13,877
Derivative financial instruments	6	72	20	811
Trade and other receivables		45,142	42,797	43,940
Inventories		6,869	6,682	7,249
Assets held for sale		550	3,208	2,862
Prepayments		2,161	2,172	2,750
Total current assets		121,110	87,498	71,489
Non-current assets				
Other non-current financial assets	7	695,777	637,778	665,278
Investments in associate companies		49,275	44,546	47,805
Intangible assets - carbon credits		35,480	56,479	51,353
Intangible assets - other		4,045	6,900	5,606
Forestry assets		211,210	211,083	210,105
Property, plant and equipment	4	1,136,170	1,062,305	1,124,205
Right of Use Assets		7,975	10,319	10,389
Derivative financial instruments	6	15,036	15,982	15,983
Total non-current assets		2,154,968	2,045,392	2,130,724
Total assets		2,276,078	2,132,889	2,202,213

Dunedin City Holdings Limited

Statement of financial position As at 31 December 2025

	Note	Unaudited 6 months to 31 Dec 2025 \$'000	Unaudited 6 months to 31 Dec 2024 \$'000	Audited full year to 30 Jun 2025 \$'000
Current liabilities				
Short term borrowings		1,374	1,339	1,319
Current Portion of Lease Liability		3,064	4,014	3,596
Trade and other payables		38,232	40,140	40,454
Employee entitlements		9,535	8,878	8,943
Derivative financial instruments	6	946	1,294	151
Provision for tax		10,568	9,683	3,987
Total current liabilities		63,720	65,348	58,449
Non-current liabilities				
Term borrowing	5	1,496,228	1,377,528	1,413,502
Term Portion of Lease Liability		5,459	7,006	7,281
Shareholders advance - DCC		112,000	112,000	112,000
Employee entitlements		147	126	1,021
Other non-current liabilities		1,100	1,313	1,191
Derivative financial instruments	6	19,875	24,497	19,323
Deferred taxation		126,495	124,538	133,749
Total non-current liabilities		1,761,304	1,647,008	1,688,068
Total liabilities		1,825,023	1,712,356	1,746,517
Equity				
Share Capital		138,888	136,339	138,888
Retained earnings		181,127	168,289	169,937
Associate company asset revaluation reserve		31,165	27,344	31,165
Cash flow hedge reserve		(2,105)	(2,112)	2,099
Land revaluation reserve		77,219	50,720	77,369
Carbon credit reserve		24,761	39,953	36,237
Total equity		451,055	420,533	455,696
Total liabilities and equity		2,276,078	2,132,889	2,202,213

Dunedin City Holdings Limited

Statement of cash flows For the six months ending 31 December 2025

	Note	Unaudited 6 months to 31 Dec 2025 \$'000	Unaudited 6 months to 31 Dec 2024 \$'000	Audited full year to 30 Jun 2025 \$'000
Cash flow from operating activities				
<i>Cash was provided from:</i>				
Receipts from customers		179,286	170,141	317,188
Interest received		13,979	17,160	30,675
Dividend received		-	1,175	2,568
		193,265	188,476	350,431
<i>Cash was applied to:</i>				
Suppliers and employees		118,181	118,487	228,767
Finance costs paid		31,784	38,068	69,233
Taxation paid		441	4	410
Net GST paid / (received)		(2,942)	(2,957)	(2,932)
		147,464	153,603	295,478
Net cash flow from operating activities	3	45,801	34,874	54,953
Cash flow from investing activities				
<i>Cash was provided from:</i>				
Sale of property, plant and equipment		2,427	266	615
Carbon credits sold		-	-	5,370
		2,427	266	5,985
<i>Cash was applied to:</i>				
Purchase of property, plant and equipment		38,039	51,969	92,794
Increase in investments		31,725	42,538	70,565
		69,764	94,507	163,359
Net cash flow from investing activities		(67,337)	(94,241)	(157,374)
Cash flow from financing activities				
<i>Cash was provided from:</i>				
Call on Capital		-	-	2,550
Loans raised		79,329	75,700	110,222
		79,329	75,700	112,772
<i>Cash was applied to:</i>				
Lease liabilities		2,353	2,410	4,171
Dividends		3,000	-	11,000
		5,353	2,410	15,171
Net cash flow from financing activities		73,976	73,290	97,601
Net increase/(decrease) in cash		52,440	13,923	(4,820)
Opening cash and cash equivalents		13,876	18,696	18,696
Closing cash and cash equivalents		66,316	32,619	13,876

Dunedin City Holdings Limited

Notes to the financial statements (unaudited) For the six months ending 31 December 2025

1 Reporting entity

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

Dunedin City Holdings Limited is a Council Controlled Trading 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 Dunedin City Council.

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

The financial statements of Dunedin City Holdings Limited are for the six months ended 31 December 2025.

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.

Dunedin City Holdings Limited is a profit orientated entity.

2 Basis of preparation

The financial statements for the period ended 31 December 2025 are unaudited.

The financial statements have been prepared in accordance with New Zealand Equivalents to International Reporting Standards 34, Interim Financial Reporting, and should be read in conjunction with the audited financial statements for the year ended 30 June 2025.

The accounting policies applied are consistent with those published in the annual report for the year ended 30 June 2025.

The judgement, estimates and assumptions used to prepare these interim financial statements are consistent with those used at 30 June 2025.

Dunedin City Holdings Limited

Notes to the financial statements (unaudited) For the six months ending 31 December 2025

3 Reconciliation of operating profit to net cash flows from operating

	Unaudited 6 months to 31 Dec 2025 \$'000	Unaudited 6 months to 31 Dec 2024 \$'000	Audited full year to 30 Jun 2025 \$'000
Net profit after tax	14,189	10,646	19,437
Share of net profit/(loss) in associated companies	(1,468)	(1,468)	(2,301)
<i>Items Not Involving Cash Flows</i>			
Depreciation & amortisation	21,043	20,161	41,287
Depletion of forest	5,973	5,104	10,673
Deferred tax	181	(1,004)	7,559
Asset impairment	-	-	(7,340)
Forest revaluation	(5,218)	(4,065)	(7,422)
Other non-cash items	1,444	(2,988)	(16,430)
<i>Impact of Changes in Working Capital Items</i>			
(Increase)/Decrease in trade and other receivables	(1,202)	1,143	(5,829)
(Increase)/Decrease in inventories	380	567	(138)
(Increase)/Decrease in prepayments	589	578	(498)
Increase /(Decrease) in trade and other payables	(2,221)	(545)	(3,029)
Increase /(Decrease) in provision for tax	6,581	5,696	1,041
Increase /(Decrease) in other current liabilities	592	166	1,232
<i>Items Classified as Investing or Financing Activities</i>			
Gain on sale of property, plant and equipment	1,450	559	(240)
Loss on sale of property, plant and equipment	-	-	2,143
Investment in financial instruments	-	-	14,808
Movement in capital creditors	3,488	324	-
Net cash inflows from operating activities	45,801	34,874	54,953

Dunedin City Holdings Limited

Notes to the financial statements (unaudited) For the six months ending 31 December 2025

4 Property, plant and equipment

	Unaudited 6 months to 31 Dec 2025 \$'000	Unaudited 6 months to 31 Dec 2024 \$'000	Audited full year to 30 Jun 2025 \$'000
Additions	18,180	36,355	104,420
Revaluations	-	-	26,649
Net disposals	(1,697)	(1,181)	(1,729)

There have been no material changes in fair value for all property, plant and equipment asset classes between 30 June 2025 and 31 December 2025.

5 Term borrowings

	Unaudited as at 31 Dec 2025 \$'000	Unaudited as at 31 Dec 2024 \$'000	Audited as at 30 Jun 2025 \$'000
Non Current			
Multi-option note facility	1,496,228	1,377,528	1,413,502
	1,496,228	1,377,528	1,413,502
Total term borrowings	1,496,228	1,377,528	1,413,502

The group has an \$1,900 million multi option debt issuance facility which is secured against certain assets and undertakings of the Dunedin City Council Group. Debt is raised by issuing long dated bonds, floating rate notes or by the issue of promissory notes usually issued for three month terms.

Dunedin City Holdings Limited

Notes to the financial statements (unaudited) For the six months ending 31 December 2025

	Unaudited as at 31 Dec 2025 \$'000	Unaudited as at 31 Dec 2024 \$'000	Audited as at 30 Jun 2025 \$'000
Term borrowings			
Promissory notes	223,814	259,088	193,841
Floating rate notes 01/04/25	-	50,000	-
Floating rate notes 15/10/25	-	75,000	75,000
Floating rate notes 17/07/25	-	20,000	20,000
Medium term notes 17/07/25	-	50,000	50,000
Medium term notes 15/3/26	50,000	50,000	50,000
Medium term notes 15/4/26*	65,000	65,000	65,000
Medium term notes 15/11/26*	55,000	55,000	55,000
Medium term notes 16/11/26	60,000	60,000	60,000
Floating rate notes 15/02/27	50,000	50,000	50,000
Floating rate notes 08/07/27	50,000	50,000	50,000
Medium term notes 18/04/28*	110,000	110,000	110,000
Floating rate notes 17/7/28	75,000		
Medium term notes 15/11/28*	60,000	60,000	60,000
Medium term notes 27/11/28*	100,000	100,000	100,000
Floating rate notes 15/10/29	120,000	-	-
Floating rate notes 09/02/30	75,000	75,000	75,000
Floating rate notes 09/02/30	25,000	25,000	25,000
Floating rate notes 09/02/30	25,000	25,000	25,000
Floating rate notes 15/05/31	25,000	25,000	25,000
Floating rate notes 15/05/31	100,000	100,000	100,000
Floating rate notes 01/04/32	85,000	-	85,000
Floating rate notes 14/04/33	20,000	20,000	20,000
Floating rate notes 14/04/33	30,000	-	30,000
Floating rate notes 14/04/33	35,000	-	35,000
Medium term notes 10/10/33*	60,000	60,000	60,000
Fair value impact on bonds (*)	(2,586)	(6,560)	(5,339)
Total term borrowings	1,496,228	1,377,528	1,413,502
The repayment period on the term borrowings is as follows:			
Repayable less than one year	453,839	454,088	453,718
Repayable between one to five years	687,818	593,440	605,342
Repayable later than five years	354,571	330,000	354,442
	1,496,228	1,377,528	1,413,502

Fair value of borrowings

Interest rate swaps are fair valued using forward interest rates extracted from observable yield curves. 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.

Dunedin City Holdings Limited

Notes to the financial statements (unaudited) For the six months ending 31 December 2025

6 Derivative financial instruments

	Unaudited as at 31 Dec 2025 \$'000	Unaudited as at 31 Dec 2024 \$'000	Audited as at 30 Jun 2025 \$'000
Assets			
Interest rate swaps and FX contracts	15,108	16,002	16,794
<i>Analysed as:</i>			
Current	72	20	811
Non-Current	15,036	15,982	15,983
	15,108	16,002	16,794
Liabilities			
Interest rate swaps and FX contracts	20,821	25,791	19,474
<i>Analysed as:</i>			
Current	946	1,294	151
Non-Current	19,875	24,497	19,323
	20,821	25,791	19,474

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.

7 Other financial assets

	Unaudited as at 31 Dec 2025 \$'000	Unaudited as at 31 Dec 2024 \$'000	Audited as at 30 Jun 2025 \$'000
Related Party Advances:			
Maturity one to five years	-	-	-
Maturity over five years	675,500	630,500	650,500
Shares and units in other companies and funds	28	28	28
LGFA Borrower Notes	20,250	7,250	14,750
Total other non current financial assets	695,778	637,778	665,278

Related Party Advances

The carrying amount of investments approximate their fair value. There have been no indications of impairment of any investment.

Notes to the financial statements (unaudited) For the six months ending 31 December 2025

8 Contingent liabilities

	Unaudited as at 31 Dec 2025 \$'000	Unaudited as at 31 Dec 2024 \$'000	Audited as at 30 Jun 2025 \$'000
Performance bonds	636	736	636

The performance bonds issued are principally in favour of South Island Local Authorities, including the Dunedin City Council, for contract work by Delta Utility Services Limited. There is no indication that any of the above 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 Emission 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 31 December 2025 the value of the potential liability in future years is unknown due to the variations in the harvesting schedule, carbon reporting periods and the value of carbon to surrender.

9 Subsequent events

There were no significant post balance date events.

Statement of Service Performance - DCHL For the six months ending 31 December 2025

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	Each month 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 monitors DCHL Group companies' progress against their Sol targets quarterly	Each month the DCHL Board monitored each of the DCHL Group companies' progress against their Sol targets on an exception basis.
Seek opportunities to create synergies, leverage experience or expertise across DCHL Group, where appropriate	DCHL Board meet with full group of Chairs and Chief Executives twice annually	Throughout the period 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	This is an ongoing project. DCHL presented to council during the period on progress.
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)	On a quarterly basis, the DCHL Board updates the Council on the DCHL Group's performance. Comprehensive information is provided on the Group's performance for the previous quarter.
	Deliver at least 2 individual company briefings to Councillors	No company briefings were held during the half year reported due to the election but DCHL assisted with Councillors' induction process. Company briefings are planned for the following six months.
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 will be specifically considered in March.
	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 six months ending 31 December 2025

OBJECTIVES

Provide input on DCHL Group companies' medium to long term strategies

Review and approve DCHL Group Statements of Intent for consistency with Council's strategic direction

Set expectations through annual Letters of Expectation to DCHL Group companies

Monitor performance of the DCHL group in measuring, reporting and reducing carbon emissions and waste

Appoint Directors to DCHL Group companies; appoint Chairs to subsidiary companies

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.

Living wage

Health and safety

PERFORMANCE TARGET

DCHL Board engage with each group company at least annually on strategy

Review draft Sols by 1 March 2026

Approve Sols by 30 June 2026

Send Letters of Expectation to subsidiary and associate companies by 31 December 2025

Refine and continue to implement DCHL's carbon emissions and waste reduction strategies

Measure and publicly report DCHL group Greenhouse Gas (GHG) emissions in our Annual Report for the group

Report progress in respect of DCHL Group's carbon roadmap to DCC

Appointments and re-appointments are all completed on time, and in compliance with DCHL and Council policy

Ensure DCHL Group companies have appropriate policies and procedures in place

DCHL Board review DCHL Group companies' (including DCHL) ESG disclosures in their Annual Reports

All direct employees of the company and the group are paid at living wage or above

DCHL Board review DCHL Group companies' Health and Safety measures in regular periodic reporting

OUTCOME

The DCHL Board met with the full boards of four group companies in the half year reported. Further engagements are planned for the following six months.

The DCHL Board reviewed each of the DCHL Group companies draft SOIs in February 2026.

All DCHL Group Statements of Intent will be reviewed and approved prior to 30 June 2026.

The DCHL Board sent each of the DCHL Group companies a Letter of Expectation by 31 December 2025.

Progress continued.

Progress continued.

DCHL's 2025 Annual Report included summaries of emissions and commentary on progress. Further engagement is planned.

All appointments and re-appointments made during the 2026 financial year were completed on time, and in compliance with DCHL and Council policy.

Confirmed that all group companies have appropriate policies and procedures in place and they are reviewed on a regular basis.

The Board reviewed these sections prior to publishing of Annual Reports.

All employees were paid equal to or higher than the living wage.

The Board monitored key measures each month.

Statement of Service Performance - DCHL For the six months ending 31 December 2025

OBJECTIVES

Consult with the shareholder in a timely manner on DCHL Group strategic or operational matters which could compromise the Council's community outcomes.

Report to the shareholder within 24 hours of the Board becoming aware of any substantive matter, including any matter likely to generate media coverage.

PERFORMANCE TARGET

All such matters escalated to the shareholder in a timely manner.

DCHL board provide briefings to Councillors on matters of significance as required

All such matters reported to the shareholder within 24 hours

OUTCOME

All strategic or operational matters which could compromise the Council's community outcomes, were reported to the shareholder in a timely manner.

Briefings were provided on all matters of significance required.

All substantive matters were reported to the shareholder within 24 hours of the DCHL Board becoming aware of them.

Dunedin City Holdings Limited

Statement of Service Performance - Group Measures For the six months ending 31 December 2025

OBJECTIVES	PERFORMANCE TARGET	OUTCOME
<u>Aurora Energy Limited</u>		
Zero serious harm events involving members of the public.	No serious injury events (excluding third party contacts with the network) involving members of the public	Achieved
Reduce harm to employees and contractors.	100 board and Leadership site visits and safety observations	On-track to achieve 77 observations completed
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.	On-track to achieve
Reliability Performance Targets (Statement of Intent Targets – Period Ended 31 March 2026)		
SAIDI System Average Interruption Duration Index - Class B Interruptions (Planned)	Average minutes without electricity per consumer year ended 31 March 2026: ≤ 215.55 minutes	On-track to achieve
SAIDI System Average Interruption Duration Index - Class C Interruptions (Unplanned)	Average minutes without electricity per consumer year ended 31 March 2026: ≤ 128.36 minutes	On-track to achieve
SAIFI System Average Interruption Frequency Index - Class B Interruptions (Planned)	Average frequency of outages per consumer year ended 31 March 2026: ≤ 1.22	On-track to achieve
SAIFI System Average Interruption Frequency Index - Class C Interruptions (Unplanned)	Average frequency of outages per consumer year ended 31 March 2026: ≤ 1.97	On-track to achieve
<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 Maintain ISO 45001 Occupational Health and Safety Management System accreditation	Total recordable injury frequency rate (TRIFR) for the period was 2.56 per 200,000 hours worked The Company maintained ISO45001 Occupational Health and Safety Management System accreditation throughout the period

Dunedin City Holdings Limited

Statement of Service Performance - Group Measures For the six months ending 31 December 2025

OBJECTIVES	PERFORMANCE TARGET	OUTCOME
<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 half year harvest from the Company Forest estate during the period was 218,956m ³ including billet wood and slash. This is 62.3% of the budget sustainable annual yield of 356,966m ³ . On track to be within +/- 30% of the sustainable yield.
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 12.3 lost time injuries per 1,000,000 hours at 31 December 2025. (5.6 FY 2025 year)
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 for the six months to 31 December 2025 are as follows: Event: All Black v France Visitor Marginal Direct Spend (\$,000): \$13,200 Event: Hot Wheels Monster Trucks Visitor Marginal Direct Spend (\$,000): \$5,940
	Achieve minimum 80% satisfaction rating through surveys of all major events (>10,000 pax).	The following satisfaction ratings were achieved for the six months to 31 December 2025: Event: All Blacks v France Satisfaction: 95% Event: Hot Wheels Monster Trucks Satisfaction: 66%
Report on Safety & Wellness management and provide statistical data at each scheduled Board meeting.	An Incident Frequency Rate Events (IFRE) < 0.05% of the total number of event attendees across all venues.	Achieved. The IFRE of total attendees is 0.034% for the 6 month reporting period. (2024 HY: 0.035%)

Dunedin City Holdings Limited

Statement of Service Performance - Group Measures For the six months ending 31 December 2025

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. The Board monitors progress against the Asset Management Plan and material changes to approved budgets.	A Building Warrant of Fitness was issued in October 2025. 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.
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.	In progress.
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.
<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.

Dunedin City Holdings Limited

Statement of associate performance For the six months ending 31 December 2025

Dunedin International Airport Limited

OBJECTIVES

Maintain our assets to ensure no delays caused by DIAL to scheduled passenger operations.

Work to ensure Dunedin remains a well-connected gateway, benefiting both the community and the broader regional economy

Transform our approach to safety and security risk management.

PERFORMANCE TARGET

Zero on-time performance delays to regular passenger transport operations due to airport owned infrastructure.

Year on year improvement in passenger volumes.

Nil serious harm to our staff, airport users or contractors.

OUTCOME

On track.

Over the year to date, performance across Dunedin's key domestic routes has been mixed. Auckland remains the core market and has been stable overall, though recent results suggest some softening against last year. With reduced capacity, Wellington continues to see a year-on-year decline in passenger numbers. This is marginally offset by the re-introduction of a trans-Tasman service.

On track.

Dunedin City Holdings Limited

Directory

Directors

Timothy Loan (Chair)
Susie Johnstone
Greg Anderson
Christopher Milne
Shane Ellison

Registered Office

50 The Octagon
Dunedin 9016

Bankers

Westpac Banking Corporation

Solicitors

Anderson Lloyd

Taxation Advisors

Deloitte

Auditor

Audit New Zealand on behalf of the Controller and Auditor-General

Companies comprising the Dunedin City Holdings group

Subsidiary Companies

Aurora Energy Limited
City Forests Limited
Delta Utility Services Limited
Dunedin City Treasury Limited
Dunedin Stadium Property Limited
Dunedin Venues Management Limited
Dunedin Railways Limited

Associate Company

Dunedin International Airport Limited (50% ownership)