



DUNEDIN CITY HOLDINGS LIMITED

INTERIM REPORT

For the six months ended 31 December 2020

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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 2020.

Overview of results

	Unaudited 6 months to 31 Dec 2020 \$'000	Unaudited 6 months to 31 Dec 2019 \$'000	Audited full year to 30 Jun 2020 \$'000
Total revenue	140,863	145,882	284,212
Net profit before tax	1,600	(882)	(6,458)
Income tax	1,388	309	(1,199)
Net profit after tax	212	(1,191)	(5,259)
Other comprehensive income	13,879	6,547	(8,906)
Total comprehensive income for the period	14,091	5,356	(14,165)
Net cash flow from operating activities	19,332	20,312	22,323
Total assets	1,483,735	1,415,324	1,456,401

Dividends

No interim dividend has been paid to the Dunedin City Council. This is consistent with the current year Statement of Intent.

Reserves and accumulated funds

The hedging reserve has increased by \$6.696 million reflecting a change in the market value of interest and foreign exchange hedge valuations.

The carbon credit reserve has increased in value by \$3.909 million (after tax) being the revaluation of carbon credits held. There were no carbon credits sold during the period.

The change in accumulated funds comprises the after tax loss.

Review of operations

Group Overview

This review of operations and the accompanying financial reports cover the first six months of the 2020/2021 financial year.

The financial results for this reporting period are broadly in line with budget projections. Overall, the Group recorded a pre tax profit of \$1.600 million.

Directors' report

Total revenue is in line with budget and lower than the same period last year due to the impact of Covid-19. Across the Group operating costs are lower than the same period last year, in line with the reduction in revenue. The further reduction in cost of funds achieved by Dunedin City Treasury Ltd has continued to make a favourable contribution across the Group.

Dunedin City Holdings Ltd has pursued a range of initiatives in order to **achieve for Dunedin the best 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
- overseeing and supporting Aurora Energy as the company addresses a number of challenges
- providing support for Dunedin Railways Trains Not Planes Promotion and options evaluation work
- considering the ongoing impact of Covid-19, specifically at Dunedin International Airport Ltd and Dunedin Venues Management Ltd
- updating company constitutions, completing board evaluations, and providing 2022 expectations guidance for the companies
- participating in the DCHL Group companies' annual planning processes
- seeking opportunities to create synergies, and leverage experience and expertise across the DCHL Group, such as progressing carbon footprint reporting.

DCHL Group Company Summaries



DUNEDIN CITY HOLDINGS LIMITED

The parent company returned a net profit before tax for the half year of \$0.738 million, \$2.296 million better than budget projections. The variance to budget is due City Forests paying a higher interim dividend than anticipated. Total dividends for FY21 are expected to be higher than budgeted allowing for increased debt repayments.



During the period under review, operating revenues of \$58.216 million were \$0.704 million lower, while network operating expenses (including network maintenance, asset management and operations functions) of \$57.471 million were \$1.335 million lower than for the same period last year. The Company recorded a net profit after tax of \$0.461 million (HY 19 \$0.066 million). The focus on capital renewals has continued with capital expenditure at \$30.856 million for the period.

Directors' report



The Company experienced profitable trading conditions and delivered an \$4.940 million profit after tax for the first six months to the end of December 2020. This is an improvement compared to the previous year of \$3.976 million. Forest production for the period was on budget as the Company progresses the harvesting of its projected sustainable cut for the year which includes a catch up of volume unable to be harvested in the later part of the previous year due to Covid-19 lockdown restrictions. A December interim dividend of \$4.000 million has been paid to the shareholder which was higher than budgeted.



During the first half of financial year 2021, Delta continued to deliver on its existing long term contracts and provide a quality service to its customers. Total operating revenues of \$49.166 million were \$0.501 million (1%) lower than for the same period last year, largely due to lower volumes of Power and Communications work across both Central Otago and the Tasman region. A net profit after tax of \$1.262 million (2019: \$0.395 million) was recorded for the six months ended 31 December 2020. The increase on prior year reflects more consistent workflow from customers, better job planning, and ensuring adequately resources for the work at hand. A dividend of \$0.875 million was paid in December 2020.

Dunedin City Treasury Ltd

In the six months to 31 December 2020, Dunedin City Treasury achieved a reduction on the cost of funds which it was able to pass on to the group. The average cost of funding reduced from 3.36% to 2.75% over this six month period. Two successful refinancing's of: a \$45 million Floating Rate Note (FRN) maturity on 16 October 2020, and a \$50 million Medium Term Note (MTN) maturity on 16 November 2020, contributed to the reduction in the average cost of funding. The maturities were replaced by issuance of two new MTN's, for terms of three and six years for amounts of \$50 million and \$60 million with coupons of just 0.36% and 0.676% respectively.

DUNEDIN STADIUM PROPERTY LTD

An operating loss before tax and subventions of \$3.816 million (2019: \$4.012 million) occurred in the six months to 31 December 2020. The main factor influencing the improved result for the period was a reduction in interest costs.



DVML's net loss before taxation was \$273,000 for the six months to 31 December 2020, compared to a surplus of \$81,000 for the same period in the previous year. The effects of the Covid-19 pandemic are still being felt by the company. Due to border restrictions in place, there has been no stadium concerts or international rugby in the six months to 31 December; these events are a significant source of income for the company.

Directors' report

DUNEDIN RAILWAYS



Dunedin Railways Limited reported a loss after tax of \$83,000 in the six months to 31 December 2020, compared with a loss after tax of \$862,000 in the same period in the prior year. The Company entered hibernation mode on 1 July 2020. A small team remains employed by the Company, to actively maintain key assets during hibernation. Focus has turned to identifying and evaluating options for sustainable tourism offerings based on the Company's assets. A report will be presented to Council during 2021, setting out options for the Company's future. Decisions will then be for Dunedin City Council to make.



Dunedin Airport recorded an operating surplus before tax of \$1.3 million (2019: \$2.9 million). This decrease is representative of the impact of Covid-19 on the Company. There are decreased passenger numbers which has a direct correlation to aeronautical revenue and also impacts on non-aeronautical revenue streams. However, these decreases in revenue are partially offset by a decrease in operating expenditure which is primarily caused by a reduced staff headcount, fewer Momona Garage purchases, less marketing spend, and fewer training costs against the corresponding period in the prior year.

Events subsequent to balance date

The Directors are not aware of any matters or circumstances since the end of the financial period not otherwise dealt with in this report or the 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 2020 and operations for the six months to 31 December 2020 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 21, for the six months ended 31 December 2020 and authorises them for issue on 23 February 2021.



Chair



Director

Dunedin City Holdings Limited

Principal activities of the group

Dunedin City Holdings Limited's purpose is to **achieve for Dunedin the best 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 23,731 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 as such has responsibilities as both a landlord and for ensuring the Stadium is appropriately maintained.
- [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](#) operated a tourist and excursion train on the Taieri Gorge railway line and on the Seaside line north of Dunedin, until March 2020, when the company was put into hibernation. Focus has now turned to identifying and evaluating options for sustainable tourism offerings going forward.
- [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 2020 \$'000	Six Months to Dec 2019 \$'000	Year to June 2020 \$'000	Year to June 2019 \$'000	Year to June 2018 \$'000
Revenue	140,863	145,882	284,212	299,583	290,757
Profit before subvention and tax	1,600	(882)	(6,458)	10,379	24,253
Income tax	1,388	309	(1,199)	6,193	8,760
Net profit after tax	212	(1,191)	(5,259)	4,186	15,493
Net interest paid to the Council on advance	2,951	2,954	5,902	5,902	5,902
Profit after tax before shareholder interest	3,163	1,763	643	10,088	21,395
Cash flows from operating activities	19,332	20,312	22,323	31,606	31,892
Shareholder's funds	335,383	338,494	321,292	333,138	345,124
Shareholder's advance	112,000	112,000	112,000	112,000	112,000
Total shareholder's interest	447,383	450,494	433,292	445,138	457,124
Rate of return (on shareholder funds)	0.1%	-0.4%	-1.6%	1.3%	4.5%
Dividend paid	-	-	-	-	-
Total assets	1,483,735	1,415,324	1,456,401	1,345,804	1,241,463
Shareholder's funds to total assets	22.6%	23.9%	22.1%	24.8%	27.8%

Dunedin City Holdings Limited

Statement of comprehensive income For the six months ending 31 December 2020

	Unaudited 6 months to 31 Dec 2020 \$'000	Unaudited 6 months to 31 Dec 2019 \$'000	Audited full year to 30 Jun 2020 \$'000
Income continuing operations			
Sales revenue	128,437	136,030	261,193
Gain on sale of assets	470	42	-
Interest on advances to related parties	4,649	5,186	10,441
Interest - other	410	488	950
Subvention income	-	-	-
Net gain on foreign currency transactions	-	-	-
Dividends	-	-	-
Gain in fair value of forestry land	6,897	4,136	11,628
Total operating revenue	140,863	145,882	284,212
Expenses continuing operations			
Bad debts written off	6	4	366
Movement in impairment provision for receivables	-	139	(94)
Donations	7	6	37
Lease expense	14	804	1,458
Research expenditure	82	112	170
Employee expenses	33,637	32,808	70,622
Directors remuneration	559	607	1,260
Audit fees	180	138	785
Interest - related parties	3,603	2,986	6,285
Interest - other	12,455	13,368	26,785
Net loss on foreign currency transactions	380	550	1,360
Depreciation and amortisation	17,534	17,202	34,297
Other expenses	71,254	79,093	149,157
Total operating expenditure	139,711	147,817	292,488
Profit (Loss) from continuing operations	1,152	(1,935)	(8,276)
Share of associate profit	448	1,053	1,818
Profit (Loss) before tax	1,600	(882)	(6,458)
Income tax	1,388	309	(1,199)
Profit (Loss) after tax	212	(1,191)	(5,259)
Attributable to:			
Equity holders of the parent	212	(950)	(5,259)
Minority interest	-	(241)	-

Dunedin City Holdings Limited

Statement of comprehensive income For the six months ending 31 December 2020

	Unaudited 6 months to 31 Dec 2020 \$'000	Unaudited 6 months to 31 Dec 2019 \$'000	Audited full year to 30 Jun 2020 \$'000
Profit (Loss) after tax brought forward	212	(1,191)	(5,259)
Other comprehensive income:			
Gain (loss) on forestry land revaluations	(221)	-	2,874
Gain (loss) on interest rate swap hedges	10,945	1,588	(19,858)
Gain (loss) on foreign exchange hedges	-	592	(32)
Gain (loss) on carbon credit revaluation	5,428	6,285	8,454
Other comprehensive income associates	45	21	2,101
Income tax on other comprehensive income	(2,318)	(1,939)	(2,445)
Total other comprehensive income	13,879	6,547	(8,906)
Total comprehensive income for the period	14,091	5,356	(14,165)
Attributable to:			
Equity holders of the parent	14,091	5,597	(14,165)
Minority interest	-	(241)	-
	14,091	5,356	(14,165)

Dunedin City Holdings Limited

Statement of changes in equity For the six months ending 31 December 2020

	Share capital \$'000	Minority interest \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
Unaudited					
Equity as at 1 July 2020	126,139	-	56,044	139,109	321,292
Comprehensive income for the period	-	-	13,834	257	14,091
Share capital contribution	-	-	-	-	-
Distributions to equity holders	-	-	-	-	-
Equity as at 31 December 2020	126,139	-	69,878	139,366	335,383
Unaudited					
Equity as at 1 July 2019	123,589	509	66,500	142,540	333,138
Comprehensive income for the period	-	(241)	6,526	(929)	5,356
Share capital contribution	-	-	-	-	-
Equity as at 31 December 2019	123,589	268	73,026	141,611	338,494
Audited					
Equity as at 1 July 2019	123,589	509	66,500	142,540	333,138
Comprehensive income for the period	-	(509)	(8,906)	(5,259)	(14,674)
Transfer to reserves	-	-	(1,550)	1,828	278
Share capital contribution	2,550	-	-	-	2,550
Equity as at 30 June 2020	126,139	-	56,044	139,109	321,292

Dunedin City Holdings Limited

Statement of financial position As at 31 December 2020

	<i>Note</i>	Unaudited 6 months to 31 Dec 2020 \$'000	Unaudited 6 months to 31 Dec 2019 \$'000	Audited full year to 30 Jun 2020 \$'000
Current assets				
Cash and cash equivalents		45,793	44,967	50,227
Other current financial assets		-	-	902
Derivative financial instruments	6	-	134	1,226
Trade and other receivables		21,405	23,661	27,231
Taxation refund receivable		6,645	5,989	5,697
Inventories		12,785	12,808	8,636
Other current assets		1,457	4,692	1,770
Prepayments		800	1,993	938
Total current assets		88,885	94,244	96,627
Non-current assets				
Term Receivables		9,497	10,545	10,023
Other non-current financial assets		251,509	230,502	243,509
Investments in associate companies		35,067	31,737	34,574
Investments in subsidiary companies		-	-	-
Intangible assets - carbon credits		37,398	33,172	31,970
Intangible assets - other		4,870	1,039	4,072
Forestry assets		171,699	165,128	169,150
Property, plant and equipment	4	860,310	809,828	842,195
Right of Use Assets		9,247	26,114	8,308
Derivative financial instruments	6	15,253	13,015	15,973
Total non-current assets		1,394,850	1,321,080	1,359,774
Total assets		1,483,735	1,415,324	1,456,401

Dunedin City Holdings Limited

Statement of financial position As at 31 December 2020

	<i>Note</i>	Unaudited 6 months to 31 Dec 2020 \$'000	Unaudited 6 months to 31 Dec 2019 \$'000	Audited full year to 30 Jun 2020 \$'000
Current liabilities				
Short term borrowings		3,108	1,125	1,194
Current Portion of Lease Liability		3,302	3,276	2,613
Trade and other payables		31,897	31,759	31,391
Employee entitlements		7,599	7,026	6,666
Accrued expenditure		261	8,982	-
Derivative financial instruments	6	-	106	3,011
Provision for tax		8,153	6,790	5,168
Current portion of term borrowing	5	-	-	-
Total current liabilities		54,320	59,064	50,043
Non-current liabilities				
Term borrowing	5	801,186	739,101	790,136
Term Portion of Lease Liability		6,783	6,933	5,817
Shareholders advance - DCC		112,000	112,000	112,000
Employee entitlements		833	857	1,038
Other non-current liabilities		311	474	648
Derivative financial instruments	6	53,518	40,858	59,767
Deferred taxation		119,401	117,543	115,660
Total non-current liabilities		1,094,032	1,017,766	1,085,066
Total liabilities		1,148,352	1,076,830	1,135,109
Equity				
Share Capital		126,419	123,589	126,139
Accumulated funds		142,491	141,611	139,109
Minority interest in subsidiaries		-	268	-
Revaluation reserve		18,858	16,733	18,813
Hedging reserve		(49,521)	(34,094)	(56,217)
Forest revaluation reserve		85,208	80,165	85,429
Carbon credit reserve		11,928	10,222	8,019
Total equity		335,383	338,494	321,292
Total liabilities and equity		1,483,735	1,415,324	1,456,401

Statement of cash flows
For the six months ending 31 December 2020

	<i>Note</i>	Unaudited 6 months to 31 Dec 2020 \$'000	Unaudited 6 months to 31 Dec 2019 \$'000	Audited full year to 30 Jun 2020 \$'000
Cash flow from operating activities				
<i>Cash was provided from:</i>				
Receipts from customers		132,909	153,522	261,962
Interest received		5,059	4,407	9,461
Income tax refund		1,020	2,317	132
Dividend received		-	1,186	1,186
		138,988	161,432	272,741
<i>Cash was applied to:</i>				
Suppliers and employees		108,691	124,657	215,804
Finance costs paid		16,058	13,238	32,439
Taxation paid		(4,390)	2,309	2,436
Net GST paid / (received)		(703)	916	(261)
		119,656	141,120	250,418
Net cash flow from operating activities	3	19,332	20,312	22,323
Cash flow from investing activities				
<i>Cash was provided from:</i>				
Sale of property, plant and equipment		1,753	129	722
Carbon credits sold		-	-	8,240
Decrease in investments		-	-	2,836
		1,753	129	11,798
<i>Cash was applied to:</i>				
Purchase of property, plant and equipment		32,327	31,223	69,112
Increase in loans and advances		-	-	-
Increase in investments		7,474	9,533	25,000
		39,801	40,756	94,112
Net cash flow from investing activities		(38,048)	(40,627)	(82,314)
Cash flow from financing activities				
<i>Cash was provided from:</i>				
Call on Capital		-	-	2,550
Loans raised		14,282	47,908	96,089
		14,282	47,908	98,639
<i>Cash was applied to:</i>				
Lease liabilities		-	-	5,795
		-	-	5,795
Net cash flow from financing activities		14,282	47,908	92,844
Net increase/(decrease) in cash		(4,434)	27,593	32,853
Opening cash and cash equivalents		50,227	17,374	17,374
Closing cash and cash equivalents		45,793	44,967	50,227

Notes to the financial statements (unaudited) For the six months ending 31 December 2020

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 2020.

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 2020 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 2020.

The accounting policies applied are consistent with those published in the annual report for the year ended 30 June 2020.

The judgement, estimates and assumptions used to prepare these interim financial statements are consistent with those used at 30 June 2020.

Dunedin City Holdings Limited

Notes to the financial statements (unaudited) For the six months ending 31 December 2020

3 Reconciliation of operating profit to net cash flows from operating

	Unaudited 6 months to 31 Dec 2020 \$'000	Unaudited 6 months to 31 Dec 2019 \$'000	Audited full year to 30 Jun 2020 \$'000
Net profit after tax	212	(1,191)	(5,259)
Share of net profit/(loss) in associated companies	(448)	(1,053)	(1,818)
<i>Items Not Involving Cash Flows</i>			
Depreciation & amortisation	17,534	17,202	31,208
Depletion of forest	7,520	4,860	9,441
Deferred tax	3,741	1,368	2,175
Asset impairment	-	-	5,372
Forest revaluation	(6,897)	(4,136)	(11,628)
Carbon credit revaluation	(5,428)	-	(4,862)
(Increase)/Decrease in cash flow hedge valuation	(1,092)	(1,202)	(827)
Other non-cash items	(1,331)	1,556	5,731
<i>Impact of Changes in Working Capital Items</i>			
(Increase)/Decrease in trade and other receivables	5,826	6,255	89
(Increase)/Decrease in other current assets	313	(4,692)	-
(Increase)/Decrease in inventories	(4,149)	(1,918)	1,014
(Increase)/Decrease in prepayments	138	(1,140)	240
(Increase) /Decrease in tax refund due	(948)	(311)	(4,756)
Increase /(Decrease) in trade and other payables	506	1,367	(2,551)
Increase /(Decrease) in provision for tax	2,985	(144)	2,299
Increase /(Decrease) in other current liabilities	1,194	4,562	873
<i>Items Classified as Investing or Financing Activities</i>			
Gain on sale of property, plant and equipment	(470)	(42)	(83)
Loss on sale of property, plant and equipment	-	302	1,521
Investment in Financial Instruments	-	-	(2,836)
Movement in capital creditors	126	(1,331)	(3,020)
Net cash inflows from operating activities	19,332	20,312	22,323

Dunedin City Holdings Limited

Notes to the financial statements (unaudited) For the six months ending 31 December 2020

4 Property, plant and equipment

	Unaudited 6 months to 31 Dec 2020 \$'000	Unaudited 6 months to 31 Dec 2019 \$'000	Audited full year to 30 Jun 2020 \$'000
Additions	33,312	30,528	51,468
Disposals	(2,066)	(429)	(2,505)
Capital commitments	33,124	42,770	12,405

There have been no material changes in fair value for all property, plant and equipment asset classes between 30 June 2020 and 31 December 2020.

5 Term borrowings

	Unaudited as at 31 Dec 2020 \$'000	Unaudited as at 31 Dec 2019 \$'000	Audited as at 30 Jun 2020 \$'000
Current	-	-	-
Non Current			
Multi-option note facility	801,186	739,101	790,136
	801,186	739,101	790,136
Total term borrowings	801,186	739,101	790,136

The group has an \$975 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 2020

	Unaudited as at 31 Dec 2020 \$'000	Unaudited as at 31 Dec 2019 \$'000	Audited as at 30 Jun 2020 \$'000
Term borrowings			
Promissory notes	129,915	159,399	129,875
Floating rate notes 16/10/20	-	45,000	45,000
Bonds 16/11/20	-	50,000	50,000
Bonds 15/4/21	30,000	30,000	30,000
Bonds 15/4/21	75,000	-	75,000
Bonds 25/11/21	70,000	70,000	70,000
Floating rate notes 15/10/22	50,000	50,000	50,000
Bonds 15/11/22	45,000	45,000	45,000
Bonds 16/10/23	50,000	-	-
Floating rate notes 15/02/24	25,000	25,000	25,000
Bonds 16/10/24	35,000	35,000	35,000
Bonds 17/7/25	50,000	50,000	50,000
Bonds 15/3/26	50,000	50,000	50,000
Bonds 15/4/26	65,000	65,000	65,000
Bonds 15/11/26	55,000	55,000	55,000
Bonds 16/11/26	60,000	-	-
Fair value impact on bonds	11,271	9,702	15,261
Total term borrowings	801,186	739,101	790,136
The repayment period on the term borrowings is as follows:			
Repayable less than one year	307,712	254,399	330,399
Repayable between one to five years	263,474	259,353	230,057
Repayable later than five years	230,000	225,349	229,680
	801,186	739,101	790,136

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.

Directors estimate the fair value of the group's borrowings as at 31 December 2020 as being \$895,621,657 (December 2019: \$750,328,356).

Dunedin City Holdings Limited

Notes to the financial statements (unaudited) For the six months ending 31 December 2020

6 Derivative financial instruments

	Unaudited as at 31 Dec 2020 \$'000	Unaudited as at 31 Dec 2019 \$'000	Audited as at 30 Jun 2020 \$'000
Assets			
Interest rate swaps	15,253	13,149	17,199
<i>Analysed as:</i>			
Current	-	359	1,226
Non-Current	15,253	11,747	15,973
	15,253	12,106	17,199
Liabilities			
Interest rate swaps	53,518	40,964	62,778
<i>Analysed as:</i>			
Current	-	4,143	3,011
Non-Current	53,518	24,146	59,767
	53,518	28,289	62,778

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

7 Financial instruments

All financial assets are recognised at cost/face value while financial liabilities are recognised at amortised cost except derivative financial instruments which are recognised at fair value.

8 Contingent liabilities

	Unaudited as at 31 Dec 2020 \$'000	Unaudited as at 31 Dec 2019 \$'000	Audited as at 30 Jun 2020 \$'000
Performance bonds	1,006	1,142	1,243

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.

Statement of Service Performance For the six months ending 31 December 2020

Performance targets	Outcome achieved
1 Monitor performance of DCHL Group companies to ensure returns (financial and other) are optimised.	Achieved. Monthly and quarterly monitoring of DCHL Group companies has been completed for the year to date.
2 Seek opportunities to create synergies, leverage experience or expertise across DCHL Group, where appropriate.	Achieved. Synergy projects are ongoing across the DCHL Group.
3 Monitor performance of DCHL portfolio as a whole to ensure returns (financial and other) are optimised.	Achieved. Monthly and quarterly monitoring of the consolidated DCHL Group has been completed and quarterly updates provided to Council, for the year to date.
4 Consider strategic issues.	Achieved. An annual review of the ownership and capital structures of the DCHL Group companies will be completed prior to 30 June 2021. No requests for capital expenditure approval have been made in the year to date.
5 Provide input on DCHL Group companies' medium to long term strategies.	Achieved. Several DCHL company engagements and one full Chairs meeting has taken place. All remaining DCHL company engagements will be completed prior to 30 June 2021.
6 Review and approve DCHL Group Statements of Intent for consistency with Council's strategic direction.	Achieved. Draft DCHL Group Statements of Intent are currently under review. All DCHL Group Statements of Intent will be reviewed and approved prior to 30 June 2021.
7 Set expectations through annual Letters of Expectation to DCHL Group companies.	Achieved. Annual Letters of Expectation were sent to DCHL Group companies prior to 31 December 2020.
8 Co-ordinate DCHL Group companies moving towards measuring and reporting carbon emissions.	Achieved. A system to measure and report carbon emissions is in progress and expected to be complete by 30 June 2021.

Statement of Service Performance For the six months ending 31 December 2020

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|-----------|---|--|
| 9 | Appoint Directors to DCHL Group companies; appoint Chairs to subsidiary companies. | Achieved. All appointments and re-appointments have been completed on time and in compliance with policy. |
| 10 | Ensure companies are good employers, and operate in an environmentally and socially responsible way. Expect Group companies to maintain ongoing focus on health and safety as a top priority. | Achieved. Monthly reporting on key aspects including health and safety have been completed, for the year to date. Systems are being put in place to reduce the carbon footprint of the DCHL Group companies. |
| 11 | Consult with the shareholder in a timely manner on DCHL Group strategic or operational matters which could compromise the Council's community outcomes. | Achieved. All matters requiring escalation to the shareholder were reported in a timely manner. |
| 12 | Report to the shareholder within 24 hours of the Board becoming aware of any substantive matter, including any matter likely to generate media coverage. | Achieved. All substantive matters were reported to the shareholder within 24 hours of the DCHL Board becoming aware of them. |

Financial forecasts

Financial forecasts are set in the Statement of Intent for the year ending 30 June 2021. The Parent and Group is on track to meet the financial forecasts set.

Dunedin City Holdings Limited

Directory

Directors

Keith T Cooper (Chair)
Christopher C Hopkins
Kathleen E Grant
Linda M Robertson
Richard J Thomson

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)