



DUNEDIN CITY HOLDINGS LIMITED

INTERIM REPORT

For the six months ended 31 December 2023

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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 2023.

Overview of results

	Unaudited 6 months to 31 Dec 2023 \$'000	Unaudited 6 months to 31 Dec 2022 \$'000	Audited full year to 30 Jun 2023 \$'000
Total revenue	176,249	165,344	319,980
Net profit before tax	14,553	10,402	7,266
Income tax	5,070	3,305	3,926
Net profit after tax	9,483	7,097	3,340
Other comprehensive income	15,186	15,958	(21,324)
Total comprehensive income for the period	24,669	23,055	(17,984)
Net cash flow from operating activities	37,348	29,491	46,687
Total assets	1,981,473	1,786,475	1,830,480

Dividends

No interim dividend has been paid 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.

Lower New Zealand interest rate swap yields decreased the positive mark to market of cash flow hedging arrangements, significantly decreasing the positive value of the Hedge Reserve by \$9.144 million

The carbon credit reserve has significantly increased 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 2023/2024 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 \$14.553 million.

Directors' report

Total revenue has increased from the same period last year. Across the Group operating costs are higher than the same period last year, largely in line with the increase in revenue. This is due to rising operating costs and the cost of borrowing.

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
- engaging with the DCHL Group companies on their medium term strategies
- 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 parent entity received \$2.250 million in dividends during the six-month period (\$1.0 million from City Forests Ltd, and \$1.250 million from Dunedin International Airport Ltd). This income will be applied to paying \$5.9 million to Council as interest on its shareholder's advance, and funding Dunedin Railways in line with Council instructions. DCHL also anticipates paying a dividend of \$11 million to Dunedin City Council prior to 30 June 2024.



Aurora Energy recorded a net profit after tax of \$12.90 million for the six months to 31 December 2023, was \$2.8 million above budget and \$5.1 million higher than the same period last year (HY22: \$7.9 million). Half year revenue increased to \$82.6 million (HY22: \$74.8 million) driven by higher use of system (+\$6.2 million) and customer connection revenues (+\$1.7 million). Operating expenses (including network management, operations and maintenance) increased to \$64.6 million (HY22: \$63.9 million) largely due to higher interest costs and depreciation, which were partially offset by lower network operations and maintenance, and transmission charges. Asset additions were \$50.7 million (HY22: \$47.2 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 increased by \$17.3 million, from \$494.6 million as at 30 June 2023, to \$511.9 million at 31 December 2023.

Directors' report



City Forests has recorded a profit of \$2.3m after tax for the 6 months to the end of December 2023. This is \$0.5m behind plan and \$0.9m behind last year (\$3.2m) and is driven by reduced returns from export log markets. The forecast for the second 6 months is for a financial performance slightly below plan. There continues to be unsettled market conditions. No serious health and safety events occurred in Company operations during the period however a small number of minor injuries were recorded.



The principal activity of the Company is the provision of contracting services. During the first half of financial year 2024 (FY24), Delta continued to experience strong demand for its core services. The first six months of FY24 have continued to be a challenging operational period for the Company with attraction and retention of skilled and experienced staff, the large increase in the living wage, continued high fuel prices and inflationary pressures challenging our ability to achieve acceptable margins. Total operating revenue of \$64.514 million was \$6.337 million (11%) higher than for the same period last year. This is due to an increase in the value of work completed for our major customers. The Company's net profit after income tax of \$1.090 million (FY23: \$2.571 million, HY22: \$1.181 million) provided a return on average shareholder's equity of 7.6% for HY24 (FY23: 9.3%, HY23: 8.6%). Delta received \$1.844 million in surplus sale proceeds from the Yaldhurst Development during the prior year comparative period.

Dunedin City Treasury Ltd

DCTL experienced an increase in the cost of funds for the DCC Group, with average cost of funding increasing from 4.19% to 4.51% over the six-month period, as wholesale interest rates remained elevated. DCTL continues to manage interest rate risk on behalf of its borrowing entities in line with Dunedin City Council's Treasury Risk Management Policy. DCTL continues to source borrowings from domestic debt capital markets and LGFA, which provides diversity of funding sources for the Group.

DUNEDIN STADIUM PROPERTY LTD

DSPL's results for the period were consistent with expectations and with the same period last year.



DVML's reporting year began with hosting 6 FIFA Women's World Cup matches and an All Blacks test against Australia. DVML recorded a profit before taxation of \$1,049,000 for the half year period, compared with a net deficit before taxation of \$29,000 for the same period in the previous year.

Directors' report

DUNEDIN RAILWAYS

—○—
WORLD CLASS TRAIN TRIPS

DRL made a loss of \$780,000 during the period to 31 December 2023, which was a larger loss than expected. The company has been funded by way of equity contributions from DCHL, in line with Council instructions. Dunedin Railways hosted 5,191 passengers across 30 services during the period.



Challenges posed by seat capacity reduction (primarily attributed to the reduction in domestic seat capacity resulting from persistent engine issues with Air New Zealand's A320/A321 NEO fleet) have resulted in DIAL year-to-date passenger volumes 6% below budget and 4% below the corresponding period last year. At \$3.3m, operating surplus before tax is ahead of budget however marginally down against 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 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 2023 and operations for the six months to 31 December 2023 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 20, for the six months ended 31 December 2023 and authorises them for issue on 28 February 2024.



Director



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 25,187 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 regular tourist train services prior to Covid-19. The Company is now in a semi-hibernated state, operating a limited schedule of passenger services, and maintaining key assets pending evaluation and consideration of options for the Company and its assets.
- [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 2023 \$'000	Six Months to Dec 2022 \$'000	Year to June 2023 \$'000	Year to June 2022 \$'000	Year to June 2021 \$'000 Restated
Revenue	176,249	165,344	319,980	281,784	291,131
Profit before subvention and tax	14,553	10,402	7,266	(2,771)	33,245
Income tax	5,070	3,305	3,925	688	10,840
Net profit after tax	9,483	7,097	3,340	(3,459)	22,404
Net interest paid to the Council on advance	2,951	2,970	5,902	5,902	5,902
Profit after tax before shareholder interest	12,434	10,067	9,242	2,443	28,306
Cash flows from operating activities	37,348	29,491	46,687	43,223	37,769
Shareholder's funds	439,371	458,690	414,702	435,635	353,360
Shareholder's advance	112,000	112,000	112,000	112,000	112,000
Total shareholder's interest	551,371	570,690	526,702	547,635	465,360
Rate of return (on shareholder funds)	2.2%	1.5%	0.8%	-0.8%	6.3%
Dividend paid	-	-	5,500	-	-
Total assets	1,981,473	1,786,475	1,830,480	1,658,003	1,481,647
Shareholder's funds to total assets	22.2%	25.7%	22.7%	26.3%	23.8%

Dunedin City Holdings Limited

Statement of comprehensive income For the six months ending 31 December 2023

	Unaudited 6 months to 31 Dec 2023 \$'000	Unaudited 6 months to 31 Dec 2022 \$'000	Audited full year to 30 Jun 2023 \$'000
Income continuing operations			
Operating revenue	159,620	151,961	290,321
Gain on sale of assets	45	100	-
Interest on advances to related parties	11,955	7,007	15,730
Interest - other	566	302	742
Dividends	-	1	2
Gain in fair value of forestry land	4,063	5,973	13,185
Total operating revenue	176,249	165,344	319,980
Expenses continuing operations			
Bad debts written off	2	20	227
Movement in expected credit losses for receivables	5	(23)	(105)
Donations	1	6	34
Lease expense	291	222	510
Research expenditure	73	19	31
Employee expenses	38,950	38,427	70,454
Directors remuneration	679	599	1,281
Audit fees	420	234	845
Interest - related parties	2,951	2,970	5,804
Interest - other	25,951	17,607	38,400
Net loss on foreign currency transactions	1,578	872	1,606
Depreciation and amortisation	19,452	19,386	37,487
Other expenses	72,493	75,903	158,298
Total operating expenditure	162,846	156,242	314,872
Profit (Loss) from continuing operations	13,403	9,102	5,108
Share of associate profit	1,150	1,300	2,158
Profit (Loss) before tax	14,553	10,402	7,266
Income tax	5,070	3,305	3,926
Profit (Loss) after tax	9,483	7,097	3,340
Attributable to:			
Equity holders of the parent	9,483	7,097	3,340

Dunedin City Holdings Limited

Statement of comprehensive income For the six months ending 31 December 2023

	Unaudited 6 months to 31 Dec 2023 \$'000	Unaudited 6 months to 31 Dec 2022 \$'000	Audited full year to 30 Jun 2023 \$'000
Profit (Loss) after tax brought forward	9,483	7,097	3,340
Other comprehensive income:			
Gain (loss) on forestry land revaluations	-	-	(1,949)
Gain (loss) on interest rate swap hedges	(16,088)	21,620	11,612
Gain (loss) on foreign exchange hedges	3,500	-	-
Gain (loss) on carbon credit revaluation	33,753	488	(38,530)
Other comprehensive income associates	(63)	41	20
Income tax on other comprehensive income	(5,917)	(6,191)	7,523
Total other comprehensive income	15,186	15,958	(21,324)
Total comprehensive income for the period	24,669	23,055	(17,984)
Attributable to:			
Equity holders of the parent	24,669	23,055	(17,984)
Minority interest	-	-	-
	24,669	23,055	(17,984)

Dunedin City Holdings Limited

Statement of changes in equity For the six months ending 31 December 2023

	Share capital \$'000	Retained earnings \$'000	Reserves \$'000	Total equity \$'000
Unaudited				
Equity as at 1 July 2023	133,789	155,793	125,120	414,702
Profit after tax	-	9,483	-	9,483
Other comprehensive income	-	-	15,186	15,186
Dividends Paid	-	-	-	-
Share capital contribution	-	-	-	-
Distributions to equity holders	-	-	-	-
Equity as at 31 December 2023	133,789	165,276	140,306	439,371
Unaudited				
Equity as at 1 July 2022	131,239	157,953	146,442	435,634
Profit after tax	-	7,097	-	7,097
Other comprehensive income	-	(158)	16,116	15,958
Dividends Paid	-	-	-	-
Share capital contribution	-	-	-	-
Equity as at 31 December 2022	131,239	164,892	162,558	458,689
Audited				
Equity as at 1 July 2022	131,239	157,953	146,443	435,635
Profit after tax	-	3,340	-	3,340
Other comprehensive income	-	-	(21,323)	(21,323)
Dividends Paid	-	(5,500)	-	(5,500)
Share capital contribution	2,550	-	-	2,550
Equity as at 30 June 2023	133,789	155,793	125,120	414,702

Dunedin City Holdings Limited

Statement of financial position As at 31 December 2023

	<i>Note</i>	Unaudited 6 months to 31 Dec 2023 \$'000	Unaudited 6 months to 31 Dec 2022 \$'000	Audited full year to 30 Jun 2023 \$'000
Current assets				
Cash and cash equivalents		6,320	6,701	11,354
Derivative financial instruments	6	1,301	1,766	695
Trade and other receivables		39,137	37,806	37,045
Inventories		6,948	6,658	7,493
Other current financial assets		8,000	885	113
Prepayments		2,316	847	2,563
Total current assets		64,022	54,663	59,263
Non-current assets				
Other non-current financial assets		554,560	409,824	462,949
Investments in associate companies		42,530	41,856	42,693
Intangible assets - carbon credits		74,032	79,297	40,279
Intangible assets - other		6,867	6,440	6,790
Forestry assets		207,110	202,896	205,543
Property, plant and equipment	4	995,270	935,455	962,773
Right of Use Assets		12,283	11,593	13,594
Derivative financial instruments	6	24,799	44,451	36,596
Total non-current assets		1,917,451	1,731,812	1,771,217
Total assets		1,981,473	1,786,475	1,830,480

Dunedin City Holdings Limited

Statement of financial position As at 31 December 2023

	<i>Note</i>	Unaudited 6 months to 31 Dec 2023 \$'000	Unaudited 6 months to 31 Dec 2022 \$'000	Audited full year to 30 Jun 2023 \$'000
Current liabilities				
Short term borrowings		1,526	1,673	1,502
Current Portion of Lease Liability		3,537	3,263	3,707
Trade and other payables		38,265	31,802	38,943
Employee entitlements		7,665	7,979	7,437
Accrued expenditure		194	100	-
Derivative financial instruments	6	-	2,892	2,869
Provision for tax		6,481	4,513	861
Total current liabilities		57,668	52,222	55,319
Non-current liabilities				
Term borrowing	5	1,207,974	982,868	1,083,813
Term Portion of Lease Liability		9,498	9,072	10,164
Shareholders advance - DCC		112,000	112,000	112,000
Employee entitlements		639	587	783
Other non-current liabilities		1,469	546	417
Derivative financial instruments	6	22,608	33,694	29,203
Deferred taxation		130,246	136,796	124,079
Total non-current liabilities		1,484,434	1,275,563	1,360,459
Total liabilities		1,542,102	1,327,785	1,415,778
Equity				
Share Capital		133,789	131,239	133,789
Retained earnings		165,276	164,892	155,793
Minority interest in subsidiaries		-	-	-
Associate company asset revaluation reserve		24,261	24,584	24,324
Cash flow hedge reserve		15,562	31,750	24,625
Land revaluation reserve		47,891	49,840	47,890
Carbon credit reserve		52,592	56,385	28,281
Total equity		439,371	458,690	414,702
Total liabilities and equity		1,981,473	1,786,475	1,830,480

Dunedin City Holdings Limited

Statement of cash flows For the six months ending 31 December 2023

	Note	Unaudited 6 months to 31 Dec 2023 \$'000	Unaudited 6 months to 31 Dec 2022 \$'000	Audited full year to 30 Jun 2023 \$'000
Cash flow from operating activities				
<i>Cash was provided from:</i>				
Receipts from customers		165,142	147,459	285,023
Interest received		14,079	6,950	14,939
Dividend received		1,250	512	2
		180,471	154,921	299,964
<i>Cash was applied to:</i>				
Suppliers and employees		114,584	108,427	211,798
Finance costs paid		30,335	18,741	39,124
Taxation paid		2	50	1,228
Net GST paid / (received)		(1,798)	(1,788)	1,127
		143,123	125,430	253,277
Net cash flow from operating activities	3	37,348	29,491	46,687
Cash flow from investing activities				
<i>Cash was provided from:</i>				
Sale of property, plant and equipment		46	502	3,660
Carbon credits sold		-	-	-
Decrease in investments		-	1,844	1,784
		46	2,346	5,444
<i>Cash was applied to:</i>				
Purchase of property, plant and equipment		53,533	59,858	104,363
Increase in investments		102,555	78,323	135,230
		156,088	138,181	239,593
Net cash flow from investing activities		(156,042)	(135,835)	(234,149)
Cash flow from financing activities				
<i>Cash was provided from:</i>				
Call on Capital		-	10,000	2,550
Loans raised		152,421	135,000	198,550
		152,421	145,000	201,100
<i>Cash was applied to:</i>				
Lease liabilities		2,590	2,033	6,130
Loans repaid		36,171	44,268	5,000
Dividends		-	-	5,500
		38,761	46,301	16,630
Net cash flow from financing activities		113,660	98,699	184,470
Net increase/(decrease) in cash		(5,034)	(7,645)	(2,992)
Opening cash and cash equivalents		11,354	14,346	14,346
Closing cash and cash equivalents		6,320	6,701	11,354

Notes to the financial statements (unaudited) For the six months ending 31 December 2023

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 2023.

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 2023 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 2023.

The accounting policies applied are consistent with those published in the annual report for the year ended 30 June 2023.

The judgement, estimates and assumptions used to prepare these interim financial statements are consistent with those used at 30 June 2023.

Dunedin City Holdings Limited

Notes to the financial statements (unaudited) For the six months ending 31 December 2023

3 Reconciliation of operating profit to net cash flows from operating

	Unaudited 6 months to 31 Dec 2023 \$'000	Unaudited 6 months to 31 Dec 2022 \$'000	Audited full year to 30 Jun 2023 \$'000
Net profit after tax	9,483	7,097	3,340
Share of net profit/(loss) in associated companies	(1,150)	(1,300)	(2,158)
<i>Items Not Involving Cash Flows</i>			
Depreciation & amortisation	19,452	19,386	37,487
Depletion of forest	4,063	6,651	12,712
Deferred tax	(120)	1,030	4,814
Asset impairment	-	-	2,956
Forest revaluation	(4,063)	(5,972)	(13,185)
Carbon credit revaluation	-	-	-
(Increase)/Decrease in cash flow hedge valuation	(4)	97	-
Other non-cash items	4,336	7,090	7,043
<i>Impact of Changes in Working Capital Items</i>			
(Increase)/Decrease in trade and other receivables	(2,092)	(5,214)	(4,453)
(Increase)/Decrease in other current assets	113	(610)	162
(Increase)/Decrease in inventories	545	161	(675)
(Increase)/Decrease in prepayments	247	1,765	49
Increase /(Decrease) in trade and other payables	(678)	(3,155)	3,986
Increase /(Decrease) in provision for tax	5,620	1,534	(2,117)
Increase /(Decrease) in other current liabilities	422	572	(70)
<i>Items Classified as Investing or Financing Activities</i>			
Gain on sale of property, plant and equipment	645	1,572	(3,248)
Loss on sale of property, plant and equipment	-	-	954
Investment in Financial Instruments	-	(1,844)	(910)
Movement in capital creditors	529	631	-
Net cash inflows from operating activities	37,348	29,491	46,687

Dunedin City Holdings Limited

Notes to the financial statements (unaudited) For the six months ending 31 December 2023

4 Property, plant and equipment

	Unaudited 6 months to 31 Dec 2023 \$'000	Unaudited 6 months to 31 Dec 2022 \$'000	Audited full year to 30 Jun 2023 \$'000
Additions	37,824	40,251	113,505
Revaluations	-	-	(1,949)
Net disposals	(691)	(775)	(1,366)
Capital commitments	35,217	49,797	33,014

There have been no material changes in fair value for all property, plant and equipment asset classes between 30 June 2023 and 31 December 2023.

5 Term borrowings

	Unaudited as at 31 Dec 2023 \$'000	Unaudited as at 31 Dec 2022 \$'000	Audited as at 30 Jun 2023 \$'000
Current	-	-	-
Non Current			
Multi-option note facility	1,207,974	982,868	1,083,813
	1,207,974	982,868	1,083,813
Total term borrowings	1,207,974	982,868	1,083,813

The group has an \$1,600 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 2023

	Unaudited as at 31 Dec 2023 \$'000	Unaudited as at 31 Dec 2022 \$'000	Audited as at 30 Jun 2023 \$'000
Term borrowings			
Promissory notes	240,864	232,279	202,558
Medium term notes 16/10/23*	-	50,000	50,000
Floating rate notes 15/02/24	25,000	25,000	25,000
Medium term notes 16/10/24	35,000	35,000	35,000
Floating rate notes 01/04/25	50,000	50,000	50,000
Floating rate notes 15/10/25	75,000	75,000	75,000
Medium term notes 17/7/25	50,000	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
Medium term notes 18/04/28*	110,000	110,000	110,000
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 09/02/30	75,000	-	75,000
Floating rate notes 09/02/30	25,000	-	25,000
Floating rate notes 09/02/30	25,000	-	-
Floating rate notes 15/05/31	25,000	-	25,000
Floating rate notes 15/05/31	100,000	-	-
Fair value impact on bonds (*)	(17,890)	(34,411)	(28,745)
Total term borrowings	1,207,974	982,868	1,083,813
The repayment period on the term borrowings is as follows:			
Repayable less than one year	300,864	280,211	276,728
Repayable between one to five years	657,110	460,170	530,444
Repayable later than five years	250,000	242,487	276,641
	1,207,974	982,868	1,083,813

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 Company's borrowings as at 31 December 2023 as being \$1,194,916,832 (December 2022 \$967,113,932).

**Notes to the financial statements (unaudited)
For the six months ending 31 December 2023****6 Derivative financial instruments**

	Unaudited as at 31 Dec 2023 \$'000	Unaudited as at 31 Dec 2022 \$'000	Audited as at 30 Jun 2023 \$'000
Assets			
Interest rate swaps and FX contracts	26,100	46,217	37,291
<i>Analysed as:</i>			
Current	1,301	1,766	695
Non-Current	24,799	44,451	36,596
	26,100	46,217	37,291
Liabilities			
Interest rate swaps and FX contracts	22,608	36,586	32,072
<i>Analysed as:</i>			
Current	-	2,892	2,869
Non-Current	22,608	33,694	29,203
	22,608	36,586	32,072

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 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.

Dunedin City Holdings Limited

Notes to the financial statements (unaudited) For the six months ending 31 December 2023

8 Contingent liabilities

	Unaudited as at 31 Dec 2023 \$'000	Unaudited as at 31 Dec 2022 \$'000	Audited as at 30 Jun 2023 \$'000
Performance bonds	668	377	402

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 2023 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.

10 Subsequent events

There were no significant post balance date events.

Statement of Service Performance For the six months ending 31 December 2023

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. 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.	An annual review of the ownership and capital structures of the DCHL Group companies will be completed prior to 30 June 2024. Capital expenditure requests have been considered in line with agreed delegations.
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 2024.
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 2024.
7 Set expectations through annual Letters of Expectation to DCHL Group companies.	Achieved. Annual Letters of Expectation were sent to DCHL Group companies in December 2023.
8 Monitor performance of the DCHL Group in measuring, reporting, and reducing carbon emissions and waste.	Achieved. Systems to measure and report carbon emissions are in place. Strategies and targets to reduce carbon emissions and waste will be publicly reported against in the 30 June 2024 Annual Reports.

Statement of Service Performance For the six months ending 31 December 2023

- | | | |
|-----------|---|---|
| 9 | Ensure that all direct employees are paid at living wage or above. | Achieved. All direct employees are paid at living wage or above. |
| 10 | 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. |
| 11 | 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. Appropriate policies and procedures are in place and monthly reporting on key aspects, including health and safety have been completed, for the year to date. |
| 12 | 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. |
| 13 | 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 2024. The Parent and Group is on track to meet the financial forecasts set.

Dunedin City Holdings Limited

Directory

Directors

Keith T Cooper (Chair)
Richard J Thomson
Susie J Johnstone
Timothy DR Loan
Greg Anderson
Christopher Milne

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)