



DUNEDIN CITY HOLDINGS LIMITED

Update on Yaldhurst subdivision debt recovery

2 August 2016

Dunedin City Holdings Limited (DCHL) and its company Delta Utility Services Limited (Delta) can now start to make progress towards recovering money associated with a Canterbury development.

The Dunedin City Council yesterday supported a recommendation from DCHL relating to the Yaldhurst Village subdivision. Delta has an outstanding debt of more than \$13 million for infrastructure work it carried out for the development over four years.

DCHL Chairman Graham Crombie says the decision means Delta is authorised to enter a new loan agreement with a potential purchaser of the Yaldhurst subdivision, to replace the existing \$13.4 million debt owed to Delta by Noble Investments Limited.

Mr Crombie says, "We can now start to make some progress towards recovering this outstanding debt."

The decision authorises Delta to refinance its outstanding debt with the potential new purchaser, on settlement of the purchaser's offer to Gold Band Finance Ltd, the first mortgagee.

Gold Band Finance put the Yaldhurst subdivision to tender late last year in a mortgagee sale process. The mortgagee sale is still subject to conditions. When the mortgagee sale process is concluded, Delta will provide a further update on the outcome.

During 2009-2013, Delta provided infrastructure services for the Yaldhurst subdivision through its now closed civil construction business in Christchurch. Delta's role was as a contractor providing infrastructure services to the developer, Noble Investments Limited. Recovery of the outstanding debt has been held up by a longstanding dispute between the developer and neighbouring properties that has delayed titles being issued for the subdivision.

Mr Crombie says Delta remains fully focused on recovering the outstanding debt owed by the original developer and has mortgage securities in place for the amount owing.

Note: The Dunedin City Council owns Dunedin City Holdings Ltd, which in turn owns seven subsidiary companies being:

- Aurora Energy Ltd
- Delta Utility Services Ltd
- City Forests Ltd

- Dunedin City Treasury Ltd
- Taieri Gorge Railway Ltd
- Dunedin Venues Limited
- Dunedin Venues Management Limited

and a 50% share in Dunedin International Airport Ltd.