

27 February, 2009

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Otago Regional Council  
Private Bag 1954  
**DUNEDIN 9054**

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Dunedin City Council  
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**DUNEDIN 9031**

Dear Sirs

## REPORT OF FACTUAL FINDINGS

In accordance with our engagement letter dated 3 February, 2009 and our addendum to the engagement letter dated 27 February, 2009 we have performed certain agreed upon-procedures to provide a report on the factual findings of our work in relation to the schedule of private sector funding provided by the Carisbrook Stadium Trust (CST). Our engagement was performed in accordance with the basic principles and general guidance set out in the Standards and Guidelines for Agreed Upon Procedures Engagements issued by the New Zealand Institute of Chartered Accountants ('the Institute'). This report should be read in conjunction with our engagement letter and subsequent addendum which sets out the basis on which our work was performed.

### 1. Scope of Work & Statement of Responsibility

At your request and agreement, we performed the procedures set out in Section 2 of this report. The scope of our work was limited solely to those procedures. You are responsible for determining whether the scope of our work is sufficient for your purposes and we make no representations regarding the sufficiency of these procedures for your purposes. If we were to perform additional procedures, other matters might have come to our attention that would be reported to you.

This report should not be taken to supplant any other enquiries and procedures that may be necessary to satisfy the requirements of the recipients of the report.

# Deloitte.

The procedures we performed did not constitute a review or an audit of any kind and we have not expressed any opinion or drawn any conclusions on the procedures we have performed. For this reason the work performed is not a substitute for a full scope audit as envisaged by the Companies Act 1993. We did not subject the information contained in this report or given to us by CST to checking or verification procedures except to the extent expressly stated below. This is normal practice when carrying out such limited scope procedures, but contrasts significantly with, for example, an audit. The procedures we performed were not designed to and are not likely to have revealed fraud or misrepresentation by the management of the CST.

Accordingly, we cannot accept responsibility for detecting fraud (whether by management or by external parties) or misrepresentation by the management of the CST.

## 2. Work Performed

### (i) Procedure

Analyse the dollar values attributed to each product included in the schedule of private sector funding provided to the DCC and ORC by CST.

Note that the dollar values have been based on our review of the underlying contractual arrangements included in the schedule of private sector funding provided to us by CST dated 2 February, 2009. Certain assumptions with respect to these dollar values are required and set out below.

### Findings

These procedures are summarised in the table and the footnotes below:

Product Type	Number of Product	Payment Type	Year of cashflow per agreements												Total
			Construction	Cons + 1	Commencement	Com + 1	Com + 2	Com + 3	Com + 4	Com + 5	Com + 6	Com + 7	Com + 8	Com + 9	
			2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
Sponsorship	3	Up front Annual (6)	100,000			570,625	570,625	570,625	570,625	570,625	570,625	570,625	570,625	570,625	100,000
Corporate suites (1)	9	Premium Annual	135,000	135,000		418,500	418,500	418,500	418,500	418,500	418,500	418,500	418,500	418,500	270,000
Open club reserves (2)	3	Open club reserves (2) Annual	10,000	18,000		35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	28,000
Lounge club memberships (3) (4) (5)	608	Full payment + renewal Three instalments Annual	108,000	108,000	90,000	108,000									180,000
			415,500	415,500	849,000	849,000	849,000	849,000	849,000	849,000	849,000	849,000	433,500	433,500	324,000
		Total	768,500	676,500	2,071,125	1,873,125	1,873,125	1,873,125	1,873,125	1,963,125	1,873,125	1,873,125	1,457,625	1,457,625	19,633,250

- (1) Seven licenses have agreements for nine corporate suites.
- (2) Three counterparties have agreements for the open club reserve product which incorporates 28 seats.
- (3) 195 licensees have agreements for 608 lounge club memberships.
- (4) One lounge club membership Heads of Agreement document was not signed by the licensee and was due to be signed in the week of 9 February, 2009. (We note this has not happened as at 27 February, 2009).
- (5) 19 memberships covering 46 seats were evidenced by an application form signed by the counterparty however a license agreement was not in place (and still not in place as at 27 February, 2009).

- (6) The annual sponsorship receipts include amounts in relation to the head naming rights. The head naming rights arrangements include a number of aspects, details of which we cannot provide due to commercial confidentiality. These aspects of the package are supported by a heads of agreement and email correspondence. The payment streams therefore assume the commitments in the heads of agreement and email correspondence are fulfilled.

### Definitions

Construction	- The year in which construction begins (assumed to be 2009 in CST financial model).
Cons + 1	- Construction plus 1 year.
Commencement	- The contracts define the commencement date as the date of the public opening of the stadium (assumed to be 2011 in CST financial model).
Com+1	- Commencement plus 1 year.

The analysis on the previous page is predicated on the following assumptions:

- All dollar values are in 2009 terms (not adjusted to reflect time value of money)
- Certain contractual arrangements include inflation adjustments to be determined at various points in the future. Our analysis of dollar values does not incorporate this aspect as it applies in the future.
- Certain contractual arrangements include rights of renewal. You have indicated it is appropriate for us to assume that all of the renewals are exercised.
- The dollar values set out above are based on various product agreements and related documentation. We have not considered the legal status or the implication of the specific clauses of this documentation. Accordingly there is an implicit assumption the commitments implicit in the documentation will be fulfilled.

### 3. Disclosure

Deloitte is party to a corporate suite license agreement with the CST.

### 4. Caveat

Our report is intended solely for the internal use of the Dunedin City Council and Otago Regional Council. Our report is not to be used for any other purpose, recited or referred to in any document, copied or made available (in whole or in part) to any other person without our prior written consent. We accept or assume no duty, responsibility or liability to any party, other than you, in connection with this report or engagement without limitation liability for negligence in relation to the factual findings expressed or implied in this report.

Our report of factual findings was completed on 27 February, 2009 and our findings are expressed as at that date.



Chartered Accountants  
Dunedin, New Zealand