

MEDIA STATEMENT

26 August 2016

Breakthrough on Yaldhurst Village subdivision debt recovery

Delta has received an initial debt repayment of \$0.9 million, with further repayments to come, following the sale of the Yaldhurst Village subdivision to property development company, Infinity Yaldhurst Limited.

The sale of the Yaldhurst Village subdivision to Infinity was confirmed on 24 August 2016. In December last year, the then first mortgagee, Gold Band Finance Limited, put the property to tender via mortgagee sale process.

Delta chief executive Grady Cameron says, "We are pleased with the successful conclusion of the mortgagee sale that means Delta can immediately recover \$0.9 million cash, with improved prospects for progressive repayment of the remaining \$12.5 million debt plus interest over the coming years.

"As expected, the sale has seen the previous caveats over the Yaldhurst Village subdivision lifted, thus removing the main obstacle to the subdivision being put onto the market and Delta starting to recover its outstanding debt.

"With a new developer, new financing and removal of the caveats, the way is now clear for the Yaldhurst Village subdivision to restart. The developer, Infinity, has indicated keen demand from homebuilders and businesses to locate to a popular part of Christchurch city. Accordingly, we have increased confidence of receiving regular repayments as home and commercial lots are readied for market and sold," says Grady.

The purchase by Infinity sees Delta enter a new loan agreement with Infinity Yaldhurst Limited, to replace the existing \$13.4 million debt owed to Delta by the original developer. Earlier this month, Dunedin City Holdings and Dunedin City Council authorised Delta to refinance its outstanding debt with Infinity, on settlement of Infinity's offer to Gold Band Finance Limited, the first mortgagee. As part of the refinancing, a new bank lender has taken over the first mortgage.

Under the agreement, Delta (together with two other funders) retains a second mortgage security over the subdivision property for the amount of outstanding debt, receives \$0.9 million immediately, and has an agreed programme for progressive repayment of the remaining debt plus interest.

As at its 30 June 2016 balance date, Delta had reassessed the fair value of its secured loan balances at \$13.4 million by reference to an independent market valuation and conditional tenders to purchase the property. The outstanding debt related to infrastructure services provided through Delta's now-closed civil construction business in Christchurch for the Yaldhurst subdivision.

Delta will continue to closely monitor progress to protect its security interests in the Yaldhurst Village subdivision and to recover the remainder of its debt. Delta regularly updates its shareholder, Dunedin City Holdings Limited, on the status of debt recovery activities.

For Delta media enquiries, please contact Gary Johnson 021 224 2333.

Delta is the infrastructure specialist in energy and environmental services. We bring smart thinking to infrastructure management, operation and maintenance. www.thinkdelta.co.nz