

Background briefing paper on transfer of land and establishment of specialist management company to oversee redevelopment of Wynyard Quarter

Background to today's announcement

The current plans for the redevelopment of the Western Reclamation are grounded in the Waterfront Vision 2040 document published in late 2005. The draft plan change for the Western Reclamation redevelopment (now called Wynyard Quarter) which took account of the public's feedback was published by Auckland City in February 2006. It builds on initial draft concepts prepared by Ports of Auckland, released in September 2005, by respected international architect, Peter Walker in conjunction with local firm Architectus.

Key Players

The ARC Group is made up of the following:

Auckland Regional Council (ARC) – is the regional planning authority responsible for setting regional planning direction. It manages the region's natural and physical resources and is responsible for regional growth and development, regional parks and public transport, air and water quality and natural heritage. It also manages the coastal and marine environment through the Regional Plan: Coastal.

Auckland Regional Holdings (ARH) – is a statutory investment management entity which funds regional infrastructure such as public transport and is responsible to the Auckland Regional Council. ARH will acquire and directly own the redevelopment land from POAL and create a specialist property management company to manage the redevelopment as ARH's agent. ARH retains ownership of the land for the benefit of the people of the Auckland region.

Ports of Auckland Ltd (POAL) – the port company currently owns the land from Wynyard Point and the Western Reclamation. POAL wants to transfer ownership of the redevelopment land to continue to focus on its core business of port operations.

In addition **Auckland City Council (ACC)** – is the local authority and the land-use regulator controlling uses and activities on land through the District Plan and zoning processes. ACC is also a provider of infrastructure and a landholder in the area including owning Waitemata Plaza, Te Wero island and the Eastern Viaduct, as well as various strips of land providing access to, and around, the waterfront.

The land

The land in question consists of about 18 hectares including Wynyard Point (the Tank Farm) and the Western Reclamation. As ARH owns 100 per cent of POAL and America's Cup Village Ltd the land – which has a book value of \$300 million – is being accounted for via an internal ARH Group transfer.

Transferring this land is critical to the redevelopment of Wynyard Quarter. POAL has invested a great deal of effort in getting the proposed redevelopment through the investigation, planning and concept stages, ready for handover to ARH to manage the redevelopment via its specialist property management company. This will allow POAL to concentrate on its core business of port operations without the distraction of the redevelopment, which has consumed considerable financial, staff and consultancy resource.

Securing the land for the benefit of the Auckland region in a more appropriate long-term ownership structure is one of the major reasons for transferring the land. Auckland Regional Holdings, a statutory investment management entity, has a legal obligation to "prudently manage its assets in the best interests of the Auckland region." By securing this Auckland waterfront real estate in ARH, its

ownership will be retained with the people of the Auckland region via ARH and the ARC Group. ARH has certain statutory obligations and responsibilities to ARC in relation to disposal of assets.

The management company

The complexity of managing this land for redevelopment cannot be underestimated. The management company will be an agent for ARH to manage the daily operations of the land, which includes highly specialised, technical management of existing tenancies for a range of business on sites with different characteristics. In addition, the management and leasing of land as the redevelopment begins is a specialist discipline which requires appropriately qualified and experienced people.

As an interim measure, key POAL staff and contractors who have been closely involved with the project thus far will be seconded to the new management company until such time as it employs its own specialist resources.

The company will have an interim Board of Directors until such time as the required specialist directors – from commercial property, development, legal, accounting and planning disciplines are appointed as the permanent Board.