

WINTON PARTNERS

LEVEL 2, 33 SHORTLAND STREET AUCKLAND 1010
telephone +64 9 3777 003 facsimile +64 9 3777 011

30 November 2016

Mr Ashley Angus
Procurement Officer
MBIE NZ Government & Property

By email: HIF@mbie.govt.nz

Dear Ashley

APPLICATION FOR FUNDING FROM THE HOUSING INFRASTRUCTURE FUND

Waikato District Council is submitting an application to the Ministry of Business, Innovation & Employment for funding from the Housing Infrastructure Fund. Funding received from the Housing Infrastructure Fund will fund the required wastewater and water infrastructure upgrades in Te Kauwhata (the "Infrastructure Upgrades").

The Infrastructure Upgrades are required to improve the current Te Kauwhata infrastructure and to increase its capacity to allow the Lakeside development to connect to the town's infrastructure.

Section 5 of the *"Housing Infrastructure Fund Call for Indicative Proposals"* requests evidence of *"The degree and nature of developer commitment or interest in accelerating development of the area in which the infrastructure will serve."*

The purpose of this letter is to detail Winton Partners' commitment to accelerate development at Lakeside, to deliver completed residential lots to the market in a timely manner.

Winton Partners Commitment to Accelerate Development at Lakeside

Winton Partners commitment to accelerate development at Lakeside to deliver completed residential lots to the market in a timely manner, is demonstrated in two ways.

The first is through the financial commitment that is required to implement a residential development of this scale. Winton Partners' peak financial exposure in undertaking this development is approximately \$35 million. To undertake a residential development that needs a financial commitment of this quantum requires not only an experienced developer with a substantial balance sheet, but also for the residential lots to be developed and sold in a timely manner so that the committed capital can be recycled. Winton Partners is confident in its ability to undertake a development of this scale and has the in-house ability to identify all risks associated with the development and to implement appropriate mitigants.

The second demonstrable commitment to Lakeside is shown by Winton Partners' track record of developing and delivering residential lots to the market. Our track record clearly demonstrates that we are a residential developer and not a land banker. Winton Partners is a residential developer of scale with 20 projects currently under development throughout New Zealand and Australia with a total yield of circa 6,500 residential lots. In New Zealand, over the next 12 months Winton Partners will develop, title and settle more than 750 residential lots, with a further 2,000 residential lots to be developed, titled and settled within the following two years.

Winton Partners Residential Development Track Record

Detailed below are three sample projects that Winton Partners are currently developing throughout New Zealand.

Bridesdale Farm, Lake Hayes Estate, Queenstown

Bridesdale Farm was classified as Queenstown's first "Special Housing Area" under the Queenstown-Lakes District Housing Accord and the Housing Accords and Special Housing Areas Act 2013 ("HASHA").

Winton Partners maintained an extremely tight development programme for Bridesdale Farm in accordance with and to promote the spirit and intent of the HASHA legislation. Civils works commenced on site immediately upon receipt of the resource consent.

Titles to the 137 residential lots will be issued in February 2017, only 10 months after the resource consent for the development was received. Settlement of all residential lots will occur in March 2017, which will help to alleviate the current housing supply issue that the Queenstown Lakes District is experiencing.

Northlake, Wanaka

Northlake is a 108 hectare site located on Aubrey Road, Wanaka. Upon completion, Northlake will consist of circa 800 residential dwellings and a retail and commercial hub.

The site was rezoned to residential, via a private plan change, in December 2015. In the 12 months since the project was released to the market, over 200 residential lots have been sold. Civil works are underway on the first eight stages of the development, with these 200 residential lots to be titled and settled in early to mid 2017.

It is Winton Partners' intention to develop all of the 800 residential lots at Northlake. This commitment has been demonstrated by the continual release to the market of additional stages within the development, throughout the year.

Marlborough Precinct, Hobsonville Point, Auckland

Winton Partners contracted a prime 4.5 hectare block of waterfront land within Hobsonville Point in June 2016, after being endorsed and ratified by the Hobsonville Land Company board ("HLC"). HLC represents the Crown, who are the vendors of the land which comprises Hobsonville Point.

The landholding purchased by Winton Partners is known as Marlborough Precinct and upon completion will deliver circa 340 dwellings to the Auckland market. These dwellings will be contained within six new apartment buildings, thirteen detached houses, a conversion of a historic seaplane hangar and the refurbishment of four existing historic former Air Force officer houses fronting the waterfront.

Winton Partners will submit the resource consent application for the entire subdivision this year, with resource consents being lodged for the built product progressively throughout 2017.

Civil works required to create the individual housing and apartment lots will commence upon receipt of the resource consent and will be completed in full by mid 2018, with the first of the built product to be delivered in early 2019.

Lakeside, Te Kauwhata Master Planned Residential Community

Winton Partners most recent acquisition is a 179 hectare parcel of land located at 65 and 94 Scott Road, Te Kauwhata (the "Property"). The Property is located on the southern boundary of the existing community of Te Kauwhata.

Following a private plan change to rezone the Property to residential, the opportunity will exist to develop the Property into a medium density master planned community of approximately 1,300 residential lots and community hub to be known as "Lakeside". Lakeside will be aimed at the "first home buyer" market and those individuals who have been forced out of the Auckland market by increasing house prices. An overview of the Lakeside development is attached to this letter for your reference.

As mentioned above, the Infrastructure Upgrades are required to allow Lakeside to connect to the town's existing infrastructure. It is Winton Partners' intention to complete the Infrastructure Upgrades in parallel with the on-site civil works, to ensure that titles to the completed residential lots are delivered to the market as soon as practically possible.

The Infrastructure Upgrades required are twofold. The proposed wastewater solution is to install a self-contained wastewater package plant, or membrane bioreactor (MBR), to process all the wastewater created within Te Kauwhata (including the wastewater that is currently generated by the township and that which will be generated by Lakeside). The installation of this new MBR plant will allow the existing wastewater treatment ponds to be decommissioned and removed. The elimination of the existing wastewater ponds will see the elimination of the pollutant discharge that is currently occurring into Lake Waikare.

The upgrades to the Te Kauwhata water infrastructure will increase the capacity of the township's water supply. The upgrade will include the construction of a new reservoir, implementation of additional pump stations and treatment plant and the upgrade of the existing reticulation system.

Another benefit of this Property is its close proximity to the main trunk rail line which runs along the western boarder of Te Kauwhata. This reinforces the suitability of Te Kauwhata as a potential stop in the event a commuter rail link between Auckland and Hamilton commenced.

Winton Partners is committed to delivering completed residential lots at Lakeside as soon as possible and would welcome the opportunity to meet with you to discuss the Lakeside development in greater detail.

Yours sincerely



Chris Meehan
Winton Partners

Encls.

CC: Honourable Dr Nick Smith
Minister for Building and Housing (by mail)

CC: Honourable Simon Bridges
Minister of Transport (by mail)

WINTON PARTNERS

LEVEL 2, 33 SHORTLAND STREET AUCKLAND 1010
telephone +64 9 3777 003 facsimile +64 9 3777 011

23 March 2017

Mr Ashley Angus
Procurement Officer
MBIE NZ Government & Property
PO Box 1473
WELLINGTON 6140

By email: HIF@mbie.govt.nz

Dear Ashley

APPLICATION FOR FUNDING FROM THE HOUSING INFRASTRUCTURE FUND CALL FOR FINAL PROPOSALS: LAKESIDE DEVELOPMENT STATUS UPDATE

Tony Whittaker, the General Manager Strategy and Support, at the Waikato District Council ("WDC"), has requested Winton Partners provide a letter detailing the current status of the Lakeside development, and to provide comment against the assessment criteria included within the "*Housing Infrastructure Fund Call for Final Proposals*", to accompany the next stage of WDC's application to the Ministry of Business, Innovation & Employment, for funding from the Housing Infrastructure Fund.

As you are aware, funding received by WDC from the Housing Infrastructure Fund will fund the required improvements and upgrades to the wastewater and water infrastructure in Te Kauwhata, which are required to improve the existing infrastructure and to increase its capacity, which in turn allows the Lakeside development to connect to the town's infrastructure.

Lakeside Development Update

Since Winton Partners' initial letter to the Ministry of Business, Innovation & Employment on the 30 November 2016, the following milestones have been completed, which demonstrates not only our commitment to the accelerate development at Lakeside, but also the lengths we have undertaken to ensure a comprehensive Private Plan Change application is submitted.

- Winton Partners confirmed the acquisition of the property on which Lakeside is to be developed and made a substantial payment to the landowner.
- Winton Partners has presented to the following parties, outlining the Lakeside development proposal and our proposed wastewater treatment solution and water infrastructure upgrade for Te Kauwhata:
 - the Nga Muka Development Trust;
 - the Waikato District Council;
 - the Waikato Regional Council; and
 - the Te Kauwhata Community Committee.
- Winton Partners has entered into a binding arrangement with the neighbour to the immediate north of the Lakeside development to join the Private Plan Change submission.
- Winton Partners held a Community Open Day at the Te Kauwhata Rugby Club, which was attended by over 200 people. The purpose of this event was to provide the local community with information on the proposed Lakeside development.
- The Nga Muka Development Trust has agreed to provide a letter of support to accompany Winton Partners' Private Plan Change submission.

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- The Tainui River Trust has provided a letter of support to the proposed Pedestrian Trail Network, which will be developed along the banks of Lake Waikare as part of the Lakeside development.
- A resource consent application which is required to allow for completion of earthworks, for the building platform on which the Lakeside Sales Precinct, will be constructed has been submitted to WDC for approval. It is Winton Partners' intention to complete these earthworks within the next 60 days.
- Mena Water have been commissioned to complete a detailed design for the new Te Kauwhata wastewater treatment plant, which will cater for all existing dwellings within the township and the future dwellings to be constructed at Lakeside.
- John Duthie of Tattico has been commissioned to prepare a resource consent application for the discharge consent required for the new Te Kauwhata wastewater treatment plant.

Housing Infrastructure Fund Call for Final - Assessment Criteria

The milestones outlined above in the Lakeside Development Update section clearly demonstrates Winton Partners' commitment to accelerate development at Lakeside and, as such, compliance with Section 5B of the *"Housing Infrastructure Fund Call for Final Proposals"* which requests evidence of *"the degree and nature of developer commitment or interest in accelerating development of the area in which the infrastructure will serve"*.

The purpose of Winton Partners' initial letter to the Ministry of Business, Innovation & Employment dated 30 November 2016, not only outlined the proposed Lakeside residential development and our commitment to accelerate development to allow the delivery of completed residential lots to the market in a timely manner, but also provided details of Winton Partners' extensive residential development track record. For completeness, a copy of the initial letter is annexed to this letter.

Section 5B also requests that developers provide evidence of *"the expected timing within which dwellings will be built in the area to be served by infrastructure built with HIF assistance"* which now follows accordingly.

The main impediment to the proposed residential development at Lakeside is the requirement to rezone the property to residential, to allow the proposed development to occur. The Private Plan Change Application requesting this zoning change will be submitted to the Waikato District Council by 31 March 2017. Winton Partners is confident of receiving a positive Private Plan Change decision by November 2017.

Following the successful Private Plan Change decision, Winton Partners will immediately lodge a resource consent application for the first 300 residential lots at Lakeside and will commence a sales and marketing campaign over the 2017/18 summer months (as noted above, the process to construct a sales precinct on the property containing three show homes, a sales office and children's playground has commenced).

Upon receiving the resource consent in early 2018, earthworks for the first 300 residential lots will follow which will allow the required earthworks to be completed within the 2017/2018 earth working season (which runs until the end of May each year).

This timeframe will see individual titles issued and settlements occur for the first 300 residential lots by the end of 2018. Construction of dwellings within Lakeside will commence in early 2019. The period of time to construct a standard dwelling is approximately three to four months, meaning that residents could be living in their new family homes at Lakeside by the middle of 2019.

Winton Partners proposes to develop between 150 to 250 residential lots in each subsequent stage at Lakeside. The final number of lots within each future stage will be dependent upon the number of pre-sales achieved, which in turn will be determined by the prevailing economic conditions at the time. The timeframe for developing each of the future stages at Lakeside will be approximately 12 months.

The timeline outlined above for Lakeside mirrors that which was achieved by Winton Partners in the development of Bridesdale Farm, which is located within Lake Hayes Estate, Queenstown.

Bridesdale Farm was classified as Queenstown's first "Special Housing Area" under the Queenstown-Lakes District Housing Accord and the Housing Accords and Special Housing Areas Act 2013 ("HASHA"). Winton Partners maintained an extremely tight development programme for Bridesdale Farm, in accordance with (and to promote the spirit and intent of) the HASHA legislation. Civils works commenced on site immediately upon receipt of the resource consent. Titles to the 137 residential lots will be issued in March 2017, only 10 months after the resource consent for the development was received.

Market Demand for the Lakeside Development

As part of our Private Plan Change Application, Winton Partners commissioned Property Economics to prepare a Te Kauwhata Residential Market Assessment. Detailed below are several key findings (as detailed within the Executive Summary on page 1) of this assessment which provide evidence of the likely market acceptance of the Lakeside development, and its ultimate success.

- Net population growth within Te Kauwhata over the last 15 years, has equated to around 39% above that of the wider Auckland Regional average of 31%.
- Like Pokeno, Te Kauwhata has the opportunity to tap into the escalation 'overflow' demand for Auckland urban fringe locations with more affordability due to many buyers being 'priced out' of the Auckland market.
- Within the 'Golden Triangle' (i.e. Auckland Region, Hamilton City and Tauranga City), net additional households over the next 17 years, is forecast to equate to demand for around 211,000 new dwellings or, an average of 12,400 new homes per annum. To put this into context, Residential and Country Living zoned land in Te Kauwhata 'at capacity' will accommodate less than 1,300 dwellings. Relative to the net growth over the same period the existing supply equates to less than 0.6% of the forecast requirement within the Golden Triangle (it should be noted that the figure of 1,300 dwellings is comparable to the number of residential lots which are to be developed at Lakeside).
- There is significant opportunity to elevate the growth potential of Te Kauwhata and generate transformational change for the town given its strategic location in the centre of the 'Golden Triangle' and its proximity to Auckland.
- Net migration growth into New Zealand is placing increased pressure on residential supply, particularly in Auckland. The 2015 year saw a new 'high' reached of around 65,000 net migration increase, driven by fewer 'departures' and increased 'arrivals'. This is placing increasing pressure on residential supply in Auckland, with 'new builds' struggling to keep up with the escalating housing requirements of the market.

Annexed to this letter is a full copy of the Te Kauwhata Residential Market Assessment completed by Property Economics.

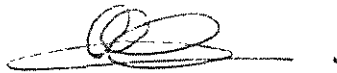
The above provides details of the current status of the Lakeside development, the timeframes that we are endeavouring to achieve to bring completed residential lots to market, details of the Te Kauwhata

Residential Market Assessment completed by Property Economics and Winton Partners' commitment to accelerating the development.

This commitment to accelerating development at Lakeside cannot be demonstrated any more succinctly, than by the fact the Private Plan Change Application will be submitted by 31 March 2017 - only 6 months after it contracted to purchase the property.

We would welcome the opportunity to meet with you to discuss the Lakeside development in greater detail.

Yours sincerely

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end.

Chris Meehan
Winton Partners

Encls.

cc: Honourable Dr Nick Smith
Minister for Building and Construction (by mail)

cc: Honourable Simon Bridges
Minister for Transport (by mail)