

NZICC Qs & As May 26 2015

Design Changes

1. What are the main differences between the new and the last Preliminary Design?

The main difference is the total size of the centre. A careful re-design has removed one level of the building and reduced the gross floor area to 32000m².

The Centre will now cater for a plenary of 2850 delegates, which is 150 fewer than the previous design. The exhibition hall will be able to seat banquets ranging from 1360 to 3000 people, and the centre will be capable of hosting two concurrent events of up to 1200 delegates each – or a single event of 3150 people. There is a reduction in the exhibition space from 8700sqm to 8100sqm.

The new hotel and the laneway between the hotel and NZICC remain, as do the shared spaces and services between the hotel and the NZICC.

2. The Government said that it was prepared for SkyCity to design an NZICC with up to 10% less capacity. Has that been adhered to?

Yes. When compared to the last Preliminary Design and to the Concept Design, which was the last design approved by the Crown in May 2014, the capacity of the revised Preliminary Design is within the reduction parameters set in February 2015.

NZICC Agreement

3. What has changed in this new Supplementary Agreement?

There are four changes all aimed at making the design and construction of the NZICC less costly and more efficient:

- i. A new Preliminary Design and set of design specifications has been confirmed that replaces the Design Brief and drawings in the original NZICC Agreement.
- ii. A new design process where SkyCity will take on the responsibility and the risks for the designs from now on. However the Crown requires SkyCity to build a NZICC that is materially consistent with the new Preliminary Design. Previously the Crown was required to give its approval at each design stage.
- iii. A revised procurement and construction process where SkyCity takes the risks for all costs from now until completion. We have removed both the Crown's ability to insist on enhancements during the construction process and its ability to put cash into the construction. The Crown requires SkyCity to follow procurement processes that are consistent with best commercial practice and industry standards.
- iv. SkyCity has to formally certify that the building has been completed according to the designs and standards agreed with the Crown.

4. How does the Supplementary Agreement relate to the original Agreement?

The Supplementary Agreement being released today amends the original agreement. The two documents are to be read together.

5. Has the Crown agreed to put more money into the building of the NZICC?

No. This Agreement requires no new funding from the Crown – indeed it explicitly removes the Crown's ability to put cash into the NZICC. The Government's least preferred option was always for the Government to contribute funding for the project.

Construction Cost

6. How much will this new design cost to build?

The final cost to SkyCity will be determined once the building works contract is signed next year. However in the Supplementary Agreement, SkyCity has increased its minimum guaranteed contribution to NZICC from \$402 million to \$430 million and it expects it may have to spend up to \$470 million by the time the construction is finished.

7. Does the build cost include the cost of construction of the Laneway and the new Hotel?

No. SkyCity has estimated it will invest up to \$650 million in total, including the Hotel and the Laneway.

8. Why has SkyCity agreed to increase its contribution from \$402 million to \$430 million?

SkyCity's guaranteed additional \$28M expenditure partly reflects the fact that the relocation of the hotel land from Wellesley Street to Hobson Street has given SkyCity some additional value that it is obliged to put towards the costs of construction. It also reflects SkyCity's commitment to ensure that the NZICC is a truly international-standard building and an asset to Auckland.

9. Has the Government agreed to give SkyCity more gaming concessions to cover its additional contribution to the build cost?

No. The Crown's contribution to the NZICC has not increased since the original Agreement was signed in July 2013. SkyCity's guaranteed additional \$28M expenditure partly reflects the fact that the relocation of the hotel land from Wellesley Street to Hobson Street has given SkyCity some additional value that it is obliged to put towards the costs of construction.

10. Can the Crown be asked later to contribute more towards the cost of the NZICC?

No. The Government has made it clear that from this time onwards SkyCity bears all the risks associated with funding the construction of the NZICC.

11. Does that mean there is a risk that we'll get a sub-standard NZICC?

No. SkyCity must build a NZICC that is consistent with the new Preliminary Design and design standards or the Crown would not accept the building as completed and SkyCity would lose its new gaming concessions.

Resource Consent

12. Will the new design mean that SkyCity has to resubmit its Resource Consent?

SkyCity, as the project manager, is leading the resource consent application process, so please direct consenting questions to SkyCity.

13. Are there any special regulatory approvals required to finalise the design or construction?

No, just the standard resource management and building consents.

Location of new SkyCity Hotel

14. Why has the location of the Convention Centre changed with the hotel now situated on the Hobson St site?

The incorporation of the five-star hotel and creation of the laneway are two of several design innovations that have been made since July 2013 to ensure that SkyCity is creating an attractive Convention Centre precinct that will achieve an outstanding, international-standard experience for

delegates. Another significant change from the 2013 design has been to put the exhibition hall on the first floor and the plenary above it.

Locating the hotel on the Hobson St site makes better sense because it frames the proposed laneway, allows entrances to be created on all sides of the NZICC, and will be easier for delegates to access than if it had a Wellesley Street frontage (which would have been the case if it was located on the original Future Development Unit).

15. Has a further review of the value of the agreement been made given the changes to the design specifications?

KordaMentha has been commissioned to undertake an independent review of the value of the specific changes to the proposed transaction. In particular they have reviewed the value add of the land site on which the Hotel and Laneway will be constructed. The findings from the assessment show the impact of the changes to the proposed transaction is that the Crown is receiving considerably more contribution from SkyCity than was envisaged in the Report.

Completion Date

16. When will the NZICC be opened?

There are still a number of steps to be completed before SkyCity will know that date. The new design and procurement processes outlined in the Supplementary Agreement will speed up those phases. The length of time required to obtain the resource and building consents for the NZICC is currently unknown. Once the building works have commenced, the construction should be completed within 36-39 months.

SkyCity Concessions

17. What is the status of the gaming concessions granted to SkyCity under the original NZICC Agreement?

The amount and make-up of the concessions has not changed, even though the NZICC will now be more expensive to construct than was envisaged at the time that the number and value of the gaming concessions was agreed in 2013. SkyCity is not yet able to use the new gaming concessions.

If the Crown is satisfied with the certificate it will implement the gaming concessions.

Procurement Process

18. Will the Procurement Process that SkyCity undertakes be consistent with best commercial practice and industry standards?

Yes. SkyCity is required to certify that is the case before the Government will allow the gaming concessions to commence.

SkyCity must also satisfy the Crown that the building works contract requires the contractor to give appropriate warranties and guarantees that will ensure a high-standard Convention Centre is built.

Other Changes in the Supplementary Agreement

19. Are there any other changes to the original NZICC Agreement being brought in by the Supplementary Agreement?

The only other significant change is in the membership of the Disputes Panel that will settle disputes between the Crown and SkyCity. Under the original agreement there were three permanent members:

- An independent Chairperson appointed by both parties
- One representative appointed by the Crown and
- One representative appointed by SkyCity.

The new design, procurement and construction process revisions brought about through the Supplementary Agreement mean that the Panel may have to rule on a variety of disputes (often requiring specialist knowledge of things such as strata titling). Therefore it has been agreed that the representatives of the Crown and SkyCity will not be permanent members but can be changed by the parties depending on the nature of the dispute being heard by the Panel.