

3.8 Wai Ariki Hot Springs & Spa

Evaluation, Cover Sheet and Decision Form

Project:	Wai Ariki Hot Springs & Spa	FOR:	Approval
Applicant:	Pukeroa Lakefront Holdings Ltd	PDU ID:	Commercial Information
Application type:	Main PGF	(A) Total Project Value:	\$Commercial Information
Funding type:	Loan	(B) PGF Funding Sought:	\$Commercial Information
Entity Type:	Iwi Company	(C) PGF Funding Recommended:	\$9,000,000
Region:	Bay of Plenty	(D) Applicant Contribution:	Commercial Information
Tier:	1 - Regional	(D/A) Co-contribution Rate:	Comm %
Sector:	Tourism		
Application summary:	<p>Funding is sought to support the completion of the Wai Ariki Hot Springs & Spa, a purpose built luxury health and wellness spa servicing the domestic and international tourism market. The facility is to be built on the Lakefront in the Rotorua Central Business District (CBD), on a 7.4ha site owned by the applicant.</p> <p>The project is Stage 1 of an overall 3 Stage concept plan.</p> <p>Funding by way of a loan from the PGF of \$9m Commercial Information</p> <p>Commercial Information</p> <p>Commercial Information</p> <p>Notwithstanding the above condition placed on the funding by the applicant, the project is on Iwi land, is aligned to the regional priorities and will be beneficial to the region and will create a number of new jobs, Commercial Information</p>		

It is recommended that the IAP:

Approve the request from Pukeroa Lakefront Holdings Ltd for a \$9,000,000 loan from the PGF towards the cost of developing the Wai Ariki Hot Springs & Spa:

- Because:
 - The project aligns to PGF objectives.
 - On opening in ^{Commercial} there will be a total of ^{Commerc} new jobs created and by ^{Commercial} it is anticipated there will be ^{Commerc} new jobs.
 - Commercial Information
 - The site of the Spa is on land returned to Iwi by the Crown, it is a strategic location on the Lakefront and complements the current upgrades.
 - The Spa is the first stage in a proposed multistage redevelopment of the Lakefront site which aligns with the Rotorua Lakes Council’s ‘Vision 2030’.
 - The applicant has secured a significant level of co-funding indicating their commitment to the project.

- Subject to:
 - The applicant in its procurement considers the social, economic, cultural and environmental outcomes that this project is aiming to achieve by incorporating government’s broader outcome procurement objectives where possible.
 - All necessary Consents being in place by ^{Commercial Information}.
 - Detailed budget, with firm costs, provided to the satisfaction of the PDU by ^{Commercial Information}
 - Confirmation of co-funding to the satisfaction of the PDU.
 - Due diligence being completed to the satisfaction of the PDU.

- Note:
 - That the PDU considers that this application can be considered separately to the QE Health application, however, without PGF funding support the applicant has noted that it will be unlikely to proceed with its project, resulting in the QE Health Regeneration project not proceeding either. Closure of the QE Health operation results in the loss of around ^{Comm} jobs in Rotorua.

Section A: Triage – Assessment against PGF eligibility criteria

Is the project:

➤ an illegal activity?	No
➤ located in the three main metropolitan areas?	No
➤ seeking investment in large scale infrastructure of social assets?	No
➤ three waters	No

Application description

Original EOI

Commercial Information

Commercial Information

Commercial Information

Revised application

The applicant has now advised that securing sufficient funding for the Wai Ariki Hot Springs & Spa ('Spa') project has not been possible.

Funding of \$9m (loan) is now sought to support the development of the purpose built luxury health and wellness spa servicing the domestic and international ('wellness') tourism market.

The Spa is to be built on the Rotorua Lakefront, adjacent to the CBD, on a 7.4ha site owned by the applicant, Pukeroa Lakefront Holdings Ltd ('PLHL').

PLHL will continue to own the underlying land and the Spa buildings, but the Spa will be leased to another company within the Pukeroa Oruawhata Trust Group, Wai Ariki Hot Springs & Spa Ltd, as the operator of the Spa.

A Heads of Agreement has also been signed with Commercial Information to provide services for the design, development, and on-going management of the Spa.

The Spa project (the subject of this application) is Stage 1 of the amended concept plan, now comprising:

- Stage 1 – Wai Ariki Hot Springs & Spa (this application, indicated completion date Commercial Information)
- Stage 2 – QE at Wai Ariki, a purpose built facility to accommodate QE Health Ltd's existing Health and Wellbeing centre to be developed on leased land on the same site (see also separate application, relating to their 'QE Health Regeneration' project, and Cover Sheet in that name)
- Commercial Information
 - The proposed Commercial In site is where the current QE Health buildings are located, so a relocation of QE Health is required first
 - With the announced opening of the Commercial Information and the proposed Rotoma project, Commercial In
 - Commercial Information

The PGF funding requested will allow the development to commence now rather than waiting for existing loans / limits to amortise, accelerating the benefits to the city; and allow the Trust to support QE Health to establish new premises on the site, and enabling a continuation of the QE Health business and the preservation of some Commercial existing specialist jobs currently within QE Health.

The site is a strategic location on the Rotorua Lakefront (which is being upgraded by funding already approved from the PGF and Rotorua Lakes Council). Apart from the QE Health premises, all other buildings have been demolished to provide a clean site for commencement of the Spa development. The cost of this site preparation and civil works, including addressing contamination issues, has been met by PLHL and the wider Pukeroa Oruawhata group.

Applicant background

The Pukeroa Oruawhata Trust Group is an Iwi owned property development and management group. Pukeroa Oruawhata Trust was established in 1981 for the purposes of administering the land interests of the descendants of the original 295 owners of the Pukeroa Oruawhata Block, being the land on which the City of Rotorua was established.

The applicant notes that, recognising the tourism potential of Rotorua, mainly around the geothermal resource, in 1880 the Crown negotiated with local Iwi (Ngati Whakaue) for the setting aside of 3,024 ha of land for establishing the current City of Rotorua.

This agreement with Iwi ('1880 Fenton Agreement') was further formalised under a 1993 Agreement with the Crown. Pukeroa Oruawhata did not receive a settlement from the Crown, rather the 1993 Agreement provided for lands that had been given to the Crown by Ngati Whakaue be returned to Ngati Whakaue when they were no longer required for public use.

Included in those lands returned was the 7.4 ha site now owned by PLHL and the subject of the proposed Spa development, which was returned in 2005. The various leases in place on this land have now either expired, or are nearing expiry, with the state of the buildings no longer being fit for purpose – enabling the Spa development to now proceed.

Details of Spa

The geothermal resource available will be used for delivery of health and wellness treatments at the Spa (ranging from 'medi-spa' applications to luxury focused wellness tourism), making it a unique differentiator for Rotorua.

The strategic objectives for the Wai Ariki Hot Springs & Spa are to:

- Generate peak visitor flows of between ^{Commercial Information} activity visits per annum
- Deliver a gross business revenue of \$^{Commercial} per annum and net return to PLHL of \$^{Commercial} per annum.
- Provide a catalyst for, and financially support, the development of the wider lakefront site.
- Create employment opportunities ^{Commercial Information}
- Show case Whakaue spa & bathing culture to the world.

Consenting has been progressed within the framework established for the site within the Rotorua District Plan. The applicant has advised that Consents are held as follows:

- Resource Consent – Overall site
- Resource Consent – Spa
- Building Consent – Spa earthworks
- Building Consent – Geothermal Plant and Plant Room
- Building Consent – Enabling earthworks

The Building Consent for the Spa has been subject to pre-lodgement discussions with Rotorua Lakes Council. It is anticipated that the Building Consent will be lodged (following completion of the required detailed designs) in Feb 2020, and be issued within the Council's 20 day timeframe.

QE Health (as a specialist clinical and rehabilitation services provider, is intended to complement the services provided by the Wai Ariki Spa. A collaborative approach is being adopted by the two operations, and a client focussed referral system will be established to ensure appropriate services are delivered by the appropriate providers; together with other shared service initiatives which will benefit both.

Costings

The Spa costings cover the enabling works that are required for the site – which include the cost of the Geothermal Plant, roading, car parking and other infrastructure/services that will be put in as part of the Spa establishment, but will be shared by QE Health. The applicant has advised that if QE Health establishes on the site then these enabling works will be accessible to them with minor cost associated with integrating their building into these and/or connecting into these. QE Health will need to undertake ground works associated with their platform.

Costs and proposed funding are shown in the table below:

Capital Cost	\$ ^{Commercial Information}	^{Commercial}	\$ ^{Commercial Information}
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Commercial Information	\$ Commercial Information	PGF	\$9,000,000
Interest	\$ Commercial Information	PLHL - Land	\$ Commercial Information
Land Value	\$ Commercial Information	POHL - Interest	\$ Commercial Information
Total Project Cost	\$ Commercial Information	POHL – Funded to date	\$ Commercial Information
Total Project Funding			\$ Commercial Information

Commercial Information

The Trust (via Pukeroa Oruawhata Holdings Ltd 'POHL') has already committed \$ Commercial Information to the project to cover preliminary and establishment costs; Commercial Information
 Funding from the PGF of \$9m is requested to bridge the funding gap, Commercial Information

Commercial Information

The applicant has advised that Pukeroa's funding constraints have arisen from a combination of factors, but primarily related to the level of debt that can/will be provided by the group's bankers, who have placed a total limit for a group in a provincial city (\$ Commercial Information)

An added complication is the tendency of banks not to attribute any security value to Freehold Māori Land; and also (as advised by the applicant) an inability to get a Registered Valuer to undertake a valuation of the proposed Spa off the plans, on an 'as if complete' basis.

Co-Funding Table

Co-Funder	Pledged/Confirmed/Cash/In-Kind	
Commercial Information	Confirmed	\$ Commercial Information
Commercial Information	Confirmed	\$ Commercial Information
Commercial Information	Confirmed	\$ Commercial Information
Commercial Information	Indicative	\$ Commercial Information
Total		\$ Commercial Information

Tourism Market

A full study of the tourism market has been undertaken by the applicant, noting Rotorua is an established tourism destination with a strong domestic and international visitor base.

As an industry, tourism contributes \$820m to the local GDP with this representing 16.8% of the total GDP. A key component of the Rotorua Lakes Council's 'Vision 2030' strategy is supporting the growth in tourism's contribution to the local economy from \$ Commercial Information in Commercial Information to \$ Commercial Information pa.

New Zealand has enjoyed strong growth in international tourism over the last 5 years with projections that visitor arrivals will increase from 3.7m in 2017 to 5.1m by 2024. The applicant notes that with culture, natural beauty, and geothermal all ranking high of visitor activities, Rotorua is likely to maintain its current share of the in-bound visitor market.

PLHL also commissioned a report on the Spa industry Commercial Information .

Wai Ariki Hot Springs & Spa’s operating concept reflects a perceived need to expand the range of spa and bathing services available in Rotorua through the creation of a unique product offering, and positioning the Spa as a culturally infused Health & Wellness facility will minimize the cross over into the services provided by existing operators within the City. ^{Commercial Information} observations on the primary (the main reason for visiting Rotorua) & secondary attractions is confirmed by the ^{Commercial Information}, noting that the bulk of wellness tourism is undertaken by those who seek wellness experiences during their travel and, whilst most wellness tourism has been done by the domestic tourists, international wellness tourism growth has exceeded that of domestic wellness tourism growth from 2013-2015.

Overseas Investment Office

➤ Is the application being made by a non-New Zealand based legal entity? (Foreign investment laws may apply and the Overseas Investment Office consulted)	No
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Section B: Operational Assessment Criteria (Complete for EoIs and Applications)

(Rate and comment – 1= poor, 5 = very good - Provide the number for this project, not subsequent phases)

Fund and government outcomes

Please highlight number below

Would the project:

➤ create permanent jobs?	<p>The applicant has advised that Job creation is, and always has been, a central focus of the Trust’s developments.</p> <p>The application indicates the Wai Ariki Hot Springs & Spa is projected to generate over ^{Commerci} (^{Commerc} FTE) new jobs. However, clarification on these numbers has been sought by the PDU, and the applicant has further advised that if they only perform to their ‘base projection model’ then on opening (^{Commercial Info} it is expected there will be a total of ^{Commerc} new jobs created, and by ^{Commercial I} it is anticipated there will be ^{Commerc} new jobs in existence (^{Commerc} in the Spa, ^{Com} in the café, plus potentially another ^{Comme} in related activities (Accounting / Admin / Advertising / Laundry).</p> <p style="text-align: center;">^{Commercial Information}</p>	<p>N/A 1 2 3 4 5</p>
➤ deliver community benefits?	<p>The proposed Spa, combined with Q E Health’s facilities, on the one site will enable a continuum of health & wellness services that cater from clinical & rehabilitation needs to proactive ‘maintenance’ of an individual’s health & wellness; and combined with incorporation of their culture into the build environment and operating practices, building on the City’s unique selling points of culture and the geothermal resource; it will establish Rotorua as a ‘health & wellness’ destination.</p>	<p>N/A 1 2 3 4 5</p>

<p>➤ increase utilisation of and returns on Maori assets?</p>	<p>The applicant, PLHL, is a wholly owned subsidiary of Pukeroa Oruawhata Trust, an Ahu Whenua Trust established to manage traditional land on behalf of Ngati Whakaue.</p> <p>The land was part of that set aside for the Crown, following negotiations with local Iwi (Ngati Whakaue, in terms of the 1880 Fenton Agreement) for the establishment of the City of Rotorua. Originally gifted land considered surplus to the Crown's requirements, was later returned to Pukeroa Oruawhata as the descendants of the original owners, in 2005. Pukeroa elected to have its returned land held in 'European' Freehold General Title (they also have land which is Freehold Māori land).</p> <p>The surplus lands were returned without compensation and the Trust has focused on the development of these assets to provide an income stream that can be used to fund distributions to current and future generations of Ngati Whakaue.</p>	<p>N/A 1 2 3 4 5</p>
<p>➤ enhance the sustainability of natural assets?</p>	<p>The geothermal resource is central to the Spa development, both from its incorporation into the delivery of wellness-based services but also from a sustainable energy source.</p> <p>The site is consented for a take of 600 tonnes of geothermal fluid which will be primarily used for bathing purposes in the Spa.</p> <p>The energy contained within the geothermal resource will be utilised on a cascaded basis to provide for:</p> <ul style="list-style-type: none"> • Domestic hot water heating. • Space heating. • Heating of "sweet-water" (fresh water) bathing. • Geothermal bathing. <p>Sustainability is a key focus for the Spa and is seen by the applicant as being a key competitive advantage as increased attention is bought on the effects of tourism on climate change.</p>	<p>N/A 1 2 3 4 5</p>
<p>➤ mitigate climate change effects, or assist with the lowering of emissions?</p>	<p>The site of the proposed Spa (and which also relates to QE Health's proposed site) has 3 geothermal production bores and 2 re-injection bore on site and the use of this resource on a 'cascaded basis' is integral to the operation of facilities on site.</p> <p>The geothermal fluid will be utilised for a number of purposes. The 'used' geothermal resource will then be reinjected back into the aquifer to maintain equilibrium within the system.</p> <p>The applicant has noted that, as Iwi, they respect the taonga that the geothermal resource represents, and their focus is on sustainability.</p>	<p>N/A 1 2 3 4 5</p>
<p>Additionality</p>		
<p>Would the project:</p>		

<p>➤ add value by building on what is already there, without duplicating effort?</p>	<p>The Lakefront site was used by the Crown for health purposes until 2005, when it was returned to Pukeroa Oruawhata as the representative of the descendants of the original owners.</p> <p style="text-align: center;">Commercial Information</p> <p style="background-color: #cccccc; height: 100px; width: 100%;"></p> <p>Rotorua’s lakefront is currently largely underdeveloped and underutilized. The site’s location on the Rotorua Lakefront within an existing tourism ecosystem and adjacency to the CBD make its redevelopment a key part in achieving the overall success of repositioning Rotorua in the Tourism market.</p>	<p>N/A 1 2 3 4 5</p>
<p>➤ be a catalyst for productivity potential in the region?</p>	<p>The site of the proposed Spa is adjacent to the Lakefront redevelopment being part funded by the PGF.</p> <p>The Spa is the first stage in a proposed multistage redevelopment of the Lakefront site to boost Rotorua’s tourism industry.</p> <p>There will be flow through economic benefit for the region that will be delivered from the development.</p> <p>The applicant notes that the establishment of their Spa will allow Pukeroa to support the establishment of QE Health on site, providing increased certainty for that entity’s continued operations and preserving the ^{Comme} specialist jobs currently provided by QE Health.</p>	<p>N/A 1 2 3 4 5</p>
<p>Connected to regional stakeholders and frameworks</p>		
<p>Does the project:</p>		
<p>➤ align with regional priorities, such as frameworks, or regional plans?</p>	<p>Rotorua Lakes Council’s ‘Vision 2030’ contains seven key goals and, as noted by the applicant, the concept of the wider Wai Ariki Tourism Precinct is aligned directly with 6 of the 7.</p> <p>Tourism is a significant driver of the local economy contributing 16.8% of GDP in 2017 and employing over 10% of the workforce.</p> <p>The significance of tourism to the local economy is recognised by both the Bay of Plenty Regional Council and the Rotorua Lakes Council, with both entities identifying this sector as a key contributor to driving economic growth.</p>	<p>N/A 1 2 3 4 5</p>
<p>➤ have the support of local governance groups (councils, iwi and hapu)?</p>	<p>Letters of support have been provided by:</p> <p style="background-color: #cccccc; height: 20px; width: 100%;"></p> <p>Whilst public consultation is not required, the company has</p>	<p>N/A 1 2 3 4 5</p>

	<p>advised that it has worked closely with the Rotorua Lakes Council on its plans for the redevelopment of the site. As a result of this consultation, the Council has established a specific zone within the now operative District plan that is designed to be as accommodative as possible of the Company's development aspirations.</p>	
Governance, risk and project execution		
Does the application show:		
<p>➤ robust project management and governance systems?</p>	<p>As part of Pukeroa Oruawhata, PLHL has an appropriate governance structure, with the Trust group having previously successfully managed a number of large-scale developments.</p> <p>PLHL's Directors are all prominent local Iwi representatives and appear to have sound business skills and extensive governance experience, including crown appointments.</p> <p>The applicant has noted that the governance structure was reviewed in 2015 to provide for the group's wider succession planning requirements and for the appointment of industry specialists as and when required.</p> <p>PLHL shares the services of the Group's General Manager, <small>Privacy of natu</small></p> <p>Wai Ariki Hot Springs & Spa Ltd's governance will be separate to that of PLHL and comprises PLHL directors and one industry expert <small>Privacy of natural persons</small></p> <p>Wai Ariki Hot Springs & Spa will continue to use <small>Commercial Informa</small> Rotorua for secretarial, accountancy and financial services.</p> <p><small>Commercial Information</small> will operate the business under a management contract and will be compensated on the basis of a percentage of turn-over with an incentive compensation component based on a share of profits. The terms of contract have been drafted by PLHL's legal advisers, <small>Commercial Information</small></p>	N/A 1 2 3 4 5
<p>➤ plans for future ownership and operational management?</p>	<p>PLHL will continue to own the underlying land and the Spa buildings, but the Spa will be leased to Wai Ariki Hot Springs & Spa Ltd, as the operator of the Spa. <small>Commercial Information</small></p> <p><small>Commercial Information</small> will be contracted to provide services for the design, development, and on-going management of the Spa.</p>	N/A 1 2 3 4 5
<p>➤ how the project will be delivered and managed?</p>	<p>On approval, further negotiations will be required with the projects primary funder (<small>Commercial</small>) as to structure and access arrangements, the nature of these determining how the funding will be accessed.</p> <p>Funding will be required on a progressive basis to cover costs incurred with construction. Drawings under approved loan facilities will be processed on normal commercial arrangements</p>	N/A 1 2 3 4 5

	with claims made certified by Independent QS and reviewed and confirmed by the Project Manager.	
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Section C: Risk Management Evaluation			
Does this application demonstrate consideration of the following risks?			Yes
Type of risk	Risk description	Mitigations	Risk Rating
<input checked="" type="checkbox"/> Project risk	Is the project feasible? Can it be delivered on time, on budget and to specification?	<p>The Spa concept has been reviewed by Spa Consultants, <small>Commercial Inform</small> [redacted].</p> <p>Further independent assessment has been undertaken by <small>Commercia</small> [redacted].</p> <p>Commercial Information has been engaged to review the business plan.</p> <p>The base line operating projections have been prepared by <small>Commercial Information</small> [redacted]; and the financial modelling reviewed by <small>Commercial Informatio</small> [redacted].</p> <p>Overall project contingency has been included at <small>Comm</small> [redacted] % of the budgeted costs.</p> <p>The applicant has de-risked the project by completing the below ground works already, themselves.</p> <p>The applicant has also advised that, in the context of the above, they would expect that if there are any variations / cost over-runs, then these would be minimal and able to be covered within the resources of the group.</p>	Low
<input checked="" type="checkbox"/> Operational risk	Will the project or asset operate to specification, to budget, and achieve the forecast revenue?	<p><small>Commercial Information</small> [redacted] has been selected to provide support through the concept design and development, pre-opening and on-going management of the Spa.</p> <p>In addition to the Health & Wellness spa expertise, <small>Commercial Information</small> [redacted] will support</p>	Low

		in a wide range of areas such as operating principles and financial performance.	
<input checked="" type="checkbox"/> Force majeure/Insurance risk	Have insurable risks been considered? Is the level of insurance adequate?	Appropriate insurance cover will be in place	Low
<input checked="" type="checkbox"/> Macroeconomic risk	Has the impact of possible external economic changes been considered?	A comprehensive study has been undertaken of the Rotorua Tourism market, and particularly the 'wellness' tourism market.	Low/Medium

Section D: Funding and financial analysis Please highlight number below

Does the application show:		
<p>➤ How strong is the financial position of the applicant organisation?</p>	<p>The group's accounts are audited (although not yet completed for the last financial year).</p> <p>Wai Ariki Hot Springs & Spa Ltd is not trading as yet.</p> <p>Commercial Information</p> <p>Commercial Information</p> <p>Commercial Information</p> <p>Commercial Information</p> <p>Commercial Information</p> <p>Commercial Information</p> <p>Commercial Information</p> <p>Commercial Information</p>	<p>N/A 1 2 3 4 5</p>

	<p>Commercial Information [REDACTED]</p> <p>[REDACTED]</p>	
<p>➤ How does the scale of the project compare to their overall business?</p>	<p>As noted by the applicant, the Wai Ariki Hot Springs & Spa will be the largest single site commitment that Pukeroa Oruawhata Group will make in its development history.</p> <p>However, the Trust has a proven track record of successfully completing large scale commercial developments and has, as a result, grown its balance sheet from \$ [REDACTED] in 1981 to \$ [REDACTED] in 2019. Key projects completed by the Trust have included the development of Rotorua Central Mall (current market value \$ [REDACTED] and Trade Central (current market value \$ [REDACTED]</p>	<p>N/A 1 2 3 4 5</p>
<p>➤ Why is Crown funding being sought rather than commercially-available funding?</p>	<p>Commercial Information [REDACTED]</p> <p>Commercial Information [REDACTED]</p>	<p>N/A 1 2 3 4 5</p>
<p>➤ What does the independent financial analysis/ business case indicate?</p>	<p>The Spa project has been based on and reviewed by independent Spa Consultants [REDACTED] Commercial Information [REDACTED].</p> <p>Further independent assessment of the operating concept has been undertaken by [REDACTED] Commercial Information [REDACTED].</p> <p>[REDACTED] Commercial Information [REDACTED] has been engaged to review business plan.</p> <p>The base line operating projections have been prepared by [REDACTED] Commercial Information [REDACTED] and the financial modelling reviewed by [REDACTED] Commercial Information [REDACTED]</p>	<p>N/A 1 2 3 4 5</p>
<p>➤ Is the funding model requested appropriate? Is the PDU recommending a</p>	<p>If funding is approved, a short term loan [REDACTED] Commercial Information [REDACTED] as requested by the applicant is the most appropriate method of support.</p>	<p>N/A 1 2 3 4 5</p>

different model?		
<p>➤ Has the applicant provided evidence of market pull for this project?</p>	<p>A full study of the tourism market has been undertaken, with PLHL having commissioned a report on the Spa/Bathing industry by industry specialists Commercial Information Commercial Information observations on primary and secondary attractions are confirmed by the Commercial Information in terms of Wellness tourists.</p>	<p>N/A 1 2 3 4 5</p>
<p>➤ Has the applicant provided evidence that their supply chain is secure?</p>	<p>N/A</p>	<p>N/A 1 2 3 4 5</p>
<p>Summary of funding and financial analysis:</p>	<p>The overall group is in a sound financial position. Commercial Information </p>	<p>N/A 1 2 3 4 5</p>

Funding arrangements

It is proposed that a detailed deliverables and reporting structure will be put in place with any loan granted.

The applicant has, following a request by the PDU, outlined their thoughts regarding the nature of the facility:

Term	Commercial Information
Repayment	Commercial Information
Payments	Commercial Information
	Commercial Information
	Commercial Information
	Commercial Information
	Commercial Information

With the Spa complete, it is envisaged that the applicant will also have the option of financing the PLHL entity on a stand-alone basis with a ^{Commercial} bank.

Funding will be required on a progressive basis to cover costs incurred with construction. Drawings under approved loan facilities will be processed on normal commercial arrangements with claims made certified by Independent QS and reviewed and confirmed by the Project Manager.

Proposed Term Sheet Summary (noting full term sheet will be developed post decision)

Key loan details to be considered			
Structure	PLHL as Borrower	Interest rate	Commercial Rate
Maximum funding amount	\$9,000,000	Default interest:	Comm %
Co-funding	\$ Commercial Information	Loan repayment terms:	Commercial Information
Term	Commercial Inform	WTO	N/A
Security	Commercial Information		
Concession(s) (if applicable)	N/A		

Consultation from partner agencies undertaken or implications

TPK support the application, and have made comment, which included the following:

“This project will help to develop and grow the assets of Pukeroa Oruawhata Group.

Whilst the application doesn’t refer explicitly, Pukeroa are known to target Ngāti Whakaue descendants for the employment opportunities arising from developments they implement.

Commercial Information

Rightly, the application refers to:

- The Lakefront being returned by the Crown to its original owners Ngāti Whakaue through Pukeroa Oruawhata Trust in 2005
- Commercial Information
- Commercial Information

This project represents an opportunity for Pukeroa to actively develop, manage and own an asset they, their beneficiaries and the people of Rotorua can be proud of.” ... and

“It is positive to see that QE Health and Pukeroa are now collaborating on this initiative. Commercial Information

MBIE Tourism’s comments have only been in relation to:

- The PGF appetite for Tourism projects.
- The priority of other Tourism projects that we would suggest are more in need of support such as in Ruapehu and Taupo.

Conflicts of interest and T&Cs

None identified. Due diligence to be completed.

Further information from applicant

Following initial assessment, additional information was sought from, and supplied by the applicant.

Summary statement of Peer Review undertaken

The following Peer Review has taken place in connection with this application:

All applications are discussed between the Regions Team and Investment Team during the assessment process and prior to submission to SROs / IAP.

Consultation with the relevant partner agencies has occurred allowing them to provide any relevant technical advice with any feedback included verbatim within this application form.

In the development of this form:

- i. A peer review by an Investment Director has taken place and included the following to the satisfaction of the peer reviewer:
 - a. An evaluation against the PGF criteria;
 - b. financial analysis;
 - c. A risk assessment, highlighting any relevant or key risks;
 - d. Conflicts of interest have been noted and accepted and the peer reviewer concurs with the recommendation proposed.
- ii. The Head of Investment has reviewed this recommendation.
- iii. This application has been reviewed by the PDU SLT.

Peer Review has been completed

Yes

Supporting proposal:

Yes

Appendices:

Yes – Applications and supporting letters are as annexes Supporting letters withheld - Commercial Information

Author of paper:

MJB, Investment Director, PDU Investment Team