

**BEFORE HEARING COMMISSIONERS  
IN TIMARU | TE TIHI-O-MARU ROHE**

In the matter of                      the Resource Management Act 1991

And

In the matter of                      the hearing of submissions in relation to the Proposed  
Timaru District Plan

Between                                **THE REDWOOD GROUP**

Submitter & Further Submitter

And                                      **TIMARU DISTRICT COUNCIL**

Planning Authority

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**STATEMENT OF EVIDENCE OF NATHAN BUCKLEY ON BEHALF OF  
EQUINOX CAPITAL LIMITED & KC SECURITIES LIMITED PARTNERSHIP**

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## INTRODUCTION

### Qualifications and experience

1. My full name is Nathan Buckley. I am an asset & development manager for Equinox Capital Ltd (Equinox) and am authorised to give this evidence on their behalf, and by extension on behalf of the limited partners and funders of the Timaru Mega Centre Project.
2. I have Commerce degree from the University of Auckland, Majoring in Finance as well as a Property degree from the University of Auckland, specialising in construction and Development.
3. During the last decade of my development career, key projects I have been involved with include:
  - a. The Botanic in Silverdale, rezoning 8ha of land in Auckland. Solving infrastructure issues for the wider 20ha catchment area, and enabling the change of use for the construction of over 500 retirement homes, an integrated daycare, retail, aged care facilities and over 8000sqm of commercial GFA. In total the project will exceed on completion of 60,000sqm of GFA, and a gross value in excess of \$400m. I was the development manager for the resource consent for the 15 stages, and limited partner/part owner of the land.
  - b. The Groves in Glendene, a brownfield development site where we revived this space into a thriving mixed-use community including 27 terrace houses, 13 apartments, a day care, 24 hour gym, Burger King, 8 retail units and a Z Energy gas station. The project exceeded 10,000sqm of GFA and \$60m gross value. I was development Manager for Matvin Group, involved from consenting to complete sell down.
  - c. Multiple residential and commercial subdivisions, ranging from \$5-\$35m across Auckland. Often involving a notified resource consent, as the underlying planning rules did not align with the proposed/ highest and best use of the site. This included an accommodation facilities, daycares, industrial units across the Auckland region.
4. My role on The Showground's project was less hands on, and purely at a reporting level to provide oversight and updates to the projects funders over the course of the

last 12 months ( i.e. completion of Stage 1). Of which this evidence has been prepared for on their behalf.

### **Purpose and scope of evidence**

5. My Evidence will cover:
  - a. The Acquisition of the site.
  - b. The context of the deal with TDHL, the then current zoning and the now proposed changes.
  - c. The commercial viability of the future stages given the proposed zoning changes.
  - d. The conflict of interest that is apparent by altering the ODP.

### **BACKGROUND**

6. KC Securities Limited Partnership (KSCLP) has been involved in the Timaru project since 2020 as a Limited Partner, where it invested as a Limited Partner into the acquiring entity of the Showgrounds land being Timaru Mega Centre Limited Partnership (TMCLP) equity to purchase the land and fund the pre construction works. Equinox through LQD Limited (LQD), has more recently become financially involved in the project as of Q2 2023, to assist with the heightened funding demands, bringing further equity into the project. This also serves as evidence towards the difficulty in building bulk retail in provincial New Zealand. The General partner is a Redwood entity called Timaru Mega Centre GP Limited which runs the project for the two Limited Partners, LQD and KSCLP each 50% Limited partner owners
7. Equinox was incorporated in 1999, and has played a key role in the development of Auckland's skyline having pulled together funding arrangements for key buildings including No 1 Queen Street, The Metropolis and The White Heron, Eden Business Park and Princess Wharf, totalling in excess of \$1b of funding and property since it's inception.
8. KSCLP , founded in 2001 as a Limited Partnership, now with 100 limited Partners invests in property mortgages and investment property. KSCLP is a 50% Limited partner along with LQD the remaining 50%.
9. In 2010 under Plan Change 3 the site was changed from Recreation Zone 2 to Commercial Zone 2A, this at the time of acquisition in 2019 from the then vendor,

was the basis for the commercial viability of the project, and the ensuing resource consent 102.2014.2.

10. The importance of the zoning, planning and resource consent is best highlighted in the original S&P Agreement that was nominated by Redwood QT Limited to MTCLP on a conditional basis in 11<sup>th</sup> October 2019, with the key condition being; ***The obtaining of the Resource consent's necessary to make the 34,000m2 development viable.***
11. The agreement was declared unconditional only after the granting of the LUC in December of 2020.
12. Prior to our involvement as funders and limited partners to TMCLP, the due diligence was extensive and focused on the key commercial factors that make a project like Showgrounds viable. As experienced funders, the first consideration is the planning aspects of the development and what uses are permitted on the site, Zone 2A was in effect, and council was aware of the resource consent requirements to be met in order for the project to proceed.
13. Whilst we understand the RC obtained is still able to be implemented and forms part of the built environment from an AEE perspective, the proposed changes that the PDP seeks to restrict are of significant concern to us as funders.
14. Large format retail centres across the country require ancillary commercial activity to thrive, without them, yields are difficult to make work, in turn making funding thresholds extremely difficult to meet. If funding is not obtained, the projects do not proceed, the large initial upfront investment in the province does not occur and the ongoing employment and economic activity is forgone.
15. For context, vertical build completed in Q2 2023, providing over \$70m worth of investment into Timaru, as well as the employment that will result from the running of the centre and the new retailers to Timaru including Bunnings, Countdown, Chemist Warehouse, Look Sharp, St Piers Sushi and Black & White coffee.
16. It is our experience that bulk retail centres tend to suffer when they don't have the ancillary commercial amenity and wrap around mixed-use activities to bring vibrance and activity to the centre's and cater for the wider customer demands. These uses form an integral part of the planned stage 2 & 3.

17. These wider ancillary uses often include, Gym's, hospitality such as restaurants, nearby residential and office centres which may extend to banking facilities. The exact uses that under the PDP change seeks to designate as now non-compliant.

## **FUTURE DEVELOPMENT**

18. Stage 2 is well underway in terms of planning and negotiations with the relevant retailers to commit to the centre. This process has been more arduous than anticipated given the wider economic factors at play in a post covid, the heightened interest rate and funding environment and inflated construction costs.
19. In order for Equinox and KCSLP to secure funding for Stage 2 & 3, which entails offering a commercially viable offer to the regional and national retailers, we need to have equal or preferably greater flexibility than the ODP. The regional and national box retailers advise to us can be summarised as follows:
  - a. *Our large format stores perform better with ancillary services nearby, as the pulls to these centres are stronger than those that offer less services to our customers.*
  - b. From our perspective, the wrap around uses are willing and able pay a premium rental to trade alongside these key anchor tenants, which without their contribution to the project, would make the centres non viable.
20. Both Stage 2 & 3 current proposals require these uses to make these stages financially viable, the land was purchased under the 2A rules of the ODP, and therefore, in this particular area we see no valid rationale as to why the land acquired under the 2019 S&P should need to go through the plan change process given the private arrangements with the Council and by extension TDHL.
21. Large format retail alone does not provide sufficient yield to justify it's development in isolation. So to now consider altering the rules, and restrict the potential uses of the site is in our view, unfair and not in the spirit of the agreement reached between the parties in the 2019 S&P.
22. Further, we believe there is a duty of care required by the Council in the PDP process to examine the commercial implications of it's proposed changes, particularly to the existing, committed Stage 1 retailers and given it's involvement as vendor in the sale of the land.
23. **CONCLUSION**

24. We hold the view that the PDP, due to its restrictive approach towards the Showgrounds site will make Stage's 2 & 3 unfundable as proposed, ultimately straining the viability of the current completed stage and our significant investment in it.
25. For the reasons stated above, we would request that the Showgrounds land is excluded from the PDP Change, and/or the provisions of the ODP are fully included, along with a widening of the anticipated uses under a PDP that will help support a thriving bulk retail centre and ensure it's long-term financial success, thereby resulting in the betterment of the retail amenity in Timaru and the community.

**23 July 2024**

**Nathan Buckley**

A handwritten signature in black ink, appearing to read 'Nathan Buckley', with a stylized, sweeping flourish extending from the bottom left.