

4. Indicative Commercial Arrangements

The commercial structure for transactions of the Provincial Regeneration Programme has not yet been finalised and is expected to be developed having considered feedback from the market (EOI Process and Investors' Conference). Please see Section 6 for information about the Investor Conference.

With respect to the first tranche of properties of the Provincial Regeneration Programme, the WCG and the DTPW have made a policy decision that the WCG will retain ownership of the properties in order to capture the broader benefits of property regeneration. An outright sale of the properties is therefore not under consideration.

The substance of the envisaged commercial structure is to convey to the prospective investors a right-of-use over the respective properties for a period long enough to facilitate the achievement of the DTPW's financial objectives for the project as set out in Section 2.1. The commercial structure may resemble, for example, a concession or a lease.

The commercial structure is expected to allow prospective investors to pass on the right of use to their customers or tenants, in a manner similar to a sub-lease arrangement. In addition, the commercial structure is expected to allow prospective investors flexibility to sell their interests in the transaction to stakeholders that may be better placed to extract maximum value from the properties.

Without prejudice to the above, it will be the DTPW's preference to select investors who will take a longer-term perspective on investment in the properties. In particular, investor partnerships, alliances, consortia or joint-ventures that encourage a longer-term outlook will be preferred. The right-of-use arrangements have a proposed duration of 30-years, although the DTPW will consider this following the outcome of the EOI Process.