



3 May 2021

Hon. William Duma, LLB, LLM, CMG, MP
Minister for Public Enterprises
Level 2, Harbour Side West Building
Stanley Esplanade
Downtown, Port Moresby
National Capital District
National Capital District



Dear Honourable Minister,

SUBJECT: EXPRESSION OF INTEREST TO PROVIDE STRATEGIC ADVICE TO THE GOVERNMENT FOR THE COMMERCIALISATION OF THE OLD PNG PORTS WHARF SITE IN DOWNTOWN, PORT MORESBY

I would like to take this opportunity to formally acknowledge and thank you for making time available to meet me on Tuesday April 29, 2021 following my introduction to you by the Prime Minister, Hon. James Marape, MP about my role in town planning and design particularly with my recent involvement in the Kurumul Town Plan in the Jiwaka Province, the Murray Barracks relocation plan and the Central City Hospital in Bautama, Central Province.

Honourable Minister, I am privileged to formally introduce our group, the CSG International Ltd ("**CSG**"), a Planning and Property Advisory Consulting firm which has been operating successfully here in Papua New Guinea for the last 10 years. Undertaking a range of projects right throughout the country, from Master planning the new Kurumul city in Jiwaka to creating a conceptual design of the future Central province hospital at Bautama, to name just a few. Our company's greatest strength is the versatility of our qualified team to undertake difficult projects on behalf of our clients and ensuring the most rewarding outcomes that are tailor-made to the strategic requirements of our clientele. We have attached a copy of our Company profile which will give a greater insight to our company's capabilities.

P O Box 138, Port Moresby, National Capital District

CSG has always maintained a very keen interest in the future development of the above-mentioned site and its strategic importance to the future growth and development of the Port Moresby central business district as a nation's capital city. There are obvious planning deficiencies in the current layout of Downtown town planning, which does not do justice to this great city.

There is no doubt that a well thought out strategic plan for the current old wharf site would not only significantly contribute to changing the face of this city but would also provide greater public amenity for those who wish to frequent the businesses which invest in that vision. Understanding the current market requirements for property in Port Moresby and where that market demand is heading over the next 10 years is critical to creating floor plan that will attract the strongest investment partners to underwrite such a significant development. A successful development of this site would no doubt foster a healthy competition to those current operators in the surrounding areas encouraging them to uplift the businesses and further improving the city as a sought-after business and retail destination.

Honourable Minister, there is no doubt in these exceedingly difficult times, that designing a product to a specific market can be without doubt incredibly challenging. We are yet to fully understand the global impact of the COVID-19 crisis on private investment, availability of credit and indeed the appetite of businesses to consider new investment. We further understand that the government through the Independent Public Business Corporation (now Kumul Consolidated Holdings) had undertaken some planning initiatives in 2015 to establish an end use and indicative valuations of the site. Since that time, there has been some significant moves in market demands here in Port Moresby particularly, in the residential sector. Since the completion of the construction phase of LNG (1), there has been a noticeable downturn in demand and a correction in value for this product. In the event the Government's design plan has a focus on this market, the result for the Government as owner of this site will no doubt culminate in a diminished return on investment. CSG would therefore strongly recommend that any concept planning of the site includes a broader range of products i.e. commercial, retail and government, which will attract a greater number of investment partners for the Government to consider.

According to our research of publicly available information, we understand that the National Government through the Kumul Consolidated Holdings currently own the site which is mortgaged to commercial banks to raise capital for the relocation of the port away from the Central Business District. We further understand that funding secured for this transaction

has National Government Guarantees tied to this borrowing which needs to be released to allow National Government to direct expenditure to its other development priorities.

Sir, given the importance of this asset to the National Government and the city of Port Moresby, we would strongly recommend that the Government undertake the following steps to ensure the site is attracting the best values from the most active investors in this current market:

1. That a comprehensive commercial and property evaluation be undertaken on the current design proposal including all relevant valuations to support the report outcomes. This report should demonstrate the most active market demands presently.
2. Engage a qualified engineer to prepare a detailed scoping report on the surrounding infrastructure, water, sewer and power. This will identify the development constraints of the site and shed light on the full potential of the wharf site if this infrastructure can be upgraded. Without this information any concept design should be regarded as notional and can give the Government a false position of the development status of the site.
3. That a Geotech report be prepared on the site including current conditions of the existing hard stand areas and the surrounding Hydrographic areas. A full feasibility schedule will be attached to outline reclamation costings in the event the site can be expanded. Reclamation costs often exceed what the market is prepared to pay for waterfront land.
4. A desk top Environmental report relating to the surrounding seabed conditions and potential constraints is essential.
5. A report into all Land mobilisation influences should also be undertaken. This report will identify all regulatory bodies and referral agencies that will have an impact on the development application and approval processes. Additionally, the report will identify any third-party interests on the site and outline how these claims can be remedied to protect the asset for and on behalf of the State.

6. On completion of the report outlined above, the consultant will detail a range of options for the Government to consider progressing the marketing of the site to Large local and International investors.

CSG recognises the excessive holding costs that a site of this magnitude can attract to our potential client and would ensure that a swift range of reports and recommendations can be compiled for the Government to consider a way forward for the future development of this prime real estate property.

Sir, as mentioned above, CSG has an array of highly qualified consultants with extensive local and international experience that are more than capable of undertaking the responsibilities detailed in the letter. We will be happy to discuss this in greater detail with yourself or with officials from the Kumul Consolidated Holdings at a time convenient to you.

Yours faithfully,



Don Matheson

DIRECTOR

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Copy: Mr. Isikeli Taureka
Managing Director, Kumul Consolidated Holdings