

BRINGING OUR PEOPLE AND OUR AMBITION TOGETHER...

AN INVITATION TO JOIN
FONTERRA IN CREATING
ITS NEW HOME

FONTERRA CO-OPERATIVE
GROUP LIMITED
12.10.2012



Dairy for life

IN ONE PLACE.

REQUEST FOR INFORMATION

**AUCKLAND COMMERCIAL
OFFICE ACCOMMODATION
FOR LEASE BY FONTERRA**

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**AN INVITATION TO JOIN
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ITS NEW HOME**

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Dairy for life

“CHANGING THE
WAY WE WORK
**CHANGES
WHAT
WE CAN
ACHIEVE.”**

Fonterra is first and
foremost a Co-operative.

Fonterra people work best when we work together as one team – it is our co-operative spirit.

As part of the Fonterra story we also talk about how we are from the land and how we are fiercely loyal to our roots. This attitude is part of our success which has seen us develop into a truly global company that employs 16,000 people around the world. These people and their richness of difference – countries, cultures, experiences – are all part of our success and should be reflected in our home.

We want to build on these strengths in everything that we do and that includes where we work. In Auckland we are looking for an opportunity that can bring us closer together. Instead of being spread out across different locations, we want to find a place and space to operate where everyone can be under one roof.

We are looking to establish our new home in a cost effective way that will ultimately provide savings to the Co-operative and improve returns to our farmer shareholders.

As individuals we can achieve good things, but coming together under one roof and working together means we can achieve greater things for our farmers, for our people and for New Zealand.

– **THEO SPIERINGS**
CHIEF EXECUTIVE OFFICER

Fonterra Co-operative Limited (“Fonterra”) is the world’s largest global milk processor and dairy exporter. Through an integrated supply chain Fonterra delivers high quality dairy ingredients including milk powders, cheese and butter to more than 100 markets around the world.

IT IS CO-OPERATIVELY OWNED BY 10,500 NEW ZEALAND DAIRY FARMERS.

Fonterra’s success relies on the skills, passion and experience of its 16,000 people. Spanning more than 50 countries and representing many cultures, every day, our knowledge, our products and our people combine to bring the best of dairy to our customers and consumers around the world and the best returns to our business. In New Zealand, Fonterra’s people work across the dairy spectrum from advising farmers on how to get the best from the land, to ensuring customer orders reach the right destinations around the world. Fonterra’s current Corporate Headquarters, and some of its Business Units and Shared Services are currently located in Auckland’s CBD, primarily in the Fonterra Building at 9 Princes Street and AIG Building at 41 Shortland Street.

Fonterra is exploring its Auckland office accommodation options post mid 2016, and has appointed CBRE Global Corporate Services / CBRE Limited (“CBRE”) to assist with this process.

This document seeks to obtain information from parties capable of delivering office accommodation options by this date.

Fonterra’s new accommodation solution will facilitate driving cultural change, sustainability and the health and safety of Fonterra employees.

‘Fonterra’ means ‘spring from the land’. The Fonterra logo represents this link to the land, with colours that represent land, water, sky and sun – all the key ingredients of the dairy goodness it takes to millions of people around the world every day.

Fonterra is serious about sustainability, about conserving today’s resources for tomorrow. They are “leading the fight against climate change – reducing emissions today and they look for better ways to reduce them more tomorrow.”

“
OUR NEW SPACE
WILL CELEBRATE OUR
NEW ZEALAND ORIGINS,
**AN OPEN SPACE THAT
FOSTERS A CO-OPERATIVE
SPIRIT AND OUR
UNIQUE SENSE
OF PLACE**
”

Fonterra's corporate headquarters and many of its Shared Services are located in Auckland. In 2016, the majority of its lease commitments for its existing accommodation arrangements terminate.

FONTERRA IS CONSIDERING ITS FUTURE OFFICE ACCOMMODATION OPTIONS, AND IS SEEKING INFORMATION FROM THE MARKET AS TO WHAT IS AVAILABLE FOR DELIVERY OF OFFICE ACCOMMODATION TO BE LEASED AND OCCUPIED FROM 1 MAY 2016.

Fonterra expects the following from the process:

- A co-operative approach to finding the right solution;
- Competitive terms and a fair lease agreement;
- A commitment to maintaining and managing the building to provide a high standard of accommodation during Fonterra's tenure.

Fonterra is seeking a collaborative design process and are receptive to receiving submissions from recently designed buildings as well as properties that would support the design of appropriate buildings that have not yet been undertaken.

Detail regarding the Accommodation Brief and Commercial Terms Fonterra is seeking is outlined later in this Request for Information ("RFI"). By way of introduction however, while Fonterra is open to, and interested in being presented with, a range of office accommodation solutions.

Respondents should find direction from the following general expectations:

- A building designed to promote 21st century knowledge, working patterns, and that is able to enhance Fonterra's business work styles and to support the intention to shift the current workplace ratio of 30/70 shared vs. individual amenities to a ratio that promotes a 40+% shared amenity and unassigned work setting culture;
- A quality building characterised by interconnected internal volumes with good light penetration; exposed, robust and honest construction that incorporates proven contemporary building technologies;
- Large and efficient floor plates, that facilitate collaborative working;

GENERAL EXPECTATIONS CONT'D

- A “smart” building that represents an environmentally conscious approach to performance, and an intelligent and holistic approach to the design;
- A building that can accommodate Fonterra as the sole occupant;
- A building that is energy efficient and designed for employee wellness;
- A building with good access and with proximity to transport hubs, and local amenities for staff and visitors.

The physical dimensions of Fonterra’s accommodation requirement are outlined in the next section of this RFI. However, in essence, Fonterra requires:

- An office building that can accommodate 1,000 office workers. It is expected that this translates to a requirement for circa 11,000 to 13,000 sqms of net lettable area (NLA measured in accordance with the PCNZ measurement standard), subject to final space planning;

- A maximum of 200 onsite secure carparks and access to a minimum of 300 third party public carparks within a short walk from the proposed premises;
- An Auckland City / City fringe location, as broadly referenced within the area indicated on the adjacent map (being south of Waitemata Harbour and within a circa three kilometre radius of Fonterra’s existing premises).

This RFI campaign shall remain open until Tuesday 6 November 2012 at 4pm. All respondents to the RFI need to be able to satisfy Fonterra’s delivery requirement for occupation by 1 May 2016. All submissions are to be sent directly to John Schellekens at CBRE (fonterraRFI@cbre.co.nz). Submissions received after 6 November 2012 may not be accepted subject to Fonterra’s discretion.





“
WE’RE TRYING TO CHALLENGE
PEOPLE TO MOVE OUT OF
THEIR COMFORT ZONE,
**SO THERE IS AN ADAPTATION
TO A NEW ENVIRONMENT,
NEW RELATIONSHIPS,
WHAT YOU MIGHT FRAME
AS HEALTHY DISRUPTION**

”

*S MCCONNELL
MANAGING PARTNER, NBBJ
SEATTLE*

ACCOMMODATION BRIEF.

DELIVERY ITEM

PROPERTY LOCATION

REQUIREMENT

Recognised office locations in Auckland, which are:

- Close to public transport with good access;
- Have proximity to amenity for staff and visitors, such as hotel accommodation, retail, parks, child care services, and green spaces.

GUIDANCE

Please refer to the map on the previous page illustrating the broad location Fonterra is considering.

PROPERTY OWNERSHIP AND DELIVERY

Details of the ownership structure of the proposed development are to be provided, including during development (if appropriate) and during Fonterra's lease tenure.

Fonterra is open to a degree of development risk share, and Respondents are encouraged, as they consider appropriate, to propose arrangements that might have mutual benefits for Fonterra and the Respondent.

The response is to include evidence of the delivery track record of the proposed development team/entity and clarification of financial capability to deliver.

Fonterra wish to understand the attributes and delivery history of the entity/entities responding to the RFI, including any history of working collaboratively with occupiers (lessees). Fonterra is envisaging a collaborative design and procurement process.

Respondents should include details of key parties that will be engaged by or partnered with the owner to deliver the proposed accommodation solution.

CBRE and Fonterra want to be satisfied as to the delivery capability of the proposed entity for this project.

ACCOMMODATION BRIEF.

DELIVERY ITEM

PREMISES QUALITY AND SERVICES

REQUIREMENT

A quality office accommodation solution is sought reflecting Fonterra's global brand and position as one of the world's top producers of dairy nutrition for export including milk powders, cheese and butter, but also its co-operative ownership structure.

Properties will be expected to be able to demonstrate/ support environmental efficiency and sustainability, recognising the need to balance cost versus benefit. Please summarise assumptions regarding the base building specification if the design has progressed to this stage. For new building options that are already in design, indicative artists impressions and floor plans (if available) would assist Fonterra and CBRE.

GUIDANCE

Fonterra is reluctant to specify "Premium" or "A Grade" space; they reference a building that has an "intelligent yet honest exterior with a quality, honest and modern interior", but otherwise are open to solutions. In principle, Fonterra will target:

- "Tall" ceilings – for increased sense of volume; more efficient and even distribution of day light and lighting; increased opportunity to incorporate latest air and comfort control systems;
- Smart Services targeting to reduce mechanical ventilation, energy consumption and operating cost by holistically considering the environmental lifecycle performance of all systems;
- Simple, passive façade;
- Flexible floor plates – tenant flexibility and adaptability of floor plates as well as promoting visual and physical connectivity between business units;
- Use of thermal mass of the structure to create comfort balancing and lower operating costs.

ACCOMMODATION BRIEF.

DELIVERY ITEM

PREMISES TYPE AND OTHER FACTORS

REQUIREMENT

Buildings will be required to demonstrate the following:

- Low to medium rise configuration;
- Design that is equal to or better than National Building Standard requirements;
- Large floor plates, being a minimum of 1,500sqms;
- Naming and Signage rights;
- Efficient, open plan layout, supporting a high degree of collaboration within the workspaces;
- Work/life balance criteria through the provision of, for example, gymnasium, bicycle storage, change rooms, showers and a child care centres either within the development or in close proximity.

GUIDANCE

Campus style accommodation with large floor plates (ideally at circa 2,000 sqms) have the best potential to satisfy Fonterra's ongoing accommodation requirements.

USE

Commercial office accommodation.

ACCOMMODATION BRIEF.

DELIVERY ITEM

AREA

REQUIREMENT

11,000 to 13,000sqm.

A minimum of 11,000 sqms must be able to be provided.

Guidance on indicative rental should be based on 12,000 sqms.

GUIDANCE

Fonterra is working on an indicative requirement for 1,000 office occupiers and is targeting an indicative efficiency ratio of between 11 sqms to 13 sqms of NLA per occupant. Workspace planning, once complete, will enable Fonterra to refine this requirement.

TENANCY SPECIFICATION

Building design should be able to accommodate efficient floor layouts noting the requirements for floor plates with a minimum area of 1,500 sqms. Submissions relating to existing premises should equally provide this detail.

We are seeking adequate detail to support office accommodation efficiency calculations, such as indicative sqms of NLA per occupier.

ACCOMMODATION BRIEF.

DELIVERY ITEM

CAR PARKING

REQUIREMENT

A maximum of 200 on site secure car parks and access to a minimum of 300 third party public car parks within a short walk from the proposed premises.

GUIDANCE

This carparking requirement is considered indicative only; Fonterra recognises that parking does not necessarily need to be provided within the same building as the office accommodation (it can be adjacent or close by for primary supply), and that parking requirements will vary depending on the quality of public transport now and in the future.

Respondents are to clearly outline any external dependencies in the proposed car parking solution.

DEVELOPMENT DELIVERY

Fonterra require premises “ready to occupy” by 1 May 2016.

The base build and fitout must therefore be completed by this date. Any delivery risk(s) should be identified.

In addition to meeting the 1 May 2016 deadline, CBRE and Fonterra need to clearly understand any development risk associated with the RFI submissions.

Please advise delivery risks, if any, such as planning, development finance, or other factors and associated mitigation plans.



“
WE DON'T WANT
MERELY TO IMITATE THE
WAY SOMETHING LOOKS,
**WE ARE HOPING TO
UNDERSTAND THE LOGIC
OF NATURE, AND HOW IT
WILL PERFORM IN
BUILDINGS**

”

*M THOMAS KNITTEL
DESIGN PRINCIPAL AND SUSTAINABLE DESIGN
LEADER OF THE NEW YORK OFFICE OF HOK*

COMMERCIAL TERMS.

| COMMERCIAL ITEM | REQUIREMENT | GUIDANCE |
|-------------------------|---|--|
| INITIAL LEASE TERM | 12 years + | |
| OPTION PERIOD | Indicatively 3 rights of renewal of 4 years each. | |
| LEASE COMMENCEMENT DATE | Occupation no later than 1 May 2016, or such date that is agreed between the parties via an integrated (base build & fitout) development arrangement. | |
| ACCESS FOR FITOUT | It is expected that Fonterra's fitout will be delivered as part of an integrated construction project. | |
| RENTAL | <p>Provide a summary and breakdown by building components (office area, carparks, and any other building components) of the indicative net rent per sqm per annum, net of GST, relative to indicative NLA/number of carparks.</p> <p>For leasehold sites, the proposed rental should reflect the rental that the Respondent would propose as if the site was freehold; Fonterra will not accept any ground rental pass through or risk.</p> | <p>We reiterate that, for the purposes of this RFI, this summary should reflect a floor area of 12,000 sqms.</p> <p>Fonterra is not averse to receiving (a limited number of) rental scenarios reflecting differing delivery solutions, so long as the solutions broadly reflect the requirements noted in this RFI.</p> |

COMMERCIAL TERMS.

COMMERCIAL ITEM

REQUIREMENT

GUIDANCE

OUTGOINGS

The level of anticipated building outgoings is to be provided (absolute annual \$ amount and \$/sqm NLA) on a fully leased basis as at the lease commencement date.

Fonterra will manage and be responsible for all direct cleaning, light replacements and electricity charges.

For leasehold sites, indicative outgoings should reflect the costs that the Respondent would propose as if the site was freehold; Fonterra will not accept any ground rental pass through or risk.

Building efficiency, sustainability and health and safety imperatives are strongly supported by Fonterra and submitters are encouraged to identify and explain building design solutions that impact efficiency and sustainability.

INCENTIVE

Market incentive to be used at the Respondent's discretion.

If an incentive is proposed, this must be summarised with reasonable detail to enable the net effective rent to be analysed.

RENTAL REVIEWS

To be proposed by the Respondent.

Fonterra acknowledges the three rent review options being fixed growth, CPI (or CPI +) growth or market growth, with the latter potentially subject to a collar and cap. It is also acknowledged that a blend of these options may best reflect a financial arrangement agreed between the Respondent and Fonterra.

The rent review frequency and proposed review mechanism will need to reflect any variation on term and rent levels.

REQUEST FOR INFORMATION **TIMELINE.**

RFI RELEASED TO MARKET

12 **OCT**
2012

RFI RESPONSE CLOSING DATE

6 **NOV**
2012

All parties providing information on an accommodation option for Fonterra must be able to satisfy the requirement for occupation of the premises on the nominated occupation date of 1 May 2016. Fonterra will consider occupation prior to this date if achievable.

Following review of the RFI submissions, CBRE and Fonterra will shortlist parties that in Fonterra's opinion have strong potential to satisfy Fonterra's accommodation requirements and will commence engagement with shortlisted parties by 16 November 2012.

NEXT STEPS.

THE FOLLOWING SUMMARISES THE TARGETED TIMELINE / PROCESS:

Shortlisted Respondents will be required to enter into a preliminary concept design process with Fonterra and its Consultants to produce the following:

- Preliminary concepts / bulk and location designs;
- Indicative quality standards;
- Draft commercial terms;
- Overall development programme;
- Key development terms / issues.

It is envisaged this process will commence on 16 November 2012 to be completed by 19 December 2012.

It is intended that before 14 January 2013, Fonterra and its consultants will select a preferred option/Respondent, and enter into exclusive negotiations from 14 January 2013 to finalise a preliminary Concept and Development Agreement by the end of March/early April 2013.

16 NOV
2012
-19 DEC
2012

14 JAN
2013
- APRIL
2013

SUBMISSION REQUIREMENTS.

Each response should address the requirements set out in this RFI in relation to the:

- “Accommodation Brief” and “Commercial Terms”; and
- Provide sufficient detail on each item to enable CBRE and Fonterra to evaluate the RFI response.

Additionally, all submissions should include:

- Three hard copies as well as a soft copy;
- Clarification that delivery by 1 May 2016 can be met, including base build and fitout;
- Disclosure on the indicative proposed lease arrangements (assuming 12,000 sqms NLA for the purpose of this RFI), including face rental (analysed on a \$rate/sqm of NLA), car parking rental, incentives, and key lease terms and conditions including term, rights of renewal, review profile and structure, operating expense arrangements/estimates;

- Indicative summary of the type of building that can be accommodated on the proposed site, including indicative floor plate size, base assumptions regarding build quality, level of services and fitout, etc.
- It is acknowledged that rent will reflect a number of issues and that there is a relationship between accommodation cost and premises specification. CBRE and Fonterra are happy to receive RFIs that provide a range of rental options, depending on building specification so long as the specification meets the Requirements set out in the “Accommodation Brief” and “Commercial Terms”.

TERMS & CONDITIONS - REQUEST FOR INFORMATION.

Please note the following:

1. Fonterra will not be bound by or liable for any oral advice or information given by it or any person on its behalf;
2. Fonterra is not responsible for any costs or expenses incurred by any Respondent or prospective Respondent in preparing and lodging a submission, supplying any information requested by Fonterra or entering into any negotiations with Fonterra or for any other reason whatsoever;
3. This invitation is not intended to be binding upon Fonterra and no contractual relationship will arise between Fonterra and any Respondent or prospective Respondent until binding commercial terms have been executed by Fonterra and the successful Respondent;
4. Fonterra reserves the right to vary the processes and timetable set out in this RFI document and to suspend or cancel the RFI process at any time.
5. Fonterra reserves the right, in its absolute discretion, to refuse to consider, reject and/or accept (as the case may be) any submission and is not obliged to give any reasons for any such refusal to consider rejection or acceptance;
6. Fonterra reserves the right, in its absolute discretion to:
 - a. Contact any or all Respondents to clarify matters related to the Submission, without informing other Respondents of this contact; and
 - b. Negotiate with any one or more Respondents and any person who may not be a Respondent and in either case is not obliged to disclose this to any other Respondent.
7. Fonterra reserves the right (with the relevant Respondent's consent) to undertake, or cause to be undertaken by an independent body, a financial assessment of any Respondent;
8. Fonterra need not consider any Submission unless it is in accordance with this invitation, however, Fonterra may, in its discretion, consider nonconforming submissions. In particular, Fonterra may consider and agree to proposed amendments or additions to the indicative commercial terms included in this document which may be negotiated by a Respondent. If a Respondent proposes or negotiates a change of the terms or requirements set out in the RFI documents, Fonterra need not inform other Respondents of that change;
9. Where a Property Agent is retained, offers must be submitted in accordance with the attached Instructions to Agents requirements;
10. This RFI process and all information and discussions relating to it shall be kept confidential and each Respondent shall not disclose such information except as required by law.
11. Closure of the Request for Information will be:
TUESDAY 6 NOVEMBER 2012 at 4pm

Any questions or correspondence relating to this RFI must be in writing and emailed to fonterraRFI@cbre.co.nz.

Other queries can be directed to either:

John Schellekens or Jeremy Keating
CBRE Limited
+ 64 9 355 3333

PO Box 2723
Shortland Street
Auckland 1140

INSTRUCTIONS TO AGENTS.

Parties acting as an Agent for a Property Owner and submitting information on a property on their client's behalf must note the following:

1. Submissions must contain a letter of Authority to Submit from their respective client(s) to confirm the authority to submit on their behalf;
2. Neither CBRE nor Fonterra will enter into any discussion regarding the validity of instructions or disputes between agents;

Please note that all costs and fees due to CBRE in relation to this RFI are payable by Fonterra.

**THANK
YOU**

**FONTERRA CO-OPERATIVE
GROUP LIMITED
12.10.2012**

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