

AUGUSTA ADVISORS

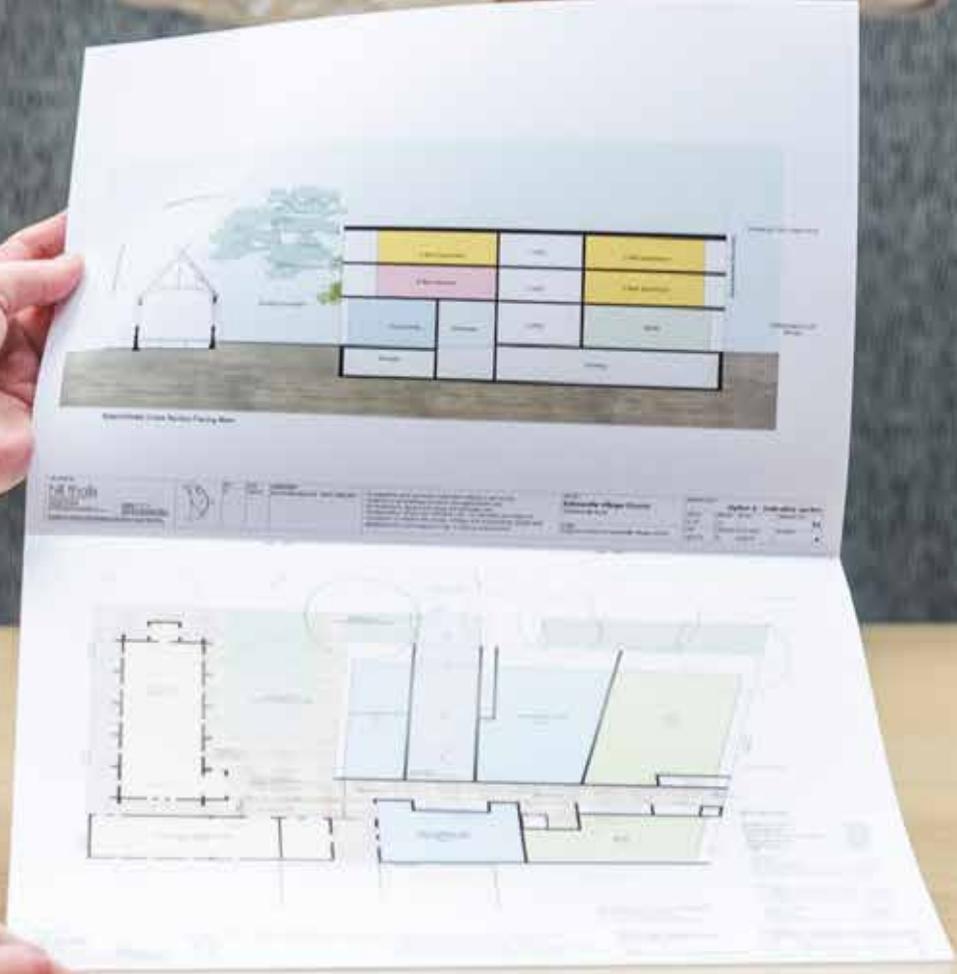


CLIENT | GREATER SYDNEY CONFERENCE OF THE SEVENTH-DAY ADVENTIST CHURCH

SECTOR | Not for profit religious

SERVICES | Development analysis and strategy, development agreement negotiation and management

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OVERVIEW | An ageing admin building located in the heart of Epping prompted the Greater Sydney Conference of the Seventh Day Adventist Church to consider the future of its asset.

THE BRIEF | Recognising the need for expert property strategy and development skills, the Greater Sydney Conference engaged Augusta Advisors to assess the development potential of the property and determine whether sufficient value could be generated to fund new administrative premises for the Conference on-site or in another location.

OBJECTIVES | The key objectives of the assessment were to help the Conference to:

- Understand the development potential of the property and the amount developers could be prepared to pay for it
- Either generate sufficient funds to acquire an administration building in another location or to develop a new administration building on the property
- Respect the Saturday Sabbath – a requirement that had significant construction, sales and financial ramifications for development on the site
- Take relevant constraints into consideration, such as neighbouring heritage items, adjoining owners' right of footway and the adjacent railway tunnel
- Develop a strategy that would satisfy the Conference's needs and produce the optimum commercial result with low risk.

APPROACH | Augusta Advisors prepared an in-depth development strategy report that took the client's key objectives, the property's physical characteristics, town planning controls and market conditions into consideration. This analysis provided a detailed view of the property's commercial potential together with a step-by-step strategy for achieving the Conference's intended goals, minimising costs, and placing the development risk with the developer.

The report recommendations included:

- Investigate key constraints such as the adjacent rail tunnel to understand the impact on cost prior to negotiating with potential development partners
- Negotiate with adjoining property owners to either incorporate their properties into the project or, at a minimum, achieve their agreement to the removal of the right of footway
- Build on Augusta Advisors' initial advice regarding the heritage issues and seek specialist advice to optimise the Conference's ability to deal with these constraints
- Commence discussions with the rail authority to minimise the impact of the adjoining rail tunnel
- Shortlist developers based on their compatibility with the Conference's values, needs and objectives, and run a professionally managed competition between them to identify the ideal development partner for the Conference.

The selection of the right development partner was key to achieving the best result for the Conference. Augusta Advisors managed this by creating a profile of the ideal development partner for the Conference and identifying and targeting developers in their database that matched these specifications.

The quality and character of the development partner were critical. Therefore, selecting the developers to target at the outset eliminated the potential for the most attractive commercial offer being from a development company that was incompatible with the Conference's values. A number of high-quality, competitive proposals were received from well-funded, competent development companies.

Augusta Advisors carefully negotiated with multiple developers to secure an outstanding proposal from an excellent development partner for the Conference.

The important last step was to use the chosen developer's proposal as a base to negotiate a comprehensive, low risk development agreement for the Conference.

This process was fundamental to delivering highly satisfactory physical premises for the Conference that would at the same time maximise its commercial return and minimise its risk.

RESULTS | The final agreement provided for a substantial, early cash return to the Conference and high quality new premises in a low risk development agreement. The work would be carried out by an experienced, reliable development partner that had the Conference's best interests at heart.

A DA for a mixed-use building was approved. This will comprise two levels of administrative offices for the Sydney Head Office of the Greater Sydney Conference of the Seventh Day Adventist Church, as well as 20 storeys of residential apartments, which are now in pre-sale mode.

“Augusta Advisors provided comprehensive support in sourcing and finding excellent potential development partners, and then proceeded to negotiate an offer that went far beyond our expectations. The final offer was in the vicinity of \$10m better than the best offer we received prior to this process. In addition, and as importantly, the development partner we selected had the values and corporate culture that were compatible with ours.

I cannot say more emphatically that we could not have done this without Augusta. They were very patient with us, as our Church organisation has a number of levels of governance which had to be navigated.

At every step, Augusta Advisors were there giving advice and attending meetings with our members, facing at times hundreds of them, answering questions from an open floor.

They have always acted in our best interests with both our constituency and with developers. We are confident that we've completed this process with risks being managed to the best of our ability, in an industry sector that is not our core business.

In this situation, the best risk mitigation one can have is to ensure that you have the best advice you can get and rely on – and we did this with Augusta Advisors.”

Eva Ing, Chief Financial Officer, Greater Sydney Conference of the Seventh Day Adventist Church.

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