Development of new building for Airways in Christchurch

Augusta Capital Limited is pleased to announce that it has entered into a development agreement with Airways Corporation of New Zealand Limited and the existing Augusta managed syndicate that owns Airways' Christchurch premises.

The agreement provides for the development of a new "Importance Level 4" building which will house part of Airways new air traffic management platform. In return, Airways is committing to:

- an extended 25 year lease term on the new building and two of the existing buildings (effective from practical completion which is expected to occur in mid-2019); and
- a 9 year lease term on the remaining building (which commences at a date elected by Airways between 12 and 18 months after practical completion)

The agreement is conditional on receipt of a resource consent, approved funding terms and the approval of the investors in the existing syndicate which owns the property. These conditions are due to be satisfied by 30 January 2018.

In order to fund the landlord's development obligations, Augusta Funds Management Limited proposes to re-syndicate the property to raise the necessary capital. The investor approval sought includes approval to a sale of the property. Existing investors will have a preferential right to invest in a new syndicate.

The amount of equity proposed to be raised as part of such re-syndication is approximately $22.75 million, of which Augusta Capital Limited will underwrite $15 million with a third party to underwrite the balance.

In addition, Augusta Capital Limited has entered into the agreement as guarantor of the existing syndicate's obligations under the agreement. This guarantee is released on establishment of the new syndicate subject to the required equity and debt being raised by the new syndicate.

The new syndicate is expected to be established by 29 March 2018.

For further information, contact:

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