

Chair:

On behalf of the Board, management and staff of Augusta Capital, I would like to thank you for attending the twelfth annual meeting of Augusta Capital, which I declare open.

My name is Paul Duffy and I am Augusta Capital's Chairman.

I'd like to introduce my fellow directors:

- **Mark Petersen** – Mark joined the board in February 2015 and has a long history in the property investment industry, having previously been the Managing Director of Shortland Properties. He is currently a director of CentrePoint Limited and earlier this year we appointed him as the Chair of the Augusta Industrial Fund;
- **Mark Francis** – Mark will be known to most of you as the founder of Augusta and our Managing Director. Augusta has been in existence in some shape or form for around 15 years now and Mark has been there since the start;
- **Bryce Barnett** – Bryce joined the board in 2014 after the acquisition of his business KCL Property. He is an Executive Director and also has a long history of over 40 years of experience in the property industry. Bryce is also Head of Funds Management and has strong relationships with a number of our retail investors in our single asset funds; and
- **Kevin Murphy** – Kevin is our newest director having joined the Board earlier this year in March. Previously Kevin was the CEO of TSB Bank until earlier this year and has brought strong banking and financial expertise to the board.

Recently both John Loughlin and Martin Goldfinch stepped down as directors. I'd like to acknowledge and thank them for their service and contribution to the board during the time as directors.

Our auditors from EY are attending should there be any questions on the financial statements that are discussed during the meeting.



In opening the meeting, I can confirm the following:

- Our share registrar has confirmed the notice of meeting was duly sent to all shareholders and persons entitled to receive notice of it via our share registry, Link;
- A quorum for the meeting (being at least 3 shareholders) has been achieved; and
- Proxies totalling 48.1% of the total votes have been received.

The agenda for the meeting is:

- I'll provide an overview on the past financial year and the board's focus for the future;
- Mark Francis will discuss the results and future strategy in more detail;
- I will discuss the proposed increase to director fees;
- We will then open the floor to any questions on the presentations and speeches;
- Finally, the proposed resolutions will then be voted on with an opportunity for specific questions on each resolution.

Turning now to my address.

Chairman's address

We have outlined in recent years our strategy to grow the funds management business. Stated simply, our strategy is to be New Zealand's most diverse and respected institutional grade property funds management business across multiple sectors in both listed and unlisted platforms. This sees us not just as one property fund but as a manager of a range of investment options.



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During the past year, significant further steps have been taken to further that strategy, including:

- The acquisition of the management contract for NPT (or Asset Plus as it's been re-branded) – this was a long and arduous battle but ultimately successful for Augusta. The focus now is on closing the gap between Asset Plus' NTA and its share price;
- The establishment of the Augusta Industrial Fund – while this did not land in the last financial year, alongside Asset Plus, we now have two open-ended fund options;
- Further significant single asset funds established with the new development at Broadway in Newmarket for Mercury's head office alongside offerings of Brisbane property and a re-development of an existing property in Christchurch.
- We have also just launched a new offer for a multi-tenanted office building in St Georges Bay Road, Parnell.

That being said our financial results do not fully reflect the above with most metrics being down on the previous year. The primary driver for this was the deferment of the Augusta Industrial Fund to the first quarter of the 2019 financial year. The primary reason for this was the ability to acquire a further Auckland asset. Ultimately we believe that was in the best interests of the Industrial Fund for the long term.

However, the slight dip in our financial results has not prevented us from increasing the dividend to 6 cents per share on an annualised basis. The confidence to do that is based on the increase in recurring management fees which are now just under \$7 million on an annualised basis. Each of the above initiatives I've discussed has been key to increasing that base.

Capital raising for our new funds is a large part of our business which drives our growth but requires significant time and investment to ensure it is done correctly. This has continued to be a success for Augusta. While we had to take up around \$20 million of units in the Broadway fund, we were able to quickly sell those units down. The Industrial Fund was a great success with the offer closing oversubscribed and the Airways redevelopment offering earlier in the year experienced significant demand. We have raised over \$125 million of equity in the last financial year and a further \$75 million in the first quarter of this year.

We have been able to underwrite a significant proportion of those offerings which has



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been driven by the sale of 2 of the 4 titles at the Finance Centre during the last year. A significant milestone will occur for Augusta on 1 April 2019 when the last remaining titles are sold and Augusta will no longer have any long term property investments. The balance sheet will be further unlocked to allow co-investment in funds, underwriting and acquisition of properties ahead of fund establishments.

Growing the business doesn't come without cost and we have continued to invest this year. There have been a number of new positions created within the team. For example, shareholders will note that a number of our acquisitions now have a development angle to them. This is an ever increasing part of our business as we move away from simply syndicating passive investments with long term leases. As a result, we have invested in our development team.

As we look ahead to the remainder of the year, we see a significant workload for the team ahead with various transactions being considered. This company is very active and continues to move at every moment. We believe this is exciting for shareholders as it signals further growth for the company.

I'd like to now pass it over to Mark to discuss in more detail the financial results and the future strategy. Once he has finished, I will talk briefly about the proposed increases to director remuneration and then open the floor to questions.

[Mark takes the podium to discuss the financial results and the future strategy.]

[Paul rejoins]

DIRECTOR FEES

Director fees were last reviewed in 2014 significantly (with a small increase for additional due diligence committees in 2016 but no increase to base director fees). We are now proposing what we acknowledge is a significant increase but I would like to outline our reasoning for this.

As we have engaged with shareholders, a number have compared our fees to other listed property funds. It is difficult to compare Augusta to other listed property companies in NZ due to the nature of its business. As I discussed earlier, from April 2019 no rental income will be received by Augusta Capital, instead income will be received from management agreements with Asset Plus, Augusta Industrial Fund, Value Add Fund and various single asset syndicates.



The Augusta Directors' workload is significantly greater than what I experienced in my previous role as CEO/Director of DNZ (for a period of 12 years). Augusta Capital has approximately \$1.8 billion of assets under management and the Directors need to be fully conversant with all aspects of the business along with working to direct and support its successful commercial evolution.

The directors are not just responsible for overseeing a company with a market cap of circa \$95 million and total asset value of circa \$115 million. They have direct obligations in respect of circa 60 different syndicates with \$1.6 billion of assets. In addition, they need to oversee the management of our funds – Asset Plus and Augusta Industrial Fund – with an additional circa \$200 million of assets in those funds at the moment.

Management of a number of separate entities has the following key distinctions:

- Review and approval of the annual financial statements for each of those entities which necessitates understanding the key factors for each entity such as recognition of fees charge, the property's valuation etc.
- Review and approval of the annual report for each entity;
- Oversight of 60 separate debt facilities and the interest rate risk;
- Oversight of all other risks for each syndicate. For example, a single tenant default is not likely to be material in a large portfolio (depending on the tenant) but will be for a syndicate. This necessitates a more detailed approach to risk management;
- Potential liability in respect of 60 different entities with a lower materiality threshold on each increasing the associated risk (for example, a mistake on one valuation/accounting matter would be unlikely to be material in the context of a larger fund's financial statements but could be very material for a syndicate which will have a lower asset size).
- We have around \$110 million of Australian managed assets which necessitates an understanding of the Australian market and the laws/market factors affecting those investments.

John recently retired after 11 years as Director and has been replaced by Kevin Murphy. Martin Goldfinch has also resigned his position due to a conflict of interest in relation to his employer ACC. We are now looking to appoint a new Director and remuneration is without doubt a core component of what attracts quality candidates to a demanding role.

I'd now like to open the floor to any questions from investors on the presentation. There will also be an opportunity to ask questions when each resolution is put to the meeting.

I would ask that you identify yourself when asking your question and keep to one question at a time.

[Questions]

Thank you for all your questions. We will now move to the proposed resolutions. There are five resolutions today. As the first resolution relates to my re-election, I would like to invite Bryce Barnett to chair this part of the meeting.

Resolution 1

[resolution on screen]

As Paul noted, the first resolution today relates to his re-election.

“That Paul John Duffy be re-elected as a director of the Company.”

[Any comments from Bryce on Paul's re-election]

I'd like to invite Paul to return and say a few words as to his re-election.

[Paul speaks]

Thanks Paul. I will now open the floor to any questions for Paul regarding his re-election?

This resolution is now formally put to the meeting and will be voted on as a poll, alongside all other resolutions, at the end of the meeting. Please tick for or against on your voting card.

I'll now hand back to Paul.



Resolution 2

[resolution on screen]

The second resolution relates to Mark Petersen's re-election.

"That Robert Mark Petersen be re-elected as a director of the Company"

[Any comments from Paul on Mark's re-election]

I'd like to invite Mark to come forward and say a few words as to his re-election.

[Mark speaks]

Are there any questions?

This resolution is now formally put to the meeting and will be voted on as a poll, alongside all other resolutions at the end of the meeting. Please tick for or against on your voting card.

Resolution 3

[resolution on screen]

The third resolution relates to Kevin Murphy's re-election.

"That Kevin James Murphy be re-elected as a director of the Company"

[Any comments from Paul on Kevin's election]

I'd like to invite Kevin to come forward and say a few words as to his re-election.

This resolution is now formally put to the meeting and will be voted on as a poll, alongside all other resolutions at the end of the meeting. Please tick for or against on your voting card.

Resolution 4

[resolution on screen]



The fourth resolution relates to director remuneration:

“That, with effect from 1 August 2018, an increase in the pool for directors’ fees to \$553,000 per annum, be authorised and approved.”

Are there any further questions following the earlier discussion.

This resolution is now formally put to the meeting and will be voted on as a poll, alongside all other resolutions at the end of the meeting. Please tick for or against on your voting card.

Resolution 5

[resolution on screen]

Resolution 5 relates to the auditors:

“That the board be authorised to fix the auditors’ fees and expenses from time to time.”

This is a required resolution under the Companies Act.

Are there any questions?

This resolution is now formally put to the meeting and will be voted on as a poll, alongside all other resolutions at the end of the meeting. Please tick for or against on your voting card.

Voting on all resolutions will now be conducted via a poll. The share registrar will have provided you with a voting form on your entry to the meeting. I would ask that you complete your form now for yourself and any shares that you may be acting as proxy for and pass to the personnel from Link who will move through the room to collect. Once the vote counting has been completed, this meeting will formally be at a close. The results of the vote will be announced to the Stock Exchange this afternoon as soon as they are available.

I would like to thank you for attending and invite you to join us now for afternoon tea.