



AUGUSTA

Augusta Capital Limited

Institutional Investor Briefing

4 December 2017

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STRATEGIC UPDATE

April 2017

What we set out to do

Realising **further opportunities to manage funds**

Launching additional funds with the potential to expand and diversify these types of offerings into niche and strong performing sectors of the economy.

Ongoing, measured **expansion into Australia**

Maintaining **prudent capital management** structures throughout **Balance Sheet Transformation**

Working closely with Bayleys to maintain optimal efficiency across the existing asset portfolio



FY18 YTD

Our wins

Entered into **non-binding agreement with NPT**

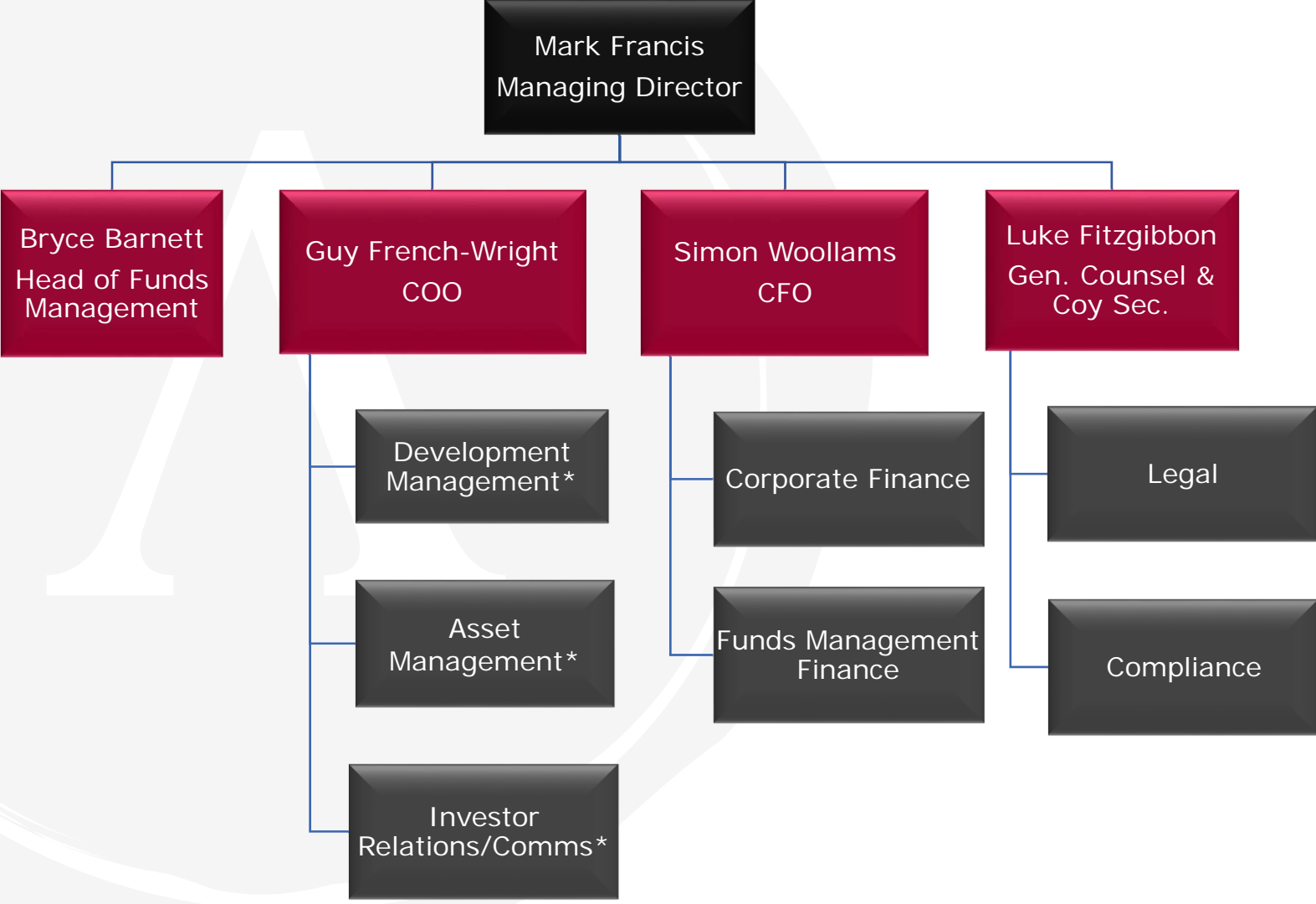
Launch of our largest property syndicate (33 Broadway)

Completed Nudgee Road (Brisbane)

New facility agreement with ASB (still in negotiation on final terms)

Augusta House (Finance Centre) settled

AUGUSTA'S CAPABILITY



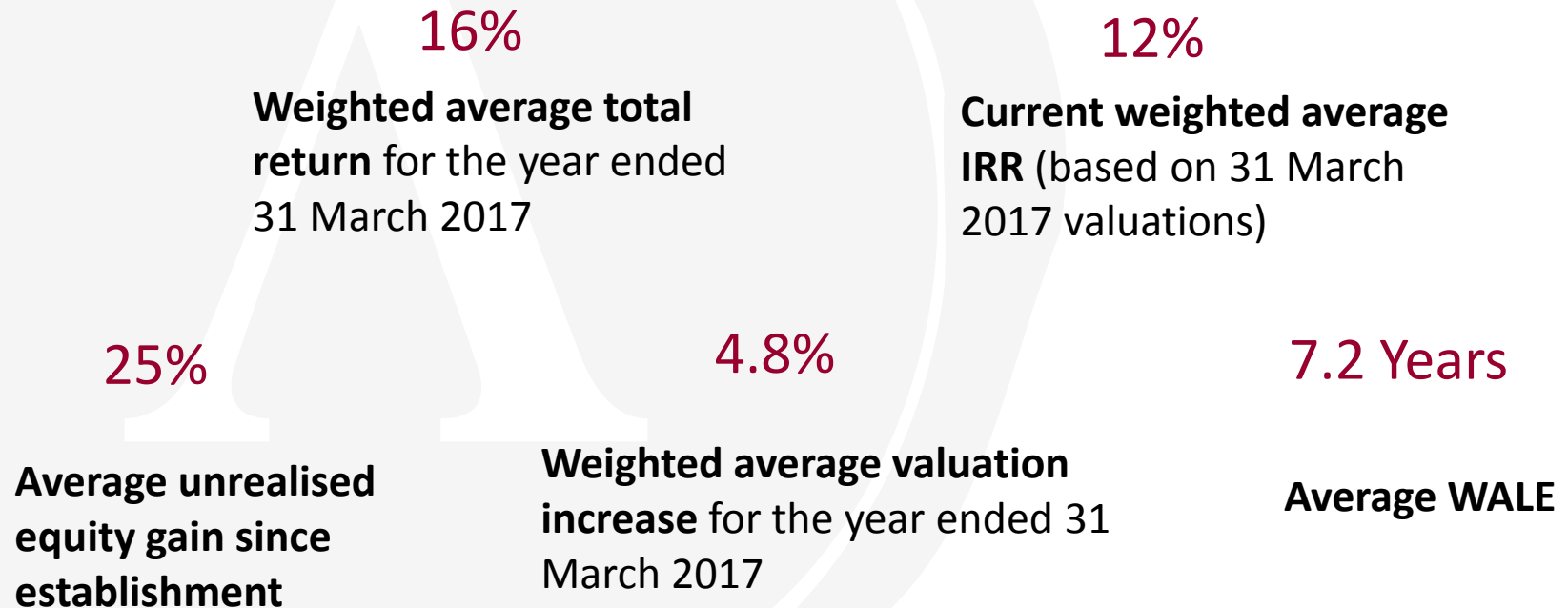
*Includes recently added roles

NPT

- Augusta has now entered into a **non-binding agreement with NPT**
- The non-binding agreement is **subject to due diligence, negotiation of the terms of the management agreement and the approval of NPT shareholders**
- Augusta will pay **\$4.5m to acquire the management rights**
- Augusta believes that the externalisation of management will be **accretive to NPT's earnings**
- Augusta has proposed a **'yield plus growth'** investment strategy for NPT
- The externalisation would **increase Augusta's recurring base management fee income by approximately \$0.9m** based on NPT's current balance sheet

PORTFOLIO PERFORMANCE

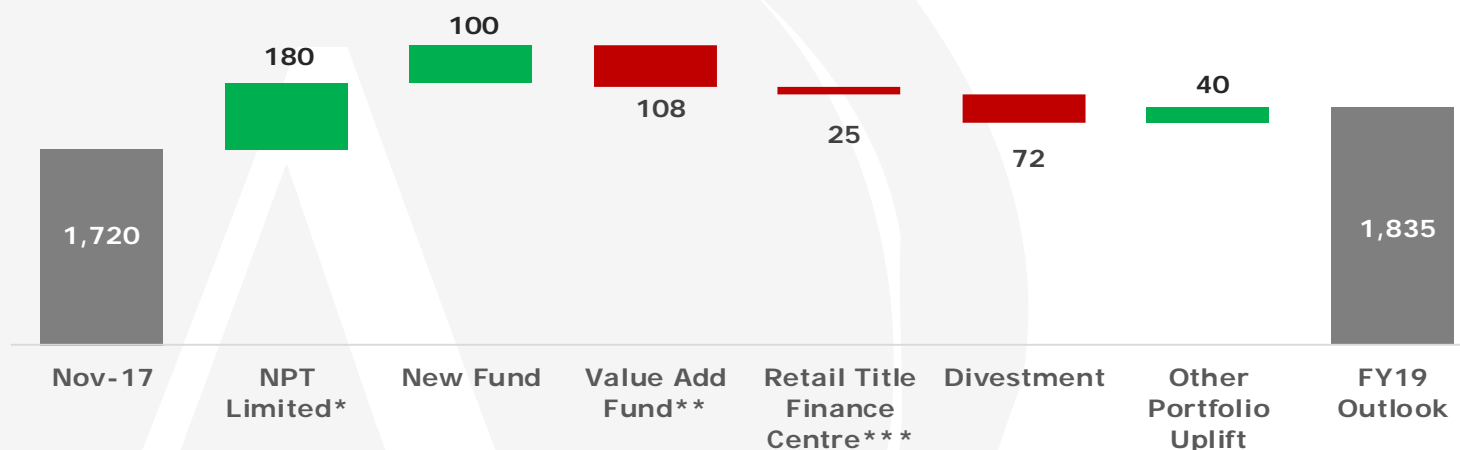
NZ audited schemes (\$1.0bn of current assets under management) performance was strong, including a number of material gains realised for investors through property sales



Note: Total asset under management of \$1.7bn also includes Australian audited properties (\$0.1bn), new schemes (\$0.11bn), directly owned portfolio (\$0.09bn), Value Add Fund (\$0.12bn) and privately owned/other properties – not audited (\$0.26bn)

ASSETS UNDER MANAGEMENT

ASSETS UNDER MANAGEMENT - OUTLOOK (\$M)



- FY19 Assets Under Management outlook is \$1,835m
- Divestment of \$72m represents the 8 assets currently being marketed
- Other income will be generated from divestments through transactional income (sales fee and potential performance fees for Value Add Fund)

DEBT FACILITY

- Augusta has agreed in principle to **new loan facilities with ASB Bank**
- The new agreements align with new balance sheet capability
 1. Property Facility \$26.5m* (45% LVR)
 2. Investment Asset Facility \$7.0m (30% LVR)
 3. Funds Management Facility \$15.0m (Debt/EBITDA<3x)
- The new facilities will **provide further capability and flexibility** to launch new initiatives
- Covenants will primarily be **focused on debt servicing**
- Additional facilities will be sought on a case by case basis for warehousing of assets and underwriting if required

*The property facility will reduce on the settlement of the Retail Title – Finance Centre

BALANCE SHEET CAPABILITY

- Current balance sheet capacity under new bank facility is ~\$40m (not including any leverage benefits on any new investment)
- Capacity will be used in the short/med term to acquire the NPT mgt contract, warehouse assets, co-invest and underwrite new deals

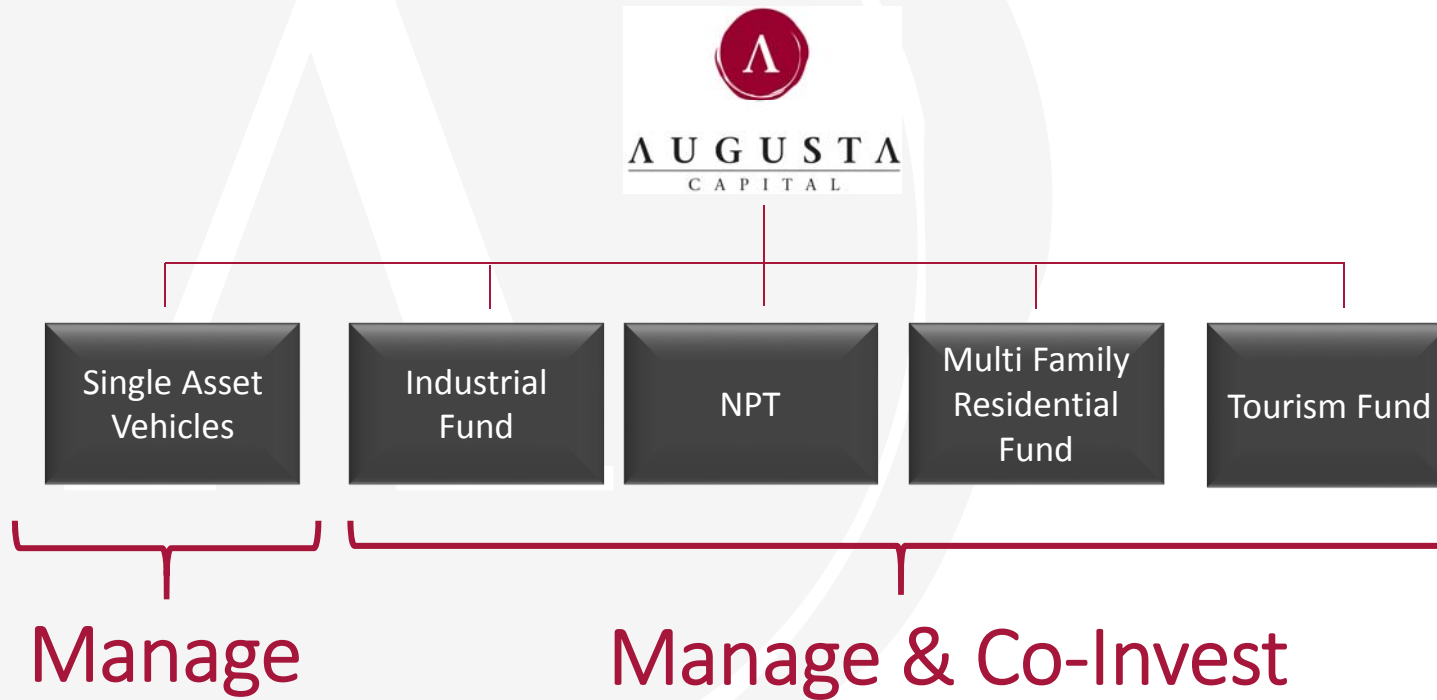
As at December 2017	Pro Forma \$m
Cash	21.1
Investment Assets	24.3
Investment Property	64.1
Intangibles / Goodwill	15.2
Underwrite Positions	5.1
Total Assets	129.8
Bank Debt	27.0
Deposits Held	13.2
Other Liabilities	4.2
Total Liabilities	44.4
Total Equity	85.4

	Pro Forma \$m
Cash (Working Capital)	3.0
Balance Sheet Capacity	39.6
Investment Assets	24.3
Investment Property	64.1
Intangibles / Goodwill	15.2
Underwrite Positions	5.1
Total Assets	151.3
Bank Debt (Limits)	48.5
Deposits Held	13.2
Other Liabilities	4.2
Total Liabilities	65.9
Total Equity	85.4

LOOKING AHEAD

- Secure NPT Limited management contract
- Launch new funds to further diversify product offerings
- Ongoing measured expansion into Australia
- A new funding structure that is more aligned to the future balance sheet
- Continuing to pursue an active asset management strategy, both on the acquisition and divestment front

Future Focus





APPENDIX – 1H18 RESULTS

1H18 KEY HIGHLIGHTS

- **Profit after tax of \$2.28 million, a decrease of 57% against prior corresponding period** – related to lower re-valuation gains and a write-down of the NPT stake
- **Adjusted Funds From Operations (AFFO) of \$3.94m were 2% lower than last year**
- **Augusta increased its stake in NPT Limited** from 9.26% to 18.85%
- **Two new syndications were completed**, involving the acquisition of 33 Broadway, Newmarket, Auckland and an Australian commercial property, Nudgee Road, Brisbane. This represented **~\$103 million in new equity raised**
- **Four of the five assets held within the Augusta Value Add Fund No 1 are now unconditionally sold**
- **Net Asset Value (NAV) per share of 97 cents**, reflecting a write-down in value of the NPT stake
- **Augusta House settled in July 2017**

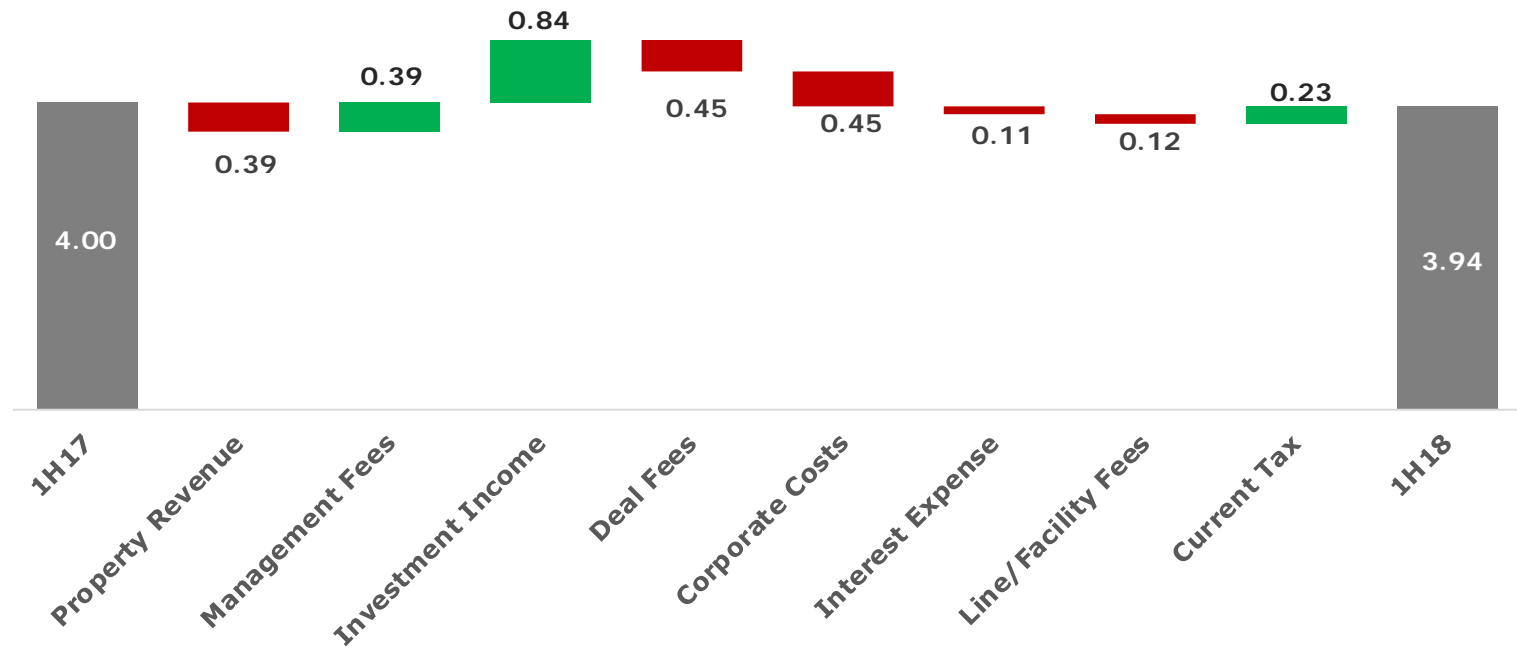
HALF YEAR RESULTS - INCOME

- Profit after tax of \$2.3m down 57% on 1H17, driven by lower reval gains and write-down of NPT stake
- Property revenue lower due to sale of Augusta House
- Recurring earnings (Net Revenue excl. deal fees) up 15%
- Investment income up due to NPT and Value Add
- Increase in corporate costs driven by funds management growth

	1H18 \$m	1H17 \$m	Var. %
Property Revenue	3.5	4.1	(15%)
Management Fees	3.9	3.6	8%
Offeror & Underwriting Fees	4.2	4.8	(13%)
Investment Income	1.0	0.2	400%
Operating Costs / Other	(1.6)	(2.0)	20%
Net Revenue	11.0	10.7	3%
Corporate Costs	(4.4)	(4.0)	(10%)
EBIT	6.6	6.7	(1%)
Finance Costs	(1.4)	(1.2)	(16%)
NP Before Tax, Reval & One-Offs	5.2	5.5	(5%)
Other Adjustments	0.3	1.7	(82%)
Profit before tax	5.5	7.2	(24%)
Tax	(1.4)	(1.3)	(8%)
Profit for the Year	4.1	5.9	(30%)
Other Comprehensive Loss	(1.8)	(0.7)	(157%)
Profit after tax	2.3	5.2	(57%)
Adjusted Funds From Operations	3.9	4.0	(2%)
AFFO CPS	4.48	4.56	(0.08)

FUNDS FROM OPERATIONS

AFFO 1H17 v 1H18 Analysis



- AFFO down 2% or \$0.06m on 1H17
- Higher recurring management fees and investment income was offset by lower deal fees and net rental income as well as higher corporate costs

SEGMENT REPORTING

	Directly Owned	Funds Management					Total
		Investment Income	Underwriting	Offeror Fees	Base Management Fees	Transactional Income	
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Property Revenue	3,019						3,019
Management Fees					2,841	1,082	3,923
Offeror Fees				3,176			3,176
Underwriting Fees			1,005				1,005
Opex Recovered	509						509
Distribution Income		1,026					1,026
Gross Revenue	3,527	1,026	1,005	3,176	2,841	1,082	12,658
Less Operating Expenses	(807)			(29)	(772)		(1,607)
Net Revenue	2,720	1,026	1,005	3,147	2,069	1,082	11,051
Net Rev Growth YoY	(388)	838	(45)	(409)	201	192	389
Net Rev Growth YoY %	(13%)	449%	(4%)	(12%)	11%	22%	3%

- Net revenue performance for the period ended 30 September 2017 is up 3% on the prior comparative period

HALF YEAR RESULTS – BALANCE SHEET

- Balance sheet transformation is now underway
- New funding facility agreement to be implemented to recognise the value of the funds management business

	*Nov 17 \$m	Sep 17 \$m	Sep 16 \$m
Cash	21.1	11.7	7.8
Investment Assets	24.3	24.3	16.3
Investment Property	64.1	64.1	93.7
Intangible Assets / Goodwill	15.2	15.2	16.4
Underwrite Positions	2.0	11.4	-
Deposits Paid	-	-	6.6
Other Assets	3.1	3.1	3.5
Total Assets	129.8	129.8	144.3
Bank Debt	27.0	27.0	44.0
Deposits Held	13.2	13.2	9.7
Other Liabilities	4.2	4.2	5.4
Total Liabilities	44.4	44.4	59.1
Total Equity	85.4	85.4	85.2

*Reported November 2017 balance sheet is a pro-forma view reflecting the reduction in the value of the underwrite position held by Augusta

FUNDS MANAGEMENT - UPDATE

- **Assets under management currently of \$1.72b**, consisting of 106 properties
- **Recurring management fees now at \$6.0m** (up 11% from Sept 16)
- **Transactional income performance continues to be strong** (sales, leasing and project mgt/development fees)
- A number of properties currently being marketed for sale with further divestment expected in the second half of FY18
- **New initiatives** are in the pipeline

FUNDS MANAGEMENT

33 Broadway, Newmarket



- \$83.5m equity raise
- Generating \$3.1m of upfront fees, then \$0.3m of recurring annualised
- Development is ahead of schedule
- Current underwrite position held by Augusta is \$1.2m (24 units)

Nudgee Road, Brisbane



- A\$17.75m equity raise
- ~NZ\$1.0m of upfront fees, then NZ\$0.1m of recurring annualized
- Current underwrite position held by Augusta is A\$0.7m (14 units)
- Demand for Australian properties remains strong



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