

Frequently Asked Questions



What is property syndication?

Property syndication is a direct property investment whereby you become owner of part of a commercial property leased to tenant(s) and receive a proportionate share of the rental income and capital growth. This allows smaller investors to invest in large commercial and industrial properties. The asset is fully managed on behalf of investors with all property management, financial and administrative matters taken care of.

How do I invest?

All potential investors must request a copy of the Product Disclosure Statement which contains the details of the property and the investment. Investors must complete and sign the application form located within the Product Disclosure Statement and provide along with payment the applicable identity verification (as required under the Anti-Money Laundering (AML) legislation).

To ensure you get information on all investment opportunities from Augusta Funds Management, please complete your details to be added to the database via our website augusta.co.nz.

All information on our investment opportunities comes from Bayleys Real Estate Limited.

Are there different types of investments and who can invest?

Augusta Funds Management provides access to commercial, industrial and retail investment properties located in both New Zealand and Australia. The majority of offers are made available to all potential investors located in New Zealand. At times certain investments are made only to wholesale investors. This is made very clear on the documentation.

What is the minimum investment amount?

The minimum investment amount depends on each individual syndication. The majority of syndications require a minimum investment of \$50,000.

How often do syndicates become available?

There is no set timeframe for when a syndication opportunity will become available; an opportunity will become available when Augusta has sourced and completed a comprehensive due diligence, once Augusta are satisfied in the quality of the investment they will produce a Product Disclosure Statement (registered with the FMA) and then the property/investment opportunity will be promoted to the market.

How long is the investment for?

Syndicated investments have no fixed term. Commercial property should generally be looked at from a long-term perspective. As the Manager of the property, Augusta Funds Management, will make recommendations on when they see the best time to sell the property.

In most cases the property is sold upon the passing of a resolution by investors of 75% or more (one vote is attributable to each Unit).

Do I receive any capital gain?

Yes. Upon the sale of the Property and the winding up of the Scheme, investors may receive a return which is greater than the \$50,000 paid for each Unit if the net sale proceeds from the sale of the Property exceed the total capital paid by Investors.

Can I sell my investment and can I receive more than the original \$50,000 investment?

Yes. A Subscriber has the right to sell a Unit/Share at any time during the term of the syndication subject to the requirements of the relevant Deed/Agreement relating to the syndicate.

Augusta Funds Management operates a secondary market facility that can utilise their database of approximately 7,500 clients to reach potential investors and arrange secondary transfers and has done so for over 10 years. The current administration charge to facilitate a secondary transfer is 2% of the value of the Unit/Share – i.e. \$1,000 for a Unit/Share transferred at \$50,000.

In the two previous financial years (ending 31 March 2016 and 31 March 2017) 95% of secondary sales that have come to market have settled within one month of coming to market.

What happens after I purchase a unit in a syndicate?

Syndicates are usually passive investments, we do the work but we keep you updated. At a minimum you will receive a Quarterly Report, Annual Report and Managers Letter, be invited to attend an Annual Meeting and be provided with annual tax information.

Frequently Asked Questions (cont.)



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Why choose property syndication over private investment?

Syndication allows individuals to access quality commercial investments from \$50,000. This enables you to invest in a range of properties, spreading your exposure across different locations, tenants and property types.

What return can I expect?

Over the last 18 months our syndicate offerings have ranged from 7% to 7.5%

What sort of properties does Augusta syndicate?

Our public offerings via a Product Disclosure Statement are typically industrial, bulk retail or commercial properties that are well located, with a good tenant covenant and a reasonable remaining lease term.

How is the return paid to investors?

Cash distributions are made to investors mostly monthly in arrears and paid directly to the investor's nominated bank account. In most syndications payments are made on the 7th day of each subsequent month.

How is the investment taxed?

For New Zealand properties, the monthly distributions are paid to the investor on a gross basis and tax is paid by the investor at the end of the year as part of their tax return. Tax is then paid by the investor at their usual marginal rate of tax.

For Australian properties, the tax is paid in Australia at a rate of 30% and investors only pay any additional tax if their New Zealand tax returns if their tax rate is higher than this.

Investors are, under current legislation, able to depreciate the fit out and chattels for taxation purposes. The managers will provide investors with an itemised list of assets to enable maximum depreciation to be claimed. It is also the intention of the Manager to provide (on an ongoing basis) a fixed asset schedule with assets depreciated at maximum allowable tax rates.

The above is general in nature. If you have any questions relating to taxation of your investment we recommend you seek professional advice from your accountant.

Why is bank funding required?

Typically most of the offers utilise a mixture of equity and debt funding and are geared with non-recourse prime bank debt, with the balance investors' equity. In a market like we have at present, where property income yields are significantly higher than borrowing costs, a sensible level of leveraging increases an investor's return on equity.

Who is involved in providing the investment and what do they do?

Bayleys Real Estate Limited and Augusta have a long standing relationship with the key parties in the management on both sides transacting property together for over 20 years.

Bayleys are the selling agents for all Augusta investment opportunities – this means we will send you information on upcoming offers, answer any questions, take you through the properties and assist with completing the application forms.

Augusta are the Manager. They structure the offer, arrange bank funding and issues the Product Disclosure Statement. Augusta is responsible for the Limited Partnership and property management, including the facilities and property management, preparation of annual financial statements and payments of monthly distributions. Augusta will send investors quarterly updates on their investment.

Is there any independent oversight?

Under the Financial Markets Conduct Act 2013 and Financial Markets Supervisors Act 2011 the Limited Partnership has an appointed Supervisor. In the case of Augusta Investments sold by Bayleys Real Estate the supervisor is Covenant Trustee Services Limited. The supervisor monitors compliance with the Governing Document.

What are the fees?

- a. Augusta will charge a management fee as outlined in the PDS, varies from syndicate to syndicate
- b. Valuation, brokerage, management