NZX RELEASE
24 November 2016

STRONG RESULT DRIVEN BY FUNDS MANAGEMENT PERFORMANCE

Augusta Capital today announced that the result for the six months ended 30 September 2016 represents a strong performance (based on distributable profit) which has been underpinned by the launch of Augusta's first wholesale fund and the success of Augusta's largest equity raise.

The confirmed exit of the Finance Centre is a transformational deal that sets Augusta clearly on the path of property funds management.

FINANCIAL RESULTS

Distributable profit (a Non-GAAP disclosure which represents the underlying financial performance) increased strongly up 50% from $2.66 million to $4.00 million compared to the prior corresponding period. The half year's distributable profit performance was driven by:

1. The Funds Management segment up 119% to $2.78 million from $1.27 million driven by one-off deal fees and strong growth in recurring management fees, offset by;
2. Investment Property Portfolio down 13% to $1.19 million from $1.37 million driven by the divestment of 7 City Road in August 2015 and higher tax expense due to a lower depreciation claim.

Augusta Capital Limited's net profit after tax has, however decreased 28% from $7.24 million to $5.23 million compared to the prior corresponding period, driven primarily by higher current tax expense, the recognising of transaction costs associated with future property disposals and fair value loss on investments, offset by strong growth in the Funds Management business.

The company successfully completed three new managed investment schemes, or property syndicates, as well as the establishment of the Value Add Fund No.1 which in total generated $4.75 million of gross offeror's and underwriting fees, as well as creating a further $1.10 million of ongoing gross annual management fees.

Income from the directly owned property portfolio decreased primarily as a result of the divestment of 7 City Road in August 2015 but offset by higher rental income at the Finance Centre.

Operating costs were lower in the directly owned portfolio as a result of the 7 City Road divestment.

Corporate costs increased by $0.50 million during the period, driven by growth in the Funds Management business as well as ongoing compliance obligations.

Net funding costs decreased by $0.30 million against the prior corresponding period. This was a result of lower effective interest rates and lower loan balance in the period. At September group gearing was at 31% and net asset backing per share was 97 cents.

The Finance Centre is now subject to an unconditional sale and purchase agreement for $96.0 million. The sale transaction will be staged with the four titles being sold between December 2016 and April 2019. A $3.2 million revaluation gain and a $1.4 million of transactional costs were recognised in relation to the Finance Centre sale. The fair value of the Finance Centre as at 30 September 2016 was $92.3 million. Settlement of Augusta House has been delayed due to a delay in obtaining new titles and will not occur by the end of November. A market announcement will be made once new titles have been issued.

The property held for sale at 31 March 2016, 16 Kitchener Street, was sold at carrying value of $16.5 million on 1 April 2016 to the Value Add Fund No.1.

The current tax obligation is $1.0 million higher for the period due to the strong performance as well as no depreciation has been claimed in respect of Augusta House (19 Victoria St West), increasing taxation expense by $0.14 million against prior period. No depreciation can be claimed in the year of sale.

On 1 July 2016 Augusta confirmed that the loss of PIE status became effective as a result of the continuing success and growth in value of the funds management business (previously announced to the market on 24 March 2016). Including the PWC valuation of the funds management business (March 2016) net assets per share as at 30 September 2016 is $1.11-$1.18.

The Group will continue with its dividend policy of paying 75-80% of full-year net profit after tax (excluding capital gains or losses, realised or unrealised). This policy is reviewed periodically.

	Six Months to Sept 16 GAAP	**Six Months to Sept 15** GAAP	**Six Months to Mar 16** GAAP
Investment Property Portfolio – Net Revenue	$3.05m	$3.34m	$3.32m
Funds Management Recurring Fees – Net Revenue	$2.93m	$1.61m	$1.67m
Funds Management Deal Fees – Net Revenue	$4.67m	$2.96m	$4.06m
Metroclean Limited – Net Revenue	$0.06m	$0.06m	$0.08m
Corporate Costs	($3.95m)	($3.41m)	($3.75m)
Net Funding Costs	($1.23m)	($1.54m)	($1.39m)
Unrealised Net Change In Value of Investment Properties	$3.22m	$3.78m	$3.29m
Profit (Loss) and Total Comprehensive Income for the Period	$5.23m	$7.24m	$6.28m
Distributable Profit (Non GAAP)*	$4.00m	$2.66m	$3.02m
Total Assets	$144.33m	$128.45m	$136.80m
Total Liabilities	$59.13m	$50.50m	$54.80m
Shareholders' Equity	$85.20m	$77.95m	$82.00m
Interest Bearing Debt to Total Assets	30.6%	35.0%	36.5%
Closing Shares on Issue	87.53m	87.42m	87.42m
Net Assets Per Share	*$0.97*	*$0.89*	*$0.94*
Net Assets Per Share (including PWC valuation of Funds Management business)	*$1.11-$1.18*	-	*$1.08-$1.15*
Net Tangible Assets Per Share	*$0.79*	*$0.69*	*$0.75*
***Distributable Profit Reconciliation (Non-GAAP)**	**Sept 16**	**Sept 15**	**Mar 16**
Profit before financing, fair value movements, gain / (loss) on disposal and taxation	$5.48m	$2.97m	$4.04m
Add: Transition and project costs	-	$0.20m	-
Less: Current tax obligation for the period	($1.48m)	($0.51m)	($1.02m)
Distributable Profit	**$4.00m**	**$2.66m**	**$3.02m**

*The distributable profit (Non-GAAP) represents the operating earnings generated that are available for distribution and is the key performance measure used by the Company and which is reviewed by the Board prior to distribution approval. It excludes non-cash transactions such as asset write offs, deferred tax, revaluation of investment property, interest rate swaps and other fair value adjustments which are non-cash. The current tax for the period reflects the underlying tax obligation for the period to date.

INVESTMENT PROPERTY PORTFOLIO

On 25 July 2016, Augusta Capital Limited shareholders voted in favour of selling the Finance Centre, Auckland for $96.0 million. The transaction will be staged with the four titles being sold through to April 2019. The sale will create material balance sheet capacity to enable the warehousing of assets for future syndications, greater levels of underwriting with respect to new deals as well as the ability to make a direct investment in new fund initiatives. As a result of the sale price, Augusta Capital recognised an unrealised gain in value of investment properties of $3.74 million. The present value of the future cash proceeds of deposits and settlement transactions was used to calculate the Finance Centre valuation as at 30 September 2016 of $92.3 million. A $9.6 million non-refundable deposit was received in July 2016 from the purchaser. Settlement of Augusta House has been delayed due to a delay in obtaining new titles.

On 1 April 2016 16 Kitchener Street was sold at carrying book value of $16.5 million to the Value Add Fund No.1.

The company's weighted average lease term (WALE) has decreased from 6.3 years to 5.7 years during the period and Portfolio occupancy is currently 97% in line with the 31 March 2016 reported result.

INVESTMENT PROPERTY HELD FOR SALE PORTFOLIO SUMMARY – DIRECTLY OWNED PROPERTY

Property	**Valuation Sept 16** $000	**Valuation Mar 16** $000	**Occupancy Sept 16** %	**WALE Sept 16** Years	**Future Sale Price**	**Date of Sale** (proposed)
Finance Centre Carpark	28,086	28,700	98%	10.7	30,000	Apr-19
Finance Centre Podium	10,298	9,900	97%	3.7	11,000	Apr-19
Augusta House (19 Victoria St West)	29,927	28,800	94%	2.7	30,000	Dec-16
Retail Title	24,005	21,500	100%	5.1	25,000	Apr-18
Finance Centre Total	**92,316**	**88,900**	**97%**	**5.7**	**96,000**	
18 Hibiscus Highway	1,400	1,400			1,400	Mar-17
	93,716	**90,300**			**97,400**	
36 Kitchener St (sold 1 April 2016)	**-**	**16,500**				
Total at balance date	**93,716**	**106,800**				

FINANCIAL ASSETS – INVESTMENTS

On 1 April 2016, Augusta Capital acquired a $6.0 million / 10% stake in the Value Add Fund No. 1.

On 30 September 2016, Augusta Capital acquired 15.0 million shares in NPT Limited for $0.73 cents per share, a total purchase price of $10.95 million. This gave Augusta a 9.26% stake in NPT. The $10.95 million value was subsequently revalued to fair value (market share price as at 30 September 2016 of $0.685 cents per share) resulting in a fair value of $10.27 million and fair value adjustment of $0.675 million. Augusta saw value in acquiring a cornerstone stake in NPT and has subsequently tabled a proposal to the board of NPT to create a $500 million property portfolio.

Augusta has also provided a request to NPT for a special shareholder meeting to vote on the removal of three NPT directors and appointment of three replacement directors. NPT has said the meeting will be held in February 2017 but Augusta continues to push for it to be held at an earlier date.

MANAGED PORTFOLIO

During the period, Augusta Capital Limited completed three property syndications, being the Building A Graham St, Ashburton Central and Quinns Hill Road syndicate, as well as the establishment of the Value Add Fund No.1. During the period eight managed properties were divested.

The Group now manages approximately 135 property vehicles valued in excess of $1.51 billion increasing to $1.60 billion on the settlement of Building B, Graham Street on 30 November 2016. Properties are spread across New Zealand and in Brisbane, Australia.

FUNDS MANAGEMENT PERFORMANCE

The Funds Management sector performance was strong. Three deals (Building A Graham Street, Ashburton Central and Quinns Hill Road) as well as the Value Add Fund No.1 drove the performance of upfront fees of $4.8 million in total ($3.0 million in the prior corresponding period). Augusta continues to see strong appetite from investors for its products.

Building A Graham Street was Augusta's largest syndication to date, raising $70 million of equity and generating $2.9m of upfront fees and $0.3m of annual recurring management fees. This transaction is a good example of Augusta's ability to secure quality products in a competitive market. Quinns Hill Road, Brisbane was Augusta's largest equity raise for an Australian property raising A$14.0m of equity and shows the investor appetite for different types of products. Augusta's ability to leverage its strategic alliance with Bayleys supported Augusta in raising over NZ$150m of equity for syndicates and funds which settled in the six month period ended 30 September 2016.

The launch of the Value Add Fund No.1, a fund of five properties in Auckland all with value-add opportunities, outlined Augusta's ability to provide further product diversification to its investors, raising $60 million of equity (of which Augusta took a $6 million stake).

Management's continued focus on growing the recurring income stream is illustrated in the annualised base management fees which are currently $5.4 million, up from $4.3m in the prior corresponding period) with the ability to generate transactional fees in addition.

Building B, Graham Street will be completed in the second half of 2016. This is expected to generate further offeror and underwrite fees of $2.13 million for Augusta with a $0.25 million annual recurring scheme management fee.

CAPITAL MANAGEMENT

Net asset backing per share has increased over the six month period from 94.0 cents per share to 97.0 cents per share driven by the positive revaluation of the Finance Centre. Based on the March 2016 PWC valuation of the funds management business, the indicative net asset value per share is $1.11 - $1.18.

Cash distributions for the year ending 31 March 2017 are expected to be 5.5 cents per share, in line with previous share-market guidance. Distributions to Shareholders are reviewed by the Board of Directors on a quarterly basis. The Dividend Reinvestment Programme (DRP) remains suspended.

The current Group gearing level (Interest bearing debt / investment assets) is 31.3%.

OUTLOOK

The first half has seen Augusta deliver on its strategic objectives to date. Growth in recurring funds management fees has been delivered on the back of strong organic growth in the portfolio. Asset sales have also been achieved as we have seen demand for property investment remain very strong and we have been active in ensuring investors capitalise on such opportunities.

The exit of the Finance Centre over a staggered period releases capital to invest in the funds management business. This will also include investment in initiatives that Augusta manages such as the Value Add Fund and the recent stake in NPT Limited is an example of another potential initiative. The future balance sheet is likely to exist of warehoused assets as a pipeline for future product, intangible assets, investment in fund initiatives managed by Augusta as well as retaining underwriting capability for new offers.

Augusta continues to strive for methods of best practice in the property funds management sector including governance, treasury management and compliance whilst continuing to offer quality and diverse product offerings. Capability to deliver on these initiatives is paramount and Augusta's resource base continues to evolve with its strategic directional change.

Augusta is on target for a strong result for the full year on the back of the Graham Street Building B syndicate (expected to settle on 30 November 2016). The continuing focus remains increasing recurring earnings derived from funds management initiatives.

For further information please contact:

Mark Francis
Managing Director

-ENDS-