

NZX RELEASE
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BINDING AGREEMENT TO ACQUIRE MANAGEMENT OF NPT

Augusta Capital Limited (NZX: AUG) is pleased to advise that it has now entered into a binding agreement with NPT to acquire the rights to manage NPT on an exclusive basis. The agreement is conditional on the approval of NPT shareholders at a meeting which is expected to be held in the second half of March 2018. The meeting date will be confirmed when NPT has finalised its notice of meeting.

There has been no change to the key terms previously notified when the non-binding agreement was entered into. These include:

- Augusta will pay \$4.5 million to NPT to acquire the management
- The management fees to be paid to Augusta under the Management Agreement include a base management fee of 0.5% per annum on up to \$500m of assets under management and 0.4% on assets under management over \$500m.
- There are also property management, performance, leasing, acquisition and development management fees payable.

Augusta expects the management agreement will initially increase Augusta's recurring base management fee income by approximately \$0.9 million based on NPT's current balance sheet. Augusta considers the remainder of the terms of the management agreement are best-in-class compared to similar management agreements. Importantly, Augusta's interests are firmly aligned with NPT shareholders through its 18.85% shareholding.

Augusta has proposed and NPT has accepted a 'yield plus growth' investment strategy for NPT which Augusta believes will strongly differentiate NPT from other investment options in the listed property sector and suits the current low-yield environment. Augusta has a track record of identifying and adding value to assets. The strategy would see Augusta tasked with re-positioning the existing portfolio of assets as well as identifying assets for acquisition which it believes have strong yield and growth opportunities.

The agreement with NPT caps a busy past few months alongside work on a new syndication (the Airways development in Christchurch) and work to establish a new open ended industrial property fund. Each of these projects have been aimed at furthering Augusta's strategy of growing the funds management business through continued growth in recurring management fee income.

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