

06  
2019



AUGUSTA

Start Presentation





## Overview for today



01

Our Strategy



02

Financial



03

Governance



04

People & Culture



05

Changing Customer  
Platform & Technology  
Investment



06

Our funds



# Who is Augusta today

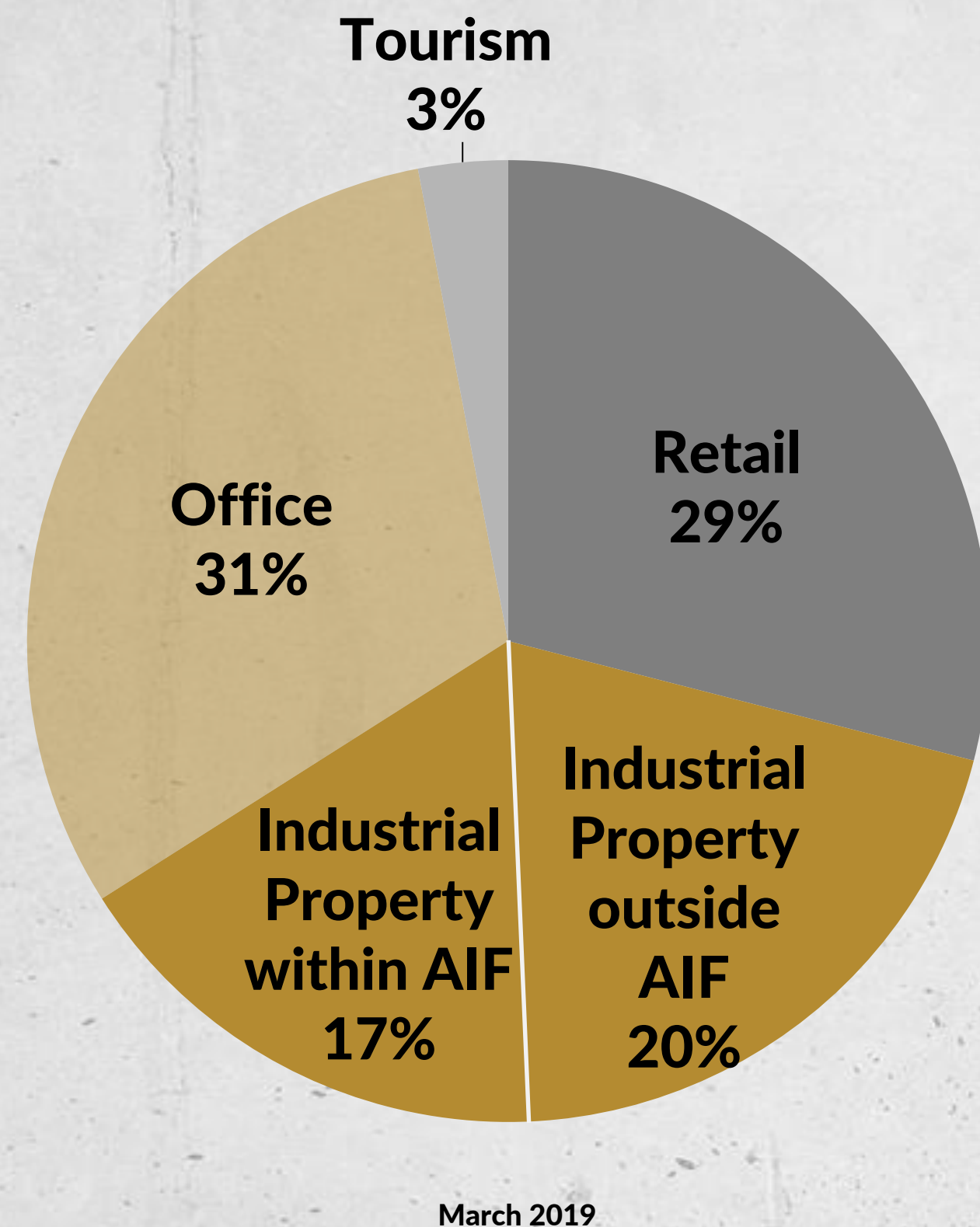
Augusta’s evolution in becoming a property funds manager is now complete

|   |  |   |  |
|---|--|---|--|
| <p>Established in 2003, Augusta has an established track record in offering and managing successful shared ownership structures</p> | <p>Augusta Capital - NZX listed company with market cap of c. <b>\$105 million<sup>1</sup></b></p>       | <p>Investment in specialist expertise to support growth strategy – <b>41 staff</b></p>      | <p>Total assets under management approx. c. <b>\$2b (Mar 19)*</b></p>                |
| <p>Manages <b>74 properties</b> across New Zealand &amp; Australia</p>  | <p>External manager of Asset Plus, a NZX listed company with market cap c. <b>\$101m<sup>1</sup></b></p> | <p>The executive team of Augusta own in excess of <b>22%</b> of Augusta Capital Limited</p> | <p>Circa <b>3,580</b> investor base (excludes 924 AUG and 1706 APL shareholders)</p> |

1. As at 12 June, 2019

\* including contracted purchases

# Assets Under Management Split By Industry



|             | \$ Million | No. of Properties |
|-------------|------------|-------------------|
| Industrial  | 659.9      | 33                |
| Office      | 566.8      | 7                 |
| Retail      | 531.7      | 31                |
| Tourism     | 45.9       | 3                 |
| Grand Total | 1,804.3*   | 74                |

\* Excludes contracted purchases



# Portfolio by location

Total of New Zealand and Australia  
properties under management:

74

Total sum of the New Zealand  
and Australian portfolio:

\$1.8 billion

## BRISBANE

12 Properties

\$169.3m Sum of valuations

## NORTHLAND

1 Property

\$21.9m Sum of valuation

## WAIKATO

6 Properties

\$64.7m Sum of valuations

## AUCKLAND

28 Properties

\$1,039.2m Sum of valuations

## BAY OF PLENTY

2 Properties

\$26.5m Sum of valuations

## HAWKES BAY

4 Properties

\$74.1m Sum of valuations

## TARANAKI

4 Properties

\$54.4m Sum of valuations

## LOWER NORTH ISLAND

4 Properties

\$67.9m Sum of valuations

## OTAGO

4 Properties

\$42.9m Sum of valuations

## CANTERBURY

9 Properties

\$243.4m Sum of valuations

In the past 3 years  
77% of all new  
assets purchased  
are in Auckland,  
equating to \$760M  
out of a total of  
\$984M



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# OUR STRATEGY





## Our Vision

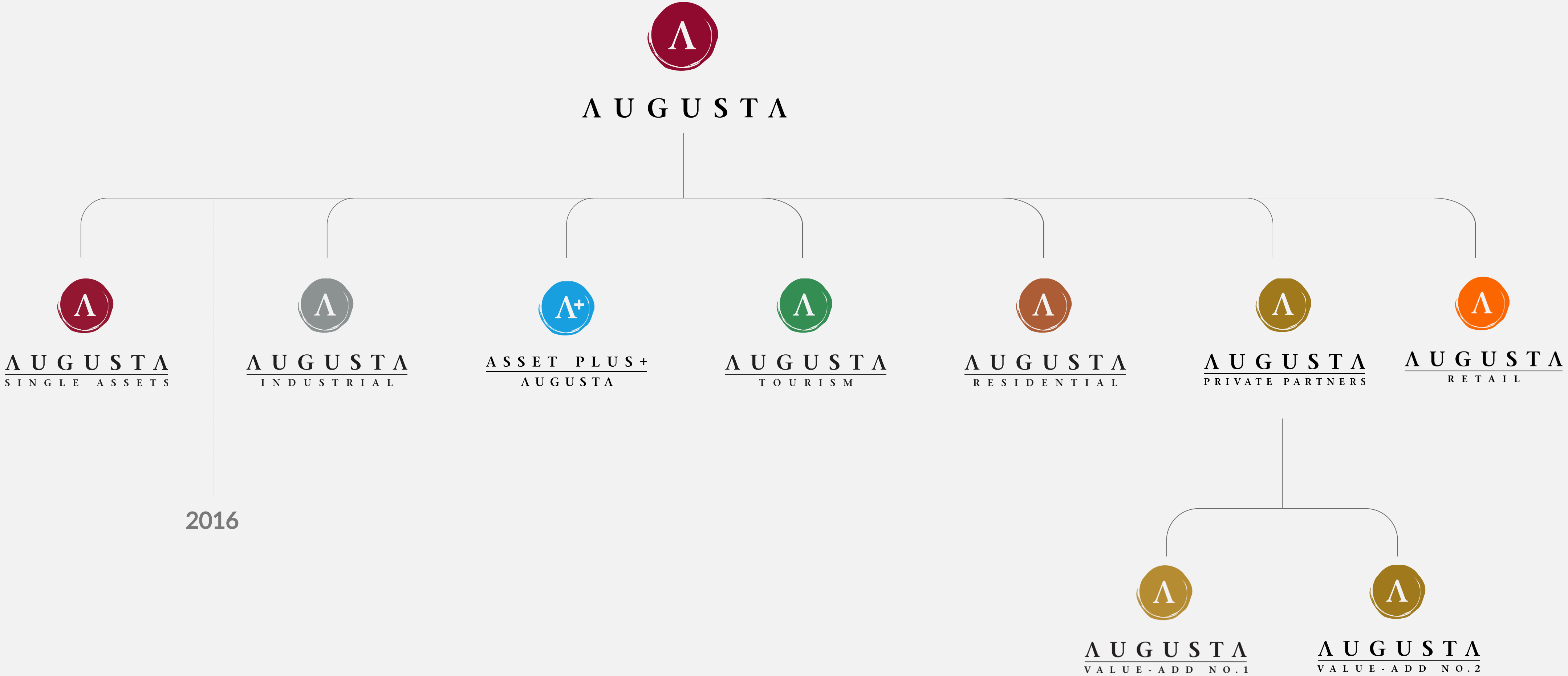
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“is to be New Zealand’s most diverse and respected institutional grade property funds management business across multiple sectors in both listed and unlisted platforms.”

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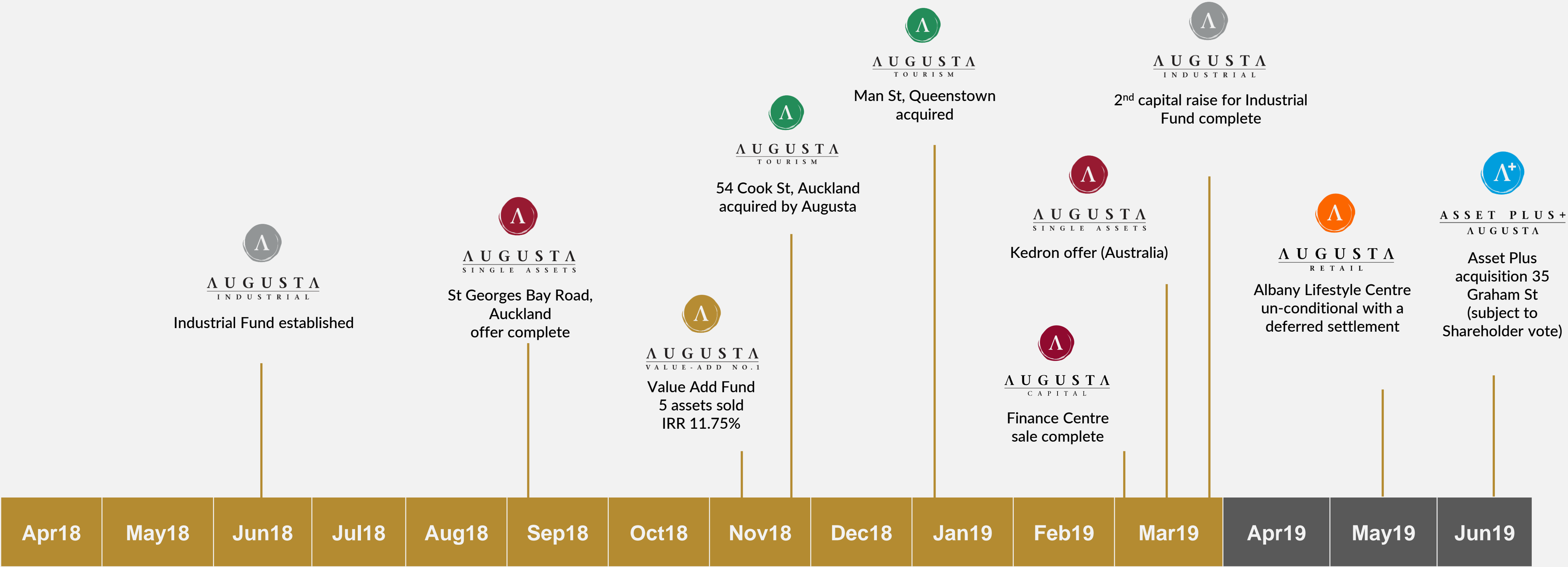


# Augusta Family Tree Today





# 2018 / 2019 Transactional Activity





# Strategic Objectives

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**01**

**Growth In AUM to reach \$3b in 2022\***

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**02**

**Create Larger Funds In NZ & Continue To Launch SAVS – growth in Asset Plus, Industrial Fund and Launch of Tourism**

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**03**

**Customer Centric Focus; Shareholders, Investors & Tenants**

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**04**

**Continuous Improvement Of Our Active Management Of Funds**

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**05**

**Invest In People & Systems To Match Growth Strategy**

**\*In FY22**



# Augusta Near Term Strategies

| FY20 Portfolio View | Augusta Near Term Strategies  |   |  |   |  |   |   |
|---------------------|---|---|--|---|--|---|---|
|                     | Augusta Single Assets   | Augusta Industrial  | Augusta Value-Add No.2   | Augusta Tourism   | Asset Plus+ Augusta  | Augusta Residential   | Augusta Retail  |
|                     |  <p><b>AUGUSTA</b><br/>SINGLE ASSETS</p> <ol style="list-style-type: none"> <li>1. Further \$200m of single asset funds established. (NZ and AU) (3 deals)</li> <li>2. Active management of existing portfolio</li> <li>3. Disposals of up to 10 properties</li> </ol> |  <p><b>AUGUSTA</b><br/>INDUSTRIAL</p> <ol style="list-style-type: none"> <li>1. AUM now \$300m</li> <li>2. Capability to debt fund \$30m acquisition in FY20</li> <li>3. FM oversight</li> <li>4. Develop strategic plan – pathway to IPO</li> </ol> |  <p><b>AUGUSTA</b><br/>VALUE-ADD NO.2</p> <ol style="list-style-type: none"> <li>1. Masterplan residential community development</li> </ol> |  <p><b>AUGUSTA</b><br/>TOURISM</p> <ol style="list-style-type: none"> <li>1. Fund launched Nov 2019 (\$100m as if complete)</li> <li>2. Create specialist capability (fund and Board)</li> <li>3. Develop pipeline</li> <li>4. Secure operators</li> </ol> |  <p><b>ASSET PLUS+</b><br/>AUGUSTA</p> <ol style="list-style-type: none"> <li>1. Close share price gap to NTA</li> <li>2. Search for future acquisitions</li> </ol> |  <p><b>AUGUSTA</b><br/>RESIDENTIAL</p> <ol style="list-style-type: none"> <li>1. Refine strategy</li> <li>2. Develop pipeline</li> <li>3. Secure strategic partners</li> </ol> |  <p><b>AUGUSTA</b><br/>RETAIL</p> <ol style="list-style-type: none"> <li>1. First asset secured</li> <li>2. Look for further seed asset opportunities</li> </ol> |



# FINANCIAL

0  
2







# Key Points

## From The Last Financial Year

**Profit and total comprehensive income for the year net of tax increased**

**▲116%**

against the prior year to \$6.95 million

due the higher earnings from the funds management business, including the launch of the Augusta Industrial Fund.

**Adjusted Funds from Operations <sup>1</sup>**

**▲34%**

(Non GAAP) to \$7.7 million, equating to 8.8 cents per share (6.6 cps in the prior year).

**Exit of final two Finance Centre assets**

**Augusta Industrial Fund launched raising**

**\$171 million**

of equity across two capital raises.<sup>2</sup>

**Two new single asset funds launched raising**

**\$84 million**

of equity.

**Continuing to invest in specialist talent to support business growth and new fund initiatives**

Payout ratio of

**69%**

**All 4 offers were over-subscribed**

**Value Add Fund closed generating an**

**11.75%**

internal rate of return for investors.

**Transition of Asset Plus management contract**

**Balance sheet capability to support new initiatives**

**\$23.80 million**

**investment in Augusta Industrial Fund**

- this will reduce to \$19m / 10% in FY20.

**Secured seed assets for the Augusta Tourism Fund and a future pipeline of opportunities**

**Value of funds management business on balance sheet is**

**\$20m**

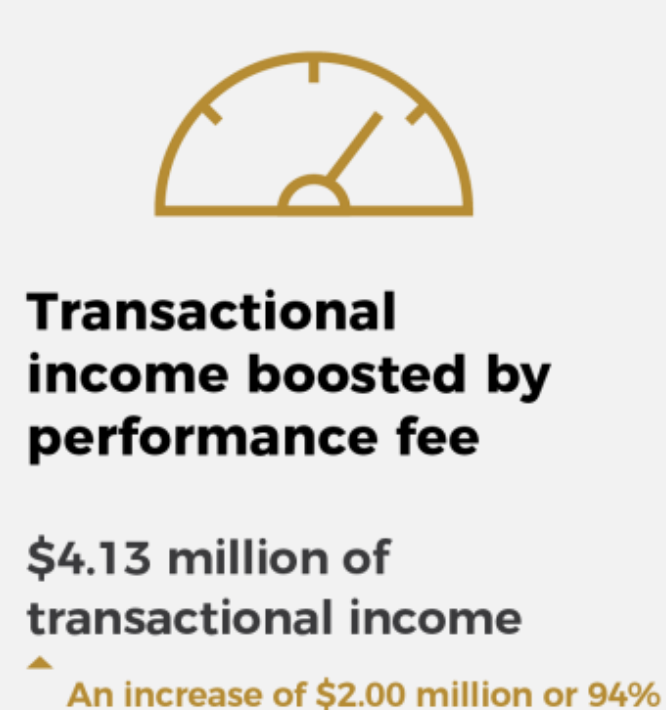
**This does not reflect fair value**

1 Adjusted funds from operations (AFFO) is non-GAAP financial information and is a common investor metric, calculated based on guidance issued by the Property Council of Australia. Augusta considers that AFFO is a useful measure for shareholders and management because it assists in assessing the Company's underlying operating performance. This non-GAAP financial information does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information prescribed by other entities. A reconciliation of the net profit after tax to AFFO is included in the annual report on page 23 which has not been independently reviewed by the auditors.

2 Augusta Capital co-invested a further \$19 million of equity on a long-term basis.



# Financial Dashboard





# Financial Performance

- Significant change in revenue profile over the past 5 years
- Material reduction in the number of properties under management – we have been active on both the acquisition and the divestment front
- Proven track record in launching new initiatives

|  | 2015<br>\$m  | 2016<br>\$m  | 2017<br>\$m  | 2018<br>\$m  | 2019<br>\$m  |
|--|--------------|--------------|--------------|--------------|--------------|
| Assets Under Management (\$m)                              | 1,300        | 1,456        | 1,600        | 1,850        | 1,804        |
| Equity Raised (\$m)  | 68           | 105          | 203          | 126          | 255          |
| Number of Properties                                       | 136          | 143          | 114          | 99           | 74           |
|  | 2015<br>\$m  | 2016<br>\$m  | 2017<br>\$m  | 2018<br>\$m  | 2019<br>\$m  |
| Rental Revenue   | 5.34         | 6.56         | 6.07         | 5.65         | 2.99         |
| Investment Income  | 0.03         | 0.10         | 0.66         | 1.77         | 1.75         |
| Management Fees  | 2.54         | 2.43         | 3.76         | 4.19         | 5.19         |
| Transactional Income                                       | 1.14         | 0.85         | 1.73         | 2.13         | 4.13         |
| FM New Deals   | 4.57         | 7.02         | 6.66         | 5.15         | 7.98         |
| <b>Total Net Revenue</b>                                   | <b>13.62</b> | <b>16.96</b> | <b>18.88</b> | <b>18.89</b> | <b>22.04</b> |
| Corporate & Administration Costs                           | (6.36)       | (7.16)       | (8.14)       | (8.87)       | (10.59)      |
| Net Funding Costs  | (3.09)       | (2.93)       | (2.16)       | (2.77)       | (1.50)       |
| <b>Total Comprehensive Income for the Year, Net of Tax</b> | <b>10.39</b> | <b>13.52</b> | <b>8.00</b>  | <b>3.21</b>  | <b>6.95</b>  |
| <b>Adjusted Funds From Operations (AFFO) - NON-GAAP*</b>   | <b>4.86</b>  | <b>5.68</b>  | <b>6.75</b>  | <b>5.79</b>  | <b>7.74</b>  |
| AFFO – cents per share                                     | 5.80         | 6.50         | 7.71         | 6.63         | 8.84         |

# Ambitions

Growth in AUM of  
**\$450m p.a**

consisting of acquisitions and development within existing managed funds and launch of new initiatives



Continuing investment in people to support new initiatives.

Growth in recurring base management fees as a result of material increase in AUM – an increase of over

**\$2m p.a**

Ambition to reach over

**\$3b**

in AUM by 2022\*



**Development management fee pipeline**

is expected to materially increase transactional income in the near to medium term

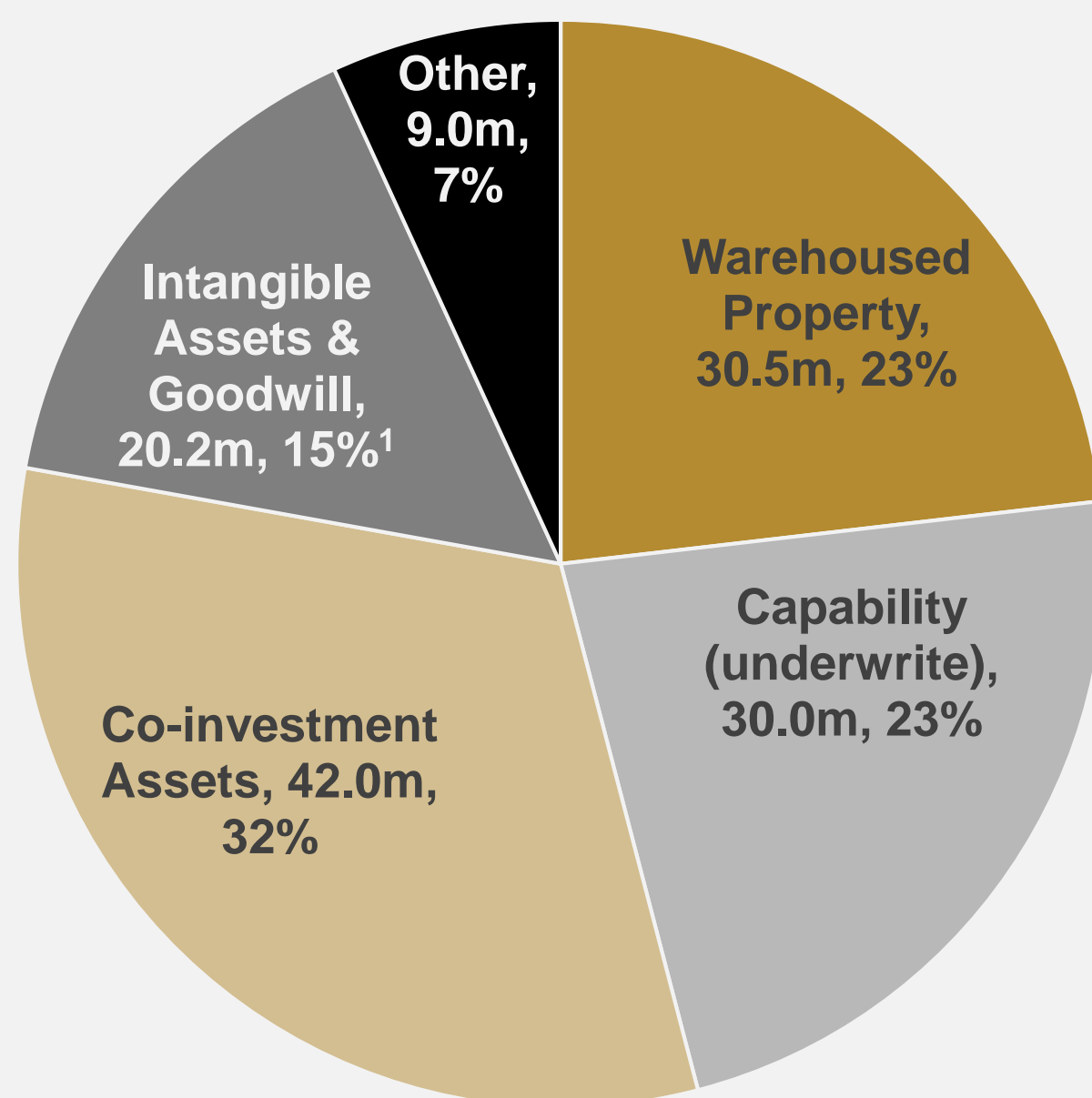
\*In FY22



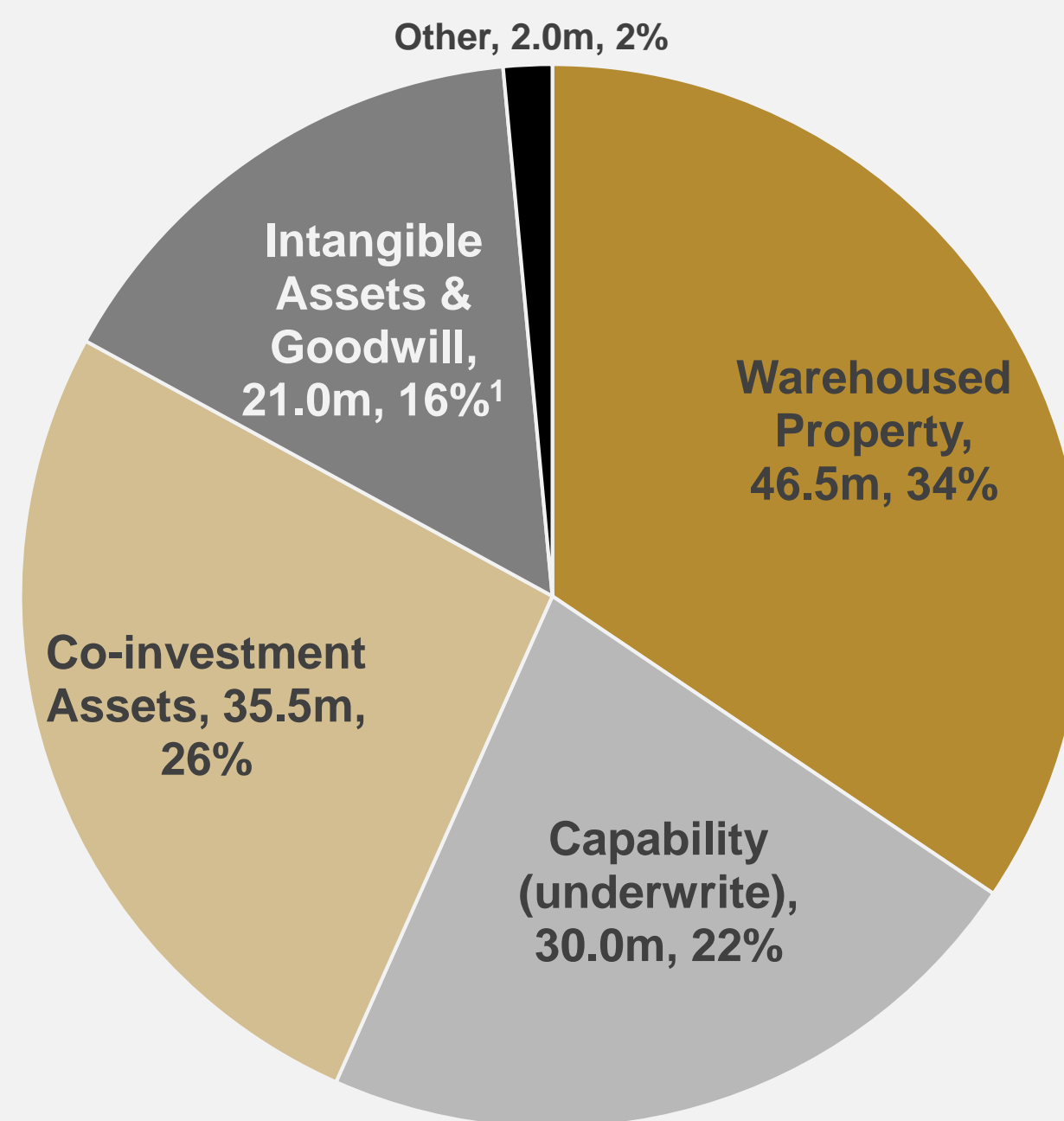
*“the shape of the balance sheet is ever changing ...”*

# Capital Allocation

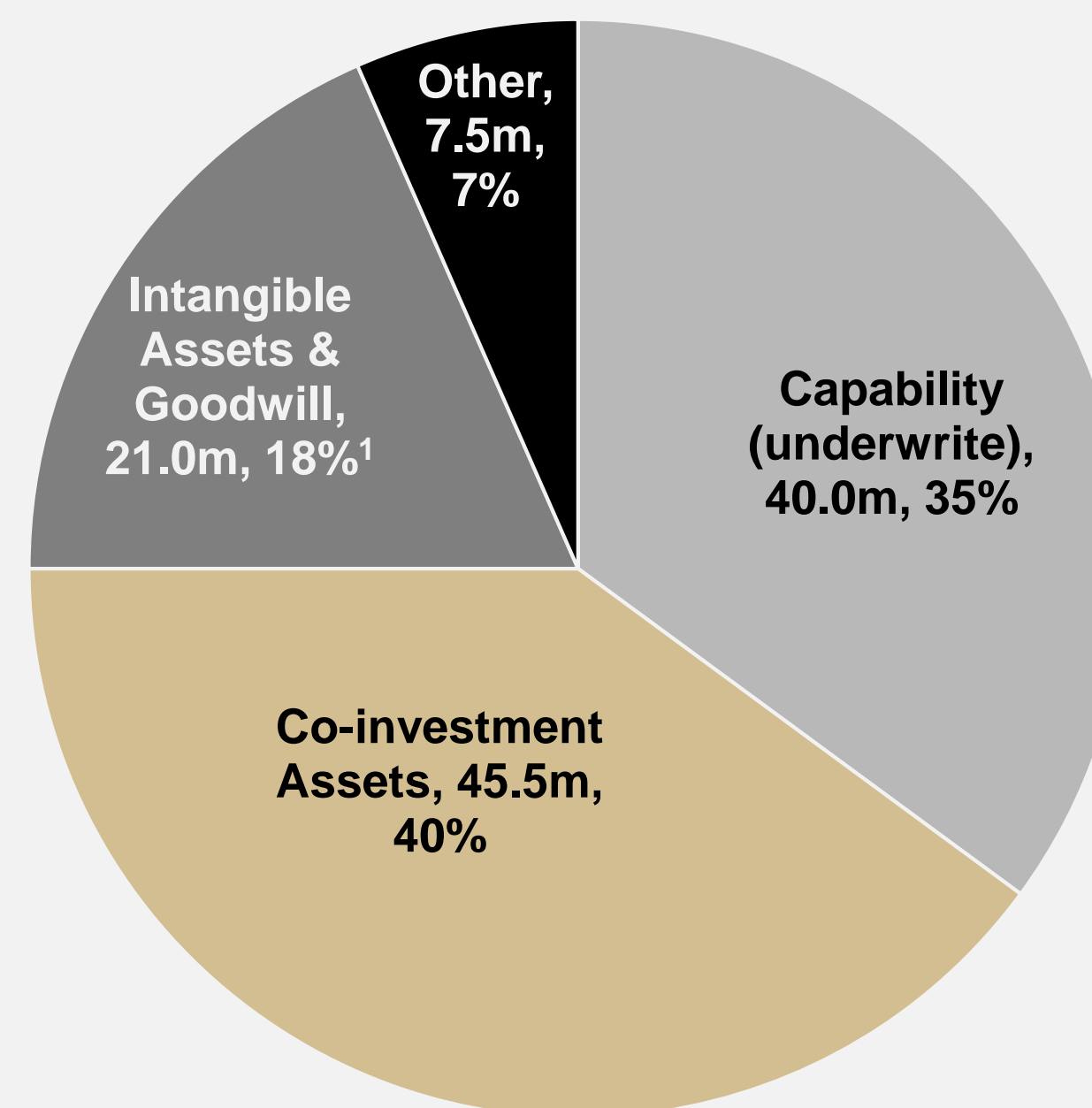
March 2019



September 2019



March 2020



## Near term capital commitments

- Progress Tourism developments on balance sheet
- Increase in co-investment
- Underwriting – balance sheet capability to underwrite capital raisings

<sup>1</sup> Intangible assets held at cost, not fairvalue



# GOVERNANCE



## Board of Directors

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**Paul Duffy**  
Independent Chairman

**Mark Francis**  
Managing Director

**Bryce Barnett**  
Non-Independent  
Executive Director

**Kevin Murphy**  
Independent  
Director

**Mark Petersen**  
Independent Director



# Governance Structure

## Risk & Compliance Committee

- Membership of two independents (Kevin Murphy (chair) and Mark Petersen & Mark Francis)
- Oversight of compliance with policies, procedures and regulatory obligations.
- Oversight of risk management framework and compliance assurance programme.
- Management of potential conflicts of interests

## Audit & Treasury Committee

- Membership of three independents (Mark Petersen (Chair), Paul Duffy & Kevin Murphy).
- Monitor and review the effectiveness of financial reporting and internal controls.
- Oversight of treasury management
- Ensure auditor independence.

## Health & Safety Committee

- Membership of Mark Francis (chair) and Mark Petersen
- Ensures all practical and reasonable steps are taken to protect the health and safety of our staff, contractors, tenants and members of the public.
- Checks and balances through oversight of external property managers and engagement of external health and safety auditors.

## Remuneration Committee

- Membership of two independents - Paul Duffy (Chair) and Kevin Murphy
- Oversight of director, senior management and staff remuneration
- Ensuring remuneration incentivises 'Good Conduct' and long-term sustainable performance of Augusta.

## Due Diligence Committees

- Chaired by an independent director all on a rotating basis with key members of management involved.
- Oversee due diligence process for all new acquisitions and offering documents

## Augusta Capital Board

**Majority of the board are independent – requirement of Constitution**

Board skills cover property, funds management, banking, finance and governance

Currently recruiting for additional independent director



# PEOPLE & CULTURE

04





## Senior Management

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**Mark Francis**

Managing Director

**Bryce Barnett**

Executive Director, Head  
Of Funds Management

**Simon Woollams**

Chief Financial Officer

**Joel Lindsey**

Chief Operating Officer

**Luke Fitzgibbon**

General Counsel  
& Company Secretary

**Adelle McBeth**

Head of Operations



## Key Managers

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**Paul Matheson**  
Corporate Financial Controller

**Mark Madigan**  
Financial Controller - Augusta  
Funds Management

**Will Ellison**  
Senior Development Manager

**Stephen  
Brown-Thomas**  
Senior Development Manager

**Matt Dayman**  
Senior Development  
Manager - Residential



**Ben Harding**  
Head of Asset/AIF Manager

**Bernie Smith**  
Senior Asset Manager

**Brendan Clough**  
I.T Manager

**Jess Davidson**  
Marketing & Communications  
Manager

**Louise Connell**  
Legal & Compliance Manager



# Growth & capability over the years

Staff changes from KCL merger to 2019

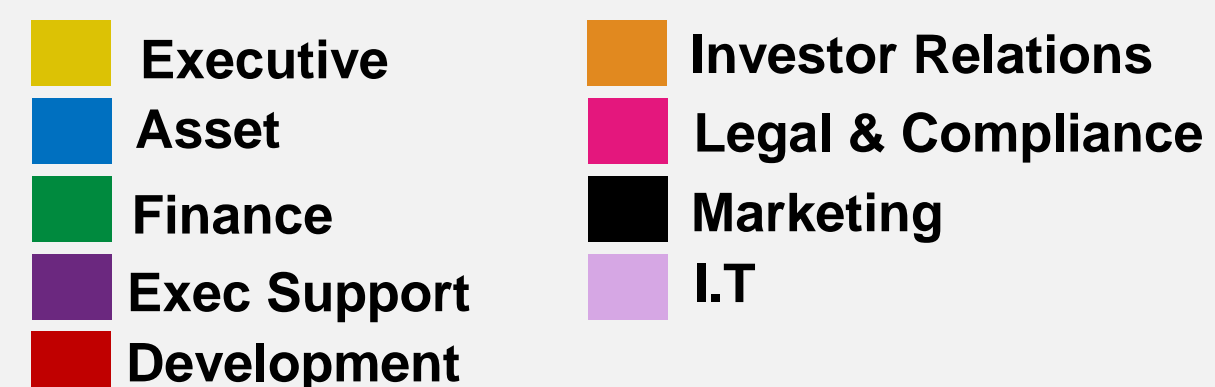
## 2014

*“investing in a team that buy into the ethos of an investor centric focus in all activity”*



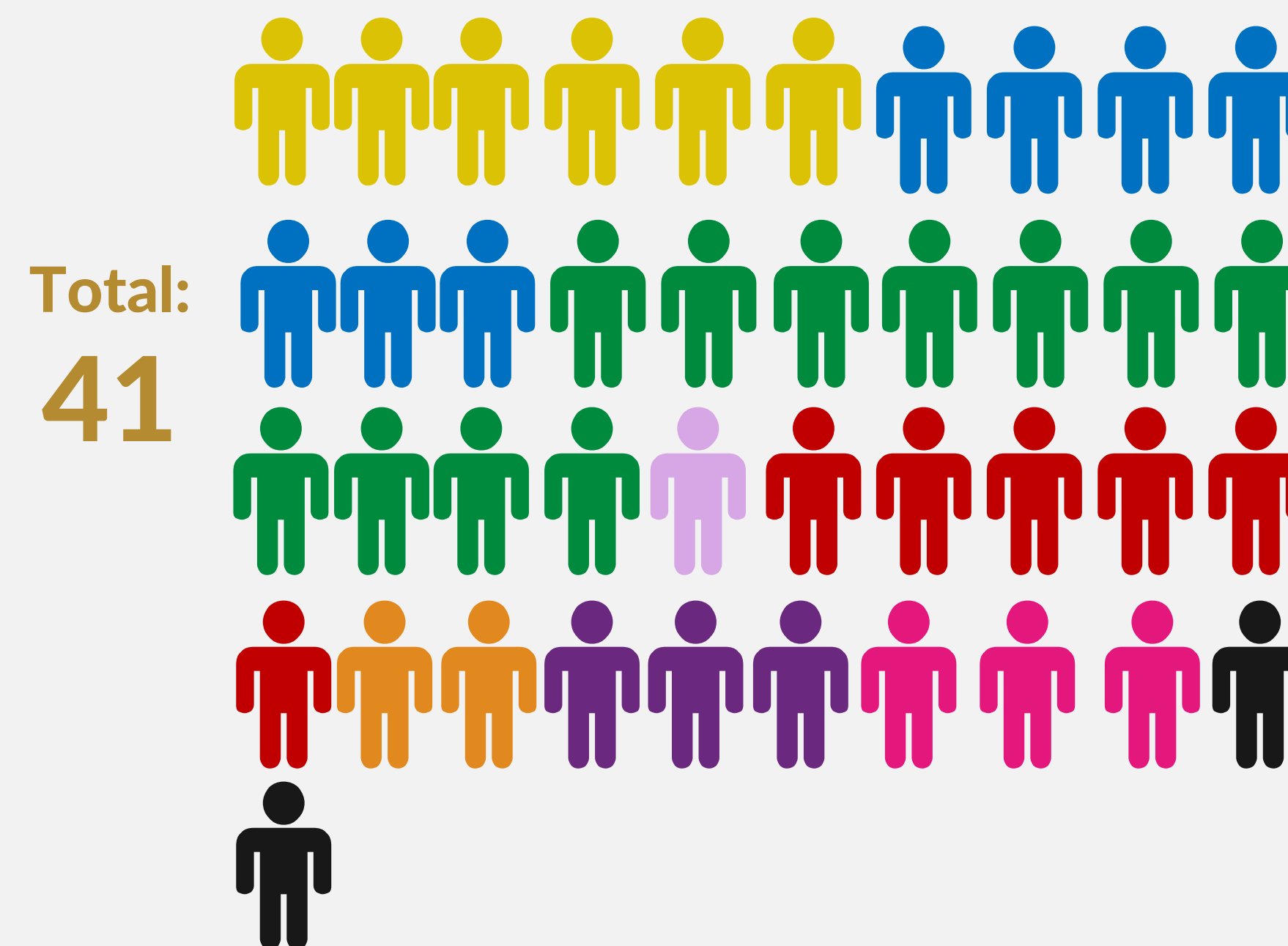
Bayleys: External property and facilities management

*“invest in specialist talent to add both depth & diversity to our team”*



## 2019

*“team that pursues value of growth for investors”*



Bayleys: External property and facilities management



# CHANGING CUSTOMER PLATFORM & GROWTH





# Investor Growth statistics

**Significant  
Growth**  
In Institutional enquiry

**50%**  
Reinvestment of AIFL  
STAGE 1 investors in AIFL  
STAGE 2


  
Data shows the numbers of  
**New Investors**  
across the regions  
continuing to grow steadily

**1,230**  
Record AIF  
STAGE 2  
presentation attendees  
(44% increase from the previous high)

Last  
**4** offers  
oversubscribed

 **\$132k**  
Average dollar value  
invested across the  
last 4 single asset raises  
AIF 1 & 2 excluded

  
Enquiry growth has  
**doubled**  
Since 2014

  
Population growth of our core  
demographic estimated to  
**Double**  
In next 17 years  
(Stats NZ)

**\$9M**  
in oversubscriptions  
accepted for last  
capital raise, AIF #2

Conversion rates  
sit between  
**51–70%**  
Across the last 4 offers of those who  
attended a presentation

  
**95%**  
of investors surveyed  
are highly likely to  
recommend Augusta



## **Growth Underpinned By Tech**

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Taking advantage of technology, for us, is largely about figuring out how it can augment Augusta's personal touch and improve the experience for both investors and our staff

**Implementing  
Salesforce  
CRM System**

**Investor Portal  
App Based  
Information**

**Focus On  
Process  
Automation**

**Artificial  
Intelligence  
& Predicative  
Analytics**

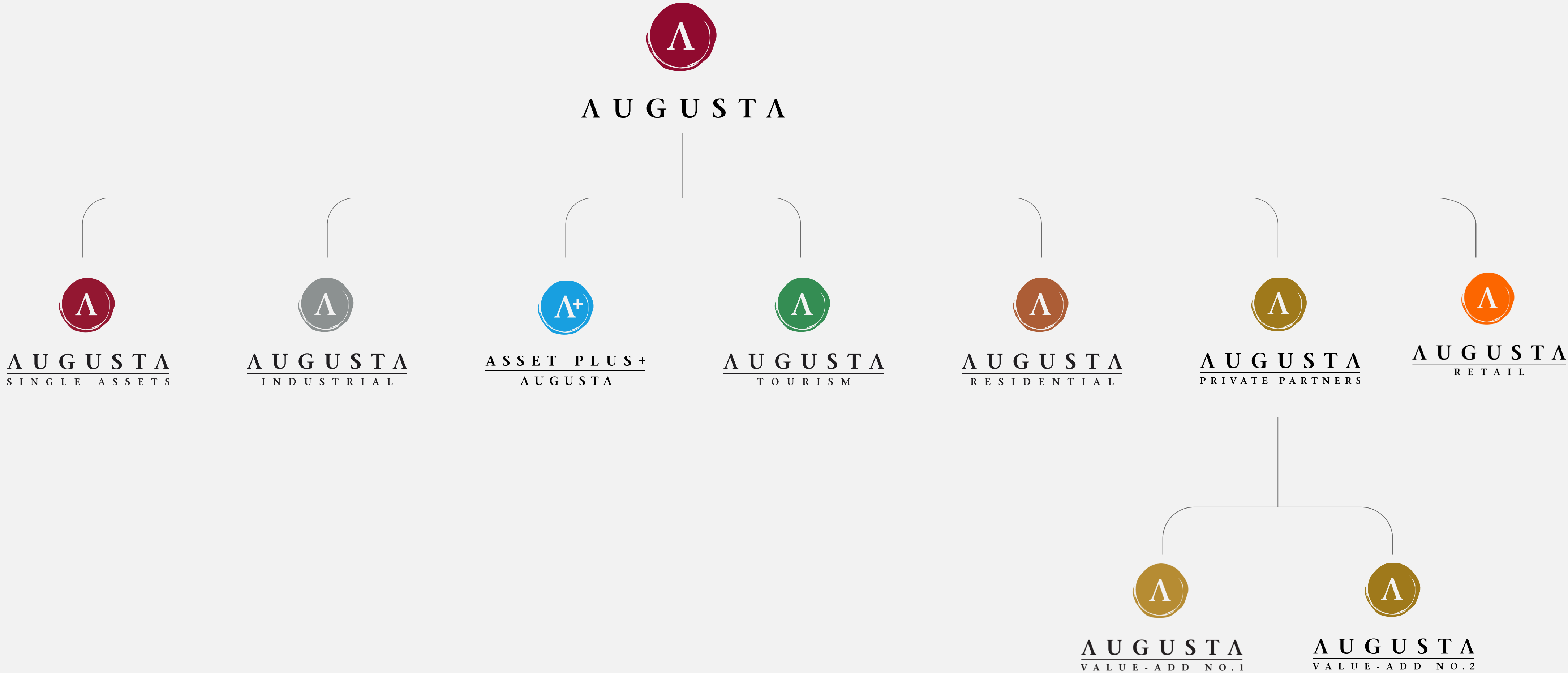


# Our Funds





# Augusta Family Tree Today







# Augusta Single Assets

Single asset funds provide direct investment opportunities to investors in commercial, retail and industrial property. The day to day management and maintenance of the property is managed on behalf of the investors by Augusta Funds Management.

Continued demand from investors for new, high quality, well located, multi tenanted properties as evidenced by our over-subscription and interest in secondary sales.



**Sir William Pickering  
Drive, Christchurch**



**Building B, Graham St,  
CBD Auckland**



**St Georges Bay Road,  
Parnell, Auckland**





# Divestments

## 123 Pilkington



**12.4%**

IRR SINCE  
ESTABLISHMENT

**38.7%**

PREMIUM ON 2018  
VALUATION

**190%**

EQUITY GAIN SINCE  
ESTABLISHMENT

**4.47%**

PASSING YIELD  
ON SALE PRICE

## Victoria Dock



**11.88%**

IRR SINCE ESTABLISHMENT

**15.55%**

EQUITY GAIN SINCE  
ESTABLISHMENT

**6.33%**

PASSING YIELD  
ON SALE PRICE





**AUGUSTA**  
INDUSTRIAL



## Augusta Industrial

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**Augusta Industrial is a limited liability company that was established in April 2018 as an open-ended, unlisted property fund.**

Its purpose is to provide investors with the opportunity to invest in a portfolio of strategically selected industrial assets that provide both tenant and location diversification within this strongly performing sector of the New Zealand property market.



# Industrial Fund Overview



## Background

**AUGUSTA  
INDUSTRIAL  
FUND LTD**

**4**

**ASSETS**

**+**

**5**

**ASSETS**

**STAGE  
1.0**

**STAGE  
2.0**

**CURRENT VALUE**

**\$300M**









**A S S E T P L U S +**  
**A U G U S T A**



## Asset Plus

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Augusta took over Management rights of NPT in March 2018, later re-branding to 'Asset Plus'.

Asset Plus focuses on a 'Yield Plus Growth' investment strategy, targeting long term total returns that are greater than the benchmark return threshold detailed by the NZX Property Sector Index through value add and active management initiatives.

Asset Plus invests in a portfolio of properties, spread across the two main centres of Auckland and Christchurch with a third asset located in Hastings, the total value of the portfolio currently sits at \$123M.




# Strategic Update

The last 12 months has been a period of ongoing transition for Asset Plus, including the change to an external manager, Augusta Funds Management, but also the focus on the future value-add strategy and potential acquisitions.

The first step in implementing that strategy has now been taken with the 35 Graham St acquisition.

Our patience has been rewarded with what we consider to be a quality acquisition and we look forward to discussing this further with shareholders at the special meeting on 17 June 2019.



*The Board is committed to growing the portfolio in a disciplined manner, with a primary focus to close the gap between share price and net tangible assets.*



# Outlook

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## The future strategic operating priorities include:

35 Graham St acquisition and progressing the repositioning strategy.

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Progression of the value-add opportunities within the existing portfolio.

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Exit of non-core assets as appropriate.

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Close the share price gap to NTA.

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Continuing to investigate future opportunities to transform Asset Plus.

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A number of options have and will continue to be assessed to find the right opportunity and the Board will remain patient to find the right opportunities.



The Board remains patient and disciplined in the current market to ensure we find the best investments which we think provide appropriate risk-adjusted returns and align with the new strategy.



ASSET PLUS+  
AUGUSTA





**AUGUSTA**  
PRIVATE PARTNERS



**AUGUSTA**  
VALUE-ADD NO.1



**AUGUSTA**  
VALUE-ADD NO.2

## Augusta Private Partners

Private Partners has been structured to house a variety of “value add” opportunities.

As with Value Add No.1, Value Add No.2 will follow the same strategic direction of identifying development opportunities and acquiring assets that offer value-add upside.

The fund will be structured on terms that mirror that of Value Add No.1 and will be offered to wholesale investors only based around a five year investment horizon.

The first raise is an off-market opportunity to acquire a residential land development.





**AUGUSTA**  
RESIDENTIAL



## Augusta Residential

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Augusta is considering a number of investment options in this space with a view to launching one of New Zealand's first dedicated residential funds in the near future.

While the strategy is still being finalised around residential, we foresee opportunities within our current funds playing a strategic role (in the residential fund).





AUGUSTA  
RETAIL



## Augusta Retail

Initial Seed Asset Sourced: Albany Lifestyle Centre

Anchor Tenant: Mitre10

Other Tenants: Freedom Furniture, the Design Store and Danske Mobler

WALT: 7.65 years

Net Lettable Area (SQM): 25,029

An open-ended unlisted property fund that invests in a diversified portfolio of quality bulk retail properties. The mandate of the fund is to seek assets for their ability to contribute to a fund WALT, including opportunities that exist in our current portfolio. Asset selection will focus on quality tenants, location and accessibility, retailing patterns and nearby housing development that fuels the demand for retailers.

The Fund will be a retail product offering with a \$10,000 minimum investment





**AUGUSTA**  
TOURISM



## Augusta Tourism

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Tourism is hugely important to the New Zealand economy and infrastructure is essential in harnessing the benefits of growth in the sector.

The fund will offer investors *brick-and-mortar* exposure to the New Zealand growth story surrounding tourism and to capitalise on the acute shortage of hotel accommodation being experienced across NZ with a focus on Auckland and Queenstown.

The fund will invest in existing operating hotels and develop hotels where an appropriate risk adjusted return can be extracted for investors





AUGUSTA  
TOURISM

Man Street, Queenstown







AUGUSTA  
TOURISM



Cook Street, Auckland





# CONCLUSION

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AUGUSTA

THANK YOU



## Disclaimer

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### **Important Notice**

This presentation contains not only a review of operations, but may also contain some forward looking statements (including forecasts and projections) about Augusta Capital Limited (AUG) and the environment in which AUG operates. Because these statements are forward looking, AUG's actual results could differ materially. Please read this presentation in the wider context of material previously published by AUG and announced through NZX Limited.

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