



AUGUSTA

29 January 2020

Augusta
PO Box 37953
Parnell
Auckland

Centuria proposal to acquire Augusta – no action required

Dear [shareholder]

As announced to the NZX on the 29th of January 2020, Augusta Capital Limited (NZX:AUG) has entered into a Bid Implementation Agreement ('BIA') with Centuria Capital (ASX:CNI) under which, subject to obtaining certain regulatory waivers, Centuria will make a takeover offer for 100% of Augusta shares ('Offer').

If the expected Offer proceeds, the price of the Offer will be NZ\$2.00 per share and will value Augusta's issued equity at NZ\$180 million¹ with an enterprise value of NZ\$204 million². The Offer price represents an attractive premium to recent trading.

The Augusta quarterly interim dividend for the period to 31 December 2019 is expected to be paid in February. The dividend payment remains subject to the usual Augusta Board approval process and will have no impact on the \$2.00 per share Offer price.

Under the Offer, shareholders will have the option to take cash or receive Centuria scrip to an equivalent value based on the volume-weighted average price of Centuria's shares in the 5 trading days prior to this announcement, being A\$2.40 per Centuria share and leading to a scrip ratio of 0.807 Centuria shares per Augusta share³.

The Offer will be conditional on receipt of Overseas Investment Office approval and is subject to Centuria receiving 90% of acceptances from Augusta shareholders. At Centuria's discretion, this latter condition can be waived if acceptances over 50% are received.

The Augusta Board's Independent Directors Committee, consisting of Paul Duffy (Chair), Jonathan Ross, Fiona Oliver, Mark Petersen and Kevin Murphy, was set up to deal with all aspects of the process in relation to the BIA and the expected Offer.

The Independent Directors Committee advises that you are not required to take any action at this stage and to wait for the issuance of the Target Company Statement which will be released either simultaneously with the formal Offer document being dispatched by Centuria, or shortly thereafter. This is expected to take approximately two months from the date of this letter.

The Target Company Statement will set out a full assessment of the merits of the Offer and include the Independent Adviser's Report. It will also set out the process for shareholders to follow in order to accept or not accept the Offer.

If the Offer is made in accordance with the terms set out in the BIA, the Independent Directors Committee has agreed to unanimously recommend the Offer to Augusta shareholders subject to the Offer price being in (or above) the range of the Independent Adviser's Report and subject to no superior proposal emerging.

Augusta Executive Directors Mark Francis and Bryce Barnett, who have a combined current ownership of 23.3%, have undertaken to accept the Offer and take Centuria scrip in consideration. They have also entered into three-year employment agreements with Augusta to enable continuity of business leadership.

In addition, Centuria has informed Augusta it has secured agreements from other investors amounting to 12.9% of Augusta shares to accept the Offer.

¹ Equity value and percentage shareholdings presented are based on total Augusta shares of 90.01 million, which includes 2.18 million of performance rights which will vest as part of the transaction

² Based on Augusta's net debt position of NZ\$24 million as at 31 December 2019

³ The AUD/NZD exchange rate as at 28 January 2020 that was used to set the scrip ratio was 1.0331

Augusta

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From an operational standpoint, the BIA and the proposed Offer will not adversely affect the funds managed by Augusta or the proposed issuance of securities in the Augusta Property and Tourism funds currently contemplated by Augusta. Further detail in relation to both new funds, including timings, will be provided to the market in the first half of February.

To assist with communications in relation to the expected Offer, the Independent Directors Committee has established a page on the Augusta website where all NZX announcements and media releases related to the Offer will be made available.

If you have any queries about the Offer which are not addressed by the information that is provided to you, please email us at takeover@augusta.co.nz.

On behalf of the Board's Committee of Independent Directors, I look forward to keeping you informed of further developments over the coming months.

Sincerely,

Paul Duffy
Chairman, Augusta

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