Key Highlights
Year ended 31 March 2016

Financial Performance

- Net Profit After Taxation of $13.52 million up 30% compared to a profit of $10.39 million in 2015 year (based on unaudited result)
- The result includes an unrealised gain on revaluation of $7.07 million at the Finance Centre for the full year
- Normalised distributable cash profit increased by 17% to $5.68 million (up from $4.86 million)
- Investment property segment performance up 20% or $0.39 million (after tax)
- Funds management segment performance up 16% or $0.44 million (after tax)
- Net asset value (NAV) increased from 83 cents per share to 94 cents per share. The independent funds management valuation provides a further 14 to 21 cents per share (NAV)
- Cash dividends paid equating to 5 cents per share – a 'pay out' ratio of 77% based on a normalised operating earnings of 6.50 cents per share

Funds Management - Continuous Growth

- Seven new syndication deals completed during the year generating $7.02 million of upfront revenue
- Higher corporate costs due to increased levels of compliance, additional resources, project costs and due diligence costs incurred on deals not proceeding
- Augusta subsidiary, Augusta Funds Management Limited, is now licenced under the Financial Markets Conduct Act
- Independent PwC valuation of the funds management business completed will lead to loss of Portfolio Investment Entity (PIE) status from 1 July 2016
- Strong start to FY2017 with the Augusta Value-Add Fund No.1, Ashburton Central and an Australian syndication completed in the first quarter
- Further pipeline of offers being the Graham Street buildings in Auckland CBD

Investment Property – Future Divestment

- Higher portfolio occupancy at 97%, up from 94% last year
- Higher WALE at 6.3 years, up from 5.9 years over the past 12 months
- Divestment of 7 City Road returning a capital gain on sale of $0.96 million
- Balance sheet capacity to fully or partially underwrite new deals

Financial Results

The unaudited results for the year ended 31 March 2016 record a profit of $13.52 million compared to a profit of $10.39 million in the prior year. The principal components of the result are;

Improved net earnings after tax were driven by;

1. The Funds Management business, up $0.44 million or 16% on last year. This was due to the successful promotion of seven new investment offerings generating gross income of $7.02 million.
2. Investment Property performance after tax increased $0.39 million or 20% on last year – this result was reduced due to the divestment of 7 City Road offset against Kitchener Street which was warehoused until being sold to Augusta Value-Add Fund No.1 Limited. The Finance Centre earnings were boosted due to higher occupancy.
3. A positive revaluation gain of $7.07 million compared with a valuation increase in 2015 of $4.37 million.

Distributable cash profit (net profit after income tax paid, excluding revaluations, mark to market of interest rate swaps, deferred tax and one off transactions) increased by $0.82 million or 17% from $4.86 million to $5.68 million. This equates to earnings per share of 6.5 cents for the year compared to 5.8 cents per share last year. The table on the following page notes the changes year on year.

This year has been one of building capabilities as new members joined the corporate team. There has also been a strong emphasis on funds management to set a platform for a growth in recurring earnings and this led to an increase in corporate costs of $0.80 million / 13%. This included resourcing for compliance obligations and licencing under the Financial Markets Conduct Act. Further material due diligence costs were incurred in respect to deals not proceeding.

Augusta Capital Limited has also signaled that it expects to lose its Portfolio Investment Entity status from 1 July 2016 as the market value of the funds management business exceeds 10% of the total of the Company's total assets. An independent valuation completed by PwC indicated a market valuation range from $28 - $34.8 million. Under NZ IFRS this increased valuation cannot be reflected in the reported balance sheet.

The future divestment of the directly held portfolio has also been a focus so as to create balance sheet capacity for future warehousing of assets and underwriting capability, as well as establishing 'seed' funding capability in respect to new investor-ready sector specific funds.

The Augusta Capital Board considers the result to be a solid performance and note that future revenue from incurred costs prior to 31 March will not be received until the first quarter of the year ended 31 March 2017 as well as the recurring management fees generated. This will be a feature of earnings from funds management generally and will give rise to some earnings volatility. This volatility is expected to reduce over time as the company builds its base recurring fees.

FINANCIAL SUMMARY – Year Ended 31 March 2016		
	31 March 2016	**31 March 2015**
Net Revenue – Property Portfolio	**$6.66m**	**$5.37m**
Net Revenue – Funds Management	**$10.30m**	**$8.25m**
Net Revenue – Cleaning Services	**$0.14m**	**$0.22m**
Corporate & Administration Costs	**($7.16m)**	**($6.36m)**
Funding Costs	**($2.93m)**	**($3.09m)**
Unrealised Net Change in Value of Investment Properties	**$7.07m**	**$4.37m**
Profit / (Loss) and Total Comprehensive Income for the Year After Tax	**$13.52m**	**$10.39m**
Distributable Profit	**$5.68m**	**$4.86m**
Distributable Profit – cents per share	**6.50 cps**	**5.80 cps**
Total Assets	**$136.8m**	**$124.4m**
Total Liabilities	**$54.8m**	**$55.2m**
Shareholders' Equity	**$82.0m**	**$69.2m**
Net Interest Bearing Debt to Investment Assets	**36.5%**	**37.6%**
Shares on Issue	**87.42m**	**83.78m**
Cash Dividends	**5.00 cps**	**4.75 cps**
Net Tangible Assets Per Share (excluding intangible assets and goodwill)	**$0.75**	**$0.64**
Net Assets Per Share	**$0.94**	**$0.83**

Distributable Profit Reconciliation		
Profit Before Fair Value Movements and Gain / (Loss) on Disposal (Before Tax)	**$7.01m**	**$4.39m**
Adjust for: Lease surrender fees received (after tax impact)	-	$0.38m
Add back: Asset write off costs (after tax impact)	$0.19m	$0.03m
Add back: Acquisition costs and Transition costs	-	$0.68m
Less: Current Tax	($1.52m)	($0.62m)
Distributable Profit	**$5.68 m**	**$4.86m**

The below table outlines the material year on year movements;

Year on Year Impacts	2016	2015	Year on Year Variance	
	$m	$m	$m	Commentary
Property Revenue	8.98	8.29	0.69	Impact of increased occupancy and increased rents offset by divestment
Management Fees	5.31	5.30	0.01	Base management fees plus transactional fee income offset by divestment of managed properties
Offeror Fees	5.12	3.44	1.68	7 deals completed in FY16
Underwriting Fees	1.90	1.16	0.74	Augusta provided for $69 million of equity underwritten. $104.3 million of equity was raised
Cleaning Services	0.62	0.41	0.21	Organic growth
Gross Revenue	**21.93**	**18.60**	**3.33**	
Operating Costs	(4.83)	(4.76)	(0.07)	Property management (Bayleys) and costs associated to transactional income
Net Revenue	**17.10**	**13.84**	**3.26**	
Corporate Costs	(7.16)	(6.36)	(0.80)	Increase compliance and AML costs. Personnel costs due to creation of new roles
Funding Costs	(2.93)	(3.09)	0.16	Lower effective interest rates
Net Profit Before Taxation	**7.01**	**4.39**	**2.62**	
Normalised Net Profit After Tax	**5.68**	**4.86**	**0.82**	Increase of 17%

Segment Reporting	**Investment Property ($'000)**	**Funds Management ($'000)**	**Cleaning ($'000)**	**Total ($'000)**
Total gross revenues	**8,979**	**12,336**	**618**	**21,933**
Total net revenues	**6,664**	**10,296**	**144**	**17,104**
Corporate costs	(1,630)	(5,458)	(74)	(7,162)
EBIT	**5,034**	**4,838**	**70**	**9,942**
Funding costs	(2,471)	(459)	-	(2,930)
Net Profit Before Tax & One Offs	**2,563**	**4,379**	**70**	**7,012**

Segment – Year on Year

NPAT normalised	**2,360**	**3,260**	**62**	**5,682**
NPAT Last year normalised	**1,972**	**2,817**	**70**	**4,859**
Year on year	**388**	**443**	**(8)**	**823**
Year on year %	**20%**	**16%**	**(11%)**	**17%**

The investment property result was impacted by the initial stages of divesting the directly held portfolio, being the sale of 7 City Road. The earnings from the Finance Centre were up on the prior year due to higher levels of occupancy and rents.

The funds management business EBIT was $4.84 million which matches that reflected in the PwC independent valuation. $7.02 million of transaction fees were generated. Recurring net management fees remained flat, as sales of existing managed properties offset portfolio growth.

Metroclean's revenue increased but this increase in revenue was absorbed by increased administrative costs.

Overheads in respect to funds management increased due additional resourcing requirements. A legal counsel as well as a compliance manager were recruited during the period. Additional costs were incurred in respect to AML compliance and management's attention was also dedicated to the application for a Financial Markets Conduct Act license and the development of a customer relationship management system. $0.35 million was also incurred in respect to due diligence costs for deals that did not proceed. This is a cost of Augusta's business and demonstrates the lengths taken to ensure all necessary due diligence is undertaken and Augusta will not proceed on an offering without completing that due diligence.

Funds Management

Seven new syndication deals were completed generating $7.02 million of upfront fee income, consisting of offeror fees of $5.12 million and underwriting fees of $1.90 million. The total value of the assets purchased across New Zealand and Australia was in excess of NZ$160.0 million and the corresponding equity raised was over NZ$105.0 million. (Two of the seven assets purchased were in Australia with a total asset value and equity raise of A$16.8 million and A$10.8 million respectively).

Augusta subscribed for $12.45 million of the Southgate syndicate on settlement as a result of the underwrite commitment and this investment was divested within three months of settlement.

Management fees, including transactional income remained flat year-on-year. The impact of new deals, FY2015 and FY2016 ($0.28 million) and fee growth on existing properties ($0.08 million) was offset by sale/loss of management of properties ($0.29 million) and lower transactional income ($0.05 million).

Management's focus is to grow the recurring income stream from funds under management. Current annualised base management fees are currently $5.1 million (last year was $4.3 million) but with additional fees able to be derived in respect to transactional activity such as leasing, project management and sales. The new Augusta Value-Add Fund No.1 has created a further non-recurring earnings stream with potential longer term performance fees.

Investment Property Portfolio – Directly Held

The uplift in valuations is driven by sharpening cap rates, increased WALE and occupancy. Market rental levels have remained relatively constant. The valuations have also been prepared on the basis of a new retail title at the Finance Centre where all retail tenancies are being subdivided onto a separate title. The Finance Centre Carpark is now also being valued separately from the Finance Centre Podium. The new titles are due in the coming months.

The 36 Kitchener Street property which was held for sale at balance date was sold into Augusta Value-Add Fund No.1 established by the Group on 1 April 2016. Augusta still holds the bare land at Silverdale which is expected to settle in June 2016. During the year City Road was sold realising a profit of $0.96 million after provision for the vendor underwrite on the vacant space.
The directly owned portfolio summary is outlined below;

Investment Property	Carrying Value	Net Market Rent	Net Yield (Market)	Occupancy	WALE
	Mar-16	**Mar-16**	**Mar-16**	**Mar-16**	**Mar-16**
	$000	**$000**	**$000**	**%**	**Years**
Finance Centre Carpark	28,700	1,851	6.45%	100.0	11.3
Finance Centre Podium	9,900	858	8.67%	95.0	4.3
19 Victoria St West	28,800	2,171	7.54%	94.0	3.3
Retail Title	21,500	1,399	6.51%	100.0	5.7
Total (as at 31 March 2016)	**88,900**	**6,279**	**7.06%**	**97.0**	**6.3**
18 Hibiscus Highway - held for sale	1,400				
36 Kitchener St – held for sale	16,500				
TOTAL	**106,800**				

Leasing and Occupancy
Overall portfolio occupancy was 97% at year end, up from 94% at March 2015.

The company had a weighted average lease expiry (WALE) of 6.3 years at 31 March 2016, an increase on the 5.9 years as at March 2015 due to increase occupancy.

Portfolio Valuations

Under NZ IFRS accounting standards, the company's investment properties are re-valued to fair market value. Independent valuers CB Richard Ellis provided valuations of the Finance Centre as at 31 March 2016.

A revaluation gain of $7.07 million for the full year was achieved which equated to a 9% increase in value at the Finance Centre. The average cap rate based on market rents for the portfolio as at 31 March 2016 was 7.06% (2015 8.09%).

Balance Sheet and Treasury

Total assets were $136.8 million at year end compared to $124.4 million as at March 2015 and Liabilities decreased from $55.2 million to $54.8 million.

The contingent consideration payable to the KCL vendors has now been fully paid.

Borrowings increased by $3 million during the year to facilitate deposit payments. The company's constitution limits borrowings to a ratio of 50% of the gross asset value (GAV). Internal treasury policy is for a long term target ratio of approximately 35%. At balance date this ratio was 36.5%. (2015 37.6%). Augusta Capital Limited's lenders (ASB) require core borrowings to not exceed 45% of directly held investment property portfolio value. The core debt ratio was 42.6% as at 31 March 2016.

$10.8 million of core bank debt was repaid on 1 April 2016 on settlement of the Kitchener Street property reducing the above ratios.

The Group's banking facilities with ASB run through to June 2017. The facilities are subject to annual review and extension. $22.5 million of the $48.9 million drawn debt as at balance date is hedged with various hedging terms. The weighted average term of hedging is 4.2 years. $43.1 million of debt is currently drawn as at 20 May 2016.

The sale of 7 City Road created the necessary capacity to warehouse Kitchener Street prior to the establishment of Augusta Value-Add Fund No.1. This is an example of what future balance sheet capability can create in respect to driving funds management growth.

Outlook

Augusta has continued to grow its business through diversification of its income from directly owned property to funds management revenue that is not as capital demanding. We expect the future income to provide improved shareholder returns and want to grow sustainable income to deliver enhanced dividends.

Augusta's movement towards a funds management company is expected to be further advanced when an exit of the Finance Centre is complete. The Finance Centre has not been held for sale at reporting date as the timing of an exit cannot be determined but a future exit will create balance sheet capacity for future warehousing of assets and underwriting capability, as well as establishing 'seed' funding capability in respect to new investor-ready sector specific funds.

We are building our skill base and relationships to develop a more diverse range of investment products with both capital growth and cash yield characteristics and have the ability to continue to use our balance sheet capacity to secure new assets to support the growth of the funds management business. The recent launch of the Augusta Value-Add Fund No. 1 is a good example of this direction.

We approach the next year with a stable team and structure. We have identified quality offers for release and we will continue to apply a disciplined approach to our assessments.

The Board's expectation is for the year ahead to maintain the improving trend in earnings with a key focus on increasing recurring contracted earnings.

The Company plans to hold its annual meeting at the Northern Club, 19 Princes Street, Auckland on Thursday 25 August 2016 at 2pm.

-ENDS-

For further information please contact:

Mark Francis	Simon Woollams
Managing Director	Chief Financial Officer