



NZX RELEASE

Friday 21 March 2014

AUGUSTA TO ACQUIRE KCL PROPERTY LTD & INVESTMENT PROPERTY TITLES LTD

Augusta Capital Limited (Augusta Capital) today announced that it has agreed to buy KCL Property Limited (KCL) and Investment Property Titles Limited (IPT), establishing Augusta Capital as New Zealand's pre-eminent property funds manager with approximately 170 properties and total funds under management of approximately \$1.2 billion (currently \$350m). The transaction is scheduled to settle on 1 April 2014.

As a result of the transaction, KCL shareholders Bryce Barnett and Phil Hinton will join the Augusta Capital executive team. Mr Barnett will be appointed to the Augusta Capital board in conjunction with the appointment of a fifth director to ensure the board composition remains majority independent. As previously signalled Augusta Capital also announces the resignation today of Christopher Francis as an executive and director of Augusta Funds Management Limited.

The acquisition price of \$15 million for the KCL business comprises \$10 million in cash and \$5 million in AUG scrip. Scrip will be issued at \$0.80 cents and will equate to approximately 7.14% of the issued capital of Augusta Capital (assuming the earn outs under the deal are met). There are retentions of approximately \$800,000 of cash and \$3 million of AUG shares which are linked to earn-out targets required of the shareholder vendors of KCL Property. The IPT business is being acquired from Bayley Corporation Limited for \$444,000.

The deal is expected to be significantly EPS enhancing for Augusta Capital.

The move brings additional sources of revenue to Augusta alongside Trans-Tasman expansion opportunities as a result of KCL Property's Australian business.

Reflecting the size, complexity and geographic spread of the combined portfolio, Augusta Capital has entered into a strategic alliance with New Zealand's largest real estate group – Bayleys. This alliance will see Bayleys provide property and facilities management of the property portfolio as well as a number of other mutually beneficial arrangements.

Due to the significance of this Bayleys alliance, Cheryl Macaulay, the third KCL shareholder, will join Bayleys Real Estate where she will be working to further develop the opportunities represented by this arrangement. The arrangements with Bayleys will see Augusta Capital become exclusive partner for Bayleys for all future funds management initiatives that will cover any new managed property offers to the market.



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Augusta Capital, in conjunction with Bayleys will look to offer a range of new property funds (both listed and unlisted) to the market on a 50:50 joint venture and co-branded basis leveraging Bayleys nationwide network of 70 branches and 1,300 personnel.

Bayleys will become the exclusive partner to Augusta Capital for the sell-down equity raising for all future syndicated property offers.

Post the transaction and the sell-down of the Bunnings Silverdale property held for syndication Augusta Capital's gearing will sit at approximately 37%. There is no intention to raise any further capital at this time.

Augusta Capital confirms that it intends to increase its cash dividend to an annualised 5.0 cents per share (currently 4.0 cents per share) from the June quarter dividend payment which will be paid in August 2014.

Peter Wilson
Chairman

-ENDS-

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