

# focus



AUGUSTA

AUGUSTA SHAREHOLDER & INVESTOR NEWS - DECEMBER 2019

COVER STORY

## Augusta welcomes two new independent directors



### INSIDE THIS ISSUE

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- TWO NEW FUNDS  
LAUNCHING EARLY 2020

AUGUSTA TOURISM  
- QUEENSTOWN  
DEVELOPMENTS

A GUIDE TO  
UNDERSTANDING  
AML



*Merry  
Christmas*



Augusta Senior Management (left to right); Joel Lindsey - Chief Operating Officer, Simon Woollams - Chief Financial Officer, Mark Francis - Managing Director, Adelle McBeth - Head of Operations, Bryce Barnett - Executive Director, Luke Fitzgibbon - General Counsel & Company Secretary.



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**AUGUSTA**  
DIVERSIFIED

## Augusta Diversified Fund New Investment Opportunity Coming Soon



**Early Feb 2020**  
Expected Launch



**20 Mar 2020**  
Expected Close



**\$10,000**  
Minimum Investment

Augusta Diversified Property Fund (Augusta Diversified), will be established with the intention of providing investors with diversification within the one investment vehicle. The fund's strategy will include both direct investments in bricks and mortar and indirect property investments\* in managed investment funds, listed property companies and income producing underwrite arrangements. Augusta's distribution partner Bayleys, will be in contact early 2020 with further details.

Augusta Funds Management Limited is considering making an offer of financial products in New Zealand in the Augusta Diversified Property Fund. No money is currently being sought. No financial products can currently be applied for or acquired. The offer will be made in accordance with the Financial Markets Conduct Act 2013. No indication of interest will involve an obligation or commitment to acquire a financial product. Prospective investors are recommended to seek professional advice from an Authorised Financial Adviser which takes into account their personal circumstances before making an investment decision.

# FROM THE MD



**A**s we near the start of the silly season, I am aware the question on everyone's mind is 'when is Augusta's next offer coming out?'. While we have not delivered any investment opportunities to the market in the second half of 2019, it has by no means been a quiet six months here at Augusta. The team has been working tirelessly behind the scenes acquiring assets and formulating the structure of the funds we intend to launch in early 2020.

## TOURISM FUND

As signalled some time ago, the Augusta Tourism Fund is being established to provide exposure to a portfolio of hotel and tourism sector real estate assets that will benefit from the future growth and success of New Zealand's largest export earner, tourism.

We plan to release the Augusta Tourism Fund to the market with two strategically selected assets – Jucy Snooze Hotel, 54 Cook Street, Auckland, and the Radisson Collection Hotel, Man Street, Queenstown, both of which are currently under construction. The combined

value of the initial two assets is circa \$100m and we do not intend to stop there. We plan to grow the number of assets in the portfolio, and the team continue to search for other properties and development projects to add to the fund. Properties will be strategically selected for their ability to increase diversification while generating sustainable returns and long-term capital growth. The portfolio will cater to both domestic and international demand and target locations with strong forecast demand and lower seasonal volatility.

A key objective for Augusta Tourism will be to deliver a stable income return paid to investors monthly, plus the potential for capital growth. Investment will be available at a \$10,000 minimum and multiples of \$1,000 thereafter, and Augusta Capital will have a vested interest in the fund as a cornerstone investor initially taking at least 10% of the units in Augusta Tourism.

As with all of Augusta's investment opportunities, we expect very strong interest and demand from investors who want a chance to be involved in New Zealand's high performing tourism sector, so please contact us to register your interest.

## DIVERSIFIED FUND

The launch of the Augusta Diversified Property Fund is scheduled to occur in February 2020. This fund will be an open-ended fund established to hold a diversified portfolio of property investments with the ability to invest in all property sectors.

The Albany Lifestyle Centre property has been secured as the seed asset, with negotiations taking place on other assets that are being considered to add further diversification on establishment. A variation to our FMA licence is to be sought which will enable us to widen the mandate of the Fund, in search of better returns.

## INTERIM RESULTS

The interim results for Augusta Capital Limited and Asset Plus Limited were released in late November. While full announcements can be found on the NZX, they are summarised below.

### *Augusta Capital Limited*

As communicated in October's trading update, a materially lower result against the previously communicated period has been delivered, with Augusta reporting profit and total comprehensive income after tax of \$1.63 million, down from \$5.10 million in the same period last year.

This lower result is due to a number of factors, most notably deal timing and investment into new funds and assets, as well as higher corporate costs relating to ongoing investment to expand Augusta's corporate and development teams, in line with the company's growth strategy.

While no capital raisings were completed over the six month period to 30 September 2019, activity has focused around making significant progress on creating pipelines for long term growth, investment into the development



of new fund initiatives and the acquisition of key assets. A busy period ahead is anticipated as we gear-up to launch the Augusta Tourism Fund and Augusta Diversified Fund in the first quarter of the new year.

### **Asset Plus Limited**

Asset Plus reported net profit after tax of \$2.01 million, down from \$3.20 million in the prior corresponding period (pcp). This reduction in earnings was driven by higher due diligence and transaction costs and lower deferred tax credit adjustments on property divestments.

The last six months have focused on securing acquisitions with value-add potential, the first of these being 35 Graham Street which was acquired for \$58m in June 2019. The future development, feasibility and scope of works is well underway, and a leasing agent has been appointed to pursue pre-leasing opportunities.

The 35 Graham St acquisition was the first step in expanding the portfolio, but other opportunities continue to be sought. The Board is committed to growing the portfolio in a disciplined manner, with a primary focus to close the gap between the share price and NTA.

### **THE MARKET/ INTEREST RATES**

While the US Federal Reserve announced its third cut of the year to 1.75% on 30th October, on the 13th November the Reserve Bank of New Zealand made the surprising decision to keep the Official Cash Rate unchanged at 1%. Reasonings from the RBNZ for the lack of change were cited as "Employment remains around its maximum sustainable level while inflation remains below the

2 percent target mid-point but within our target range. Economic developments since the August Statement do not warrant a change to the already stimulatory monetary setting at this time." Despite this, they remain at all-time lows in New Zealand.

While this remains positive for those of you with a mortgage to pay off, it is not so good for those looking for a return on their bank savings. Global long-term interest rates remain near historically low levels, consistent with expected low inflation and growth rates into the future. Consequently, New Zealand interest rates can be expected to remain low for longer.

As a result, investors all over the world are driving yields to record lows across a diverse range of investment products. Unfortunately increased demand for high yielding investment products can bring greater risk for investors. Artificially high yields may seem appealing, but generally the rule of 'the greater the return, the greater the risk' applies.

While there are managers that will chase higher yielding assets that compromise on quality and gloss over the risks, Augusta will continue to remain as a proven and trusted manager that chooses quality assets and long-term stability over risky, short-term higher yields.

### **BOARD OF DIRECTORS**

While an official welcome is detailed in a separate article by Augusta Chairman, Paul Duffy, the company was pleased to announce the appointment of two new independent directors to the Board in October, Fiona Oliver and Jonathan Ross. They bring a wealth of experience, knowledge and governance to the Board, with both currently holding

directorships on the boards of numerous well recognised New Zealand companies.

### **CHRISTMAS CLOSDOWN**

Augusta offices across the country will be closed from 5.00pm, Friday 20th December and re-open on Monday 6th January as staff take a well-deserved break. The Augusta team wish you a Merry Christmas and a safe and relaxed holiday season. We look forward to seeing you in early 2020 for what is guaranteed to be a busy start to the year.



**MARK FRANCIS**  
Managing Director



# INVESTING IN THE PIPELINE



Simon Woollams – CFO



Joel Lindsey – COO

Over the past six months, significant progress has been made on the strategic objectives communicated in May 2019, with activity for the period centred around creating multiple pipelines for long-term growth, including investment into the development of new fund initiatives and the acquisition of key assets.

## PROGRESS DURING THE PERIOD



Assets under management now at \$2B.



Acquisition activity within the Augusta Industrial Fund with \$42 million of properties acquired resulting in management fees payable to Augusta.



Appointment of two new Directors to the Board.



Continued investment in specialist talent and technology.



Progressed Tourism Developments on balance sheet.



Secured Radisson Hotel Group as the operator for the Man St hotel under construction in Queenstown.



Strategic partnership with Ninety-Four Feet in respect to future Lakeview developments in Queenstown over the next 10 years.



Acquisition of 35 Graham Street within Asset Plus for \$58 million resulted in increased management fees and potential future development opportunity.



Purchase of Albany Lifestyle Centre to seed the Diversified Fund.



**T**he past six months saw significant progress made towards the establishment of both the Diversified Fund and the Tourism Fund of which we are excited to bring to market in 2020.

The acquisition of a number of properties (\$190 million) and also the divestment of properties in the managed portfolio allowed us to take advantage of the strong demand for property outside of Auckland. Asset Plus commenced its new 'yield plus growth' investment strategy through the acquisition of 35 Graham St, Auckland, while the Industrial Fund has also recently made two acquisitions.

To better manage a rapidly growing investor base, we have invested in the implementation of our new CRM system and we continue to widen the expertise within the Augusta team, setting a stronger platform to manage the increasing portfolio and investor base. With interest rates at record lows, we anticipate continued strong investor demand for our new investment funds.

Our focus is on delivering the best sustainable returns for our investors and this means Augusta has a robust and rigorous due diligence process. It takes a considerable amount of time to get the right deals on the table, and our investment criteria means we decline significantly more deals than we accept. Augusta was active on the due diligence front and a number of deals were ultimately not pursued over the past 6 months. Considerable work is going into the two new funds prior to launch to ensure they deliver for investors. In the case of the upcoming Tourism Fund, capital has been deployed by Augusta to invest in the seed assets and an operator, 'Radisson Hotel Group', was secured for the Man St property in Queenstown.

#### ASSET PLUS LIMITED

35 Graham Street was acquired for \$58m in June 2019 and is in the early stages of concept design. The divestment of the Heinz warehouse in Hastings, which settled on 17 December 2019 provides some debt headroom to facilitate further investment activity. This asset was identified as non-core as it did not fit the longer-term value-add strategy. We continue to search for further acquisitions to grow the portfolio under the "yield plus growth" strategy.

#### AUGUSTA INDUSTRIAL FUND

The Augusta Industrial Fund (AIF) continues to grow with the acquisition of a further two assets located at 27-29 Neales Rd, East Tamaki (Purchase Price \$25.22m, leased to Vulcan Steel Limited) and 48 Honan Place, Avondale (Purchase Price \$16.65m, leased to TCI NZ Limited). These two properties are in the highly sought-after and tightly held Auckland industrial precincts of East Tamaki and Rosebank Road, and increase the fund's geographic weighting within Auckland from 66% to 70%.

#### AUGUSTA DIVERSIFIED FUND

The Diversified Fund offer is expected to launch in February 2020. The Albany Lifestyle Centre property is the seed asset, with one other asset currently being considered to add further diversification. A FMCA licence variation will be sought which will widen the mandate of the Fund.

#### AUGUSTA TOURISM FUND

The Augusta Tourism Fund offer is expected to be launched February 2020. The two seed assets, 54 Cook Street, Auckland and 17-19 Man Street, Queenstown, are being developed through the use of Augusta's balance sheet and ownership will be transferred to the Tourism Fund upon its establishment. A significant milestone was entering into a hotel management agreement with Radisson Hotel Group for the Man Street property (see further detail on page 16). Both projects are in the course of construction and Augusta will continue to manage the developments through to completion. The new Lakeview Queenstown partnership (see below) will also provide longer-term investment opportunities for the fund.

#### LAKEVIEW, QUEENSTOWN

A partnership was formed with Melbourne-based developer Ninety Four Feet (NFF) which then entered into a legally binding Development Agreement with Queenstown Lakes District Council (QLDC) in respect to the three hectare Lakeview development site in Queenstown. The partnership will develop a range of residential, hotels, co-working, co-living, hospitality and retail options on a staged basis, with construction estimated to take more than 10 years and phased over 7 stages, with an expected end value of over \$1 billion. Augusta will invest a 25% stake in the partnership.



# Diversification

Diversification. It's an important investment consideration, so what does it actually mean? Diversification means spreading your investments across different assets and asset classes to reduce risk. Not putting all your eggs in one basket is a common phrase for this.

At any point in time, some assets may be performing well and others may be under performing. If you invest in a group of assets, varying performance levels can balance each other out, reducing volatility and the impact of unforeseen events. Alternatively, if you invest in a single asset and something unforeseen happens, the impact could be larger. This impact could be positive or negative for investors.

A diversified investment portfolio may include assets such as bonds, shares, property and cash. Investments in property can be further diversified by asset specific factors including:

- Nature of ownership (e.g. direct, indirect through managed investment schemes/ funds or listed property funds)

- Sector (e.g. office, industrial, retail, hotels, residential)
- Location
- Tenancy mix (e.g. number, industry)

The upcoming offer for the Augusta Diversified Property Fund is designed to help investors manage property investment diversification, utilising Augusta's extensive experience in acquiring and managing commercial real estate to build a portfolio of property assets with a mix of the above factors over time.

The Diversified Fund's objective is to provide investors regular cashflow and the opportunity for capital growth by investing in directly owned property, indirect property investments\* and listed property funds\*. The Fund also intends to generate income by underwriting capital raises for property based investment funds and schemes.

The Albany Lifestyle Centre has been secured as the Diversified Fund's first direct property investment. This is a \$90m mixed-use property in Auckland with 12 established bulk retail



and office tenants, anchored by Mitre 10 Mega with a lease through to 2033. The property is well located on a high profile site, with considerable growth and development taking place in the surrounding Albany Town Centre area and good transport links.

A second direct property investment has been identified for the Diversified Fund and is currently under due diligence.

Like all Augusta managed investments, the Diversified Fund intends to pay distributions monthly, providing investors with regular income.

More information will be available in early 2020 when the offer is expected to be launched.



**Direct property assets**



**Underwriting**



**Co-investment**

\*Subject to Augusta obtaining a variation of its licence as a MIS manager.



# Spotlight's flagship store opening in Christchurch

Augusta have a longstanding relationship with Spotlight Property Group (SPG) which originated with Executive Director, Bryce Barnett successfully developing the New Plymouth Spotlight store in the late 1990s. The relationship has continued with Augusta sourcing, acquiring, developing and managing the SPG property portfolio within New Zealand.

The latest cause for celebration is the impending completion of Spotlight's flagship store in Christchurch which comprises almost 9,000m<sup>2</sup> of high-quality bulk retail over two levels. Spotlight's largest New Zealand store will occupy the entirety of the top level and there are two large format tenancies on the ground level. The development includes site works and landscaping with 122 additional car parks situated between the new store and the existing Harvey Norman building. This ties the two buildings together creating one of Christchurch's preeminent bulk retail locations covering an entire city block and almost 20,000m<sup>2</sup> of land.

Augusta provided development and project management services

from the feasibility stage and on through the design, consenting, procurement and construction phases using a team of local consultants and contractors. Gravitas Consulting are the architects, TM Consultants have provided a full range of engineering services (structural, mechanical, electrical and fire) and Calder Stewart Construction are the main contractor.

Following a 14 month construction period the development is nearing completion with the building's grand opening due on 11 December.



The Development Team (left to right): Stephen Brown-Thomas, Matt Dayman, Joel Lindsey, Daniel Mahony and Mark Johnston. (Absent - Will Ellison).



# WELCOMING TWO NEW INDEPENDENT DIRECTORS

BY PAUL DUFFY, AUGUSTA CHAIR

Augusta announced in October the appointment of two new independent directors to the Augusta Capital Board, Fiona Oliver and Jonathan Ross.

The appointments were effective from October 17th and reflect the Board's move to add further commercial, legal, financial and capital market governance experience – aligned to the ongoing growth and development of Augusta's business.

With the substantial structural transformation of Augusta's business model now complete, the Board was focused on adding a greater depth and diversity of capability. We are therefore delighted to have appointed directors of Fiona's and Jonathan's caliber. Their experience and acumen support our strategy to be New Zealand's most diverse and respected institutional grade property funds management

business across multiple sectors in both listed and unlisted platforms.

On behalf of the board and the wider Augusta team, I'd like to extend a warm welcome to Jonathan and Fiona but also recognise our current board of directors who have contributed significantly this year to the ongoing success of the organisation.



From left: Fiona Oliver and Jonathan Ross.

**FIONA OLIVER**  
*Independent Director*  
*Augusta Capital Board of Directors*

Fiona has over 30-years' experience in governance and business leadership and is an experienced board member.

She currently holds directorships with Gentrack Group Limited, BNZ Life Insurance Limited, BNZ Insurance Services Limited and Tilt Renewables Limited.

She is also member of the Inland Revenue, Risk & Assurance Committee and retired in October this year after 10 years as Deputy Chair of Public Trust.

Fiona's governance career followed her Executive leadership career in the financial services sector where her roles included Chief Operating Officer of Westpac's investment arm, BT Funds Management, and General Manager of AMP NZ's Wealth Management business. Fiona brings a specialist knowledge of investments and the capital markets as well as a deep understanding of regulation and regulatory frameworks in commercial and corporate law, having practiced with law firms in London and Auckland, including Chapman Tripp and Russell McVeagh.

We are a family of four, living on a one hectare block in North West Auckland where we moved several years ago, after having spent all of my adult life (when not overseas for 10 years) living in central Auckland. When

we moved out of town, we promised ourselves a dog, our large labradoodle Midas shares our enjoyment of the birdlife, the carp and ducks in the pond and, currently, an abundance of spring rabbits (that he can never quite catch). He also gets us out and about to Riverhead forest and the west coast beaches for his walks.

John and I have two children; Oliver and Una. Both are teenagers and their main sport is water-polo. It's a fantastic sport but means plenty of trips to and from the many pools round the Auckland area, some very early starts and a lot of time dedicated to watching their games and tournaments. Notwithstanding the commitment, we wouldn't miss a

**As a family, we visit the beach as much as possible. I was born in Aitutaki, Cook Islands, and grew up in Northland.**

game for the world; they are highly exciting and competitive events and the kids love it.

I was a very committed amateur swimmer until I was 15yrs old and still love to watch all water sports. Until a few years ago, I participated in Auckland's Summer Ocean swims. Now, I take a gentler approach and regularly visit the AUT Millennium pools. John was an ocean sailor, originally from the UK and still loves the sea which also allows him to indulge

his love of fishing, although his passion from a very young age was fly fishing.

As a family, we visit the beach as much as possible. I was born in Aitutaki, Cook Islands, and grew up in Northland. Northland is our "go-to" region but we spend more time now at Muriwai, where both the kids are volunteer surf life savers. The magnificence of the West Coast continues to amaze us (and Midas of course).

During the school holidays, we camp or hire baches in Northland in Summer, and ski in Central Otago in the Winter. I learnt to snowboard about 10 years ago and thought that once I was reasonably competent, we could "ski as a family". We certainly arrive as a family but of course the kids are now faster and only seem keen to catch up so we can buy them lunch. We had a fabulous holiday in Breckenridge, Colorado, in January this year, and were incredibly lucky with the snowfall at night and then sunshine during the days.

I am looking forward to more summer-like weather during the Christmas break to swim, read, concoct new dishes for the bar-b-q and sit down with delicious salads and movies in the evening. We are walking the Abel Tasman as a family in January and will spend some extra time in Nelson, with some more Northland camping later in the month.



**JONATHAN ROSS**  
*Independent Director*  
*Augusta Capital Board of Directors*

Jonathan Ross is currently a director of the Reserve Bank of New Zealand, Marlborough Lines, Oceania Health Holdings and Rhodes Scholarships in New Zealand Limited.

He is a recognised expert in corporate, banking, capital markets, derivatives, structured finance and securitisation law. Jonathan retired from law firm Bell Gully in February 2011 after 23 years as a partner. In June 2011 Jonathan was appointed as an inaugural member of the P.R.I.M.E. Finance list of experts.

I have been married to my wife Carol, who is from NYC for 37 years. We have 28-year-old twins, my daughter is a doctor in Tauranga and my son works for an American financial markets exchange in London. Getting the family together is never easy, but this year we will all be together in Auckland for Christmas.

I currently sit on the management board of P.R.I.M.E. Finance, a Dutch financial services and dispute resolution not-for-profit (a so-called Stichting), for which I travel to the annual general meeting in The Netherlands (where I can always be seen in The Mauritshuis in front of The Girl with the Pearl Earring and The Goldfinch). A couple of times a year, I visit various financial centres in the Asia/Pacific region to meet with

market participants, lawyers and regulators, and to give lectures and presentations to judges on the broad theme of the better resolution of financial markets disputes arising out of derivatives and other complex financial transactions. This year, I have given day-long presentations to judges in Taipei and Shanghai.

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**Once upon a time,  
 I played first class  
 cricket for a couple of  
 seasons, here and  
 in England.**

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I keep myself only tolerably fit by working out on my rowing machine. Once upon a time, I played first class cricket for a couple of seasons, here and in England. I was seen just a few days' ago on the bank at the Bay Oval with some old cricket friends, when Watling and Santner put on their record partnership - test cricket does not get much better than that.

Once upon a time, I climbed a few mountains. I still look at my ice axe, plastics and crampons in our garage, and imagine that I have one more peak left in me. Not too many years ago, I climbed Mt Aspiring in the South Island and Mont Blanc from the French side. I have also been seen at 6,000 metres on top of Mt Kilimanjaro in Tanzania and at almost 7,000 metres on Mt Aconcagua in

Argentina. I am a once a year trumper, always in the South Island. In November, I tramped 85km of The Old Ghost Road in Westland with three old friends (with whom I have been tramping for over 20 years). Carol and I like to believe we will forever remain undefeated at 500. I spend my summers at our family bach in Turangi. We take the boat across Lake Taupo to the marae at Waihaha in the Western Bays, where for most of the last 20 summers we have camped next to the beach for several days. A highlight of this year was raft fishing down the upper reaches of the Tongariro River in early March, catching and releasing a couple of dozen trout, all caught on a dry fly.

I have just been elected as the Captain of The Royal Auckland and Grange Golf Club. Unsurprisingly, I am a keen golfer, I just wish I could get out more often. I am particularly proud of my lawn at our home in Parnell, sown with the same creeping bent grass used on the greens of the golf club. I mow the lawn with an old Masport Cleveland push mower (which may be familiar to some older readers of this magazine). I bought the mower several years ago off a Christchurch seller on TradeMe who sadly no longer had a lawn to mow after the 2011 earthquake.

# OUR PEOPLE

It has been a busy few months behind the scenes here at Augusta and we are excited to announce the arrival of some new team members. We also welcome back a more familiar face, Jess Tuki who has returned to the New Plymouth office from maternity leave.



**JESSICA TUKI**  
*Finance Associate*

Jess joined Augusta as a Finance Associate in February 2015. Prior to this she has worked in the Business advisory team at Staples Rodway Hamilton. As a Finance Associate, Jess oversees the finance and accounting functions for a portfolio of New Zealand based property Schemes. This includes the preparation of financial statements and annual budgets liaising with the bank around funding requirements; ensuring all compliance obligations are met; and assisting in the development and implementation of strategy for each Scheme in her portfolio. Jess recently returned to the New Plymouth Office from maternity leave.



**MELISSA YARROW**  
*Portfolio Associate*

Melissa has recently joined the team in the Auckland Office as a Portfolio Administrator. She has a Degree in Marketing and Commercial Law and has previously worked in the Banking and Aviation Industries. Melissa's primary role will be general business and support for the Asset Management team. This will involve coordinating portfolio functions such as insurances and valuations, liaising with external parties and assistance with the preparation of investor correspondence.



**CORBIN GIDDY**  
*Summer Intern*

Corbin has joined the Augusta team in the New Plymouth office over the University break, following his third year at the University of Waikato. Currently, Corbin studies a Bachelor of Management Studies with Honours, double majoring in Finance and Human Resource Management. Corbin has an interest in property and endeavours to pursue this after graduating. The key tasks Corbin will be completing while he is here involves an analysis of the past historical financial performance of funds managed, reconciliation of off-market financial transactions and the digitizing of these reconciled transactions into Augusta's Enterprise Resource Planning System.



**TOM REEVES**  
*Summer Intern*

Tom has just completed his second year at Victoria University of Wellington studying a Bachelor of Commerce, Majoring in Finance and International Business. During his early stages at high school he began trading equities and foreign exchange in New Zealand, Australia and the United States. Tom has a keen interest in property and likes the idea that it is one of the few tangible assets that can be added to an individual's portfolio. The idea of physically being able to see and touch an investment makes property an ever-growing interest of his. Tom will be interning in the Auckland Office over the next couple of months, assisting in many different facets within the business.



**ALEX STURMER**  
*Summer Intern*

Alex is currently in his fourth year studying a Bachelor of Commerce majoring in Accounting and Finance with a minor in Economics at Otago University. At present Alex is assisting with analysing past historical financial performance of funds managed, reconciliation of off-market financial transactions and the digitizing of these reconciled transactions into Augusta's Enterprise Resource Planning System.





# Lakeview

## A once-in-a generation opportunity



BY WILL ELLISON, SENIOR DEVELOPMENT MANAGER

### OVERVIEW

Augusta, in partnership with Melbourne based developer Ninety Four Feet (NFF) and Britomart Hospitality Group, has won a competitive process to develop the former Lake View Campsite in Queenstown.

As a development opportunity Lakeview is of rare quality. The site commands sweeping views over Lake Wakatipu and the Remarkables and is situated just a few minutes' walk to the lakefront and the 150 cafes, bars and restaurants in the heart of Queenstown. At over three hectares of developable area, it is substantially flat (unusually so for central Queenstown). The zoning of the site is accommodating, and Queenstown Lakes District Council is responsible for subdividing and servicing the land into developable super-lots.

These factors come together so infrequently that we see Lakeview as a once in a generation opportunity and are both proud and excited to be associated with it.

### THE MASTERPLAN

The project is forecast to be delivered in seven stages over a twelve-year period (following subdivision). It will deliver upwards of 100,000 sqm of gross floor area across a range of sectors including residential, hotels, food & beverage, co-working, co-living and gallery space. The total completed value is expected to be well in excess of \$1bn.

The design will be of international standard in a uniquely New Zealand context. Extensive native planting and sympathetic building materiality will acknowledge the history of the land. The natural landscape and built form are to seamlessly coexist, with sustainability at the heart of the design. A network of laneways will stitch the precinct into the neighbourhood and hospitality, retail and art will stimulate a vibrant community for locals and visitors alike.

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The design will be of international standard in a uniquely New Zealand context. Extensive native planting and sympathetic building materiality will acknowledge the history of the land.

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### THE OPPORTUNITY

Augusta has agreed to take a 25% interest in the development with Ninety Four Feet taking the balance. NFF will also act as the Development Manager, reporting to the consortium.

Significantly, Augusta will have a first right of refusal to purchase three completed hotels as well as co-living and co-working spaces.





For the Tourism Fund, the first right of refusal provides an avenue to acquire well located, large scale and high-quality investment assets which would otherwise be rarely traded. This is a key advantage to the fund, as it underpins its long-term growth with prime assets in New Zealand's key tourism market. Naturally, we are happy to be able to offer the opportunity to share in the success of the Lakeview project with our Tourism Fund investors.

#### NINETY FOUR FEET

Ninety Four Feet (in case you were wondering: the length of a basketball court) are a family owned and operated property development company, headquartered in Melbourne.

NFF have a wealth of property development experience having delivered hundreds of millions of dollars of projects. They have an enviable track record in high

density residential and hotels but have also created affordable housing and co-working spaces.

Their development experience is tailor made for Lakeview, which encompasses multiple uses and will require creativity, flexibility and an appreciation of quality design to realise the true value of the opportunity.





## Radisson Collection Hotel under construction

BY WILL ELLISON, SENIOR DEVELOPMENT MANAGER



Construction of the Radisson Collection hotel in Queenstown, began in October on land owned by Augusta on the corner of Brecon and Man Street. The property will be included as a cornerstone asset in Augusta's soon to be launched Tourism Fund.

Radisson Hotel Group (RHG) is one of the world's largest hotel operators, with seven distinct brands and more than 1,100 hotels in destinations around the world. Their strength is underpinned by owner Jin Jiang International who operate over 6,000 hotels in 55 countries. This provides an excellent platform for driving guest nights, particularly from the key Asian guest markets.

Radisson Collection is the premium lifestyle brand of RHG and will

be the first hotel operated by the group in New Zealand. Radisson describe the brand as *"a new generation of iconic properties and one-of-a-kind spaces. In our collection of exceptional hotels, no two are ever the same and each has a unique character authentic to its locality."* This approach to development resonates with us and we are excited to be working with Radisson to create an inspirational, elegant property that acknowledges and connects with Queenstown.

The hotel will feature 61 thoughtfully appointed rooms, including studios, suites, corner suites and a stunning penthouse, all crafted with a creative design concept that blends contemporary style with the area's rich heritage. The onsite restaurant will showcase fresh local and seasonal produce,

providing a vibrant social scene for guests and locals alike.

Sitting just atop the Brecon Street stairs, the property enjoys an elevated position above the town centre with uninterrupted views towards the Remarkables from even the lowest accommodation level. The vibrant Queenstown social scene is on the hotel's doorstep, as are the gondola, iFly and numerous other attractions.

Over time we expect the location to improve further still, as the development enabled by Plan Change 50 continues (most importantly the Lakeview project described on the previous page), the Skyline Gondola expands and council-led streetscape improvements are implemented. This pattern of development will ultimately see the existing town

The hotel will feature 61 thoughtfully appointed rooms, including studios, suites, corner suites and a stunning penthouse, all crafted with a creative design concept that blends contemporary style with the area's rich heritage.

centre connect with the Lakeview Precinct, with the Radisson Collection Queenstown in the prime position to benefit from the area's improvement.

The development is being constructed by local builders Cook Brothers Construction. Originally from Dunedin, Cook Brothers Construction have been in operation for almost 15 years with regional branches in Auckland, Canterbury, Southern Lakes and Otago. Their team offers experienced and specialised services in site, project and contract management,

programming, estimating, interiors and upgrades.

They are passionate about creating amazing spaces for their clients and love to see a project move from concept to completion and aspire to transform the construction industry through innovation.

Cook Brothers Construction have strong shared ideals in regards to ownership, accountability and responsibility towards Quality and Client Satisfaction with outstanding results.



AUGUSTA  
TOURISM

## Augusta Tourism Fund New Investment Opportunity Coming Soon



**Mid Feb 2020**  
Expected Launch



**18 Mar 2020**  
Expected Close



**\$10,000**  
Minimum Investment

The Augusta Tourism Fund, will be established to provide exposure to a portfolio of hotel and tourism sector real estate assets that should benefit from the future growth and success of New Zealand's largest export earner, tourism.

Augusta Funds Management Limited is considering making an offer of financial products in New Zealand in the Augusta Tourism Fund. No money is currently being sought. No financial products can currently be applied for or acquired. The offer will be made in accordance with the Financial Markets Conduct Act 2013. No indication of interest will involve an obligation or commitment to acquire a financial product. Prospective investors are recommended to seek professional advice from an Authorised Financial Adviser which takes into account their personal circumstances before making an investment decision.





# ASSET PLUS UPDATE

Augusta are currently undertaking a transformation of Asset Plus into an active, yield plus growth focused fund. We've completed the first material step in this transformational strategy with the successful acquisition of 35 Graham Street (\$58.0m) in June 2019.

The adopted value-add investment strategy provides an opportunity to secure assets capable of benchmark outperformance, whilst endeavouring to close the gap in net tangible assets to the share price. Augusta, as both external manager, and the largest shareholder in Asset Plus, remains focused on implementation of this strategy to improve returns for shareholders, with a natural alignment of interest. This value-add strategy suits the current low yield, low interest rate environment where active

management, repositioning and development opportunities can be secured utilising the expertise of Augusta, and providing a unique strategic mandate in the listed property sector.

Since taking over management of this entity in April 2018, Augusta have placed a strong focus on reviewing the existing portfolio in light of this newly considered approach; to identify opportunities to restore faith, and add value, to the current asset valuations. This review has resulted in the recycling of the Hastings Heinz Watties asset which is no longer considered core (and with potential downside risk), creating balance sheet capability for other transactions.

We have also identified a number of value-add initiatives at Eastgate Mall in Christchurch, which we are currently progressing. Significant work has been undertaken to develop a new masterplan for the centre, with a number of leasing opportunities being actively pursued. An updated

comprehensive demographics report was procured to influence and support that leasing strategy. Concurrently one of the major tenants, Countdown, was secured for an effective 8 year term (exercising two consecutive 4 year renewals) providing long-term certainty for the Centre.

A number of renewals were also secured at Stoddard Road, Mt Roskill, retaining occupancy at this centre at 100%.

The successful acquisition of 35 Graham Street in June was the first major acquisition by Asset Plus under the new investment mandate. The purchase provides a strong initial yield of 6.85%, with a robust tenant covenant in Auckland Council for a 2 year lease back. The property has considerable opportunity for repositioning at the end of the lease term, with a range of options being considered by Asset Plus. The development feasibility, and scope of works is well advanced with the business case currently being ratified by the Asset Plus Board. Upon approval Augusta will





lodge a Resource Consent for the proposed redevelopment, in conjunction with production of marketing collateral. After an extensive process, Colliers International have been appointed as the leasing agent to pursue pre-leasing opportunities, which will commence in earnest in early 2020.

Augusta, and the Asset Plus Board remain patient and disciplined in relation to potential acquisitions. The first half of this year has seen material due diligence conducted on two substantive transactions that would bring significant scale, and value-add opportunities to the Asset Plus portfolio in accordance with the yield plus growth strategy. Considerable time has been invested by Augusta on these potential transactions, which were complex and of substantial scale, demonstrating the wide skillset of the Augusta team.

Augusta are also actively pursuing opportunities to create assets, through disciplined development. Leveraging our strengths, and resources to unearth and respond to prospective requirements.



The 35 Graham Street transaction has provided a springboard for further expansion by Asset Plus. Our focus remains on securing investment opportunities in accordance with the value-add mandate to:

- Increase the scale of the portfolio (and subsequently reduce the management expense ratio);
- Reduce the share price to NTA gap;
- Set a strong platform for sustainable growth moving forward;
- Provide an appropriate yield reflective of the value-add, and total return approach adopted.

Augusta look forward to progressing these opportunities within the existing portfolio, and the new prospects - continuing to build on the momentum gathered to date.



# Augusta Industrial Fund

It has been another very busy quarter for the Augusta Industrial Fund ('AIF'), both managing the existing portfolio and growing the Fund.

In October AIF unconditionally contracted to purchase two new properties; 27-29 Neales Rd, East Tamaki and 48 Honan Place, Avondale. The acquisitions take the total AIF portfolio to 11 properties and 49 tenants.

Since the inception of AIF, the team has been diligently looking to identify new assets that enhance the existing portfolio, particularly opportunities in the high-demand Auckland industrial market, where vacancy rates are at record lows of c.1.8%. The properties reviewed for acquisition have been ones that we would only acquire on the basis they maintain or increase the current AIF return forecasts, improve the diversification and sustainability of income and ideally strengthen the weighted average lease term (WALT). We have reviewed several potential acquisitions, undertaking due diligence on a number, but we have either withdrawn our interest or have not pursued these because they do not meet these key investment fundamentals.

We are pleased to confirm the two properties acquired meet these core investment objectives. Both properties are located in the highly sought-after and tightly held Auckland industrial precincts

of East Tamaki and Rosebank Road, and together increase AIF's geographic weighting to the Golden triangle from 66% to 70%. We consider this to be a real strength of the AIF due to the Auckland Industrial market's historically low vacancy rates and strong rental growth.

## FUNDING

The acquisitions have been funded through a \$28 million increase to the existing AIF debt facility and will take the loan to value ratio to 45.4% (from the current level of 38.0%). This remains well inside the AIF debt covenant limit of 50%. As a result of the additional debt funding no new equity is required to facilitate the acquisitions. The acquisitions will take the AIF's total gross asset value to approximately \$341.7m, up from the current level of \$299.8m.

The table below details the AIF metrics both pre and post the acquisition of 48 Honan Place and 27-29 Neales Rd.

Metric	Current Position	Post Honan & Neales
Assets	9	11
Tenants	47	49
Portfolio Valuation	\$299.8m	\$341.7m
Occupancy	99.0%	99.5%
Net Income	\$19.65m	\$21.9m
Passing Yield	6.55%	6.41%
WALT (as at 31 Oct)	5.38 years	5.47 years
Gearing	38.0%	45.4%
Current Pre-Tax Distribution	6.5%	6.5%
Golden Triangle <sup>1</sup> Weighting	66%	70%



Ben Harding - Head of Asset Management and AIF Manager

## DIVIDEND FORECAST

The current dividend forecast of 6.50 cents per share p.a. (pre-tax) will be maintained following the acquisitions and the Fund's Weighted Average Lease Term (WALT) will increase to 5.5 years from 5.4 years (as at 31 October 2019).

## NEW ACQUISITIONS

**27-29 Neales Rd, East Tamaki, Auckland**

The purchase price for this property was \$25.22m and settlement took place on 11 November 2019. The current annual rent is \$1.34m + OPEX + GST and there are six and a half years remaining on the lease with Vulcan Steel.

Vulcan Steel is one of the largest privately-owned steel distributors in Australasia. There are strategic advantages for the tenant with this property as they also occupy the site directly to the rear. The heavy industry zoned property sits in the well-connected and established industrial hub of East Tamaki, close to the highly sought after Highbrook subdivision.

The property was developed in 1996 for Vulcan Steel, with this length of occupation demonstrating the suitability of the property to the current tenant.



**WALT**  
6.75 years



**Established**  
tenant



**Rent p.a.**  
\$1,340,000



**NLA**  
10,705m<sup>2</sup>



**Land Area**  
16.02 ha

## NEW ACQUISITIONS

**48 Honan Place, East Tamaki, Auckland**

The purchase price for this property was \$16.65m and settlement took place on 9 December 2019. The current annual rent is \$925,000 + OPEX + GST and there is seven and a half years remaining on the lease with TCI NZ.

TCI NZ is one of New Zealand's largest plastic injection moulding companies and produces a variety of household and service products under the Taurus Products brand. The light industry zoned property is in the growing Rosebank Road precinct, which has benefitted greatly from the improved connectivity with South Auckland provided by the Waterview tunnel.



**WALT**  
7.5 years



**Established**  
tenant



**Rent p.a.**  
\$925,000



**NLA**  
8,181m<sup>2</sup>



**Land Area**  
1.55 ha

**Long-Term Focus:**

While we are pleased with what has been achieved to date, we are constantly on the lookout for new acquisition opportunities which satisfy our strategic investment objectives and strengthen the overall risk profile of the Fund.

As signalled from the beginning, the Board's long-term objective remains listing Augusta Industrial on the NZX Main Board. However, such a decision will not be made until the Board considers the market conditions are right and the Fund is of an appropriate investment scale. Augusta Industrial cannot be listed on the NZX without the prior approval of the Shareholders and no guarantee is given that Augusta Industrial will be listed. In the meantime, our focus remains diligently managing the existing portfolio through building strong relationships with existing tenants, careful management of treasury and interest rate risk, strategic asset management and investing capital wisely to refurbish or develop additional space on existing sites where possible.



# KEEPING YOUR DIGITAL SPACE SAFE

Back in December last year (scary that it's 12 months from then already!!) we shared information to help you safeguard yourself and your information via stronger passwords and better practices around your passwords.

Unfortunately, with information breaches and cyber-attacks becoming more and more common, it's important to know what else you can do to protect your information online. While there's no bulletproof method to preventing an attack, there are a lot of things you can do that will help to lessen the risk. To help, we rounded up some practical tips to help keep your personal information safe and secure online.

## 1. KEEP YOUR DEVICES AND YOUR APPS UP TO DATE

Updates aren't just about adding new features (though that is definitely the most exciting part of them!). They're also about fixing vulnerabilities in a device or an app that attackers could find and use to gain access to your computers and information.

### *What can you do*

Keep the software on your devices and apps up to date (most computers and mobile phones can be setup to update automatically in the preferences - that way you don't have to constantly check on them).

## 2. CHOOSE UNIQUE PASSWORDS

### *One Password = One Account*

One of the most important practices is to never re-use the same password over multiple accounts. That way, if a hack does occur and your password is compromised, only one account is affected.



Brendan Clough, IT Manager.

### *Go Long – Long Passwords are Safer*

The general rule is the longer the password, the safer it will be. A good start is at least eight characters, but for sensitive accounts such as a bank account, extend the password.

### *Original Content Only – Be Unique*

Avoid passwords that are common choices (i.e. 123456, Password) or passwords that reference personal details (i.e. if you were born in 1965 and had a wife called Sally, try something different to Sally1965). The more removed from your details, the better.

### ***Secure Passwords***

**SALTING PASSWORDS** Passwords, like food, often need a pinch of salt. Spicing up passwords with numbers, capital letters and symbols (@, #, !, etc) can add additional complexity. Consider adding an underscore ( \_ ) halfway through a word.

### **3. LIMIT THE PERSONAL INFORMATION YOU SHARE**

Scams, fraud and phishing emails all attempt to trick you into giving away your personal information or your financial details - often by pretending to be a legitimate business, like a bank.

In addition to this, online attackers can use the information you post to your social media accounts as a way to trick services you trust into providing access to your accounts.

#### **What to do**

- a. Stop and check before you give out any personal information. Make sure you know how the companies you deal with contact you and know what kind of information they'll ask you for. For example, a bank will never email you with links to online banking forms and ask you to login. If you're not sure why you're being asked for information, call the company directly to check what they want it for. Businesses are legally obliged to only ask for information they need
- b. Check the privacy controls on your social media accounts. Set them so only your friends and family can see your full details

### **4. INSTALL AN ANTIVIRUS AND SCAN FOR VIRUSES REGULARLY**

A virus is a type of malicious code or program written to alter the way a device operates and is designed to spread from one device to another. A virus can harm the system software by corrupting or destroying data.

#### **What to do**

- a. Install an antivirus program on your computer. If you're not confident doing this yourself, a computer services company can do it for you.
- b. Run it regularly, for example every week, and clean up any viruses it identifies.

### **5. BACK UP YOUR DATA**

Backing up the data on your devices - by copying it to another, separate location — is one of the most important things you can do.

If you're targeted you may lose access to your computer, phone, or any of your other devices. But if you've backed your data up you won't lose any of it.

#### **What to do**

For important documents (i.e. documents you don't want to lose), you can either:

- a. Sign up for a cloud-based service like Dropbox, OneDrive, Google Drive, etc and backup those documents to the cloud
- b. Or grab a USB or external hard-drive and save a copy

### **6. AVOID SENSITIVE TRANSACTIONS ON FREE WI-FI OR SOMEONE ELSE'S DEVICE**

It's good to be careful about what you do online when you're using a hotspot or free wifi, for example if you're logging on at a café these networks are often unsecure. When a network's unsecure, anyone can access it and get hold of your data.

#### **What to do**

- a. Avoid doing online shopping or internet banking on free wifi or an unsecure network
- b. If you are using someone else's device limit the amount of personal information you access

### **7. TURN ON TWO-FACTOR AUTHENTICATION**

Two-factor authentication is another way that you can help to protect your online accounts from being hacked. You can choose to have a code sent or generated on your device, like your phone. That way, even if someone gets access to your password (or manages to guess it!), if they don't have your phone to receive the code they can't get into your accounts and information.

#### **What to do**

- a. Turn on two-factor authentication for your important accounts, such as your email, banking and social media accounts.



# Augusta and Bayleys

## – A Long Standing Partnership

For those new to Augusta, Bayleys Real Estate are our distribution partner – they're who you will receive information on upcoming investment opportunities from, they'll answer your questions and help you through the investment process. You are more than likely to meet the team in one of our presentations around the country where we present new offer information to potential investors.

Bayleys is a New Zealand success story. Family owned, they are the largest full-service national real estate agency offering integrated, professional services across all property sectors throughout the country. With 90 offices New Zealand wide and over 1,000 agents, there's more than likely an office near you!

Key management from Augusta and Bayleys have been transacting property together for over 20 years. Bayleys have sold down all Augusta offers since our

establishment in 2001 - the first being a \$1.85 million capital raise for a small Hamilton industrial property – with the most recent equity raise exceeding \$100 million, times have changed!

What hasn't changed is the synergy between the two companies. At Augusta we're very selective in the offerings we bring to our investors, we're conservative with a focus on quality. We only align ourselves with organisations with the same values, which Bayleys shares.



The Bayleys Real Estate team (left to right); Mike Houlker, Samara Philips, Sarah Prebble, Marcus Bullick, Genevieve King and Shirley Leung.

The Auckland-based Bayleys Syndication and Investment Products Division, is who many of our investors deal with on a regular basis, frequently receive comments on the great level of service they provide, going above and beyond the call of duty. They're a hardworking, friendly bunch who have extensive knowledge of both the property and managed funds sectors. Importantly, beyond anything else they truly care about our investors.

#### MEET THE TEAM



##### **Mike Houlker**

Bayleys  
Syndication  
and Investment

Products Division is headed by Mike Houlker. Joining Bayleys over 30 years ago, his vast experience, background in finance and qualification as an Authorised Financial Adviser has led to unrivalled knowledge of the syndication and investment products sector of the property market. Many of our early investors have been dealing with Mike on a regular basis for over 15 years!

**e** mike.houlker@bayleys.co.nz  
**m** 021 945 927



##### **Samara Phillips**

Managing the  
process on the  
Bayleys side, from

marketing through to sales and investor relations, Samara has been a key point of contact for our clients for almost 10 years.

She is qualified as an Authorised Financial Adviser and has a comprehensive understanding of all aspects of this sector of the market. Her enthusiastic and friendly approach is valued by our investors and she thoroughly enjoys meeting investors in person at presentations around the country.

**e** samara.phillips@bayleys.co.nz  
**m** 021 027 61373



##### **Sarah Prebble**

Sarah is an integral  
part of Bayleys  
Syndication &

Investment Products Division. Joining Bayleys in 2008, she began specialising in the managed fund sector of property investment five years ago. Sarah really enjoys meeting with and helping investors, and her strong work ethic means she is always striving to ensure clients receive the highest level of service.

**e** sarah.prebble@bayleys.co.nz  
**m** 027 635 3521



##### **Marcus Bullick**

Joining Bayleys  
six years ago,  
Marcus has vast

experience in the marketing department coordinating national advertising for offices throughout New Zealand. Recently joining the Syndication and Investment Products Division, he is excited to utilise these skills in assisting with communications to investors. Marcus is completing a real

estate qualification to expand his property knowledge and will also be available to assist investors with the application process.



##### **Genevieve King**

Bayleys  
newest recruit  
Genevieve, has a

strong background in property administration working in real estate organisations in the South Island for over ten years. New to Auckland, Genevieve is excited to arrange presentations for investors throughout New Zealand and assist investors with the application process. Genevieve is organised, friendly and approachable and will ensure the right person is available to answer investors' questions.



##### **Shirley Leung**

Shirley joined  
the team over  
three years ago,

building on the valuable property knowledge she gained working in sales support positions for top salespeople within Bayleys. Her commitment to her role has seen her complete her real estate license and expand her duties to now not only overseeing the day to day marketing but being a key contact for investors questions. Shirley is bi-lingual and able to assist our Cantonese speaking investors.





David Haczynskyj and Katie Ireson.

- a) To detect and deter money laundering and the financing of terrorism; and
- b) To maintain and enhance New Zealand's international reputation by adopting, where appropriate in the New Zealand context, recommendations issued by the Financial Action Task Force; and
- c) To contribute to public confidence in the financial system.

Money Laundering is the process of disguising the illegal origin of criminal profits. It is estimated that over \$1billion a year comes from the illegal drug trade and fraudulent activities, which can be laundered through New Zealand businesses.

## Understanding AML

BY KATIE IRESON – AML/CFT INVESTOR LIAISON AND  
DAVID HACZYNSKYJ – AML/CFT COMPLIANCE MANAGER

Although both from Yorkshire in England, Katie and David are at the heart of AML at Augusta and they are here to help your application journey run as smoothly as possible.

The team are constantly looking at ways to improve the application process for you as our investor, and our aim is to make investing with Augusta as quick and pain free as possible. Accordingly, if an accountant or solicitor holds your AML information, please let us know and we can do the leg work for you by contacting them on your behalf.

We understand the process can be a bit confusing, especially if you are new to investing, so we have highlighted some frequently asked questions below which we hope will shed some light on AML and our application process.

### Why is AML Important?

The Anti-money Laundering and Counter Financing of Terrorism Act 2009 (The AML/CFT Act) came into full force in New Zealand in 2013. The purposes of the AML/CFT Act are –

### Why am I being asked for this personal information?

Augusta is required under the AML/CFT Act to undertake customer due diligence on every person and investing entity. Even if you have been with Augusta for some time, we may still be required to ask questions to confirm you are who you say you are and, in some cases, tell us where the money you are investing with us has come from.

We will only ever ask you for information that is relevant and fulfils our obligations under the AML/CFT Act. This information will vary depending on whether you invest as an individual, a partnership, company, estate or trust. Please remember, we will keep all information strictly confidential and will only disclose where required by law or where we have obtained your prior consent.

***What information do I need to supply?***

If you invest in the name of a trust or have invested or seeking to invest a substantial amount of money with Augusta, regulations require us to obtain further information outside identity and address verification, as these types of entities have been identified as posing a greater risk of money laundering.

If you apply as a trust, we are required to obtain a trust deed, and any subsequent deed of amendments/retirement/appointment, identity & address verification for all trustees or beneficial owners and documentation to confirm the source of the trust's wealth or funds. If you use a corporate trustee, we will need ID and address verification for all directors.

In respect to a company, we will require ID and address verification for all directors and beneficial owners, such as shareholders holding more than 25% ownership. If a trust is a shareholder of your company, we will also ask you for information on the trust.

***Why am I being asked to provide proof of my bank account?***

Everyone who invests with Augusta is asked to supply a proof of bank account into which distributions are to be paid into. This is so we know that we are paying funds to the right person.

If you are an existing investor of ours and we are requesting a proof of your bank account it may be that you were never asked to supply one at the original time of investing. We know this may seem strange as we are already paying distributions into your account, however we must be able to show

that we are paying funds to the person owning the investment.

Please note, funds must be paid into the investing person or entity's bank account and we are unable to pay into a third-party bank account such as a charity.

***Do I have to send you the original certified copy of my AML documents?***

If you have a valid New Zealand passport or driving licence, you are not required to provide certified copies as we are able to verify the details online. All you need to do is scan your ID and send us a copy over email or post us a copy. If you are supplying a Firearms Licence or foreign passport we still require the original certified copy to be posted to us. If you are in Auckland, Christchurch or New Plymouth pop into our offices and a member of staff can certify your documents for you.

In most cases, your proof of address, bank account and any trust deeds do not require certification and can be sent directly to us via email, rather than through the post if this is easier for you.

***Am I able to apply online?***

We understand collating all the required documents, especially under a tight deadline such as during an offer period, can be quite daunting and seem nigh-on-impossible at times.

As a new investor, getting yourself AML compliant before an offer goes live means you will only need to submit a completed application form, either online or in paper form, once you apply for units or shares with us.

Once you are compliant, we can add you to our Secondary Sales database so you can purchase

units or shares on our Secondary Sales Market. We will also add you to our mailing list so you will be the first to know of any upcoming offers.

***I'm not originally from New Zealand – can I still apply?***

If you are an existing investor, keeping us up to date with any change in address or changes in trustee for example, means we can keep your file as up to date as possible, making it quicker and easier for you to apply in the future.

If you are unsure if you are already compliant, contact the AML team who will be happy to advise on what documents are outstanding. Chances are if you have invested with us recently, and none of your details have changed, then your file will be up to date.

***I received an email from Augusta asking me to provide information***

Over time requirements change which means if you invested a number of years ago, the information you provided may not meet our current requirements. We may contact you from time to time asking for an update or to request documents you weren't previously required to provide.

For more information on why we ask you for these details please check out [www.KeepYourMoneyClean.govt.nz](http://www.KeepYourMoneyClean.govt.nz) or contact Katie or David who will be happy to answer any of your concerns or queries.





# Health and Wellbeing

Deep recovery. Changing your Christmas Context.

We wanted to give our readers some valuable tools in how to approach setting and achieving your goals for 2020. We spoke with Alex Davids – a highly regarded performance and energy coach. Alex is a director and founding partner of Next Evolution Performance (NEP) – a global high-performance coaching business.

Our biggest enforced holiday of the year is nearly upon us. For most of us that means a good week or two (maybe more) away from work and all the stresses that comes with that. It also often means turning to the reality of family stresses, holiday season intensity and more often than not, drinking alcohol and eating more than usual. It may also mean our fitness routines go out the window while we put family and fun first. It is a 'wonderful time of the year'.

For many the year has been intense. It has come with heavy pressure to deliver, manage teams of people and perform. Although we may have had a break, or a few, throughout the year, Christmas is

viewed as the 'end' of a cycle. We put a lot of pressure on ourselves to use Christmas holidays to reset and recover and prepare for the next cycle of human-constructed time. All this pressure typically leads us to treating this holiday as a time to crash and burn, then start over. We push hard to get ourselves to Christmas and then collapse on the other side, knowing we have a bit of time to get ourselves back together.

The problem with this mentality and construct of a one year cycle, is that it prevents us from really recovering the way we need to in order to perform at the level we desire. The highest performers in any game know that they have to manage themselves carefully throughout their cycle, whatever that looks like, and most importantly, when a big, deep recovery comes, they utilize that fully.

High performers know not to waste the precious opportunity to get their minds and their bodies completely prepared for the next run.



Alex Davids

## SO, WHAT SHOULD WE BE DOING WITH THIS TIME?

Neuroscience tells us that when we are stressed, be that with exhaustion, physical pressure, work or family stress, the experience in the mind and body is the same. Therefore, real recovery needs to be free of as many of our stresses as possible.

Rewire your brain. We usually connect holidays with doing very little. Whatever your normal associations with the Christmas period is, set a new context before it begins. Create a habit, however small, of associating holidays with health and renewal. The smallest changes will make the biggest difference. Once you set this habit in motion, you will find it easier to reach for those healthy activities on the next holiday.

Use your time off wisely. Start by keeping your exercise regime that you hold from the year. If you run three times a week and you're in a new location, commit to keeping those runs in. If your location doesn't make that easy, then try some exercise that you can do in a small space. There are so many options now. Perhaps it can become a family activity.

Take it easy on consumption. If food and drinking are a big part of your time off, can you exchange part of the usual food with some healthier options? What about delaying the lunchtime rose until

the afternoon and planning a walk or run after lunch instead? If you do indulge, which can be relaxing in itself, hydrate well in between drinks and overnight and commit to do something the next day to refresh.

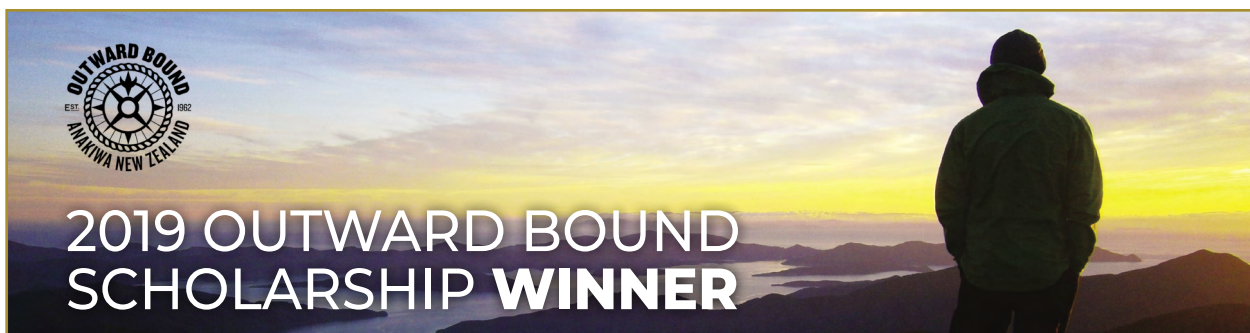
Reduce the pressure. Family time can be intense, be it with small children or extended families. What can you do to minimize the pressure? Can you break up the holiday? What about creating some new traditions with the family around rest? Rest and play are important in all families.

Whatever your holidays have in store, do what you can to allow your mind, and body, to get complete recovery. There is nothing harder than going back to your 'next cycle' feeling less than 100%. Nail your 2020. Make these holidays about full recovery.

For further information or to make a personal enquiry, you can contact Alex via email [adavids@neperform.com](mailto:adavids@neperform.com) or visit [nextevolutionperformance.com](http://nextevolutionperformance.com)

#### Alex Davids

Co-Founder and Director of Next Evolution Performance, Alex has been coaching executives and their teams in high performance for over 14 years.



Each year we accept nominations from our investors to send either themselves or a family member (child or grandchild) on an Outward Bound course as a thank you for your continued support.

It is important to us, as a family orientated organisation, to give back and play a part in someone receiving the opportunity to grow and reach their potential – as you have helped enable us to do. Outward Bound, located in the Marlborough Sounds, helps participants reach their full potential through challenges in the outdoors.

Thank you to everyone who submitted an application for our Outward Bound scholarship nominations for 2019. Every single

submission we received was truly deserving and for some of you, we can imagine, they may have even been hard to write. It is very touching to see just how many parents, grandparents and partners out there put their loved ones forward, we clearly have a very compassionate group of investors.

This year we have awarded Gemma Ironside the 2019 Outward Bound Scholarship. Gemma is 18 and Year 13 at school, she has been studying hard for her NCEAs. She has applied for a nursing degree at University where she would like to specialise in mental health. More specifically, even from birth, Gemma has faced challenges which she has, each time, overcome. Gemma

shows a tenacity for life and with further work to help really build her confidence her family believes she will be the best possible version of herself. We are thrilled to be able to assist in providing the means for Gemma to hopefully be able to achieve this. Congratulations Gemma, you are so deserving of this Scholarship and we look forward to hearing how you get on.

We will be opening nominations again in March 2020, please send submissions to Adelle McBeth ([adelle@augusta.co.nz](mailto:adelle@augusta.co.nz)). Further information will be included in our July edition of the Focus magazine.

Please email Adelle McBeth, [adelle@augusta.co.nz](mailto:adelle@augusta.co.nz) by 5th September 2020.



# GLOSSARY

## – KEY TERMS

### **Cap rate or capitalisation rate**

Capitalisation rate is calculated by dividing a property's net operating income by the current market value or purchase price. This ratio, expressed as a percentage, is an estimation for an investor's potential return on a real estate investment. The cap rate is a useful tool to compare the relative value of similar property investments.

### **CPI**

The Consumer Price Index (all groups) published by Statistics New Zealand. Often commercial leases provide for rental increases in line with CPI.

### **Custodian**

The Financial Markets Conduct Act 2013 requires the supervisor (Covenant for schemes managed by Augusta Funds), or other independent person, to act as the custodian of the scheme and hold the scheme's assets on behalf of investors.

### **Disclose Register**

The Disclose Register is an accessible place for investors to obtain important information about a scheme. For example, the scheme's financial statements, annual reports, governing document, Statement of Investment Policy and Objectives (SIPO) and other key information. You can locate the register at: [www.companiesoffice.govt.nz/companies/disclose](http://www.companiesoffice.govt.nz/companies/disclose).

### **GAAP**

Generally accepted accounting principles (GAAP) are the standard framework of guidelines for

financial accounting used in any given jurisdiction; generally known as accounting standards or standard accounting practice.

### **Gearing or Gearing Ratio**

The "Gearing Ratio" tells you how much the scheme or investment entity owes (debt) as a portion of what it owns (total assets).

### **Golden Triangle**

The geographic area made up of Auckland, Hamilton & Tauranga, considered a major centre of economic growth in New Zealand.

### **Governing Document**

Each scheme managed by Augusta Funds is governed by a Governing Document that sets out the rules for management of the scheme. The Financial Markets Conduct Act 2013 sets out minimum requirements for governing documents. A copy of a scheme's governing document can be found on the Disclose Register.

### **Interest Cover Ratio**

The "Interest Cover Ratio" tells you how much the scheme or investment entity's net revenue exceeds interest on its loans (as a multiple).

### **Internal Rate of Return or IRR**

The Internal Rate of Return represents the scheme or investment entity's overall annualised return since establishment, taking into account timing and cash flow of the original cash investment, the cash distributions paid to investors and the estimated funds realised on sale of the property.



Louise Connell - Legal and Compliance Manager

### **Lease Incentive**

A lease incentive is an inducement for a lessee to sign a lease. This may be a cash payment, rent free period, and/or the landlord to undertake certain works at the property.

### **Limited Partnership or LP**

A LP is formed under the Limited Partnerships Act 2008. An LP is a separate legal entity with Limited Partners (investors) and a General Partner. The LP structure enables the General Partner to conduct the business of the LP, while the Investors' liability, as Limited Partners, is limited to their initial investment in the LP, as long as they do not take part in the management of the LP.

### **LVR**

Loan to Value Ratio.

### **Non-GAAP**

Non-GAAP financial information is not prepared and presented in accordance with generally accepted accounting practice (GAAP). However, Non-GAAP financial information can be useful tools for providing additional insight into the financial performance, financial condition and/or cash flow of an entity.

### **Passing Rent**

The sum of the current rent, outgoings, recoveries and sundry income, less total outgoing expense (including non-recoverable expenses).

**ROR or Rights of Renewal**

A right of renewal is the tenant's option to enter into a new lease with the landlord. It is not (under the latest version of the standard ADLS lease) an extension of the existing term of the lease. A landlord does not have a choice whether or not to renew the lease.

**SIPO or Statements of Investment Policy and Objectives**

A Statement of Investment Policy and Objectives (SIPO) is a document that sets out the investment governance and management framework, philosophy, strategies and objectives of a managed investment scheme and its investment funds or portfolios. Under the Financial Markets

Conduct Act 2013, all managers must ensure there is a SIPO for each scheme they manage.

**Supervisor**

Supervisors are a licensed independent party appointed to look after investors' interests. The supervisor for schemes managed by Augusta Funds is Covenant Trustee Services Limited ([www.covenant.co.nz](http://www.covenant.co.nz)).

**Triple Net Lease**

Under the terms of the lease, the tenant is responsible for all operating and capital expenditure during the term of the lease.

**Underwrite / Underwritten**

Typically, investment products offered by Augusta are fully underwritten. A person or

institution agrees to acquire any unsubscribed units or shares at the close of an offer for a fee. Underwriting of an offer provides certainty that the offer will proceed as there will be sufficient funds to settle the acquisition of any assets on settlement date.

**WALT/WALE**

Weighted average lease term/ expiry. The weighted average lease term which measures the average lease term across each lease weighted by the relative income of each lease.

**Yield**

The annual income return on an investment in percentage terms compared to either the original investment or the market value of the investment.

## Key Dates

**Annual Meetings****NEW ZEALAND SINGLE ASSET FUND ANNUAL GENERAL MEETINGS**

Christchurch – Thursday 20<sup>th</sup> August

Auckland – Thursday 3<sup>rd</sup> and Friday 4<sup>th</sup> September

New Plymouth – Friday 11<sup>th</sup> September

**AUSTRALIAN SINGLE ASSET FUND ANNUAL MEETINGS**

New Plymouth – Friday 6<sup>th</sup> November

Please note locations of the Annual Meetings are not based on the asset location. A formal notice of meeting will be sent to you approx. three weeks prior to the meetings.

**Events****NEW PLYMOUTH GOLF DAY**

11.00am Friday 17<sup>th</sup> April

**HEINEKEN URBAN POLO**

12pm Saturday 14<sup>th</sup> March

**Key Reporting Dates****NEW ZEALAND SINGLE ASSET FUND**

Mid-year reports – January 31<sup>st</sup>

Financial statements, tax information and Annual Managers Report – June 30<sup>th</sup>

**AUSTRALIAN SINGLE ASSET FUNDS**

Mid-year reports – April 30<sup>th</sup>

Financial statements, tax information and Annual Managers Report – September 30<sup>th</sup>



# Matakana Smokehouse

The Matakana Smokehouse is a small family run business, creating artisan products just north of Auckland.

All of our products are sustainably farmed or line caught and fresh every week. Each piece of fish is dry cured by hand and smoked for at least seven hours with our unique New Zealand botanical blend of Manuka, Totara and Pohutukawa. It's about taking world class New Zealand salmon fillets, or white fish like Mackerel, Kahawai, Kingfish or Sardines, and giving them the TLC they deserve.

Here are some quick and easy suggestions for delicious canapes or platter ideas over the summer.



## Salmon Crostini



### INGREDIENTS

- Salmon - Hot smoked, Maple Cold Smoked or Gravlox (Citrus and fresh herb or Beetroot and Kaffir Lime).
- Creme Fraiche 1 pottle (Approx 250g).
- Horseradish Spread - Delmaine or Mandys if you like extra spice. Just to taste but start at 1 Tblsp.
- Vodka (just a dash).
- Fresh herbs for garnish. Traditionally Dill or Fennel. Microgreens are a great alternative.
- Your choice of bread cut into bite size pieces – Sourdough baguette or a Dark Rye are particularly beautiful. You can also use pre made crostini or a nice cracker.

### METHOD

Combine your creme fraiche, horseradish and dash of vodka. Add the horseradish until you have enough kick for your liking, a tablespoon is a good starting point.

Place a piece of the pre sliced cold smoked or kaffir and beetroot Gravlox on the bread, a dollop of the Creme Fraiche mixture and then garnish on top. Add a squeeze of lemon and some cracked pepper to finish.





## Festive Season Platter

These can be as simple or complicated as you like.

### **SALMON BOARD**

Place a large side of hot smoked salmon, the horseradish mix (as above), some capers, thinly sliced red onion, lemon wedges, herbs (fresh basil, dill, fennel) and roughly cut toasted ciabatta loaf drizzled with a good quality olive oil and seasoned with a pinch of sea salt flakes.

*Or you can get creative, here are some ideas. Using a large/extra large platter or board:*

**A variety of smoked and cured salmon** - different flavours ie our nigella seed Hot Smoked side adds texture and the beetroot gravlax for a pop of colour.

**Any cheese you like** - roquefort, Brie, Gouda or a soft goats cheese is lovely too.

**Dips or Spreads** - pesto, beetroot hummus, fruit paste or even a smoked fish pate.

**Pickles and preserves** - cornichon are delightful with salmon, capers, sauerkraut, olives or a quick home made pickle of thinly sliced fresh Radish with lots of crunch.

**Fresh beans and seasonal vegetables** - snow pea or sugar snap for sweetness, cucumber, courgette or fennel finely sliced.

**Vegetable chips** - kumara, parsnip or purple corn chips are something different to see and easy to nibble and top up at a party.

**Edible flowers** - nasturtium have amazing colour or fennel flowers for the aniseed hit.

Add some pistachio, almonds and walnuts to empty spaces. Fresh grapes or dried muscatel and strawberries work too.

Really, anything works, a few components that really compliment each other is all you need, the rest will work in together. Have fun with it!

Over the festive season we welcome custom orders and whole sides of smoked or fresh salmon for special gatherings. Contact [hello@matakanasmokehouse.nz](mailto:hello@matakanasmokehouse.nz) for more information.



# The Last Word

With **Wilhelmina Shrimpton**  
- Reporter & Presenter, Newshub

## What was your first paid job?

At 15 I began working at The Warehouse. I started off in the clothing department, and worked my way up to a supervisor role at just 17 years old. We had a great team, and the job gave me a great foundation for leadership and dealing with people.



## What were you like in high school?

I was quite the go-getter, and all-rounder at High School. I threw myself head first into every opportunity from Netball, tennis and athletics, to student council, Smokefree Stage Challenge, drama and the environmental group. I always set goals, and had really high expectations of myself. I studied hard, and all that hard work paid off as I was made Head Girl in my 7th form year.

## In 20 years, what will you be doing?

I could be doing anything! With the changing nature of media who knows what the news and current affairs landscape will look like in 20 years time. But I do hope that I'll be able to continue story-telling. It's such a powerful tool, and such a privilege to be able to share and report on big events and people's experiences. I want to be much more traveled than I am now, and ultimately hope I'm somewhere and doing something that makes me happy.

## What would a close friend say if I asked them, 'What is the one characteristic they totally love about you, and the one that drives them insane'?

I think my friends would say they love my outgoing and bubbly personality. I'm always the first person to crack a joke, and absolutely love to laugh. It's so much fun to be silly sometimes, because life is just too short to take it too seriously. The characteristic that would drive them insane would probably be the fact that I'm a bit of a perfectionist with an anxious nature.



## Tell me something that's true, that almost nobody agrees with you on?

Game of Thrones isn't the greatest TV series of all time.



## What's the best investment you ever made?

It sounds cheesy, but my tertiary education. You can't put a price on knowledge and experience.

## What is on your perennial to-do list?

Running a marathon (or more realistically a half marathon). It's something I'm hoping to tick off the bucket list in 2020.

## What nickname do your friends call you?

Mostly Wils... but if it's for a laugh Shrimpy, Shrimpster or Shrimboat.

### What do you work towards in your free time?

I've really gotten into fitness over the past couple of years, so that's a big part of my life outside of work. I've just completed an 8 week challenge, not just for the physical benefits, but also the mental ones. Healthy body = healthy mind.

### What's the one moment you've experienced that altered the trajectory of your life?

Turning down a trip to Europe while I was at University. In that time I would've been away, I ended up securing my first job in journalism.

### Has there been a time when you have genuinely feared for your life, what happened, where were you?

As a journalist you often find yourself walking towards danger as most people try to run away from it. I've been at the edge of cordons during armed stand-offs, terror situations, severe floods, and even violent protests. I've never feared for my life, but I've always known there's a risk.

### If it all failed tomorrow, what is your backup plan?

Sell up, and travel the world.



### What was the last costume you wore?

Halloween just been, and I went as Red Riding Hood.

### What's the single greatest issue facing New Zealanders today?

Inequity.. whether that's financial, gender or race based. We like to think of ourselves as a progressive nation, and while we have made a lot of ground, I think we still have a long way to go.

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As a journalist you often find yourself walking towards danger as most people try to run away from it.

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From left; Jess Merrilees, Marketing Associate, Jess Davidson, Marketing and Communications Manager.

## focus

The Focus magazine is produced by the Marketing & Communications team; Jess Davidson and Jess Merrilees.

If you have any feedback, a local business you would like to support, recipes, or stories to share please email these through to the team - [focusmagazine@augusta.co.nz](mailto:focusmagazine@augusta.co.nz).





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