

Augusta Property Fund

Other material information

14 July 2020

1 GENERAL

This Other Material Information Document (*Document*) has been prepared to meet the requirements of section 57(1)(b) of the Financial Markets Conduct Act 2013 (*FMCA*) and clauses 48 and 50 of Schedule 5 to the Financial Markets Conduct Regulations 2014 (*FMCR*) in relation to an offer of units in Augusta Property Fund, as set out in a product disclosure statement (*PDS*) dated on or around the date of this document available on the Offer Register at www.business.govt.nz/disclose by searching "Augusta Property Fund" under "search offers".

Terms capitalised but otherwise undefined in this document have the meanings given to them in the PDS. This Document must be read alongside the PDS. Any application for admission by an Investor in the Fund must be made on the application form (and be accompanied by the relevant identification documentation) contained in the PDS.

2 TOTAL ESTIMATED COSTS OF OFFER AND ISSUE

Description of cost:	Amount paid, or agreed to be paid, by the Fund in connection with the offer and issue of the Units (including all benefits):	Cost paid to:	Reason for cost and description of services:
Offeror fee	\$1,995,000	Manager (Augusta Funds Management Limited)	The offeror's fee is payable to the Manager for negotiating the acquisition of the Anglesea Medical Centre, completing due diligence, arranging and establishing the Fund, negotiating the bank facility and preparing the Prospective Financial Information, the PDS and the Trust Deed.
Interest on Anglesea Medical Centre deposit	\$76,548	Manager (Augusta Funds Management Limited)	The Manager has paid a deposit of \$2,750,000 in partial satisfaction of the consideration payable for the Anglesea Medical Centre. Interest on the deposit relates to interest incurred by the Manager on debt drawn to fund the deposit paid for the acquisition of the property. This is based on an interest rate of 4.00% per annum for the period from 20 January 2020 (the date the deposit was paid) until 30 September 2020 (the assumed Settlement Date).
Brokerage fees**	\$559,125	Bayleys	The brokerage fee is payable to Bayleys as the selling agent for the Offer.
Legal fees*	\$325,000	Chapman Tripp	Legal fees are payable to the Fund's Solicitors, Chapman Tripp, for the costs of legal due diligence on the Anglesea Medical Centre and

Description of cost:	Amount paid, or agreed to be paid, by the Fund in connection with the offer and issue of the Units (including all benefits):	Cost paid to:	Reason for cost and description of services:
			other properties that were considered for acquisition by the Fund, negotiation of the sale and purchase of the Anglesea Medical Centre, settlement of the purchase, cost of advising on the PDS, the Trust Deed and compliance with the FMCA, and in connection with the Fund's financing arrangements. A portion of the legal fees were originally charged to the Manager in conjunction with the establishment of the first Augusta Property Fund offer and are to be paid by the Fund as the Manager considers the Fund is obtaining the benefit of the work produced as a result of those costs. The legal costs recharged will not exceed the actual total costs incurred.
Investigating accountant fee	\$90,000	PricewaterhouseCoopers	The investigating accountant fee represents PwC's fee as investigating accountant for completing a limited assurance engagement on the prospective financial statements contained on the Offer Register. A portion of the investigating accountant fee was originally charged to the Manager in conjunction with the establishment of the first Augusta Property Fund offer and is to be paid by the Fund as the Manager considers the Fund is obtaining the benefit of the work produced as a result of this cost. The investigating accountant

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			costs recharged will not exceed the actual total costs incurred.
Valuation fees	\$26,250	CBRE	The valuation fee is payable to CBRE for preparing the Valuation Report on the Anglesea Medical Centre. A portion of the valuation fee was originally charged to the Manager in conjunction with its original due diligence on the property and is to be paid by the Fund as the Manager considers the Fund is obtaining the benefit of the work produced as a result of this cost. The valuation costs recharged will not exceed the actual total costs incurred to date.
Chattels valuation fees*	\$17,844	Bayleys Valuations Limited	The chattels valuation fee is payable in connection with the chattel valuation obtained by the Manager for the chattels in the Anglesea Medical Centre, required for the calculation of capital allowances and depreciation. A portion of the chattels valuation fee was originally charged to the Manager in conjunction with its original due diligence on the property and is to be paid by the Fund as the Manager considers the Fund is obtaining the benefit of the work produced as a result of this cost. The chattels valuation costs

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			recharged will not exceed the actual total costs incurred to date.
Building inspection fees*	\$52,506	Hampton Jones Property Consultancy Limited	The planning, engineering and architectural due diligence reports fees relate to the due diligence reports the Manager commissioned as part of the Manager's due diligence investigations of the Anglesea Medical Centre. A portion of the building inspection fee was originally charged to the Manager in conjunction with its original due diligence on the property and is to be paid by the Fund as the Manager considers the Fund is obtaining the benefit of the work produced as a result of those costs. The building inspection costs recharged do not exceed the actual total costs incurred to date.
Supervisor	\$10,000	Covenant Trustee Services Limited	The supervisor fees are payable to the Supervisor for their costs in relation to reviewing the PDS and the Trust Deed. A portion of the supervisor fee was originally charged originally to the Manager in conjunction with the establishment of the first Augusta Property Fund offer and is to be paid by the Fund as the Manager considers the Fund is obtaining the benefit of the work produced as a

Description of cost:	Amount paid, or agreed to be paid, by the Fund in connection with the offer and issue of the Units (including all benefits):	Cost paid to:	Reason for cost and description of services:
			result of this cost. The supervisor costs recharged will not exceed the actual total costs incurred.
Marketing	\$259,625	Bayleys Real Estate Limited and Buffalo & Co (NZ) Limited	Marketing costs reflect the costs of both preparing and producing advertisements in relation to the Offer, publishing those advertisements, holding investor presentations on the Offer and the costs for designing and printing the PDS. A portion of the PDS design cost was originally charged to the Manager in conjunction with the establishment of the first Augusta Property Fund offer and is to be paid by the Fund as the Manager considers the Fund is obtaining the benefit of the work produced as a result of this cost. The design costs recharged will not exceed the actual total costs incurred.

Description of cost:	Amount paid, or agreed to be paid, by the Fund in connection with the offer and issue of the Units (including all benefits):	Cost paid to:	Reason for cost and description of services:
Bank fees and bank legal costs*	\$115,537	ASB Bank Limited and Industrial and Commercial Bank of China (New Zealand) Limited (and their respective legal advisers)	The bank fees and legal fees are payable to ASB and ICBC in connection with establishing the Fund's syndicated loan facility and the fees of the banks' legal advisers. A portion of the bank legal fees were originally charged to the Manager in conjunction with the establishment of the first Augusta Property Fund offer and are to be paid by the Fund as the Manager considers the Fund is obtaining the benefit of the work produced as a result of those costs. The bank legal costs recharged will not exceed the actual total costs incurred.
PDS and scheme registration fee and FMA levy	\$5,000	Financial Markets Authority	The PDS registration fee and FMA levy are payable in connection with the registration of the Fund on the Offer Register and Scheme Register.
Registry establishment fees	\$15,000	Link Market Services	The registry fees are payable to Link Market Services as registrar for the Fund.
Total	\$3,547,435		

* These amounts, or a component of these amounts, are the Manager's best estimates, based on its experience and the information known to it at the date of the PDS, but they may be subject to change based on the amounts invoiced to the Fund (and Investors will not be notified of such a change). All other amounts are maximums and cannot be increased.

** The brokerage fee payable assumes no oversubscriptions are accepted. If oversubscriptions of up to 3 million Units are accepted, a brokerage fee will be payable at a rate of 1.75 cents per \$1 Unit.

The above fees are exclusive of GST and disbursements.

NOTE:

The above fees are payable by the Fund - none are chargeable to Investors directly. In respect of certain fees set out above, the Manager has either already met these costs on behalf of the Fund or will pay those costs prior to Settlement and, accordingly, is entitled to reimbursement on Settlement. Fees may be paid by the Manager between the dates of the PDS and Settlement. Those fees will be reimbursed to the Manager on Settlement.

Furthermore, the Manager has paid a deposit of \$2,750,000 in partial satisfaction of the consideration payable for the Anglesea Medical Centre. Upon Settlement of the acquisition of the Anglesea Medical Centre and issue of the Units, the Manager is entitled to reimbursement of this amount.

3 VALUER

An independent valuation of the Anglesea Medical Centre has been provided by Bradley Unthank, Jamahl Williams, and Cameron Barber of CBRE Limited at \$55,200,000 plus GST (if any) as at 30 June 2020 in accordance with current Australia and New Zealand Property Institute Valuation and Property Standards. The valuation was prepared using both a capitalisation of net income approach and a discounted cash flow approach.

Bradley Unthank's qualifications are a Bachelor of Property and a Bachelor of Commerce and he is also a member of the Property Institute of New Zealand (MPINZ). Jamahl Williams is a Senior Member of the Property Institute of New Zealand (SPINZ) and an Associate Member of the New Zealand Institute of Valuers (ANZIV). Cameron Barber's qualification is a Bachelor of Property. CBRE Limited's address is Level 14, ANZ Centre, 23-29 Albert Street, Auckland, New Zealand.

The valuation was made by the valuers as independent valuers. The valuers made the valuation for the purposes of the Fund and for use by prospective investors in the Fund. The valuers have consented to the distribution of the valuation report to prospective investors in the Fund and, as at the date of the PDS, have not withdrawn that consent.

4 FEE ASSUMPTIONS

Establishment fees

The amount of the bank fees, legal fees, building inspection and chattels valuation fees, or components of those amounts, are the Manager's best estimates, based on its experience and the information known to it at the date of the PDS, but may be subject to change. All other establishment fees set out at Section 8 of the PDS are maximum levels and cannot be increased. The fees payable to third parties (being those fees other than those payable to the Manager and its associated persons), in the Manager's view, represent reasonable levels for the services of the relevant third party. The fees payable to the Manager and its associated persons are not estimates, and are provided for at the levels disclosed in the PDS in the Trust Deed.

Ongoing fees and expenses

The amounts of ongoing fees and expenses are set out at Section 8 and no other fees are payable to the Manager or its associated persons. Fees payable to third parties (being those fees other than those payable to the Manager and its associated persons) have been estimated by the relevant third party, and, in the Manager's view, represent reasonable levels for the services of the relevant third party.

5 PRICING OF UNITS AND ADJUSTED NET ASSET VALUE

Adjusted Net Asset Value is a non-GAAP financial measure used to determine the Unit Price for the Fund, calculated as Net Asset Value adjusted for the following:

- Where the Fund acquires an asset for an amount greater than its proportionate share of the underlying Net Asset Value, but records the value of the asset at its underlying Net Asset Value rather than its acquisition cost, an amount equal to the difference will be gradually written off on a "straight line" basis over five years from the time the asset is acquired. On the sale of all or part of the asset, any remaining amount will be reduced to zero.
- Establishment costs, capital raising costs and acquisition costs such as the acquisition fee, brokerage fees, due diligence costs and legal costs will be gradually written off on a "straight line" basis over five years from the time the asset is acquired. On the sale of all or part of the asset, any remaining amount will be reduced to zero.
- Where an asset has been purchased by the Fund, a provision against the value of an asset for the anticipated proportionate costs of selling that asset. This provision will be gradually recognised over five years from the time the asset is first acquired. This provision for any particular asset will be amended to reflect the actual costs of selling the asset once known and reduced to zero once the asset is sold.

A worked example of the Adjusted Net Asset Value calculation is set out below. More information on Unit Price can also be found in the Trust Deed.

Calculation of forecast Adjusted Net Asset Value

This example is provided for information purposes only, to illustrate the calculation of the Adjusted Net Asset Value. Actual results may vary from those set out in this example.

	31 March 2021 (\$)
Total assets	56,382,359
Less: Total liabilities	(24,162,498)
Net Asset Value	32,219,862
Add: Establishment costs	3,547,435
Less: Capitalised borrowing costs	(257,287)
Less: Amortisation of establishment costs (excluding capitalised borrowing costs)	(329,015)
Less: Provision for estimated selling costs created over 5 years	(137,500)
Adjusted Net Asset Value	35,043,496
Adjusted Net Asset Value per Unit	0.99

This calculation is based on the Prospective Financial Information supporting the Product Disclosure Statement dated 14 July 2020. It has not been subject to audit or independent review.