Centuria


Artist impression

2021 Annual Report
Augusta Industrial Fund Limited

12 Brick Street, Henderson, Auckland


S.W.L 5 Tonne

Key Portfolio Highlights

As at 31 March 2021

WALT*

4.7 YEARS

OCCUPANCY

96.3%

PORTFOLIO VALUATION

$408.25 MILLION

PASSING RENTAL**

$22.480 MILLION

NUMBER OF PROPERTIES/TENANTS

11/48

* WALT: The weighted average lease term which measures the average lease term across each of the leases in the Fund's portfolio weighted by the relative income of each lease.

** Passing Rental: The amount of rent payable under the terms of the relevant lease, excluding the recovery of outgoings, annualised for a 12-month period as at the relevant date.

Key Portfolio Highlights (cont.)

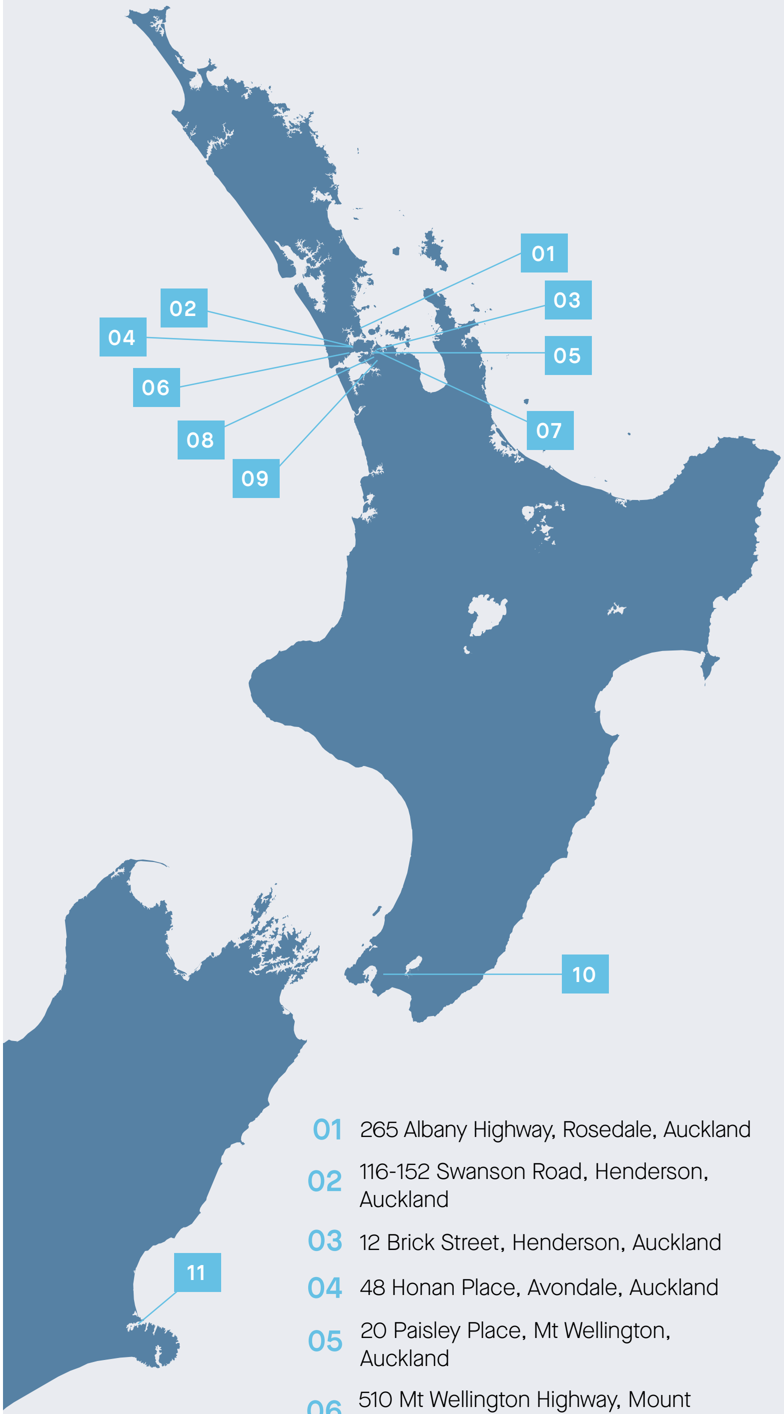
As at 31 March 2021

GEARING

37%

PORTFOLIO WEIGHTING TO AUCKLAND

73%



- **01** 265 Albany Highway, Rosedale, Auckland
- **02** 116-152 Swanson Road, Henderson, Auckland
- **03** 12 Brick Street, Henderson, Auckland
- **04** 48 Honan Place, Avondale, Auckland
- **05** 20 Paisley Place, Mt Wellington, Auckland
- **06** 510 Mt Wellington Highway, Mount Wellington, Auckland
- **07** 862-864 Great South Road, Penrose, Auckland
- **08** 27-29 Neales Road, East Tamaki, Auckland
- **09** 5 & 21 Beach Road, Otahuhu, Auckland
- **10** The Hub, Seaview, Wellington
- **11** Castle Rock Business Park, Mary Muller Drive, Hillsborough, Christchurch

Tyco Eletronics - Castle Rock Business Park,
Mary Muller Drive, Christchurch

Contents

Letter from the Chair and Manager

Dear Shareholder,

We are pleased to present the third Annual Report for Augusta Industrial Fund Limited ("the Fund") after an eventful year which in many ways was dominated by the outbreak of the COVID-19 pandemic. The pandemic presented unique challenges for both the wider economy and the Fund. Those challenges also presented opportunities, and an investment environment that suited the key underlying fundamentals of the Fund, being high quality industrial assets and a resilient and diversified income stream.

The Fund performed extremely well in FY21 achieving valuation growth of 18.9%, commented on further below. The Fund has now delivered an annualised pre-tax total return since inception in 2018 of 15% pa[1].

Centuria Takeover of the Manager

In September 2020, the takeover of Augusta by ASX listed Centuria Capital was completed. When we first announced that Augusta would be joining forces with Centuria, we made a commitment to shareholders that it would remain business as usual, but that the relationship would provide greater access to quality investment opportunities for our shareholders. Centuria's ambition is to create one of Australasia's leading real estate funds management platforms, and for the year ending 30 June 2021 the Centuria Group has transacted in excess of A$2.5 billion worth of real estate across Australia and New Zealand.

We are confident the scale and expertise of the wider Australasian business will help continue to drive opportunities and performance for the Fund. The intention is to re-brand the Fund in the coming months to the Centuria NZ Industrial Fund to align this with the wider Centuria group. Please be assured this is a name change only and in no way alters your investment, or the way in which it is managed. The same team remains in place and will continue actively managing the Fund in New Zealand.

COVID-19

Activity over the last twelve months has focused on enabling long term growth for shareholders, which in many cases has meant supporting tenants through the extremely difficult trading conditions presented by the COVID-19 lockdowns. Our focus during this time was balancing the support to tenants, whilst continuing to deliver steady and sustainable income returns to shareholders. This approach resulted in reduced dividends throughout the course of the year, with dividends returning to the original level of 6.5 cents per share from March 2021 (paid in April). We thank shareholders for their patience during this time and do not take lightly the importance of stable income streams.

The Fund provided abatement or relief totalling approximately $1m to 33 tenants in FY21, representing less than 5% of the Fund's net rental income for the year. Importantly we also maintained occupancy in excess of 96% during the year. Given the significance of the issues presented by COVID-19 we are delighted with these outcomes. The relationships we have built with the Fund's tenant-base since inception of the Fund in 2018 were critical in achieving mutually beneficial solutions, and stabilising Fund income.

March 2021 Portfolio Valuations

The March 2020 property valuations reflected a commercial property market that was in a state of uncertainty due to the outbreak of COVID-19. Since that time, and particularly in the later months of the FY21, investor appetite for good quality industrial property increased significantly, with strong demand from both local and international investors. Interest rates also fell which provided further support to increasing industrial asset valuations.

As the manager of your investment, we supported tenants through the disruptions caused by COVID-19, and in many cases in return were able to negotiate lease variations and lease extensions that added value to the underlying properties. We are pleased to confirm that this supportive approach contributed to the significant increase of $64.9m in the value of the Fund's 11 properties for the financial year, representing an increase of 18.9% year on year. When adjusted for capital expenditure and other capital movements during the period the valuation uplift reflected an increase of 17.9%.

Building Depreciation Benefit

The Fund has benefitted from the reintroduction of tax depreciation on commercial and industrial buildings from 1 April 2020. This has enhanced after-tax returns by 0.46 cents per share for FY21 for investors on the highest 28% PIE tax rate.

1. Calculated from 15 June 2018 to 31 March 2021 based on a $1.00 original issue price, dividends paid during the period and net tangible assets of $1.33 per Share as at 31 March 2021.

Letter from the Chair and Manager (cont.)

Third Capital Raise

The third capital raise for the Fund concluded on 29 June 2021 with the issue of $80m of additional shares. We warmly welcome all new shareholders into the Fund, and we are also delighted with the vote of confidence delivered by the many existing shareholders who increased their holdings through this raise. The capital raised enables the Fund to continue to grow in accordance with our investment strategy, including by funding the acquisitions of Tidal Road, Columbia Ave and the Strong Parts Portfolio (as described in more detail below).

Acquisition Update

As recently reported, during the first quarter of FY22 we have continued to execute the stated Fund strategy of growth and diversification through further acquisitions. As shareholders are aware, and as detailed in the Product Disclosure Statement (PDS) for the third capital raise, we have contracted to acquire a brand new, premium industrial warehouse facility at Tidal Rd, Mangere for $48.8m. In addition, two further acquisitions have been unconditionally secured, being 62 Columbia Ave in Christchurch for $21.8m and the Strong Parts portfolio of eight heavy industrial assets in Auckland for $61.3m.

The Strong Parts portfolio settled on 30 June, with Columbia Ave settlement scheduled for 30 July 2021. The acquisitions provide long term income with fixed rental growth and will increase the weighted average lease term (WALT) of the Fund from 4.7 years to 5.2 years at the 30 September 2021 target settlement date for Tidal Rd, with the occupancy rate increasing from 96.3% to 97.1%. On settlement of the Tidal Rd asset the Fund Loan to Value Ratio (LVR) is forecast to be 39%, well below the banking covenant limit of 50% and within the Fund's target range. This is broadly consistent with the conservative debt level of 37% as at 31 March 2021.

The three acquisitions have been made at a combined total of $7.1m below the independent valuations and will increase the total property value of the Fund to $547m[2], spread across 21 properties and 52 tenants. The certainty provided by the underwritten capital raise provided the Fund with the ability to move quickly in a very competitive market and execute these two most recent deals in short timeframes, late in the capital raise period.

78 Tidal Rd, Mangere, Auckland

Looking Forward

Looking at the year ahead, the immediate focus will remain diligently managing the existing Fund portfolio and bedding down the new assets. The strategy is to drive performance within the portfolio through the likes of lease renewals and development activity. Critical to this is continuing to build on the strong relationships with tenants to ensure the income stream remains resilient and value-add opportunities are identified.

Since inception we have been open about our intention to continue to grow, diversify and enhance the Fund. We are pleased with what we have achieved to date and the longer-term objective remains to grow through carefully selected industrial acquisitions that provide stable returns and diversification benefits.

The impact of COVID-19 through FY21 presented challenges that few could have anticipated. We are pleased to say the Fund has been very resilient and weathered the storm extremely well, with the Fund remaining well positioned to continue to deliver strong returns for shareholders. We thank all shareholders for your patience and trust and we look forward to working hard to continue to build your investment.

20 July 2021.

Mark Petersen
Chair, Augusta Industrial Fund Limited

Ben Harding
Head of Asset Management and AIF Manager

2. Tidal Rd was valued as at 31 March 2021 on an "as if complete" basis, the Strong Parts portfolio was valued as at 15 June 2021, Columbia Ave was valued as at 20 May 2021 and the existing properties in the Fund were valued as at 31 March 2021.

152 Swanson Road, Henderson, Auckland

Industrial Fund Assets

As at 31 March 2021

510 Mt Wellington Highway, Mt Wellington, Auckland

Land area	30,845m²
Net lettable area	21,183m²
Major tenants	McConnell Dowell Construction Limited, GPC Asia Pacific Limited (Repco), Dicker Data NZ Limited and Z Energy Limited
Purchase price	$37,950,000 plus GST (if any)
Valuation	$56,500,000
WALT	3.67 years (as at 31 March 2021)

116-152 Swanson Road, Henderson, Auckland

Land area	56,033m²
Net lettable area	25,636m²
Major tenants	United Corporation Limited, Caprice NZ Limited, Blue Star Group (New Zealand) Limited and ZP Fitness Limited
Purchase price	$36,360,000 plus GST (if any)
Valuation	$47,350,000
WALT	4.53 years (as at 31 March 2021)

12 Brick Street, Henderson, Auckland

Land area	19,876m²
Net lettable area	12,037m²
Major tenants	D & H Steel Construction Limited
Purchase price	$22,360,000 plus GST (if any)
Valuation	$31,700,000
WALT	7.01 years (as at 31 March 2021, assuming the tenant exercises the break clause)

Industrial Fund Assets (cont.)

As at 31 March 2021

20 Paisley Place, Mt Wellington, Auckland

Land area	13,630m²
Net lettable area	7,812m²
Major tenant	Icepak Limited
Purchase price	$25,384,615 plus GST (if any)
Valuation	$31,500,000
WALT	10.67 years (as at 31 March 2021)

5 & 21 Beach Road, Otahuhu, Auckland

Land area	41,074m²
Net lettable area	22,757m²
Major tenants	Pacific Steel (NZ) Limited and Fletcher Steel Limited
Purchase price	$25,650,000 plus GST (if any)
Valuation	$31,500,000
WALT	7.17 years (as at 31 March 2021)

27-29 Neales Rd, East Tamaki, Auckland

Land area	16,019m²
Net lettable area	11,016m²
Major tenant	Vulcan Steel Limited
Purchase price	$25,223,809 plus GST (if any)
Valuation	$29,100,000
WALT	6.25 years (as at 31 March 2021)

Industrial Fund Assets (cont.)

As at 31 March 2021

862 - 864 Great South Road, Penrose, Auckland

Land area	19,187m²
Net lettable area	9,541m²
Major tenant	Graphic Packaging International New Zealand Limited
Purchase price	$19,050,000 plus GST (if any)
Valuation	$26,400,000
WALT	5.75 years (as at 31 March 2021)

265 Albany Highway, Rosedale, Auckland

Land area	16,917m²
Net lettable area	5,633m²
Major tenants	Good Health Products Limited, Albany OPE Limited, Panda Internet Cafe, LMZ Childcare Limited and Caffe E Cucina Limited
Purchase price	$20,100,000 plus GST (if any)
Valuation	$23,800,000
WALT	2.74 years (as at 31 March 2021)

48 Honan Place, Avondale, Auckland

Land area	15,463m²
Net lettable area	8,466m²
Major tenant	T.C.I. New Zealand (1995) Limited
Purchase price	$16,650,000 plus GST (if any)
Valuation	$20,650,000
WALT	6 years (as at 31 March 2021)

Industrial Fund Assets (cont.)

As at 31 March 2021

The Hub, Seaview, Wellington

Land area	52,756m²
Net lettable area	39,569m²
Major tenants	Downer Utilities Alliance New Zealand Limited, Linfox Logistics (N.Z.) Limited, Fujitsu General New Zealand Limited, All Area Scaffolding Limited, Orangebox Limited, Just Water International Limited, Tasman Liquor Company Limited, Toll Logistics (NZ) Limited, Jets Transport Limited, PBT Transport Limited, Nature Pac Limited, Streamline Auto Solutions Limited and Ceres Group Holdings Limited
Purchase price	$44,900,000 plus GST (if any)
Valuation	$52,550,000
WALT	2.92 years (as at 31 March 2021)

Castle Rock Business Park, Christchurch

Land area	79,456m²
Net lettable area	33,527m²
Major tenants	Tyco Electronics New Zealand Limited, Xtend-Life Natural Products (Intl) Limited, Macpac New Zealand Limited, Kiwi Labels Limited, TSB Living Limited, Longbeach Holdings Limited, Tyco New Zealand Limited (known as Wormald), Assembly Specialists Limited, Nood Trading Limited, Tyco New Zealand Limited (known as Johnson Controls), Contec Group International Limited, Apparel and Merchandising Solutions Limited, Elgas Limited, Asaleo Care New Zealand Limited and Castle Rock Coffee Limited
Purchase price	$53,758,095 plus GST (if any)
Valuation	$57,200,000
WALT	2.24 years (as at 31 March 2021)

Additional Acquired and Contracted Assets

After 31 March 2021

Artist impression

78 Tidal Road, Mangere, Auckland

Land area	49,774m² (plus an undivided 1/5 share of 7,343m², being an accessway to Tidal Road)
Net lettable area	~15,000m²
Major tenants	Hancocks Wine, Spirits & Beer Merchants Limited and AutoPacific New Zealand Limited
Purchase price	$48,834,674 plus GST (if any).
Valuation	$55,000,000
WALT	10.8 years (from completion of the development, expected in September 2021)

62 Columbia Avenue, Christchurch

Land area	30,759m²
Net lettable area	12,932m²
Major tenants	Value Tyres Limited
Purchase price	$21,800,000
Valuation	$22,000,000
Occupancy	100%
WALT	7.0 years

Strong Parts Portfolio, Auckland

Land area	52,628m²
Net lettable area	14,891m²
Major tenants	Strong Parts Group Limited
Purchase price	$61,328,578
Valuation	$62,060,000
Occupancy	100%
WALT	8.0 years

Adjusted Funds From Operations (AFFO)

For the year ended 31 March 2021

The dividend policy is to distribute between 90% and 110% of Adjusted Funds from Operations (AFFO) over a full financial year. The table below is a reconciliation between the net profit as per the consolidated statement of comprehensive income and AFFO.

Reconciliation of Net Profit to AFFO

	2021 $000 (unaudited)	2020 $000 (unaudited)
Net profit	78,268	12,605
Change in fair value of investment property	(61,305)	(1,649)
Change in fair value of interest rate swaps	(1,627)	2,659
Gain on disposal of investment property	(1,193)	-
Initial finance costs amortised	192	178
Accrual for fixed rental growth	(372)	(427)
Amortisation of rental relief due to COVID-19	159	-
Amortisation of capitalised incentives and leasing fees	119	83
Depreciation of right-of-use assets (IFRS 16)	57	57
Repayment of lease liability (IFRS 16)	(16)	(13)
Funds from operations (FFO)	**14,282**	**13,493**
Lease incentives granted	(5)	(643)
Leasing fees paid	(209)	(32)
Rental relief due to COVID-19	(573)	-
Maintenance capex	(2,833)	(406)
Other[1]	-	270
AFFO	**10,662**	**12,682**
Ordinary dividends	10,885	11,835
FFO payout ratio on ordinary dividends	**76%**	**88%**
AFFO payout ratio on ordinary dividends	**102%**	**93%**
Special dividend (to cover PIE tax on the sale of land at 862-864 Great South Road)	379	-
FFO payout ratio on total dividends	**79%**	**88%**
AFFO payout ratio on total dividends	**106%**	**93%**

AFFO is a non-GAAP financial measure adopted to assist the Group in assessing the underlying operating performance and funds available for distribution. It is important because it is the measure used when determining future distributions under the dividend policy. AFFO does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities.

The above reconciliation has not been audited by EY.

(1) Incentive paid to tenant at Beach Road, pursuant to historical lease agreement.

Selected Financial Information

For the reporting period ended 31 March

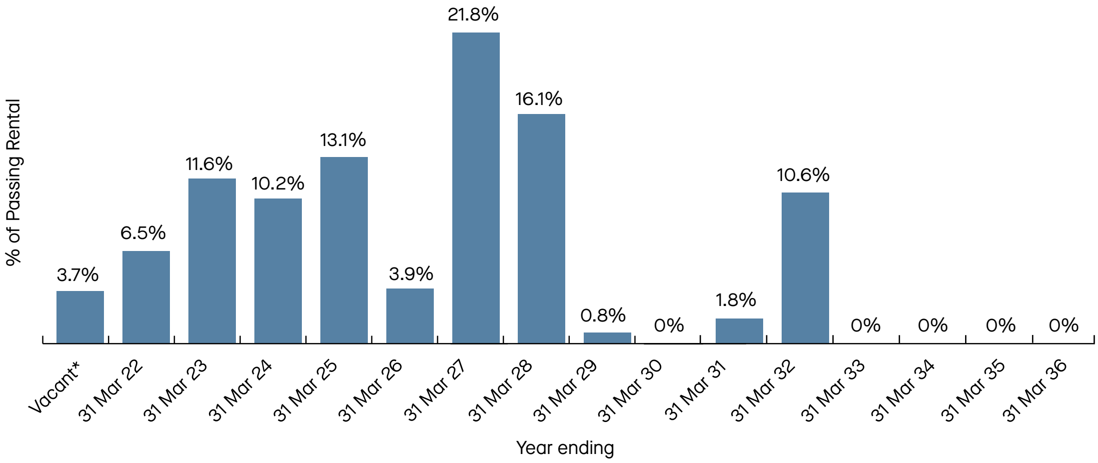
	2021 $000 (unaudited)	2020 $000 (unaudited)	2019 (11 Months and 15 days) $000 (unaudited)
Revenue	26,676	25,697	7,375
Operating expenses	(4,995)	(4,927)	(1,371)
Net revenue	21,681	20,770	6,004
EBITDA	83,605	17,739	10,292
Net profit before tax	78,268	12,605	8,592
Net profit after tax	78,268	12,605	8,592
Funds from operations (FFO)	14,282	13,493	3,764
Adjusted funds from operations (AFFO)	10,662	12,682	3,649
Dividends on all equity securities of the issuer	(11,264)	(10,806)	(4,949)
Net cash flows from operating activities	14,855	14,644	2,715
Total assets	410,924	350,343	304,439
Cash and cash equivalents	1,112	983	3,181
Total liabilities	158,690	165,113	121,008
Total debt	152,242	157,858	114,171
Net tangible assets	252,234	185,230	183,430
Gearing ratio	37%	45%	38%
Interest cover ratio	3.93	3.70	3.16

The above table has not been audited by EY.

Property Portfolio Metrics

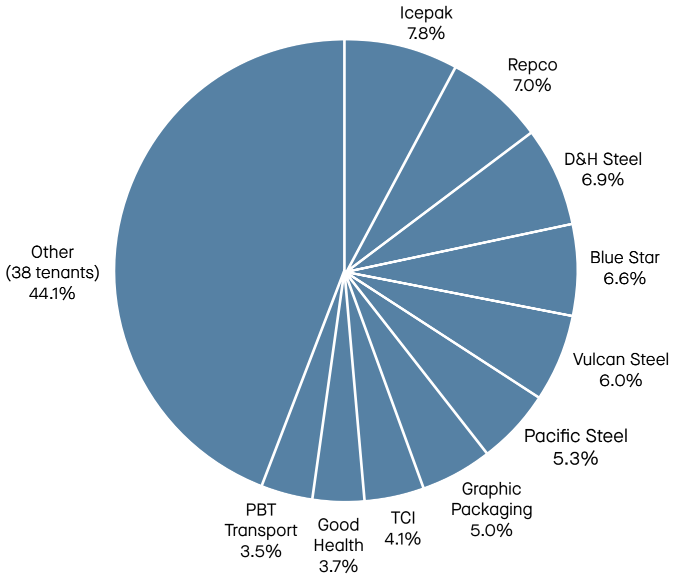
As at 31 March 2021

15 Year Lease Expiry Profile

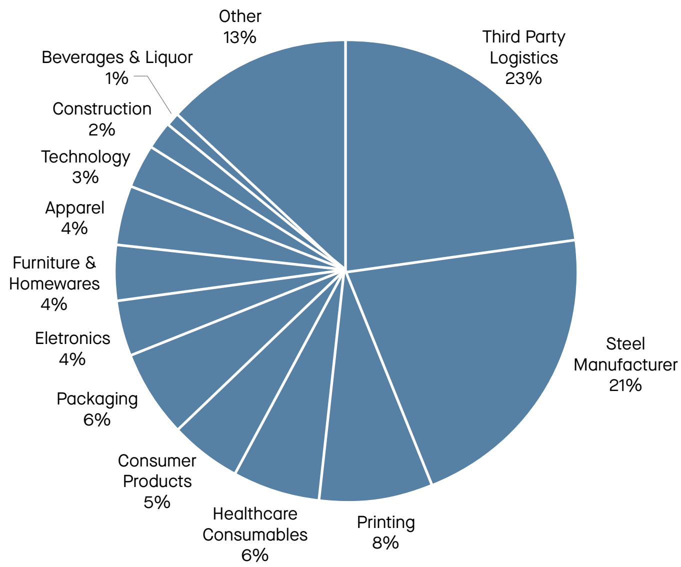


*Includes vendor underwrite at Castle Rock expiring on 28 March 2022 and reflects market rent for the vacant tenancies

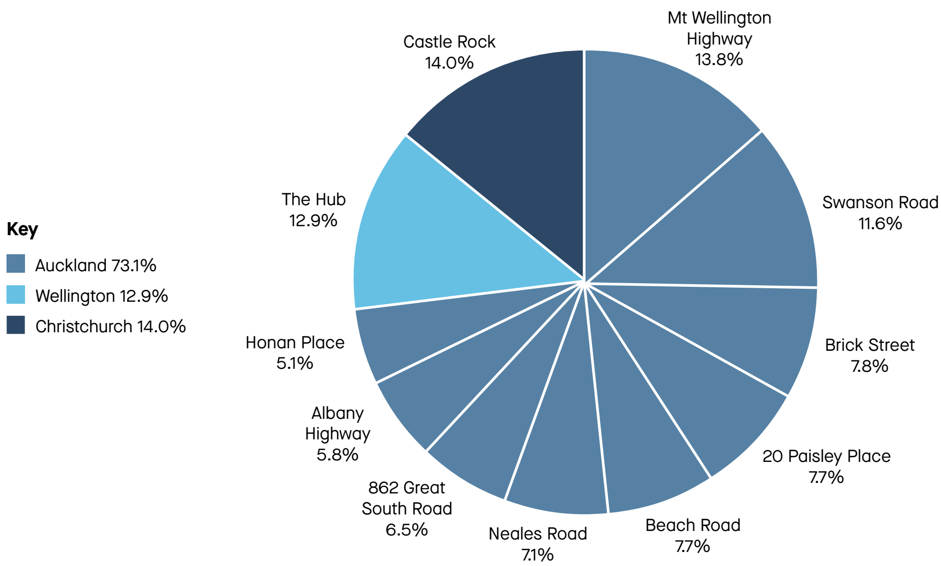
Largest 10 Tenants (Passing Rental)



Tenant Industry Mix (Passing Rental)



Portfolio Weighting (Valuation)



Note: Includes a lease extension at Repco that was approved by the Board and signed by the tenant prior to 31 March 2021 and signed by Augusta Industrial Fund Limited in April 2021.

Financial Statements

For the year ended 31 March 2021

27-29 Neales Road, East Tamaki, Auckland

Financial Statements Contents

Consolidated statement of comprehensive income

For the year ended 31 March 2021

	Note	2021 $ '000	2020 $ '000
Gross rental income	3	26,624	25,697
Other income		52	-
Gross property income		26,676	25,697
Recoverable property operating expenses	3	(3,860)	(4,076)
Non-recoverable property operating expenses	3	(1,097)	(812)
Property investigation expenses		(38)	(39)
Net property income		21,681	20,770
Administration expenses	3	(440)	(487)
Management fees	16	(1,833)	(1,595)
Operating profit before finance expenses		19,408	18,688
Net finance expenses	3	(5,184)	(4,992)
Lease finance expense (ground lease)	18	(81)	(81)
Operating profit		14,143	13,615
Change in fair value of investment property	5	61,305	1,649
Realised gain on sale of property	6	1,193	-
Change in fair value of interest rate swaps	9	1,627	(2,659)
Net profit		78,268	12,605
Other comprehensive income		-	-
Total comprehensive income attributable to shareholders		**78,268**	**12,605**

THESE FINANCIAL STATEMENTS SHOULD BE READ IN CONJUNCTION WITH THE NOTES ON PAGES 27 TO 50

Consolidated statement of changes in equity

For the year ended 31 March 2021

		Capital $ '000	Retained Earnings $ '000	Total $ '000
Equity as at 1 April 2020		179,788	5,442	185,230
Total comprehensive income for the year		-	78,268	78,268
Dividends paid to shareholders	15	-	(11,264)	(11,264)
Equity as at 31 March 2021		**179,788**	**72,446**	**252,234**
Equity as at 1 April 2019		179,788	3,643	183,431
Total comprehensive income for the year		-	12,605	12,605
Dividends paid to shareholders	15	-	(10,806)	(10,806)
Equity as at 31 March 2020		**179,788**	**5,442**	**185,230**

THESE FINANCIAL STATEMENTS SHOULD BE READ IN CONJUNCTION WITH THE NOTES ON PAGES 27 TO 50

Consolidated statement of financial position

As at 31 March 2021

	Note	2021 $ '000	2020 $ '000
Current assets			
Cash and cash equivalents		1,112	983
Restricted cash		-	200
Trade and other receivables	10	271	1,317
Total current assets		1,383	2,500
Property held for sale		-	3,175
Non-current assets			
Investment property	5	408,301	343,355
Software intangible asset		19	34
Right-of-use assets (ground lease)	18	1,221	1,279
Total non-current assets		409,541	344,668
Total assets		**410,924**	**350,343**
Current liabilities			
Trade and other payables	11	2,201	1,887
Dividends payable	12	1,029	515
Fair value of interest rate swaps	9	285	242
Deposit received on sale of property held for sale		-	200
Lease liabilities (ground lease)	18	19	16
Total current liabilities		3,534	2,860
Borrowings	7	150,900	156,500
Capitalised borrowing costs	7	(100)	(292)
Fair value of interest rate swaps	9	3,033	4,703
Lease liabilities (ground lease)	18	1,323	1,342
Total non-current liabilities		155,156	162,253
Equity		252,234	185,230
Total liabilities and equity		**410,924**	**350,343**

These financial statements have been issued for and on behalf of the Company by :

Robert (Mark) Petersen
Director of Augusta Industrial Fund Limited

Mark Francis
Director of Augusta Industrial Fund Limited

Date: 10 May 2021

THESE FINANCIAL STATEMENTS SHOULD BE READ IN CONJUNCTION WITH THE NOTES ON PAGES 27 TO 50

Consolidated statement of cash flows

For the year ended 31 March 2021

	Note	2021 $	2020 $
Cash flows from operating activities			
Cash was provided from :			
Rental receipts		22,145	21,425
Property operating expense recoveries		4,738	3,159
Interest received		4	-
Other income		52	-
Tenant security deposits received		86	-
Goods and services tax received		38	879
		27,063	25,463
Cash was applied to :			
Payments to suppliers		(6,973)	(6,447)
Leasing fees paid		(3)	-
Lease incentives paid		(91)	-
Interest paid (ground lease)		(81)	(81)
Interest paid		(5,060)	(4,291)
		(12,208)	(10,819)
Net cash flow from operating activities	4	**14,855**	**14,644**
Cash flows from investing activities			
Cash was provided from :			
Sale of investment property		4,480	-
		4,480	-
Cash was applied to :			
Transaction costs in relation to sale of investment property		(112)	-
Investment property additions		(2,596)	(3,572)
Capitalised interest on development		-	(180)
Purchase of investment property		-	(42,367)
Lease incentives paid		-	(643)
Purchase of software intangible asset		-	(39)
		(2,708)	(46,801)
Net cash flow from investing activities		**1,772**	**(46,801)**
Cash flows from financing activities			
Cash was provided from :			
Borrowings		-	43,700
		-	43,700
Cash was applied to :			
Loan principal repayments		(5,600)	-
Dividends and PIE tax		(10,882)	(11,560)
Establishment and issue costs		-	(2,115)
Borrowing costs		-	(53)
Repayment of lease liabilities (ground lease)		(16)	(13)
		(16,498)	(13,741)

Consolidated statement of cash flows (cont.)

For the year ended 31 March 2021

	Note	2021 $	2020 $
Net cash flow from financing activities		**(16,498)**	**29,959**
Net increase/(decrease) in cash and cash equivalents		129	(2,198)
Cash and cash equivalents at start of year		983	3,181
Cash and cash equivalents at end of year		**1,112**	**983**

THESE FINANCIAL STATEMENTS SHOULD BE READ IN CONJUNCTION WITH THE NOTES ON PAGES 27 TO 50

Notes to the consolidated financial statements

Note 1: General information

a) Reporting entity

The consolidated financial statements are for Augusta Industrial Fund Limited (the "Company") and its subsidiaries Augusta Industrial Fund No.1 Limited, and Augusta Industrial Fund No.2 Limited (collectively, the "Group").

The Company is a limited liability company incorporated in New Zealand and is registered under the New Zealand Companies Act 1993. The Company is a FMC reporting entity under Part 7 of the Financial Markets Conduct Act 2013.

The registered office is located at Level 2, Bayleys House, 30 Gaunt Street, Wynyard Quarter, Auckland 1010.

The nature of the operations and principal activities of the Group are investment in industrial property. The Manager, Centuria Funds Management (NZ) Limited, is responsible for the day to day management of the Group.

b) Basis of preparation

The consolidated financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP). For the purpose of complying with NZ GAAP, the Company and its subsidiaries are for-profit entities.

The financial statements have also been prepared on a historical costs basis, except where otherwise identified.

The consolidated financial statements are presented in New Zealand dollars which is the Group's functional currency and are rounded to the nearest thousand dollars ($'000).

c) COVID-19 global pandemic

The outbreak of the Coronavirus (COVID-19) was declared by the World Health Organisation as a 'Global Pandemic' on 11 March 2020. In response to the pandemic, regions of New Zealand entered into periods of different alert levels with the implementation of varying travel restrictions and a range of quarantine and "social distancing" measures. Any rental abatement or relief provided to tenants to assist them with any negative impact of these measures is detailed in Note 3.

d) Statement of compliance

The consolidated financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable standards. The consolidated financial statements also comply with International Financial Reporting Standards (IFRS).

e) Comparatives

Where applicable, certain comparatives have been restated to comply with the accounting presentation adopted in the current year other than the treatment of lease incentives paid in the consolidated statement of cash flows. Lease incentives paid are presented in net cash flows from operating activities for the year ended 31 March 2021 and in net cashflows from investing activity in the comapartive year.

f) Goods and service tax

The consolidated financial statements have been prepared on a goods and services tax exclusive basis, with the exception of trade receivables and trade payables which are stated inclusive of goods and services tax.

g) Basis of consolidation

The consolidated financial statements of the Group comprise the financial statements of the Company and its subsidiaries as at and for the period ended 31 March 2021.

Subsidiaries are all those entities over which the Company is exposed, or has rights, to variable returns from its investment with the entity and has the ability to affect those returns through its power over the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered, if those rights are substantive, when assessing whether a Company controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends have been eliminated in full.

Note 2: Critical accounting estimates, assumptions and judgements

The preparation of the consolidated financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to the Group.

The estimates and underlying assumptions are reviewed on an ongoing basis. Although the Group has internal control systems in place to ensure that estimates can be reliably measured, actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Fair value measurements

A number of the Group's accounting policies and disclosures require measurement at fair value. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique adopted as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices), or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The areas involving a high degree of judgement or areas where assumptions are significant to the Group include the following:

Valuations of investment properties - Investment property (Note 5).

Classification of investment property as held for sale - Investment property (Note 6).

Valuations of derivative financial instruments - Interest rate swaps (Note 9).

Going concern

The financial statements have been prepared under the going concern assumption, which assumes the Group will be able to pay its debts as they fall due in the normal course of business. As part of management's assessment of the Group's ability to continue as a going concern, the following uncertainties relating to events or conditions have been taken into account:

- At 31 March 2021, the current liabilities of the Group exceeded its current assets by $2,151,000.

The Board has considered all information available at the date of signing the consolidated financial statements (refer to subsequent event Note 21) and is of the opinion that the Group is a going concern based on:

- Available liquidity levels, undrawn and available debt on the loan facilities and forecast operating cashflows for at least 12 months being sufficient to cover future obligations when they fall due other than the bank loan;
- Forecast cashflows have taken into consideration tenant known circumstances, expected future expenses and provisions to fund any anticipated cash requirements in the current environment.

Notes to the consolidated financial statements (cont.)

Note 3: Revenue and expenses

	2021 $ '000	2020 $ '000
Gross rental income		
Rental income	23,088	21,244
Capitalised lease incentive adjustments	(119)	(50)
Adjustment due to capitalised fixed rental growth	372	427
Rental abatement due to COVID-19	(389)	-
Rental relief due to COVID-19	(573)	-
Adjustment to straight-line COVID-19 rental relief	414	-
Property operating services recovered	3,831	4,076
Total gross rental income	**26,624**	**25,697**

Rental abatements were provided to some of the tenants due to COVID-19 and this has reduced the rental income for the year. Total abatements for the year ended 31 March 2021 are $389,000.

In addition rental relief was provided to some of the tenants due to COVID-19 which was classified as a lease modification. Total relief granted for the year ended 31 March 2021 is $573,000. The relief granted has been capitalised and is amortised on a straight-line basis over the remaining lease period.

	2021 $ '000	2020 $ '000
Recoverable property operating expenses		
Rates and insurance	2,684	2,423
Utilities	492	1,024
Repairs and maintenance	507	476
Property management fees	177	153
Total recoverable property operating expenses	**3,860**	**4,076**

	2021 $ '000	2020 $ '000
Non-recoverable property operating expenses		
Repairs and maintenance	586	342
Property management fees	160	123
Rates and insurance	271	262
Utilities	4	5
Other expenses	19	23
Depreciation of right-of-use asset (ground lease)	57	57
Total non-recoverable property operating expenses	**1,097**	**812**

Notes to the consolidated financial statements (cont.)

	2021 $ '000	2020 $ '000
Administration expenses		
Valuation fees	113	79
Investment compliance expenses	54	58
Audit and assurance fees	78	78
Legal and professional fees	14	68
Insurance	21	19
Director fees	88	90
Other administration expenses	72	95
Total administration expenses	**440**	**487**

	2021 $ '000	2020 $ '000
Net finance expenses		
Bank loan interest and fees	4,996	4,814
Bank interest earned	(4)	-
Amortisation of capitalised borrowing costs	192	178
Total net finance expenses	**5,184**	**4,992**

	2021 $ '000	2020 $ '000
Auditor's remuneration		
Financial statement audit	78	78
Total auditor's remuneration	**78**	**78**

In addition to the financial statement audit Ernst & Young Strategy and Transactions Limited has provided investigating accountant services to the Group in relation to a proposed offer of ordinary shares in the Company. This engagement commenced in April 2021 and the cost will be recognised in the year ending 31 March 2022.

Notes to the consolidated financial statements (cont.)

Accounting policy - revenue and expenses

Revenue recognition

The Group recognises revenue from the following principal activities:

Gross rental income

Rental income is recognised on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the investment property is diminished. Lease incentives provided to tenants are amortised on a straight-line basis over the non-cancellable portion of the lease to which they relate, as a reduction of rental income.

Income generated from property operating expenses recovered from tenants is included in gross rental income with the associated property operating expenses shown in operating expenses. Operating expense recoveries are recognised as service charge income when a performance obligation is satisfied by transferring control of goods or services to tenants that are recoverable in accordance with the terms and conditions of lease agreements. A performance obligation is a promise in a lease to provide a distinct good or service (or a bundle of goods and services) to a tenant.

Rental concessions provided as a result of the COVID-19 pandemic are categorised as either rental abatement or rental relief.

Rental abatement reflects rent and outgoings concessions provided to tenants under lease agreements which contractually entitle a tenant to such concessions. Rental abatement is recognised as a reduction in rental income in the reporting period it is provided.

Rental relief reflects rent and outgoings concessions provided to tenants under lease agreements which do not contractually entitle a tenant to such concessions. Rental relief is treated as a lease modification and the reduction in rental income is spread over the remaining lease term.

Finance income

Finance income consists of interest income and is recognised as revenue on an accrual basis using the effective interest method.

Expense recognition

The Group recognises expenses from the following principal activities:

Property operating expenses

Property operating expenses are categorised into recoverable and non-recoverable property operating expenses in accordance with lease agreements. Leasing fees are capitalised and amortised over the lease term to which they relate.

Finance expenses

Finance expenses principally consist of interest payable on borrowings which is recognised as an expense using the effective interest method. Associated transaction costs are capitalised and amortised over the term of the borrowing facility to which they relate.

Taxation

As a multi-rate portfolio investment entity the Company reflects income tax as amounts paid on behalf of shareholders. No income tax expense or benefit is recognised by the Company in the statement of comprehensive income. The Company is responsible for withholding the taxation payable by each shareholder in accordance with the taxation laws pertaining to portfolio investment entities. The taxation due or receivable from Inland Revenue is reflected in the statement of financial position, based on the attribution of taxable income to each shareholder. All taxable profits or losses are attributed to the shareholders based on the proportion of their interest in the Company.

Notes to the consolidated financial statements (cont.)

Note 4: Reconciliation of the net profit to the net cash flow from operating activities

	2021 $ '000	2020 $ '000
Net profit	78,268	12,605
Adjustments for:		
Change in fair value of investment property	(61,305)	(1,649)
Realised gain on sale of property	(1,193)	-
Change in fair value of interest rate swaps	(1,627)	2,659
Amortisation of capitalised borrowing costs	192	178
Adjustment due to capitalised fixed rental growth	(372)	(427)
Rental relief due to COVID-19	(573)	-
Amortisation of rental relief due to COVID-19	159	-
Capitalisation of lease incentives	(91)	-
Amortisation of capitalised lease incentives	119	50
Capitalisation of leasing fees	(209)	(39)
Amortisation of capitalised leasing fees	8	7
Amortisation of software intangible assets	15	4
Depreciation of right-of-use assets (ground lease)	57	57
Changes to assets and liabilities relating to operating activities		
(Increase)/decrease in trade and other receivables	960	(651)
Increase/(decrease) in trade and other payables	447	1,850
Net cash flow from operating activities	**14,855**	**14,644**

Accounting policy - cash and cash equivalents

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash in hand and deposits held at call with banks which are subject to an insignificant risk of changes in value and are readily accessible.

Statement of cash flows

The following is the definition of the terms used in the statement of cash flows:

- Operating activities are the principal revenue producing activities of the Group and other activities that are not investing or financing activities;
- Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents; and
- Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the Group.

Notes to the consolidated financial statements (cont.)

Note 5: Investment property

a) Reconciliation of carrying amount

The following table shows a reconciliation from the opening balances to the closing balances for investment property:

	Valuer	Capitalisation rate %	Fair value 2020 $ '000	Capital movements 2021 $ '000	Fair value gain/(loss) 2021 $ '000	Fair value 2021 $ '000
862-864 Great South Road	JLL	5.25	21,800	32	4,568	26,400
12 Brick Street	Bayleys	4.88	26,400	83	5,217	31,700
20 Paisley Place	Bayleys	5.50	27,300	153	4,047	31,500
The Hub[1]	Bayleys	6.77	48,230	136	4,184	52,550
265 Albany Highway	Bayleys	5.65	20,700	154	2,946	23,800
510 Mt Wellington Highway	Bayleys	5.25	39,075	110	17,315	56,500
116-152 Swanson Road	Bayleys	5.80	37,050	2,470	7,830	47,350
5 & 21 Beach Road	Bayleys	5.88	26,250	339	4,911	31,500
Castle Rock Business Park	JLL	7.00	55,150	17	2,033	57,200
27-29 Neales Road	JLL	4.75	25,250	96	3,754	29,100
48 Honan Place	CBRE	4.75	16,150	-	4,500	20,650
Fair value of investment property - independent valuation			343,355	3,590	61,305	408,250
Work in progress						51
Carrying amount at end of year			343,355	3,590	61,305	408,301
Right-of-use asset (ground lease)						1,221
Total investment property			343,355	3,590	61,305	409,522

Notes to the consolidated financial statements (cont.)

	Valuer	Capitalisation rate %	Fair value 2019 $ '000	Capital movements[2] 2020 $ '000	Fair value gain/(loss) 2020 $ '000	Fair value 2020 $ '000
862-864 Great South Road	JLL	6.00	19,680	2,579	(459)	21,800
12 Brick Street	CBRE	5.75	23,900	-	2,500	26,400
20 Paisley Place	Colliers	6.25	26,000	141	1,159	27,300
The Hub[1]	Colliers	7.39	47,895	120	215	48,230
265 Albany Highway	Bayleys	6.13	20,550	40	110	20,700
510 Mt Wellington Highway	Bayleys	6.63	39,750	22	(697)	39,075
116-152 Swanson Road	Bayleys	7.00	37,010	80	(40)	37,050
5 & 21 Beach Road	JLL	6.50	25,700	617	(67)	26,250
Castle Rock Business Park	JLL	7.25	55,000	263	(113)	55,150
27-29 Neales Road	JLL	5.25	-	25,511	(261)	25,250
48 Honan Place	Savills	5.75	-	16,848	(698)	16,150
Fair value of investment property - independent valuation			295,485	46,221	1,649	343,355
Right-of-use asset (ground lease)						1,279
Total investment property			295,485	46,221	1,649	344,634

1. The Hub comprises 17-23 Toop Street, 25 Toop Street, 109-117 Port Road and 101-103 Port Road.
2. Includes capitalised interest on development. The effective interest rate applied to capitalised interest was 3.12% for the period ended 31 March 2020.

The following table shows a breakdown of the movement in investment property:

	2021 $ '000	2020 $ '000
Carrying amount at beginning of year	343,355	295,485
Investment property additions	-	42,359
Capital expenditure	2,631	2,857
Movement in lease incentives, leasing fees, and fixed rental income	959	1,045
Transfer to property held for sale	-	(40)
Change in fair value of investment property	61,305	1,649
Fair value of investment property - independent valuation	**408,250**	**343,355**
Work in progress	51	-
Carrying amount at end of year	**408,301**	**343,355**
Right-of-use asset (ground lease)	1,221	1,279
Total investment property	**409,522**	**344,634**

Investment property is measured at fair value. It was valued as at 31 March 2021 by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The valuations have been reviewed by the Manager and benchmarked against other comparable valuations in the Manager's portfolio. Following this review the valuations were determined by the Board to be reasonable as at 31 March 2021. However, in the current environment valuations may change more often and by larger amounts than would normally be the case.

b) Fair value hierarchy

The fair value measurement for investment property has been categorised as a Level 3 fair value (refer to Note 2) based on the inputs to the valuation technique used being based on unobservable inputs. There were no transfers between levels during the year.

c) Valuation techniques and unobservable inputs

Valuation methodology	
Purpose:	Financial reporting
Basis of valuation:	The determination of the values stated were based on market value subject to existing tenancies and occupational arrangements.
Assessment approach:	Discounted cash flow and income capitalisation approach

Valuation summary	2021	2020
Market capitalisation rate (%)[1]	4.75% - 7.00%	5.25% - 7.39%
Market rental ($ per sqm)[2]	$85 - $247	$78 - $243
Discount rate (%)[3]	6.25% - 8.00%	7.13% - 8.85%
Rental growth rate (%)[4]	1.55% - 2.50%	0.00% - 3.00%
Terminal capitalisation rate (%)[5]	5.00% - 7.96%	5.50% - 7.65%

1. The capitalisation rate applied to the market rental to asses a property's value, determined through analysis of similar transactions taking into account location, weighted average lease term, tenant covenant, size and quality of the property.
2. The valuers' assessment of the net market income which a property is expected to achieve under a new arm's length leasing transaction. Includes both leased and vacant areas.
3. The rate applied to future cash flows reflecting transactional evidence from similar properties.
4. The rate applied to the market rental over the future cash flow projection.
5. The rate used to assess the terminal value of the property.

The valuations reflect: the quality of tenants in occupation; the allocation of maintenance and insurance responsibilities between the owner and tenants; and the remaining economic life of the properties. The valuations assume on expiry of current lease terms the owner will be able to re-tenant any vacated space at market rates. Assumptions around future capital expenditure requirements and letting up allowances have also been factored into the valuations.

Impact of COVID-19 on the valuation

The valuations take into account the impact of COVID-19 in inputs and market evidence adopted. Some valuations state that there may be a greater range around their opinion of "market value" than would normally be the case or that values and incomes may change more rapidly and significantly than during standard market conditions.

The following table outlines the valuation techniques used in measuring fair value of the investment property and the inter-relationship between the key inputs and fair value measurement.

Notes to the consolidated financial statements (cont.)

Valuation technique	The estimated fair value would increase/(decrease) if:
Capitalisation approach This approach is considered a "point in time" view of an investment property's value, based on the current contract and market income and an appropriate market yield or return for a property. Capital adjustments are then made to the value to reflect under or over renting, pending capital expenditure and upcoming expiries, including allowances for lessee incentives and leasing costs.	- Capitalisation rate in perpetuity was lower (higher) - The assessed market rental was higher (lower)
Discounted cash flow approach The discounted cash flow method adopts a 10 year investment horizon and makes appropriate allowances for rental growth and leasing costs on lease expiries, with an estimated terminal value at the end of the investment period. The present value is a reflection of contract/market based income (inflows) and expenditure (outflows) projections over the 10 year period discounted at a market analysed return.	- Discount rate was lower (higher) - The terminal yield was lower (higher) - The assessed market rental was higher (lower)
Sales comparison approach The sales comparison approach is used to appraise both developed and undeveloped plots of land. It is based on a comparison of similar properties and plots, which is used to calculate the market value of the property. Comparison is made on a rate per square metre with adjustments made to the sales evidence for aspects such as time, location, quality and overall condition.	- Rate per square metre was higher (lower)

Among other factors, all valuation approaches consider the quality of the building and its location, tenant quality, lease terms and any lease incentive costs such as rent-free periods and other costs not paid by the tenant.

In arriving at the independent valuers' assessment of fair value they have considered the capitalisation and discounted cashflow approaches to the valuation.

Sensitivity analysis

A sensitivity analysis that shows how a change to capitalisation and discount rates affects the value of the Group's investment property portfolio is provided below. The metrics chosen are those single-value inputs where movements are likely to have the most significant impact on fair value of investment properties.

Capitalisation approach sensitivity	Capitalisation rate	Valuation $'000	Impact on valuation $'000	Impact on valuation %
Decrease in capitalisation rate (-0.25%)	-25bps	419,875	11,625	2.85%
Adopted valuation		**408,250**		
Increase in capitalisation rate (+0.25%)	+25bps	383,450	(24,800)	-6.07%

Discounted cash flow approach sensitivity	Discount rate	Valuation $'000	Impact on valuation $'000	Impact on valuation %
Decrease in discount rate (-0.25%)	-25bps	407,800	(450)	-0.11%
Adopted valuation		**408,250**		
Increase in discount rate (+0.25%)	+25bps	393,150	(15,100)	-3.70%

Accounting policy - investment property

Investment property is initially measured at cost, including transaction costs and is subsequently measured at fair value which reflects market conditions. Fair value is determined annually by independent valuers and adjusted for any amounts already allocated to other assets or liabilities. Gains and losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

Subsequent expenditure is capitalised to the asset's carrying amount only where it is probable a future economic benefit will flow to the Group and cost can be reliably measured. All other repairs and maintenance costs are expensed as incurred. Where part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Independent valuations are adjusted for the carrying value of capitalised fixed rental growth accruals, capitalised lease incentives and capitalised leasing fees (refer Note 3) as in determining the carrying amount of investment property under the fair value model, an entity does not double count assets or liabilities that are recognised as separate assets or liabilities.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the disposal of an investment property are recognised in profit or loss in the period of derecognition.

Right-of-use assets are measured on initial recognition of the initial lease liability, plus any initial indirect costs incurred, less any lease incentives received. Right-of-use assets that meet the definition of investment property are presented within investment property. Refer to Note 18.

Note 6: Property held for sale

	2021 $ '000	2020 $ '000
Carrying amount at beginning of year	3,175	2,753
Capital expenditure	-	382
Additions	-	40
Net sale price	(4,368)	-
Realised gain on sale of property	1,193	-
Carrying amount at end of year	**-**	**3,175**

4,550m^2 of land at 880 Great South Road was sold on 29 April 2020.

Accounting policy - property held for sale

The Group classifies investment property as held for sale when the carrying amount will be recovered through a sale transaction. The assets and liabilities must be held for immediate sale and the Group must be committed to selling the asset either through entering into a contractual sale and purchase agreement or by entering into a campaign to market the property sale with the clear intention of disposal. The sale must be highly probable, an active programme to locate a buyer must be in place and the disposal plan must have been initiated. A completed sale is expected to take place within one year from the date of classification.

Investment property held for sale is measured at the lower of its carrying amount immediately before classification as held for sale and fair value less costs to sell.

Note 7: Borrowings

The Group has loans with ASB Bank Limited (ASB) and Westpac New Zealand Limited (Westpac) through a syndicated facility. Principal repayment is due on maturity with interest payable monthly at a floating rate. The borrowings are secured by way of a specific secuirty deed in respect of leases, a registered first mortgage over Group properties, and a general security deed over all assets of the Group.

Summary of loans All Values in $'000s	2021	2020
Facility A		
Loan maturity date	29/04/2022	29/04/2022
Loan to value ratio (LVR) % - not to be greater than	50%	50%
Interest cover ratio - not to be less than	2:1	2:1
Syndicated facility drawn	132,000	132,000
Undrawn facility	-	-
Facility B		
Loan maturity date	29/04/2022	29/04/2022
Loan to value ratio (LVR) % - not to be greater than	50%	50%
Interest cover ratio - not to be less than	2:1	2:1
Syndicated facility drawn	18,900	24,500
Undrawn facility	9,100	3,500
Weighted average cost of debt at balance date[1]	3.06%	3.56%

1. Includes interest rate swaps, margins and line fees.

48% (2020: 54%) of the drawn facility has the variable base rate portion of the interest rate hedged with interest rate swaps. Refer to Note 9.

The Group has complied with all borrowing covenants during the period. (2020: The Group has complied with all borrowing covenants during the period.)

Each bank's participation under the syndicated facility is set out in the table below

31 March 2021 All Values in $'000s	ASB	Westpac	Total
Facility drawn	72,600	78,300	150,900
Undrawn facility	-	9,100	9,100
	72,600	**87,400**	**160,000**

31 March 2020 All Values in $'000s	ASB	Westpac	Total
Facility drawn	72,600	83,900	156,500
Undrawn facility	-	3,500	3,500
	72,600	**87,400**	**160,000**

Notes to the consolidated financial statements (cont.)

Borrowings summary	2021 $ '000	2020 $ '000
Drawn balance of facilities	150,900	156,500
Capitalised borrowing costs	(100)	(292)
Total borrowings	**150,800**	**156,208**

Accounting policy - borrowings

Borrowings are recognised initially at fair value (net of transaction costs) and are subsequently stated at amortised cost using the effective interest method. Under this method, directly attributable fees, costs, discounts and premiums are capitalised and spread over the expected life of the facility. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Note 8: Reconciliation of liabilities arising from financing activities

The table below reconciles movements in liabilities arising from financing activities (as classified in the statement of cash flows) that have occurred in the periods presented within the Group's consolidated financial statements.

2021	Borrowings due < 1 year $ '000	Borrowings due > 1 year $ '000	Associated borrowing costs $ '000	Lease liabilities $ '000	Total $ '000
As at 1 April 2020	-	156,500	(292)	1,358	157,566
Cash changes					
Changes arising from cash flows	-	(5,600)	-	-	(5,600)
Interest paid on lease liabilities	-	-	-	(81)	(81)
Ground rent paid		-	-	(16)	(16)
Non-cash changes					
Amortisation of capitalised borrowing costs	-	-	192	-	192
Interest expense on lease liabilities	-	-	-	81	81
Borrowings as at 31 March 2021	**-**	**150,900**	**(100)**	**1,342**	**152,142**

2020	Borrowings due < 1 year $ '000	Borrowings due > 1 year $ '000	Associated borrowing costs $ '000	Lease liabilities $ '000	Total $ '000
As at 1 April 2019	-	112,800	(419)	1,371	113,752
Cash changes					
Changes arising from cash flows	-	43,700	(51)	-	43,649
Interest paid on lease liabilities	-	-	-	(81)	(81)
Ground rent paid	-	-	-	(13)	(13)
Non-cash changes					
Amortisation of capitalised borrowing costs	-	-	178	-	178
Interest expense on lease liabilities	-	-	-	81	81
As at 31 March 2020	**-**	**156,500**	**(292)**	**1,358**	**157,566**

Note 9: Interest rate swaps

The Group has entered into the following interest rate swap agreements with ASB Bank Limited. As at 31 March 2021, the Group swapped the variable base rate with a fixed rate on notional amounts of the loan as detailed in the table below:

2021	Notional amount $ '000	Start Date	Expiry date	Fixed base rate
Swap 1	12,000	3/04/2018	31/03/2022	2.78%
Swap 3	8,000	15/06/2018	30/06/2023	2.92%
Swap 4	52,000	28/03/2019	5/04/2024	2.34%
	72,000			

2020	Notional amount $ '000	Start Date	Expiry date	Fixed base rate
Swap 1	12,000	3/04/2018	31/03/2022	2.78%
Swap 2	12,000	3/04/2018	31/03/2021	2.57%
Swap 3	8,000	15/06/2018	30/06/2023	2.57%
Swap 4	52,000	28/03/2019	5/04/2024	2.92%
	84,000			

The total effective weighted average interest rate payable on the borrowings, including the lending margin, the hedged and the unhedged portion of borrowings at year end is 3.06% (excluding amortised costs) (2020: 3.56% (excluding amortised costs)).

	2021 $ '000	2020 $ '000
Fair value of interest rate swaps at beginning of year	(4,945)	(2,286)
Change in fair value of interest rate swaps	1,627	(2,659)
Fair value of interest rate swaps at end of year	**(3,318)**	**(4,945)**

Notes to the consolidated financial statements (cont.)

Accounting policy - interest rate swaps

The Group uses interest rate swaps to hedge its exposure to interest rate risks arising from borrowings. Interest rate swaps are recognised at fair value and any resulting gain or loss on re-measurement is recognised in profit and loss. The Group does not apply hedge accounting.

The Group applies Level 2 criteria of the fair value hierarchy in determining the fair value of its interest rate swaps. The fair value of interest rate swaps is obtained externally and is the estimated amount the Group would receive or pay to terminate the swaps at balance date. The valuation technique calculates the gain or loss by comparing the present value of cash flows using current market interest rates and comparing these to the present value of future cashflows under the swap agreement. The fair value estimate is not subject to a credit risk adjustment that reflects the credit risk of the Group and of the counterparty.

Note 10: Trade and other receivables

	2021 $ '000	2020 $ '000
Trade receivables	227	1,309
Other receivables	35	-
Prepayments	9	8
	271	**1,317**

Accounting policy - trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost, less an allowance for any impairment losses.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

At each reporting period an assessment is made if there has been a significant increase in credit risk since the asset was acquired to determine if an expected loss provision should be recorded. If the risk is assessed as significantly increased, an amendment is made to the expected loss provision. The expected loss provision is recognised in the profit or loss and subsequent recoveries of amounts written off are recognised in the profit or loss. Trade receivables are non-interest bearing and on 30 day terms.

Notes to the consolidated financial statements (cont.)

Note 11: Trade and other payables

	2021 $ '000	2020 $ '000
Trade payables	134	245
Accrued expenses	1,089	661
Accrued interest	228	292
Rent in advance	210	104
Tenant security deposits	86	-
PIE tax payable	210	296
GST payable	243	240
Other payables	1	49
	2,201	**1,887**

Accounting policy - trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. These amounts represent liabilities for goods and services provided to the Group prior to year end which are unpaid and arise when the Group becomes obliged to make future payments in respect to the purchase of goods and services. As trade and other payables are usually paid within 30 days they are not discounted.

Note 12: Dividends payable

2021	Date declared	Date paid	$ '000
Dividend for the period 1 March 2021 to 31 March 2021	16/03/2021	20/04/2021	1,029
			1,029

2020	Date declared	Date paid	$ '000
Dividend for the period 1 March 2020 to 31 March 2020	30/01/2020	20/04/2020	515
			515

Note 13: Financial risk management

The main risks arising from the normal course of the Group's business are interest rate risk, credit risk and liquidity risk.

Interest rate risk

Interest rate risk is the risk that the values and future cash flows of the Group's assets and liabilities will fluctuate due to changes in market interest rates. The Group is exposed to interest rate risk primarily through its borrowings. Management actively review exposure through sensitivity analysis in strategic reviews. The level of borrowings is disclosed in Note 7.

To manage the risk the Group may enter into interest rate swaps or fixed rate borrowing agreements. For swaps, the Group agrees to exchange at specified intervals, the difference between fixed and variable base rate interest amounts calculated by reference to an agreed-upon notional principal amount.

As at balance date, the Group had the following assets and liabilities exposed to interest rate risk:

	2021 $ '000	2020 $ '000
Cash and cash equivalents	1,112	983
Borrowings:		
Unhedged	78,900	72,500
Hedged	72,000	84,000
Fair value of interest rate swaps	(3,318)	(4,945)

The following demonstrates the sensitivity to the Group profit and equity, resulting from a reasonably possible change in interest rates, after the impact of hedging with all other variables held constant.

	2021 $ '000	2020 $ '000
Net impact on profit and equity (+1%)	2,598	1,875
Net impact on profit and equity (-1%)	(2,598)	(1,875)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities as and when they fall due.

The Group's policy for management of liquidity risk is to maintain a minimum level of funds to meet working capital requirements. The Group manages its risk by monitoring cash flow on an ongoing basis.

Liquidity risk in relation to the equity of the Group is low as there are restrictions on shareholders should they wish to liquidate their investment.

The following table details the remaining contractual maturity for the Group's financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay and all interest rate variables being held constant.

Interest payable on borrowings is calculated up to loan expiry. Refer to Note 7 for further details on borrowings. Interest payable on swaps is calculated up to swap expiry. Refer to Note 9 for further details on swaps.

2021	< 1 Year $ '000	1 - 5 Years $ '000	> 5 Years $ '000	Total $ '000
Financial liabilities				
Payables	2,201	-	-	2,201
Borrowings	-	150,900	-	150,900
Interest payable on borrowings	3,277	252	-	3,529
Interest payable on swaps	1,640	2,800	-	4,440
Lease finance cost (ground lease)	80	310	718	1,108
Total financial liabilities	**7,198**	**154,262**	**718**	**162,178**

2020	< 1 Year $ '000	1 - 5 Years $ '000	> 5 Years $ '000	Total $ '000
Financial liabilities				
Payables	1,887	-	-	1,887
Borrowings	-	156,500	-	156,500
Interest payable on borrowings	3,264	3,523	-	6,787
Interest payable on swaps	1,206	2,558	-	3,764
Lease finance cost (ground lease)	81	310	798	1,189
Total financial liabilities		**162,891**	**798**	**170,127**

Credit risk

Credit risk is the risk that the counterparty to a transaction with the Group will fail to discharge its obligations, causing the Group to incur a financial loss. Financial instruments which potentially subject the Group to credit risk consist of cash and cash equivalents and trade and other receivables. The Group's policy is to assess the creditworthiness of prospective tenants. The Group manages its exposure to credit risk on an ongoing basis, through regular communication with tenants and by receiving rental income monthly in advance. Maximum exposures to credit risk at balance date are the carrying amounts of financial assets in the consolidated statement of financial position. There were no impaired assets at balance date.

Note 14: Capital management

When managing capital, the Group's objective is to continue as a going concern as well as to maintain optimal returns to shareholders.

As the market is constantly changing, management and the Board consider capital management initiatives. The Board has the discretion to change the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell investment property to reduce borrowings.

The Group’s capital structure includes borrowings and shareholder’s equity. The Group monitors capital on the basis of borrowing covenant compliance, including the loan to value ratio and interest cover ratio.

Note 15: Equity

The Company comprises 190,000,000 shares of $1.00 each issued during the prior periods.

Dividends declared to investors for the periods are detailed in the following tables:

2021	Rate % (p.a.)	Monthly per share cents	Monthly for Group $ '000	Total for period $ '000
Period covered				
1 April 2020 to 30 April 2020	3.25%	0.27	515	515
1 May 2020 to 31 May 2020	5.00%	0.42	792	792
1 June 2020 to 28 February 2021	6.00%	0.50	950	8,550
1 March 2021 to 31 March 2021	6.50%	0.54	1,029	1,029
One off dividend				
27 May 2020			379	379
				11,264

2020	Rate % (p.a.)	Monthly per share cents	Monthly for Group $ '000	Total for period $ '000
Period covered				
1 May 2019 to 29 February 2020	6.50%	0.54	1,029	10,292
1 March 2020 to 31 March 2020	3.25%	0.27	515	515
				10,806

The dividend paid on 20 May 2019 relating to the period 1 April to 30 April 2019 of 0.54 cents per share was declared on 15 March 2019 and is included in the in year ended 31 March 2019.

Note 16: Related parties

Augusta Industrial Fund Limited Directors

Mark Francis

Mark Petersen

Jason Huljich (appointed as a director on 1 January 2021)
Michael Steur (appointed as a director on 1 January 2021)
John McBain (appointed as an alternate director for Jason Huljich on 1 January 2021)
Bryce Barnett (appointed as an alternate director for Mark Francis on 1 January 2021)
Guy French-Wright (resigned as a director on 31 December 2020)
Guy Weaver (resigned as a director on 31 December 2020)

Centuria Funds Management (NZ) Limited was engaged as the Manager of the Group for the year ended 31 March 2021. Centuria Funds Management (NZ) Limited is a wholly owned subsidiary of Centuria Capital (NZ) No.1 Limited, which is ultimately 100% owned by Centuria Capital Limited. On 7 September 2020, Centuria Capital Limited, completed its takeover of the Manager. Augusta Funds Management Limited was renamed to Centuria Funds Management (NZ) Limited on 7 April 2021. Augusta Capital Limited, the previous ultimate holding company of the Manager was renamed to Centuria Capital (NZ) No.1 Limited on 7 April 2021. The directors of Centuria Funds Management (NZ) Limited for the period were as follows:

Centuria Funds Management (NZ) Limited (formerly Augusta Funds Management Limited) Directors

Mark Francis
Mark Petersen
John McBain (appointed as a director on 10 August 2020 and appointed as an alternate director for Jason Huljich on 22 December 2020)

Jason Huljich (appointed as a director on 22 December 2020)
Michael Steur (appointed as a director on 22 December 2020)
Bryce Barnett (appointed as an alternate director for Mark Francis on 22 December 2020)
Jonathan Ross (resigned as a director on 4 May 2020)
Fiona Oliver (resigned as a director on 4 May 2020)
Paul Duffy (resigned as a director on 30 November 2020)
Kevin Murphy (resigned as a director on 30 November 2020)

Centuria Capital (NZ) No.1 Limited (formerly Augusta Capital Limited) owned 19,000,000 shares in the Company as at 31 March 2021 (2020: 19,000,000).

Bryce Barnett is a non-beneficiary trustee of a trust that holds 50,000 shares in the Company and received a share in the distributions disclosed in the equity note.

A close family member of Bryce Barnett holds 56,000 shares in the Company and received a share of the distributions disclosed in the equity note.

Transactions with related parties

Centuria Funds Management (NZ) Limited (formerly Augusta Funds Management Limited)

	2021 $ '000	2020 $ '000
Management fees	1,833	1,595
Property management fees	337	257
Leasing fees	206	25
Development and capital expenditure fees	-	153
Acquisition fees	-	419
Sale fees	45	-
	2,421	**2,449**

Total fees charged by the Manager outstanding at balance date are $729,000 (2020: $332,000).

Centuria Capital (NZ) No.1 Limited (formerly Augusta Capital Limited)

	2021 $ '000	2020 $ '000
Dividends paid	1,075	1,110
	1,075	**1,110**

Some costs have been paid by Centuria Funds Management (NZ) Limited as agent for the Group and then recharged to the Group at cost. Such costs have not been included in the above.

Transactions with Directors

	2021 $ '000	2020 $ '000
Directors Fees		
Robert Mark Peterson	40	40
Guy French-Wright	19	25
Guy Weaver	23	25
Michael Steur	6	-
	88	**90**

No directors fees where charged by any other directors

There have been no other transactions with related parties during the year. Related party balances are unsecured and there are no guarantees given or received.

Notes to the consolidated financial statements (cont.)

Note 17: Operating leases

The Group's investment property had the following minimum lease payments receivable under non-cancellable operating leases:

	2021 $ '000	2020 $ '000
Not later than one year	22,023	22,060
Between one and two years	20,260	20,530
Between two and three years	18,200	18,109
Between three and four years	14,367	15,314
Between four and five years	13,078	11,858
Later than five years	28,854	34,437
	116,782	**122,308**

There are multiple leases and tenants. The rent review mechanisms and frequency vary for each lease. Each lease has renewal dates whereby the lessee has the right to renew for an agreed term. The minimum lease payments receivable reflect the minimum lease terms and do not include any options for renewal due to the uncertainty as to whether the options will be exercised. The figures above also exclude the recovery of rates and insurance disclosed under lease income in accordance with NZ IFRS 16 since this is a variable lease payment that does not depend on an index or rate.

The main risk retained by the Group from its tenants relates to material damage. This is managed through insurance and regular inspection and maintenance.

Accounting policy - operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Notes to the consolidated financial statements (cont.)

Note 18: Lease liabilities (Group as lessee)

The Group leases approximately 15,223m² of land from KiwiRail at The Hub in Wellington. The lease commenced on 1 July 2017 and is for a term of 25 years, expiring on 30 June 2042. The lease was assigned to the Group on 15 June 2018. The discount rate applied to the lease is 6.00% based on the Group's incremental borrowing cost at lease commencement.

Consolidated statement of financial position

2021	Opening balance $ '000	Repayment of lease liabilities $ '000	Depreciation of right-of-use asset $ '000	Closing balance $ '000
Right-of-use assets (ground lease)	1,279	-	(57)	1,221
Lease liabilities (ground lease)	(1,358)	16	-	(1,342)
Net asset/(liability)	**(79)**			**(121)**

2020	Opening balance $ '000	Repayment of lease liabilities $ '000	Depreciation of right-of-use asset $ '000	Closing balance $ '000
Right-of-use assets (ground lease)	1,336	-	(57)	1,279
Lease liabilities (ground lease)	(1,371)	13	-	(1,358)
Net asset/(liability)	**(35)**			**(79)**

The lease liability reflects the obligation to make future lease payments. The right-of-use assets reflect the right to control the use of the leased land during the term of the lease.

Included in the 31 March 2021 balance of investment property, is an implicit right-of-use asset of $1,221,000 (2020: $1,279,000)

Consolidated statement of comprehensive income

	2021 $ '000	2020 $ '000
Depreciation of right-of-use asset (ground lease)	(57)	(57)
Lease finance expense (ground lease)	(81)	(81)
Total expense	**(138)**	**(138)**

Depreciation of the right-of-use asset is included in non recoverable property operating expenses. Lease finance expense reflect interest on the lease liability.

Consolidated statement of cash flows

	2021 $ '000	2020 $ '000
Interest paid (ground lease)	(81)	(81)
Repayment of lease liabilities (ground lease)	(16)	(13)
Total cash flow	**(97)**	**(94)**

Notes to the consolidated financial statements (cont.)

Accounting policy - Leases

Lease liabilities are recognised at inception of the lease contract and are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments, less any lease incentives receivable. The incremental borrowing rate at the lease commencement date is used to calculate the net present value of the lease payment. After initial recognition, lease liabilities are reduced for the lease payments made, discounted using the incremental borrowing rate at lease commencement. The carrying value of lease liabilities are remeasured if there is a modification.

Right-of-use assets are depreciated using the straight-line method over the lease period.

Note 19: Capital commitments

As at 31 March 2021, the Group has capital commitments of $48,834,674 for the conditional acquisition of 78 Tidal Road, Auckland. Settlement is the later of 30 September 2021 and the date 10 working days after project completion of the development.

(2020: the Group had capital commitments of: $78,000 relating to the subdivision and redevelopment of the rear site at 862 Great South Road; and $47,047 relating to roof remediation works at 48 Honan Place.)

Note 20: Contingent liabilities

A contingent liability is assumed to exist at 31 March 2021 relating to performance fees that are payable on listing of the Company.

Note 21: Subsequent events

Subsequent to balance date the Group received credit approved offers from ASB and Westpac to extend the maturity date of the syndicated loan facility.

Augusta Capital Limited was renamed to Centuria Capital (NZ) No.1 Limited on 7 April 2021.

Augusta Funds Management Limited was renamed to Centuria Funds Management (NZ) Limited on 7 April 2021.

A deposit of $2,442,000 for the acquisition of 78 Tidal Road, Auckland was paid on 7 May 2021.

Independent auditor's report

Independent auditor's report to the Shareholders of Augusta Industrial Fund Limited

Opinion

We have audited the financial statements of Augusta Industrial Fund Limited ("the Company") and its subsidiaries (together "the Group") on pages 22 to 50, which comprise the consolidated statement of financial position of the Group as at 31 March 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended of the Group, and the notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the consolidated financial statements on pages 22 to 50 present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2021 and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

This report is made solely to the Company's shareholders, as a body. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In addition to the audit we have provided investigating accountant services to the Group in relation to the proposed offer of ordinary shares in the Group, which are compatible with those independence requirements. Partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. We have no other relationship with, or interest in, the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of the audit report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Investment Property Valuations

Why significant	How our audit addressed the key audit matter

The Group's investment properties have an assessed fair value of $408.25m and account for 99% of total Group assets at 31 March 2021.
 	
The Group engaged third party registered valuers to determine the fair value of each property at 31 March 2021.
 	
The property valuations require the use of judgments specific to the properties, as well as consideration of the prevailing market conditions. Significant assumptions used in the valuations are inherently subjective. A small difference in any one of the key assumptions, when aggregated, could result in a significant change to the valuation of a property.
 	
Given the market conditions at balance date, some of the third party valuers have commented there may be a greater range around their opinion of "market value" than would normally be the case and / or that values and incomes may change more rapidly and significantly than during standard market conditions. The disclosures in the financial statements provide important information about the assumptions made in the property valuations at 31 March 2021. As a result, we consider the property valuations and the related disclosures in the financial statements to be significant to our audit.
 	
Key assumptions are made in respect of:
▸ market rental
▸ rental growth rate;
▸ discount rate;
▸ terminal capitalisation rate;
▸ market capitalisation rate; and
▸ rent relief and abatements.
 	
Disclosures relating to investment property and the associated significant judgments, are included in Note 5 'Investment Property' to the consolidated financial statements.
	Our audit procedures included the following:
	▸ Held discussions with management to understand:
	    ▸ changes in the condition of the properties; and
	    ▸ the impact market conditions, including COVID-19, have had on the Group's investment properties.
	▸ Held discussions with the third party valuers to gain an understanding of the assumptions and estimates used, and the valuation methodologies applied. This included consideration of the impact, if any, of market conditions on key assumptions such as the terminal capitalisation rate, rent relief and abatements, market capitalisation rate, discount rate, market rental and rental growth rate;
	▸ Involved our real estate valuation specialists to assist with our assessment of the significant valuation assumptions and methodologies;
	▸ Assessed key inputs supplied to the third party valuers by the Group, including comparing the tenancy schedule and specific provisions in the lease agreements, to the underlying records held by the Group;
	▸ Assessed the significant input assumptions applied by the third party valuers when compared to previous period assumptions, and taking into account the changing state of the properties and other market changes;
	▸ Assessed the competence, qualifications and objectivity of the external valuers; and
	▸ Considered the adequacy of the disclosures in Note 5.

Information other than the financial statements and auditor's report

The Directors of the company are responsible for the Annual Report which includes information other than the consolidated financial statements and auditor's report which is expected to be made available to us after the date of this auditor's report. For the avoidance of doubt, the Annual Report does not include, and is a separate document to, the Product Disclosure Statement expected to be dated 11 May 2021.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Independent auditor's report (cont.)

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and, if uncorrected, to take appropriate action to bring the matter to the attention of users for whom our auditor's report was prepared.

Directors' responsibilities for the financial statements

The Directors are responsible, on behalf of the entity, for the preparation and fair presentation of the consolidated financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing on behalf of the entity the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (New Zealand) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the External Reporting Board's website: https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/. This description forms part of our auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is Susan Jones.

Ernst + Young

Chartered Accountants
Auckland
10 May 2021

Statutory Disclosures

Indemnification and Insurance of Directors and Officers

The Company has agreed to indemnify all the Directors for:

(a) Costs incurred in defending any liability for any act or omission made by the Director in their capacity as a director and for to which they are acquitted, judgment is given in their favour or the proceeding is discontinued; and

(b) Any liability in their capacity as a director (other than liability to the Company or its subsidiaries) for any act or omission as a director except where due to the wilful default or fraud, any criminal liability, breach of the duty to act in good faith, breach of any fiduciary duty of loyalty or honesty and any other liability for which the giving of an indemnity is prohibited by law.

During the financial year, the company has paid premiums (as permitted by sections 162(3)-(5) of the Companies Act 1993) in respect of a Directors and Officers Liability Policy insuring all the Directors of Augusta Industrial Fund Limited (subject to the policy terms and conditions) against claims arising whilst they are acting in their individual or collective capacities as Directors and Officers.

The payment of insurance premiums was expressly approved by the Board, who consider the cost is fair to the Company.

Interests Register

During the year ended 31 March 2021 there were no dealings in Augusta Industrial Fund Limited's shares involving the Directors of the Company or its subsidiaries.

Set out below are relevant disclosures in relation to changes in the Interests Registers of the Company and its subsidiaries made during the accounting period:

Director	Company/Transaction	Interest
Mark Edward Francis	Centuria New Zealand Holdings Limited - re-named Centuria Capital (NZ) Limited on 12 April 2021	Director and Beneficial Shareholder
	Augusta Penrose Limited - re-named Centuria Penrose Limited on 15 April 2021	Director
	Bradman St Partners Pty Ltd	Director
	Enterprise St Estate Pty Ltd	Director
	Enterprise St Partners Pty Ltd	Director
	Evans Rd Partners Pty Ltd	Director
	Formation St Estate Pty Ltd	Director
	Formation St Partners Pty Ltd	Director
	Heathwood Estate Pty Ltd	Director
	Heathwood Partners Pty Ltd	Director
	Kippa Ring Holdings Pty Ltd	Director
	Kippa Ring Investments Pty Ltd	Director
	Peterkin St Partners Pty Ltd	Director
	Quinns Hill Rd Partners Pty Ltd	Director
	Redland Bay Investments Pty Ltd	Director
	Redland Bay Properties Pty Ltd	Director
	Sherbrooke Rd Partners Pty Ltd	Director
Robert Mark Peterson	Tainui Group Holdings Limited	Director (Previously an adviser)
	Waikato-Tainui Fisheries Limited	Director
	Augusta Penrose Limited - re-named Centuria Penrose Limited on 15 April 2021	Director
Bryce Robert Barnett	Augusta Penrose Limited - re-named Centuria Penrose Limited on 15 April 2021	Alternate Director
	Centuria New Zealand Holdings Limited - re-named Centuria Capital (NZ) Limited on 12 April 2021	Director
	Bradman St Partners Pty Ltd	Director
	Enterprise St Estate Pty Ltd	Director
	Enterprise St Partners Pty Ltd	Director

Statutory Disclosures (cont.)

	Evans Rd Partners Pty Ltd	Director
	Formation St Estate Pty Ltd	Director
	Formation St Partners Pty Ltd	Director
	Heathwood Estate Pty Ltd	Director
	Heathwood Partners Pty Ltd	Director
	Kippa Ring Holdings Pty Ltd	Director
	Kippa Ring Investments Pty Ltd	Director
	Lisgar Investments Pty Ltd	Director
	Lisgar Nominees Pty Ltd	Director
	Peterkin St Partners Pty Ltd	Director
	Quinns Hill Rd Partners Pty Ltd	Director
	Redland Bay Investments Pty Ltd	Director
	Redland Bay Properties Pty Ltd	Director
	Sherbrooke Rd Partners Pty Ltd	Director
	Augusta Kedron Partners Pty Ltd	Director
	AFM GP (Sir William Pickering Drive) Limited - re-named CFM GP (Sir William Pickering Drive) Limited on 9 April 2021	Director
	Augusta Property Holdco Limited - re-named Centuria Property Holdco Limited on 7 April 2021	Director
	AFM GP (Building B Graham Street) Limited - re-named CFM GP (Building B Graham Street) Limited on 9 April 2021	Director
	AFM GP (Building A Graham Street) Limited - re-named CFM GP (Building A Graham Street) Limited on 9 April 2021	Director
	AFM GP (Ashburton Central) Limited - re-named CFM GP (Ashburton Central) Limited on 8 April 2021	Director
	Depot Self Storage Limited	Director and Beneficial Shareholder
	AFM GP (Hugo Johnston Drive) Limited - re-named CFM GP (Hugo Johnston Drive) Limited on 9 April 2021	Director
	AFM GP (Peachgrove Road) Limited - re-named CFM GP (Peachgrove Road) Limited on 9 April 2021	Director
	AFM LP Limited - re-named CFM LP Limited on 9 April 2021	Director
	AFM GP (Shands Road) Limited - re-named CFM GP (Shands Road) Limited on 9 April 2021	Director
	Manukau Rd Equities Limited	Director
	Ronwood Ave Equities Limited	Director
	124 Tauroa Street Limited	Director
	Tracklok Limited	Director and Beneficial Shareholder
	DDI Takanini Investments Ltd	Director and Beneficial Shareholder
	Augusta Funds Management Limited - re-named Centuria Funds Management (NZ) Limited on 7 April 2021	Director and Beneficial Shareholder
	DDI Cain Investments Ltd	Director and Beneficial Shareholder
	Depot Investments Ltd	Director and Beneficial Shareholder
	DDI Fraser Investments Ltd	Director and Beneficial Shareholder
	DDI Westney Investments Ltd	Director and Beneficial Shareholder
	BGI Nominees Ltd	Director and Beneficial Shareholder
	Opua Trustees Ltd	Director
	Kawaroa Trustees Ltd	Director
	Diana Drive Investments Ltd	Director and Beneficial Shareholder
	BRB 5 Trustee Ltd	Director and Shareholder
	Quotient Holdings Ltd	Director and Shareholder
	Lindley Investments Ltd	Director and Beneficial Shareholder
	Hanwel Corporation Ltd	Director and Beneficial Shareholder
	Merrilands Properties 1981 Ltd	Director and Beneficial Shareholder
	Lismore Equities Ltd	Director and Beneficial Shareholder

Statutory Disclosures (cont.)

Jason Christopher Huljich	Augusta Penrose Limited - re-named Centuria Penrose Limited on 15 April 2021	Director
	Centuria Capital Limited (Australia)	Director and Beneficial Shareholder
	Centuria Platform Investments Pty Limited (Australia)	Director and Beneficial Shareholder
	Centuria New Zealand Holdings Limited - re-named to Centuria Capital (NZ) Limited on 12 April 2021	Director and Beneficial Shareholder
	Augusta Capital Limited - re-named to Centuria Capital (NZ) No.1 Limited on 7 April 2021	Director and Beneficial Shareholder
	Augusta Capital No.1 Limited - re-named to Centuria Capital (NZ) No.2 Limited on 7 April 2021	Director and Beneficial Shareholder
	Augusta Property Holdco Limited - re-named to Centuria Property Holdco Limited on 7 April 2021	Director and Beneficial Shareholder
	Augusta Lakeview Holdings Limited - re-named to Centuria Lakeview Holdings Limited on 7 April 2021	Director and Beneficial Shareholder
	Augusta Funds Management Limited - re-named Centuria Funds Management (NZ) Limited on 7 April 2021	Director and Beneficial Shareholder
John Edward McBain	Augusta Penrose Limited - re-named Centuria Penrose Limited on 15 April 2021	Alternate Director
	Asset Plus Investments Limited	Director
	Asset Plus Limited	Director
	Augusta Lakeview Holdings Limited - re-named to Centuria Lakeview Holdings Limited on 7 April 2021	Director and Beneficial Shareholder
	Centuria Capital Limited (Australia)	Director and Beneficial Shareholder
	Centuria Platform Investments Pty Limited (Australia)	Director and Beneficial Shareholder
	Centuria New Zealand Holdings Limited - re-named to Centuria Capital (NZ) Limited on 12 April 2021	Director and Beneficial Shareholder
	Augusta Capital Limited - re-named to Centuria Capital (NZ) No.1 Limited on 7 April 2021	Director and Beneficial Shareholder
	Augusta Capital No.1 Limited - re-named to Centuria Capital (NZ) No.2 Limited on 7 April 2021	Director and Beneficial Shareholder
	Augusta Property Holdco Limited - re-named to Centuria Property Holdco Limited on 7 April 2021	Director and Beneficial Shareholder
	Augusta Funds Management Limited - re-named Centuria Funds Management (NZ) Limited on 7 April 2021	Director and Beneficial Shareholder
Michael James Gerard Steur	Augusta Penrose Limited - re-named Centuria Penrose Limited on 15 April 2021	Director
	Augusta Funds Management Limited - re-named Centuria Funds Management (NZ) Limited on 7 April 2021	Director
	BWP Management Limited, responsible entity for BWP Trust (ASX Listed)	Director
	Dexus Wholesale Property Limited, responsible entity for Dexus Wholesale Property Fund (Australia)	Director
	Dexus Wholesale Funds Limited, responsible entity for Healthcare Wholesale Property Fund (Australia)	Director

Employees

The Company has no employees as it is fully managed by Centuria Funds Management (NZ) Limited.

Donations

No donations were made during the period.

This annual report is dated 20 July 2021 and is signed on behalf of the Board by:

Mark Petersen

Director of Augusta Industrial Fund Limited

Mark Francis

Director of Augusta Industrial Fund Limited

Date: 20 July 2021

Corporate Directory

Manager
Centuria Funds Management (NZ) Limited
Level 2, 30 Gaunt Street
Wynyard Quarter
Auckland 1010
New Zealand

Directors
Mark Petersen
Mark Francis
Jason Huljich
Michael Steur
John McBain (alternate director for Jason Huljich)
Bryce Barnett (alternate director for Mark Francis)

Corporate Legal Advisor
Chapman Tripp
Level 34, 15 Customs Street West
PO Box 2206
Auckland 1140
New Zealand

Auditor
EY
2 Takutai Square
Britomart
Auckland 1010
New Zealand

Share Registrar
Boardroom Pty Limited
Grosvenor Place
Level 12, 225 George Street
GPO Box 3993
Sydney, NSW 2000,
Australia

Bankers
ASB Bank Limited
Level 6, 12 Jellicoe Street
Auckland 1010
New Zealand

Westpac New Zealand Limited
16 Takutai Square
Auckland 1010
New Zealand

Registered Office
Level 2, 30 Gaunt Street
Wynyard Quarter
Auckland 1010
New Zealand

Notes

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centuria.co.nz