



**NZX release
Annual Financial Result
19 May 2022**

- **Total profit after tax of \$2.93 million, down from \$15.95 million in the previous year mostly due to relatively flat year-on-year valuations**
- **Sale of 35 Graham Street for \$65 million on a deferred settlement basis, subject to shareholder approval**
- **Munroe Lane development further delayed due to COVID-19 disruptions, completion now expected in quarter ending 30 June 2023 – no material financial impact from delays**
- **No Q4 dividend paid - dividend pay out for the year represents 97% of AFFO**

Asset Plus Limited (NZX: APL) announces its financial result for the year ended 31 March 2022, reporting a total profit of \$2.93 million, down from \$15.95 million in the previous year. The result was impacted by relatively flat valuations, as well as the loss of rental income at the 35 Graham Street property.

Adjusted Funds from Operations (AFFO) were \$4.22 million, down from \$5.82 million in the previous year due to reduced rental income at 35 Graham Street and higher interest costs.

The 35 Graham Street property has been sold for \$65.0 million on a deferred settlement basis, subject to shareholder approval at a special meeting, the details of which have been announced today.

The price (including its net present value) reflects a premium to the independent valuation undertaken by JLL as at 31 March 2022 of \$56.0 million.

Asset Plus Chairman, Bruce Cotterill, said “The result for the year ended 31 March 2022 reflects a portfolio which had a large weighting to two development properties. The sale of one of those properties, 35 Graham Street, will mitigate balance sheet constraints and provide a pathway back to a conservative gearing position.”

He continued, “The Board remains committed to delivering the best outcomes for shareholders, which this sale represents given current market conditions. Given these conditions the Board will continue to review future opportunities as they arise.”

Key points:

- Portfolio occupancy of 58.0%, down from 98.0% in the previous year – following the sale of Eastgate, occupancy reduces to 42%.
- WALT of 2.21 years, down from 2.75 years in the previous year due to 35 Graham Street vacancy – following the sale of Eastgate, WALE will reduce to ~1.40 years excluding Munroe Lane.
- Unrealised loss on the fair value of investment property of \$1.2 million or 0.5% decrease on valued property, primarily driven by a write-off of construction work in progress at 35 Graham Street due to the sale.
- The 35 Graham Street fair value reflected the deferred settlement.
- There was some growth at Stoddard Road due to rental growth and cap rate compression.
- Munroe Lane continues to be measured at cost – the development was approximately 54% complete as at balance date.



- Loan-to-value ratio of 25.7% based on current carrying values, up from 5.4% in the previous year. Debt increased during the year to fund the Munroe Lane development.
- Debt is currently drawn at \$55.7 million at balance date (\$9.4 million in the prior year). Funding costs increased accordingly due to the higher debt profile across the year.
- Net tangible assets (NTA) of 44.0 cents per share (cps), down from 44.8 cps in the previous year.
- Settlement of Eastgate expected to occur by 1 July 2022.
- COVID-19 abatements and relief of \$0.286 million for the year (\$0.4 million in FY21).
- Dividends for the year represent a pay out ratio of 97% of AFFO – no Q4 dividend paid.
- Net revenues from the property portfolio decreased by \$2.22 million as Auckland Council vacated 35 Graham Street during the year. There was, however, no material rental growth in respect to the like-for-like portfolio.

Loan facility amendment

An amendment to banking facilities has been agreed with BNZ. The amendment provides that BNZ will not test the interest cover ratio (ICR) for the period from 1 April 2022 until 31 March 2023 (inclusive).

The amendment to the loan facility is primarily driven by the upcoming divestment of Eastgate and the resultant reduction in income and while the Munroe Lane property is still under development. The Eastgate settlement is expected to occur by 1 July 2022. Further details on the terms of the amendment are included in the accompanying results presentation.

\$40.0 million of debt is to be repaid immediately post the Eastgate settlement and \$6.5 million of debt is to be repaid when the 35 Graham Street deposit is received. The total debt facilities limit is to reduce from \$130.0 million to \$83.5 million accordingly.

The surplus funds post the settlement of Eastgate of approximately \$3.0 million will be utilised to bolster working capital for the company.

From 1 April 2023 the ICR will then be tested on a stepped basis at 1.00 times as at 30 June 2023, moving to 1.5 times by 30 September 2023.

Dividend

The dividend remains subject to quarterly review, but is currently suspended until sufficient operating earnings are generated to support an ongoing sustainable dividend.



Outlook

Mark Francis, CEO of Centuria NZ, commented “The company’s key focus in the short to medium term is delivery and leasing of the Munroe Lane development, which has been further delayed due to COVID-19 impacts on supply chains and resourcing, with completion now expected in April 2023.”

He continued, “Once completed, this property will add to the portfolio a brand new, sustainable, well located office building with blue chip tenant covenant across two thirds of the property.”

-ENDS-

For further information, please contact:

Mark Francis
CEO, Centuria NZ, manager of Asset Plus Limited
+64 9 300 6161

Simon Woollams
Chief Operating Officer, Centuria NZ, manager of Asset Plus Limited
+64 9 300 6161

Stephen Brown-Thomas
Asset Plus Fund Manager, Centuria NZ, manager of Asset Plus Limited
+64 9 300 6161

Matthew Butt
Head of Investor Relations, Centuria NZ, manager of Asset Plus Limited
+64 21 610 631