CHAIRMAN'S AND MANAGER'S ADDRESS

The 12 months to March 2021 were unprecedented, with the arrival of COVID-19 and subsequent impacts on the people and businesses of New Zealand. At Asset Plus we had a number of challenges arise for the company including:

- Actively managing the portfolio and tenants through government mandated lockdowns in a manner that enabled us to preserve cash flow and value for shareholders;
- Extending the funding and shareholder approval condition dates for the Munroe Lane Agreement to Develop & Lease with Auckland Council multiple times;
- You will recall that the arrival of COVID-19 clashed with the initial timing of our capital raise to fund the Munroe Lane development and so we had to abandon that and re-launch the fundraising in a very dynamic market environment at the time; and
- The impact of COVID-19 effectively pausing many office leasing decisions for the best part of 12 months, with a large quantum of sub-lease office space coming to the market as companies transitioned to working from home.

I am pleased to report that the Centuria management team met all of these challenges head on, and managed to achieve a strong result in the circumstances, including:

- Completing the successful equity raise and securing bank funding for the Munroe Lane development;
- Confirming the unconditional Agreement to Develop and Lease with Auckland Council for Munroe Lane in Albany, and breaking ground in October 2020 with our construction partner, Icon;
- Securing Taco Bell on a long term lease for a development at Eastgate in Christchurch which has now been completed;
- Obtaining the Resource Consent for the preferred development option at 35 Graham Street;
- Securing an unconditional sale and purchase agreement for Eastgate Mall in Christchurch; and
- Completing the year with a profit of $15.95m, up from a $14.69m loss in the prior year, with Adjusted Funds From Operations (AFFO) of $5.82m versus the prior years $4.74m.

Collectively we've continued to make progress in the transition towards a modern, quality Auckland centric diversified property portfolio which also provides us with a great base from which to pursue further value add opportunities from in the future.

The team is now focused on the successful delivery of the Munroe Lane development – the Board have toured the site pre and post the commencement of the construction and we will continue to visit regularly during the construction period.

We are fortunate to have a range of development options available for 35 Graham St which can be adapted to suit potential occupier demands. It is pleasing to see that a number of material leasing transactions have occurred in the past few months, including the recent announcement that Deloitte are taking a 20-year lease over CBD office premises – confirming that well located, modern, efficient, and sustainable office premises remain in strong demand despite the trend towards working from home in the wake of the COVID-19 pandemic.

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The effective pause in leasing activity has been frustrating but we remain confident that the fundamental attractions of 35 Graham Street that appealed to us in the first case remain so; being the CBD fringe location, large floorplates, extensive and largely uninterrupted views out over the harbour, accessibility to public transport and the vast local amenities. These features will continue to appeal to a range of occupiers across the development options we have available.

The government mandated lockdowns over the past few days further confirms that COVID-19 remains a very real presence in our lives, that it will continue to interrupt business, and creates ongoing uncertainty for us all. This is likely to have further impacts on the business in the current period in the form of rental abatement and relief, potential delays to the delivery of the Munroe Lane development, and could further impact the leasing timeline for the balance of Munroe Lane and 35 Graham Street. The Management team have excellent relationships with our Tenants and partners and are well placed to manage the ongoing impacts of these issues.

I'd like to extend my thanks to my fellow Directors, and the Centuria management team. We also thank you, our shareholders, for your continued support, which we do not take for granted. We look forward to updating you further as we continue to progress the strategic transformation of the company, and update you on the progress at our Munroe Lane development and the leasing at 35 Graham Street.

I'd like to introduce Stephen Brown-Thomas from Centuria who will provide further detail on the current portfolio and the strategic outlook.

Thank you Bruce, and good afternoon everyone. I am Stephen Brown-Thomas, the Asset Plus Fund Manager from Centuria NZ, the external manager of Asset Plus.

As Bruce has mentioned we faced a number of challenges over the year, and continue to face challenges as a result of COVID-19. However, we are progressing well with the delivery of our value-add strategy through current initiatives at Munroe Lane and 35 Graham Street.

Despite the impacts of COVID-19 we've delivered a strong result, with total profit for the year of $15.95m vs the prior year loss of $14.69m, and AFFO increasing from $4.74m to $5.82m for the period.

Valuations rebounded back to prior levels, with fair values increasing 6.3% from March 2020 or $9.2m.

We have also secured a resource consent for the proposed preferred redevelopment of 35 Graham Street during the year and are actively seeking tenants for the property.

The Munroe Lane development is progressing within budget but slightly delayed due to extension of time claims – we still retain a buffer period and are not currently anticipating any liquidated damages to be payable.

The impact of current government mandated lockdowns are unable to be quantified at the present time, however are a delay event under the Agreement to Develop and Lease with Auckland Council and will give rise to further extension of time claims. This will mean the lease will start later, but will not give rise to payment of liquidated damages.

In October we successfully completed the $60.2m capital raise to fund the Munroe Lane development project in conjunction with revised bank funding from BNZ.

In addition, we've also secured an unconditional sale and purchase agreement to divest Eastgate shopping centre in Christchurch with a deferred settlement between August 2021 and February 2022.

As noted fair values of investment property rebounded back above prior levels, we've also acquired bare land in Kamo during the year increasing the total number of properties from 4 to 5, however after settlement of Eastgate this will revert back to 4 properties. The weighted average lease expiry (WALE) has reduced from the prior year as a result of the shortening lease at 35 Graham Street to Auckland Council.

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We are in a strong balance sheet position with a Loan to Value ratio or LVR of 5.4% as at 31 March 2021 on the back of the recent successful equity raise. That LVR is continually increasing as we draw down funds on the Munroe Lane project, with a look through LVR of 35% expected on completion.

Occupancy remains strong at 98.0% with the historic vacancies at Eastgate still proving very difficult to lease.

The NTA has also reduced to 44.8 cents as a result of last year's capital raise.

The current development at Munroe Lane is delivering on our strategic objective to increase the scale of the portfolio, with this asset having an as-complete valuation of $146.85m up from the last valuation of $142.0m.

The Munroe Lane development, once complete, will provide a stable platform for sustainable growth moving forward given the increased scale and quality of the portfolio, and the impact on the WALE for company given the 15-year lease term to Auckland Council over 2/3rds of the building on completion.

The Munroe Lane development is also anticipated to provide an attractive target yield on cost and development margin which reflects the tenant covenant of the anchor tenant on a 15-year term over almost 2/3rds of the building.

In driving our business transformation, we are significantly improving the quality and resilience of the portfolio, whilst also reducing our retail weighting, and increasing our exposure to the desirable Auckland market.

We have successfully divested lower grade assets since taking over management including Eastgate during the year, which will provide balance sheet capacity once settled to reinvest into new assets and create a premium grade asset with the proposed redevelopment of 35 Graham Street.

Despite the retail exposure of the portfolio we granted $400,000 of rental abatement and relief during the L3 and L4 lockdown periods during the year, which equated to 3.3% of net rental for the year. It's anticipated that similar receipting is received on the back of the current lockdowns.

We secured a resource consent for the preferred full scale redevelopment option of Graham Street during the year and are working with Colliers our master leasing agent to secure tenants across either the preferred full scale redevelopment option or a smaller scale refurbishment of the existing building.

COVID-19 obviously had a short-term impact on the office sector, however our view is that the office retains an important role for all businesses, and we are looking through any short term working from home impacts.

There remains a continued flight towards quality buildings, with large floor plates in modern, sustainable and efficient buildings from both corporate and government occupiers – it's positive to see that a number of material leasing transactions have occurred this year.
A final decision has not been made by the Board on the final development outcome, however any decision will be contingent on securing sufficient tenant leasing pre-commitment.

The Auckland Council lease expires on 31 December 2021, and we are actively working towards securing leasing commitment prior to that date, however the further current lockdowns may adversely impact tenant decision making. The leasing of this property remains our primary focus in the near term given the impact on both the WALE, and AFFO as a result of the expiring lease.

As previously noted we've secured an unconditional sale and purchase agreement with settlement to occur between August 2021 and February 2022. This sale bolsters balance sheet capability to fund the 35 Graham Street development or other initiatives.

The Bargain Chemist lease commenced during the year, which has been a positive catalyst for further internal leasing activity with Caroline Eve secured post balance date across a number of tenancies that have been vacant for 5+ years.

We also secured Taco Bell on a 10-year lease from completion for their first South Island store. The development was completed on time and under budget with opening occurring in June 2021. Remarkably it was the 5th largest opening week for Taco Bell globally, and the largest trading week ever for Taco Bell in the Asia Pacific Region and will likely have positive flow on impacts for patronage and spending at the centre.

Stoddard Road continues to perform well, with all renewals exercised during the year which increased the WALE slightly on the prior year. The centre remains 100% occupied and the value has rebounded to pre COVID levels as a result of strengthening yields in the large format sector.

Over the medium term securing a renewal with the anchor tenant, The Warehouse, remains our focus with a renewal due in 2025.

Works are progressing well on the Munroe Lane site, with all foundation works now completed, the basement floor slab poured, and precast beams and flooring progressing well sequentially across the site.

The original Target Completion Date of the 16th of December 2022 under the Agreement to Develop and Lease with Auckland Council has been extended to the 20th of January 2023 as a result of extension of time claims from delay events. Prior to the latest lockdown, practical Completion of the project under the Construction contract was due on the 22nd of December 2022, so a buffer is maintained with no liquidated damages being anticipated. The impact of the current level 4 lockdowns, and any transition to L3 protocols cannot be assessed as yet, however this will classify as a delay event under the ADL and the target completion date will be further extended – again mitigating any potential liquidated damages being payable.

The project is progressing within budget, with our contingency remaining intact. Typical variations are expected moving forward, however all in-ground risks or unforeseen ground conditions, such as rock, soft spots and archaeological discoveries etc. have now materialised, and our external envelope package being the roof, curtain wall facade system, and external cladding is a fixed value – these are typically the two largest risk areas on vertical construction and the risk has now been ameliorated.

The project has also been registered with the NZ Green Building Council, with the 5 star target Design rating expected to be issued shortly.

From a leasing perspective we've secured Auckland Council across 63% of the building on a 15-year lease from completion. We're in discussions with a number of café and food & beverage operators for the ground floor spaces and are positive on leasing prospects for these areas.

The office market on the North Shore has changed quite dramatically as a result of COVID-19; previously there was effectively no premium grade vacancy with now up to about 20,000m^2 of sublease space available through the likes of Vodafone, banks, and Air New Zealand putting up space for sublease.

The location remains attractive in the long term and offers advantages that other North Shore locations cannot – we remain positive on leasing outcomes, particularly given potential synergies of co-location with Auckland Council, the sustainability benefits of the property and the large floor plates designed for modern workplaces. We can also offer occupiers a unique hub and spoke model across both Albany and 35 Graham Street which we understand holds appeal for a number of potential occupiers.

On the back of the increased as-if complete valuation the feasibility has been reforecast, with lease incentives increased to reflect the change in the dynamics of the leasing market.

Kamo - we secured this bare land in July 2020 and are currently progressing design and consenting for a commercial development.

The site was purchased well at $55/m2 for industrial land, and has already seen value increase $0.6m since acquisition.

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Whilst the outlook ahead is likely to provide ongoing uncertainty and some challenges, we are well placed to navigate these, particularly with the bolstered management capabilities of the wider Centuria group.

We have optionality on development and leasing options at 35 Graham Street and can cater to most tenants within the market – however the current L4 lockdowns may impact on current tenant confidence that has been building during the past year.

Likewise, this may also impact on the ability to secure tenant commitment across the balance of the Munroe Lane development, however we still have approximately 16 months before forecast completion for the development to secure tenants.

We will be closely monitoring the financial impact of abatement and relief claims as a result of the current L4 lockdowns, and any reduction to L3 across the portfolio. We have great relationships with all of our tenants and a good understanding of their operations and impacts from previous lockdowns.

We remain committed and focused on delivering on the current value add initiatives across the portfolio, and are also regularly evaluating other opportunities in the market.
The business is in a stable financial position, with the implementation of the revised company strategy well underway.

There has been increased uncertainty as a result of COVID-19 and it appears that this will continue to have impacts for us all, however we are well placed to navigate any challenges that may arise as a result. Our key focus remains on securing leasing commitment across 35 Graham Street and the balance of the Munroe Lane development, which will unlock further value, increase AFFO, the portfolio WALE and provide increased certainty.

I'd like to thank the Asset Plus Board, and the Centuria team for their ongoing support and hard work over the course of the year. We also extend our thanks to you, our shareholders for your ongoing support, and continued investment during the recent capital raise.

We appreciate you joining us virtually here today, and look forward to seeing you all in person in the future.

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