Notice is hereby given that a Special Meeting of Shareholders of Asset Plus Limited will be held as follows:

Date of Meeting: 3 June 2022

Time: commencing at 1:15pm

Online: www.virtualmeeting.co.nz/aplsm22

ASSET PLUS+

MANAGED BY Centuria

SPECIAL MEETING OF SHAREHOLDERS

19 MAY 2022

Contents

In this Notice of Special Meeting the following has been included:

Important Note

This Notice of Special Meeting is an important document and requires your attention. It should be read in its entirety. This Notice of Special Meeting has been prepared to advise you of the upcoming Special Meeting and to assist you in understanding the Resolution to be put to shareholders for consideration. The Board encourages you to read this Notice of Special Meeting and exercise your right to vote.

The Board recommends that if you are in any doubt as to any aspect of the matters to be considered and voted on at the Special Meeting, you should seek independent financial or legal advice as soon as possible.

For all enquiries relating to this Notice of Special Meeting, the Resolution or the Transaction, please contact the manager of Asset Plus, Centuria Funds Management (NZ) Limited, on +64 9 300 6161 or by email at enquiries@centuria.co.nz or your financial adviser. If you have any questions about how to complete the proxy form, please contact the Registrar, the contact details for which are set out in the Directory.

Further Important Information

The executive summary of the JLL valuation report on 35 Graham Street as at 31 March 2022 (the **JLL Valuation Executive Summary**) is enclosed with this Notice of Special Meeting.

A presentation providing further important information in relation to Asset Plus' financial results for the year ended 31 March 2022, including an update on the Asset Plus' property portfolio is available at www.assetplusnz.co.nz/35GrahamStSale (the **Results Presentation**).

You should read the JLL Valuation Executive Summary and the Results Presentation in full, as those documents contain important information to assist you in determining whether to vote in favour of the Resolution.

Asset Plus is subject to continuous disclosure obligations under the Listing Rules. Asset Plus may, prior to the Special Meeting, make additional releases to NZX. Market releases by Asset Plus, including its most recent financial statements, are available at www.nzx.com/companies/APL/announcements. Asset Plus recommends that you monitor Asset Plus' market announcements following the date of this Notice of Special Meeting.

Forward-Looking Statements

This Notice of Special Meeting contains forward-looking statements including, without limitation, forward-looking statements regarding the impact of the sale of 35 Graham Street, the financial position, business strategy and plans and objectives of management for future operations of Asset Plus based on Asset Plus' current expectations about future events.

Forward-looking statements contained in this Notice of Special Meeting are subject to known and unknown uncertainties, assumptions and risks that could cause the sale of 35 Graham Street not to occur or the actual results, performance or achievements of Asset Plus to differ materially from those expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the settlement date for the sale of 35 Graham Street and Asset Plus' present and future business strategies and the environment in which Asset Plus will operate in the future. Matters not yet known to Asset Plus or not currently considered material by Asset Plus may impact upon these forward-looking statements. Shareholders are cautioned not to place undue reliance on such forward-looking statements.

General Information

The statements in this Notice of Special Meeting reflect views held as at the date of this Notice of Special Meeting.

Unless otherwise indicated, capitalised terms have the meaning set out in the Glossary.

All references to time in this Notice of Special Meeting are to New Zealand Standard Time (unless the context requires otherwise).

Any reference to "$" or "dollars" is to New Zealand currency.

Due to rounding, some totals may not correspond with the sum of the separate figures.

NZX

NZX has confirmed that it does not object to this Notice of Meeting. However, NZX takes no responsibility for any statement in this Notice of Meeting.

Letter from the Chairman

19 May 2022

Dear Shareholder,

SALE OF 35 GRAHAM STREET VOTE IN FAVOUR

We are pleased to invite you to attend a special meeting of the Shareholders of Asset Plus, which will be held online at www.virtualmeeting.co.nz/aplsm22 commencing at 1.15pm on Friday, the 3rd of June 2022 (the **Special** Meeting).

Background and Overview of the Transaction

At the Special Meeting, Shareholders will be given the opportunity to vote on the proposed sale of the property at 35 Graham Street, Auckland Central (the **Property** or **35 Graham Street**) by Asset Plus Investments Limited (**APIL**) (a wholly owned subsidiary of Asset Plus) to Mansons TCLM Limited (**Mansons**) for $65.0 million (the **Transaction**).

It is the Board's unanimous recommendation that shareholders vote in favour of the proposed resolution for the reasons set out in this Notice of Special Meeting.

The Property was acquired in mid-2019 with short-term holding income over a 2-year period from settlement, with redevelopment prospects available for either a light refurbishment option, or extensive redevelopment by adding 2 to 3 floors of additional office space. Design and consenting workstreams for the preferred redevelopment option were promptly undertaken with resource consent for the proposed redevelopment obtained in February 2021, concurrent with marketing of the Property to secure leasing commitments.

At the time of acquisition, the office market sector was buoyant, with a shortage of prime space available making the acquisition and development potential of the Property appealing, whilst also providing the flexibility of reducing the scale of the development if market conditions changed, or sufficient leasing pre-commitment could not be obtained. During this period, we also secured the Munroe Lane development opportunity and launched a $100.0 million capital raise to fund both projects. That capital raise unfortunately had to be withdrawn due to turbulent market conditions and uncertainty as the COVID-19 pandemic took the world by surprise in early 2020.[1]

Although the fundamentals of the Property remained attractive despite the short-term impacts of the pandemic and a number of prospective tenants indicated their interest in the Property, pre-leasing efforts have been hampered. Key factors affecting pre-leasing were the national and regional Government mandated lockdowns that endured throughout 2020 and 2021, along with the resultant temporary working from home mandates, significant sublease space coming to market, ongoing uncertainty regarding Government mandated restrictions and evolving COVID variants. Notwithstanding, there have been a number of significant lease transactions occurring during the period for near complete, or complete, new build construction projects with 6-star Green Star ratings. This activity demonstrates the benefits of having the capability to build 'on spec' to respond to occupier demands, the benefits of having a balance sheet capable of facilitating this, as well as an ability to adopt a high level of delivery risk.

Whilst we were able to extend the lease to Auckland Council over part of the Property to provide additional short-term holding income, the enduring nature of the lockdowns and ongoing impacts on office occupancy and demand has unfortunately persisted for longer than we anticipated, and as a result no leasing pre-commitment has been achieved. Given the enduring impacts of this, along with the convergence of a now increasing interest rate environment, and supply chain impacts on increasing construction costs and delivery challenges has meant that the best option for the Company is to forego this opportunity given our current financial capability.

The reduced $60.2 million capital raise launched in September 2020 was predicated on the basis that a further capital raise and/or sales of further assets would need to occur to fund the 35 Graham Street development.

Given the lack of leasing pre-commitment for the Property at this point and the Company's current share price relative to NTA, the Board does not consider that a capital raise to fund a development of the Property is currently a viable option for the Company.

Accordingly, continuing with the increased delivery risk and revised forecast financial metrics to deliver the 35 Graham Street development in the current environment is not practical for the Company. Holding the Property absent any leasing commitment would be an ineffective use of capital and would impede the potential to reinstate dividends. A sale of the Property is therefore the best currently available option to preserve value for Shareholders and to provide a stable platform from which to move forward.

[1] A subsequent $60.2 million capital raise to fund the Munroe Lane development launched and completed in September 2020.

Given the scale of the Property and associated costs to unlock the opportunity in its current form, the Company considered that there was a very limited pool of potential purchasers who would be in a position to acquire the Property. Following an unsolicited offer from Mansons, the Company canvassed that limited pool on an off-market basis. The offer received from Mansons was, following negotiation, considered by the Board to be the best available offer and, that it was in the Company's best interests that it be accepted.

The $65.0 million (plus GST, if any) sale price for the Property represents a premium to the 31 March 2022 independent valuation by JLL of $56.0 million. The net present value of the Transaction is $59 million[2] which is also above the JLL Valuation.

The sale proceeds will be utilised to retire debt, which is anticipated to reduce the Company's debt to approximately $19.0 million, or a 10% LVR.

Settlement is not expected to occur until 1 December 2023 at the earliest. However, a 10% ($6.5 million) deposit is payable by Mansons once Shareholder approval to the Transaction is obtained. Once received, that deposit will be utilised to retire debt. Mansons has a demonstrated track record of performance, and we therefore consider Settlement risk to be low. The extended Settlement date also affords the Company time to complete the Munroe Lane development and consider how market conditions develop over the intervening period, which will strongly position the Company to capitalise on potential future opportunities once Settlement occurs given the forecast gearing for the Company of 10% after Settlement.

Shareholder Approval Required

Asset Plus is holding the Special Meeting to consider the approval by Shareholders of the Transaction. The Resolution to approve the Transaction is an ordinary resolution requiring a simple majority (i.e., over 50%) of the votes of those Shareholders who are eligible to vote and voting being in favour.

Ahead of the Special Meeting, the Board encourages you to carefully read the Explanatory Notes included with this Notice of Special Meeting, the JLL Valuation Executive Summary and the Results Presentation which details Asset Plus' financial results for the year ended 31 March 2022 and an update on its property portfolio. In particular, you should refer to section 9 in this Notice of Special Meeting that describes the risks in more detail before making an investment or a voting decision.

The Board considers that the potential benefits of the sale outweigh the potential risks of retaining the Property and unanimously recommends that shareholders vote in favour of the Resolution.

As the Special Meeting is being held at short notice, it is being held virtually. Shareholders can attend the Special Meeting virtually via an online platform provided by our share registrar, Link Market Services at www.virtualmeeting.co.nz/aplsm22. You can also cast a proxy vote in advance of the Special Meeting.

Shareholders attending and participating in the Special Meeting virtually via the online platform will be able to vote and ask questions during the Special Meeting. More information regarding virtual attendance at the Special Meeting (including how to vote and ask questions virtually during the Special Meeting) is available in the Virtual Meeting Online Portal Guide available at www.virtualmeeting.co.nz/help.

If you wish to vote in advance of the Special Meeting, it is important that your vote is received before 1.15pm on Wednesday, 1 June 2022 to ensure that it is counted. Further details on how to vote and where to return your proxy/postal voting form are included on the form itself, as well as in this Notice of Special Meeting.

On behalf of the Board, we thank you for your continued support, and we welcome your consideration of the proposal to sell 35 Graham Street.

Yours sincerely,

Bruce Cotterill
Chairman

[2] The net present value is determined based on the discounted future cashflows up to and including Settlement.

Notice of Special Meeting of Shareholders

Notice is hereby given that a Special Meeting of Shareholders of Asset Plus Limited (**Asset Plus** or the **Company**) will be held at 1.15pm on Friday, the 3rd of June 2022 online at www.virtualmeeting.co.nz/aplsm22.

Capitalised terms used herein have the meanings set out in the Glossary.

Agenda

1. Chairman's Introduction and Address.
2. Presentation on the proposed sale of 35 Graham Street, Auckland Central.
3. Shareholder questions.
4. Consideration of and voting on the Resolution

Resolution

(as an Ordinary Resolution):

That the sale of the property located at 35 Graham Street, Auckland Central for $65.0 million plus GST (if any) by Asset Plus Investments Limited, a wholly-owned subsidiary of Asset Plus Limited, to Mansons TCLM Limited (on terms described in further detail in the Explanatory Notes within the Notice of Special Meeting dated 19 May 2022), be approved for all purposes (including NZX Listing Rule 5.1.1(b)).

Explanatory Notes

Explanatory Notes on the above Resolution and the reasons for the Directors' recommendation are set out on the following pages.

Also enclosed with this Notice of Special Meeting is the executive summary of the Jones Lang LaSalle (JLL) valuation report on the Property as at 31 March 2022. The full valuation report is available at www.assetplusnz.co.nz/35GrahamStSale or on request from the Company. Any shareholder who requests a copy of the full valuation report will be emailed or couriered a copy free of charge. Copies of the report may be requested from Centuria NZ by calling +64 9 300 6161 or emailing enquiries@centuria.co.nz. The Company is not aware of any material changes since that time that would impact the valuation of the Property.

While the JLL valuation report is dated 31 March 2022, Asset Plus does not consider that the valuation of the Property has materially changed since this date.

The Board unanimously recommend that the shareholders approve the sale of 35 Graham Street, Auckland Central. The Board views the Transaction as being in the best interests of Asset Plus and its shareholders.

By order of the Board

Bruce Cotterill
Chairman

19 May 2022

Explanatory Notes

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Explanatory Notes

1. Background and Introduction

1.1 Background

The purpose of the Special Meeting is to consider and, if thought fit, to pass the Resolution set out in the Notice of Special Meeting. Explanations of the Resolution and a detailed discussion of the Transaction are set out below.

The Board recommends to Shareholders that if they are in any doubt as to any aspect of the matters to be considered and voted on at the Special Meeting, they should seek independent financial or legal advice in relation to those matters.

The Resolution at the Special Meeting will be passed if it is passed by Ordinary Resolution. An Ordinary Resolution means a resolution passed by a simple majority of the votes of those Shareholders entitled to vote and voting on the resolution.

1.2 Introduction to the resolution

The Resolution provides for Shareholders to consider and, if thought fit, approve the sale of 35 Graham Street. Asset Plus Investments Limited (**APIL** or **Vendor**) (a wholly owned subsidiary of Asset Plus Limited (**Asset Plus** or the **Company**)) has entered into a Sale and Purchase Agreement with Mansons TCLM Limited (**Mansons** or **Purchaser**) under which APIL would sell 35 Graham Street to Mansons. The Sale and Purchase Agreement is described in more detail below, but provides, among other things, that the Transaction with Mansons is conditional only on approval by the Company's Shareholders.

1.3 Why is the resolution required?

NZX Main Board Listing Rule 5.1.1(b) requires approval of an Ordinary Resolution of Shareholders if the Company (or any subsidiary of the Company) enters into any transaction to sell or dispose of any assets in respect of which the gross value is above 50% of the Average Market Capitalisation[3] of the Company.

The sale price of $65.0 million for the Property exceeds 50% of the Company's Average Market Capitalisation as at 12 April 2022 (the date the Sale and Purchase Agreement was entered into), which was approximately $94.85 million. Accordingly, the approval of Shareholders to the Transaction is being sought by Ordinary Resolution.

The Company is not aware of any voting restrictions applying to voting on the resolution under the NZX Main Board Listing Rules.

1.4 Major shareholder intends to vote in favour

Asset Plus understands that its major shareholder, Centuria Capital Limited (NZ) No.1 Limited (Centuria),[4, 5] which currently holds 19.99% of the Shares, currently intends to vote all of the Shares that it holds in favour of the Resolution. The Board considers that this provides an endorsement of the sale of 35 Graham Street.

2. Details of the 35 Graham Street Transaction – Material Terms

The Sale and Purchase Agreement is based on the most recent edition of the ADLS/REINZ Sale and Purchase Agreement, as amended and supplemented by further terms of sale. The material terms of the Sale and Purchase Agreement are as follows:

The Property	35 Graham Street, Auckland
Vendor	Asset Plus Investments Limited
Purchaser	Mansons TCLM Limited
Settlement Date	1 December 2023, subject to the Purchaser having the right to defer Settlement for 12 months until 1 December 2024 by giving the Vendor written notice prior to 1 October 2023
Purchase Price	$65 million, increasing to $68 million if the Purchaser exercises its right to extend the Settlement date to 1 December 2024
Deposit	$6.5 million (10%) deposit, increasing to $13.6 million if the Purchaser exercises its right to extend the Settlement date to 1 December 2024. The deposit is refundable if the Purchaser terminates the Sale and Purchase Agreement pursuant to the termination rights outlined below. It is not refundable if the Purchaser defaults on Settlement.
Conditions	The approval of the Transaction by Asset Plus' Shareholders in accordance with Asset Plus' constitution, the Listing Rules, the Companies Act 1993 and all applicable laws and notifying the Purchaser of such approval before 5pm on 3 June 2022.

[3] The Average Market Capitalisation of Asset Plus is, in relation to the Transaction, the volume weighted average market capitalisation of Asset Plus' ordinary shares calculated from trades on the NZX Main Board over the 20 Business Days (as defined in the Listing Rules) before the earlier of the day the Transaction is entered into or announced to the market.

[4] Centuria is the parent company of the Manager.

[5] Centuria has confirmed that neither it, nor any of its directors have a conflicting relationship with the Purchaser.

Termination Rights	The Purchaser has the following termination rights under the Sale and Purchase Agreement: (a) If, prior to the giving and taking of possession, the Property is destroyed or damaged and such destruction has not been made good by Settlement, the Purchaser may terminate the Sale and Purchase Agreement if the destruction or damage has been sufficient to render the Property untenantable and it is untenantable on the Settlement date. Alternatively, the Purchaser may proceed with Settlement at the purchase price less a sum equal to any insurance moneys received or receivable by the Vendor in respect of the damage. (b) If the Vendor does not complete settlement in accordance with the terms of the Sale and Purchase Agreement.
Unconditional Date	3 June 2022
Other Key Terms	The Property is sold on an as-is where is basis. The only warranties given are standard warranties on matters at Settlement such as electrical and other installations being unencumbered property, no arrears of rates or water charges, the building having a current building warrant of fitness and not being aware of any notices or demands being received from local or government authorities. The Vendor retains the right to lease the Property before Settlement so long as the Property is vacant at Settlement. The Vendor and the Purchaser to agree the allocation of the purchase price between land, buildings and chattels. If they are unable to agree, the allocation is to be determined by an appointed expert.

The purchase price for the Property is $65.0 million plus GST (if any), which is in excess of the 31 March 2022 independent valuation by JLL of $56.0 million. A copy of the JLL Valuation Executive Summary is included with this Notice of Special Meeting.

The sole condition of Settlement under the Sale and Purchase Agreement is the approval of the Transaction by Asset Plus' Shareholders. If this condition is not satisfied by 3 June 2022, the Transaction cannot proceed (and either party may cancel the Sale and Purchase Agreement).

If the Resolution is approved by Shareholders, the Sale and Purchase Agreement will become unconditional and a $6.5 million deposit will become payable immediately by the Purchaser to the Vendor.

The remainder of the purchase price is payable on the Settlement date, which is either 1 December 2023, or 1 December 2024 if the Purchaser exercises their right to extend Settlement (subject to the purchase price increasing to $68.0 million and a further $7.1 million deposit (so that the total deposit representing 10% of the adjusted purchase price) being payable).

Given the scale of the Property and associated costs to unlock the opportunity in its current vacant form, there was a very limited pool of potential purchasers who would be in a position to acquire the Property. This pool was canvassed on an off-market basis following receipt of Mansons' unsolicited offer, and the offer received from Mansons was considered by the Board to be the best offer received during that process.

The 1 December 2023 Settlement date was requested by the Purchaser. Asset Plus does not consider this to be an unusual request in the market, particularly for a property that is currently vacant and does not produce any income.

The increase in purchase price associated with the right to defer settlement by a further 12 months to 1 December 2024 was negotiated by Asset Plus and reflects the time value of money, and the anticipated vacant status of the building until Settlement occurs. The risks associated with an extended Settlement date are deemed low, given the counterparty. This risk is discussed further in Section 9 of this Notice of Meeting.

3. Impact of the Transaction

3.1 Impact of the Transaction

Asset Plus considers the key impacts of the Transaction are:

- Eliminates leasing and development/delivery risk at the 35 Graham Street property.
- Reduces Asset Plus' debt to a forecast 10% LVR post Settlement.
- Mitigates capital constraints in relation to the 35 Graham Street property, absent any significant leasing pre-commitments.
- The $65.0 million sale price (plus GST, if any) represents a premium to the 31 March 2022 independent valuation prepared by JLL of $56.0 million.
- The net present value of the transaction is $59 million which has been determined based on the discounted future forecast cashflows up to and including Settlement. Shareholders will note that the fair value of 35 Graham Street recorded in the Company's financial statements to 31 March 2022 is the net present value of $59 million. This represents a loss of $3.35 million against the previous carrying value. The previous carrying value reflected the 31 March 2021 valuation of $59.5 million plus construction work in progress incurred for the period from when the property was acquired in 2019 through to 31 March 2022.

The annualised forecast impact on financial performance is set out below;

- As 35 Graham Street is currently vacant, and is to be sold vacant, there is no reduction in gross rental income assumed in the impact analysis.
- Saving on operating expenses (OPEX) incurred by the landlord as the Property is vacant. The OPEX is forecast to be $0.552 million per annum when the property is vacant.
- Reduction in management fees, being 0.50% of the Property's value. This is forecast to be $0.325 million.
- Reduction in interest costs as the sale proceeds are to be applied as a debt repayment. The forecast annualised reduction in interest costs is $3.3 million based on a forecast interest rate of 5.75%. If the effective interest rate was to be higher then the impact will be greater. A 1% interest rate movement is equivalent to +/-$0.60 million on an annualised basis.

Offsetting the above is the available depreciation claim in respect to 35 Graham Street (for taxation purposes only) which is currently approximately $0.7 million per annum. Shareholders should note that this depreciation claim would continue to decrease in each subsequent year.

If 35 Graham Street was 100% leased at a net rental of $4.3 million (the assessed current market rental as set out in the valuation) the impact of the Transaction and a corresponding debt repayment for the quantum of sale proceeds would be broadly neutral. The JLL valuation assumes approximately $8 million of capital expenditure or refurbishment works to derive this level of rental assumed.

The table below represents the forecast annualised view (at various points in time) for the following four scenarios and then sets out the impact of the Transaction. Scenarios 2, 3 and 4 do not represent a financial year ending 31 March and have been represented in this way so that the impacts can be easily identified. Note: the impact of the deposit (debt repayment) is reflected in Scenarios 2 and 3. The interest cost saving is $0.37 million per annum in respect to the $6.5 million debt repayment.

All scenarios assume that 35 Graham Street is vacant up until the Settlement date.

1. The year ended 31 March 2022 audited financial performance. Please refer to slides 8 to 10 of the Results Presentation for further details on Asset Plus' financial performance for the year ended 31 March 2022.
2. The impact of the Munroe Lane development being completed and fully leased but with only the committed 15 year Auckland Council lease.
3. The impact of Munroe Lane being completed and fully leased.
4. The sale of 35 Graham Street leaving Munroe Lane and Stoddard Rd as the only two income producing investment properties.

If the Purchaser exercised their option to extend the Settlement date to 1 December 2024 then the annualised view in Scenarios 2 or 3 is applicable until such time as Settlement occurs, at which time, Scenario 4 applies.

The final column separately identifies the impact that the sale of 35 Graham Street has on Scenario 3. For example "Total Net Revenue" increases by $552,000 following the sale of 35 Graham Street.

Scenario	**1**	**2**	**3**	**4**	
Annualised Pro Forma Profit and Loss	**March 2022 $'000s**	**Only council lease at Munroe Lane, Graham Street vacant (June 2023) $'000s**	**Munroe Ln fully leased. Graham St vacant (June 2023) $'000s**	**Sale of Graham St (Dec 2023) $'000s**	**Impact (sale of Graham St) $'000s**
Net rental by property					
Eastgate	3,701	-	-	-	-
Stoddard Rd	2,424	2,577	2,577	2,577	-
Munroe Lane - net rent	-	4,883	7,572	7,572	-
Munroe Lane - unrecovered opex	-	(441)	-	-	-
Graham St - net rental	1,663	(552)	(552)	-	-
Other opex	(59)	(20)	-	-	-
Total Net Revenue	**7,729**	**6,447**	**9,597**	**10,149**	**552**
Corporate costs	(724)	(944)	(944)	(944)	-
Management fee	(987)	(1,230)	(1,280)	(955)	325
Total Operating Income	**6,018**	**4,273**	**7,373**	**8,250**	**877**
Funding - 5.75%	(1,549)	(4,330)	(4,387)	(1,078)	3,309
Net Profit before Taxation	**4,469**	**(56)**	**2,986**	**7,172**	**4,186**
Forecast Funds from Operations (FFO)	**4,408**	**44**	**3,086**	**7,272**	
FFO - EPS (cents)	**1.22**	**0.01**	**0.85**	**2.00**	
Forecast WALE (years)	2.2	6.0	7.3	9.5	
Forecast Occupancy %	58%	55%	76%	100%	

Key assumptions:

The net rental forecasts for Stoddard Road are based on committed leases with assumptions in respect to near term lease expiries and relevant leasing activity. The Stoddard Road property is forecast to remain at close to 100% occupancy in the medium term. All leases are either renewed on lease expiry or a new tenant is secured if an existing tenant vacates. See slide 17 of the Results Presentation for an update on Stoddard Road.

The $7.57 million net rental at Munroe Lane reflects the fully leased position based of forecast rental levels. The committed Auckland Council lease reflects $4.7 million of net rental. See slides 20-21 of the Results Presentation for an update on Munroe Lane.

Operating costs at 35 Graham Street have been forecast at $0.552 million per annum up to Settlement from 1 April 2022.

In respect to each scenario the corporate costs are held constant as they are relatively fixed and the management fee is linked to the forecast gross asset value. The impact is presented at a net profit before tax level noting that depreciation at 35 Graham Street is able to be claimed up to 31 March 2023 but only building depreciation in the year of sale.

The forecast funds from operations (**FFO**) is also set out which does consider the tax position in future periods. It is expected that a tax loss will be reported in FY23, which will be carried forward to future years as the company is at breakeven prior to further benefits of tax deductions including depreciation and deductible interest in respect to the development funding. Adjusted funds from operations (**AFFO**) is not however forecast as the potential lease incentives payable at Munroe Lane cannot be quantified.

There are no fair value adjustments represented in the above pro-forma information.

The below is the forecast pro forma balance sheet position for each of the above four scenarios.
The Results Presentation includes more detail on the 31 March 2022 balance sheet on slides 11 and 14.

Scenario	**1**	**2**	**3**	**4**
	March 2022	**Only council lease at Munroe Lane, Graham Street vacant (June 2023)**	**Munroe Ln fully leased. Graham St vacant (prior to sale)**	**Sale of Graham St (Dec 2023)**
	$000s	**$'000s**	**$000s**	**$000s**
Stoddard Rd	43,500	43,500	43,500	43,500
Eastgate	43,450	-	-	-
Munroe Lane	67,516	139,400	147,500	147,500
Graham Street	59,000	63,000	65,000	-
Kamo	2,900	-	-	-
Total investment property (including held for sale)	**216,366**	**245,900**	**256,000**	**191,000**
Deposit received	(1,500)	(6,500)	(6,500)	-
Working capital	388	2,000	2,000	2,000
Borrowings	55,700	75,300	76,300	18,750
Forecast Net Tangible Assets (NTA)	**159,554**	**166,100**	**175,200**	**174,250**
NTA (cps)	*44.0*	*45.8*	*48.3*	*48.0*
LVR	*25.7%*	*31%*	*30%*	*10%*

Key Assumptions

- The 31 March 2022 fair value for 35 Graham Street reflects the discounted future cash flows (time value of money) up until the anticipated 1 December 2023 Settlement date. This includes the initial deposit of $6.5 million, operating costs up to Settlement and then the balance of the sale proceeds on 1 December 2023.
- The future carrying value at 35 Graham Street also includes the corresponding interest receivable which will increase up to the Settlement date of the Property as the discount impact unwinds. See also the fair value analysis set out in section 6.
- 35 Graham Street is not held for sale as at 31 March 2022 as there was no active campaign in place at that time and Settlement will not occur until after 31 March 2023.
- $6.5 million of debt is repaid once the deposit is received in early June 2022.
- Eastgate Shopping Centre, which is held for sale as at 31 March is assumed to settle by 1 July 2022. $40 million of debt is repaid and the balance of the sale proceeds is held as working capital.
- Munroe Lane development is forecast to be completed in the quarter ending 30 June 2023 and is fully leased ($147.5 million is the current forecast as if complete valuation as at 31 March 2022). The forecast cost to complete is funded by the $66.2 million Munroe Lane development debt facility.
- Kamo is assumed to be sold in the year ending 31 March 2023 at the current fair value of $2.9 million, hence it is also held for sale as at 31 March 2022. The net sale proceeds are expected to be used to repay debt.
- Forecast debt levels reflect the timing of divestments and forecast completion of the Munroe Lane development.
- Stoddard Rd is held constant at the current valuation level.
- There is a deferred tax liability of $0.31 million as at 31 March 2022 which represents the building depreciation claimed at 35 Graham Street to date. The purchase price allocation is still to be agreed in accordance with the terms of the SPA.

Funding structure

Please refer to slide 12 of the Results Presentation which summarises the Company's current bank facilities.

4. What is the rationale for selling 35 Graham Street now?

- The transaction de-risks the company with forecast drawn debt expected to reduce to $19 million on Settlement of 35 Graham Street by removing any further capital commitments (aside from Munroe Lane).
- There has been a structural shift in office leasing sentiment and investor appetite in the office sector post COVID-19 which has impacted on the ability to lease the Property to date.
- The inability to secure lease commitments under either development scenario for the Property has put further capital constraints on the Company as the Property cannot be developed without significant prior tenant pre-commitment.
- The Company does not have the balance sheet capacity, nor income profile across the Company's assets to hold the asset vacant for an extended period of time.
- The current forecast margins associated with either development scenario are no longer sufficient relative to the risk profile for delivery.
- Equity would likely be required to fund either development scenario and a capital raise is not a feasible option at this time.
- Positions the Company to navigate the next 12-18 months with certainty and capitalise on future opportunities once the current dynamic conditions normalise, given the low LVR forecast on a look-through basis.
- The sale will realise capital above the 31 March 2022 JLL independent valuation of $56 million (based on the sale price and its net present value[7]). This compares to a material share price discount to NTA. The share price closed at 25.5 cents on 12 April 2022, the date of the Sale and Purchase agreement with NTA being 44.0 cents as at 31 March 2022.

5. What will Asset Plus do with the proceeds of the sale of 35 Graham Street?

The proceeds from the sale of the Property will be applied to repay a proportion of the Company's debt. The initial deposit payable of $6.5 million, which (if the Resolution is approved) will be received in early June 2022 will be applied as a debt repayment with the remaining Settlement proceeds of $58.5 million also applied as a debt repayment at Settlement on 1 December 2023. Forecast drawn debt following Settlement is expected to be approximately $19 million which will represent a forecast gearing (LVR) of 10%. BNZ (the Company's lender) is supportive of the sale and the strategy to reduce debt.

The net sale proceeds are forecast to be $64.3 million with no discounting. The costs of sale are forecast to be $0.7 million including real estate agent's commission, legal fees and shareholder meeting costs.

The Company's current loan facility expires on 30 September 2023. It is intended that a refinancing is completed in late 2022 when the Munroe Lane development closer to completion and further leasing is achieved. It is expected that upon completion of the Munroe Lane development, the Munroe Lane development debt facility from BNZ will convert to an investment debt facility. An investment debt facility does not usually contain terms applicable to a commercial property development (such as conditions that Asset Plus must satisfy in order to drawdown under the facility). The interest rate margin and term are also expected to be amended as part of converting the Munroe Lane development debt facility to an investment debt facility. The sale of 35 Graham Street will also assist with that refinancing process.

Amendment to Loan Facilities

Asset Plus has also agreed a variation to its loan facility agreement whereby the Interest Cover Ratio (ICR) will not be tested from 1 April 2022 to 31 March 2023. The table below sets out the amendments assuming a sale of 35 Graham Street but also if the Transaction does not proceed. Further details are set out on slide 13 of the Results Presentation.

[7] The net present value of the transaction is $59 million which has been determined based on the discounted future forecast cashflows up to and including Settlement.

Summary of Loan Amendments	If Graham St sold	If Graham St not sold
Debt repayment required (limit reduction)	$46.5 million	$40.0 million
ICR (FY23)	Not tested from 1 April 2022 to 31 March 2023	Not tested from 1 April 2022 to 31 March 2023
ICR from 1 April 2023	1 times cover from 1 April 2023, increasing to 1.5 times as at 30 September 2023	1 times cover from 1 April 2023, increasing to 1.75 times as at 30 September 2023
Leasing milestones by 30 September 2022 (event of review if insufficient leasing completed)	Linked solely to Munroe Lane	Linked to both 35 Graham Street & Munroe Lane

As noted above, if the leasing milestones are not met by 30 September 2022, an "Event of Review" will occur under the BNZ facilities. Following an Event of Review, Asset Plus and BNZ must enter into negotiations with a view on agreeing the terms on which BNZ is willing to continue to make the facilities available to Asset Plus.

If, after 30 days, the underlying cause of the Event of Review has not been remedied or the parties have not agreed to the terms on which BNZ will continue to make the facilities available, then BNZ may give written notice to Asset Plus that an "Event of Default" has occurred (at which point the facility agreement will be cancelled and the outstanding moneys under the facilities will become due and payable on the date specified in that notice, which must not be less than 20 days after the date of that notice).

In the table above $40 million of the debt repayment relates to the Eastgate settlement with a further $6.5 million relating to the 35 Graham Street deposit.

As noted above, the 35 Graham Street settlement proceeds will also be applied as a debt repayment on 1 December 2023.

6. Valuation Summary

Key outputs and assumptions from JLL's 31 March 2022 valuation of the Property are:

	"as is" valuation as at 31 March 2022
Valuation	$56,000,000
Annual Net Contract Income	($1,451,364)
Annual Market Net Rental Income (fully leased)	$4,335,285
Passing Yield % (fully leased)	7.74%
Equivalent Market Yield %	5.96%
WALE (years)	0.00
Internal Rate of Return (10 years)	7.11%
Rate/sqm of Lettable Area	$4,514
Current Vacancy	100%

As at 31 March 2022 the fair value of 35 Graham Street in Asset Plus' financial statements is $59 million. This is determined by discounting the forecast future cash flows (including receipt of the purchase price) up to the 1 December 2023 Settlement date. The key assumptions are set out below:

- Discount rate of 5.5% which under NZ IFRS is to reflect the counterparty credit characteristics. The 5.5% has therefore been assumed based on the forecast funding cost of the purchaser up to the 1 December 2023 Settlement date.
- Settlement on 1 December 2023.
- Sale price of $65 million.
- Deposit paid in early June 2022 of $6.5 million (if Resolution passed).
- Forecast OPEX based on insurance and rates and other minor OPEX (FY23 OPEX budget of ~$0.5m).
- No CAPEX assumed.
- No rental income assumed. There may be minimal income derived but this is not considered material and is considered upside.
- A shift in the Settlement date to 1 December 2024 does not materially alter the fair value of the Property (is a ~$0.3m differential at a 5.5% discount rate).

7. Investment Strategy

The 35 Graham Street sale is driven by a change in market conditions since acquisition which has impacted on the ability to deliver on the intended strategy for the Property. The change in conditions has been threefold:

- adverse change in office leasing sentiment from a leasing perspective;
- an increase in delivery risk driven by supply chain constraints and significant cost escalation; and
- an increasing interest rate environment,

which cumulatively have unfavourably impacted on the original business case. The Company's strategy to provide superior risk adjusted returns through the judicious development of new and existing assets, astute judgement of risk, whilst maintaining a strong balance sheet can no longer be delivered on in respect of 35 Graham Street. Accordingly, this has impacted on the ability to fund any form of refurbishment or redevelopment 'on spec' which has lead to the capital management initiative to divest the asset and repay debt. The Transaction reduces the look through drawn debt to ~$19 million or gearing at 10% as at 1 December 2023.

The Company has also recently suspended dividends until sustainable operating earnings are derived. The Transaction provides a more certain pathway to reinstating dividends once Settlement occurs and the Munroe Lane development is completed and fully leased.

The Munroe Lane development is now the company's primary focus, which also includes leasing up the balance of that property. The development is expected to complete in the quarter ended 30 June 2023. This development is currently approximately 55% complete on a cost basis with the cost to complete funded by a committed development facility.

A combination of the 35 Graham Street sale and the completion of the Munroe Lane development is expected to set a stable platform for the future of the Company with the LVR forecast at 10% following settlement.

8. What are the implications of the Resolution not being approved?

The Sale and Purchase Agreement is conditional on Asset Plus' Shareholders approving the Resolution.

Should the Resolution not be approved, the Transaction will not complete. Asset Plus will not incur financial penalties under the Sale and Purchase Agreement if the Transaction is not approved and will only incur a small amount of legal and meeting expenses estimated at less than $0.1 million.

As noted above in section 3, the forecast annual impact of the Transaction is an increase in net profit before taxation of $4.2 million which includes a reduction in interest costs, a reduction in operating costs and reduced management fees. There is also an immediate interest cost saving of $0.37 million per annum as a result of the $6.5 million deposit being used to repay debt. This excludes any available depreciation claim.

In addition to the financial impact set out in Section 3 further potential impacts of the transaction not proceeding are:

- The Property is currently vacant and no longer income producing. There has been an inability to lease the Property to date given market conditions. It may take a further prolonged period of time to secure lease commitments.
- There will likely be a need for further equity to redevelop or refurbish 35 Graham Street to assist with leasing and / or assist in reducing debt as set out below, given existing balance sheet capacity versus forecast refurbishment and redevelopment costs.
- There is potential for an event of review to occur under the BNZ facilities if leasing commitments are not achieved at 35 Graham Street and/or Munroe Lane prior to the expiry of the no test ICR period through to 31 March 2023. This could lead to a potential default under the Company's loan facilities. This would directly affect to the Company's ability to complete the Munroe Lane development if an event of default was triggered.
- The current BNZ facilities expire on 30 September 2023. If 35 Graham Street remains vacant, without any leasing commitments, or it is not unconditionally sold, this will likely affect the terms required by BNZ in order to extend the facility.

9. What are the Key Risks of the Transaction?

Like any significant transaction for a group of companies, the Transaction is not free from risk. This section describes the circumstances that the Board is aware of that exist or are likely to arise associated with the sale and which may affect the Company's future operating performance and financial position and the value of the Company's shares as a result of the Transaction.

Where practicable, the Company seeks to implement risk mitigation strategies to minimise the exposure to some of the risks outlined below, although there can be no assurance that such arrangements will fully protect the Company from such risks.

You should carefully consider these risks before deciding how to vote in respect of the Resolution. The statement of risks in this section does not take account of the personal circumstances, financial position or investment requirements of any particular shareholder. It is important, therefore, that before making any voting decision, you give consideration to the suitability of an investment in Asset Plus' shares in light of your individual risk profile for investments, investment objectives and personal circumstances (including financial and taxation issues).

The key risks, their likelihood and the Company's mitigation strategies are listed below:

Issue	Description	Likelihood	Mitigation
Settlement risk	The property is to be delivered vacant. If there was a default on Settlement by the Purchaser, Asset Plus would essentially have lost 20 months to either lease the property or find another buyer. Loan facilities will also most likely need to be refinanced and / or a further source of capital secured, although gearing is forecast to be 30% prior to the 35 Graham Street Settlement.	Low – the Purchaser and its related entities have a significant track record in purchasing and developing office buildings in Auckland.	Proven counterparty who has purchased sites and developed extensively throughout Auckland and the Victoria Quarter. 10% deposit payable once Transaction approved by Shareholders. Reputational risk for Purchaser if they did not settle the Transaction.
Damage or destruction to 35 Graham Street resulting in termination of the Sale and Purchase Agreement	If there is damage or destruction to 35 Graham Street which makes the Property untenantable, the Purchaser has a right to terminate the Sale and Purchase Agreement. This could result in Asset Plus needing to reinstate the property in order to realise its value.	Low given low seismic activity in Auckland and fire protection systems installed at the Property.	Asset Plus currently holds material damage insurance for 35 Graham Street for a replacement value above $65 million. If there was an insurance claim resulting in destruction, this could be cash settled with the insurer. The Property could then be demolished and sold as bare land.

Procedural Notes and Other Information

Explanatory Notes

Explanatory Notes relating to the Resolutions are attached to and form part of this Notice of Special Meeting.

Attendance

All Shareholders who are registered as at 5.00pm (New Zealand time) on 1 June 2022 are entitled to attend online and vote at the Special Meeting.

Attendance online

To attend the Special Meeting online please go to www.virtualmeeting.co.nz/aplsm22. Shareholders attending online will be able to vote and ask questions during the Special Meeting. More information regarding virtual attendance at the Special Meeting (including how to vote and ask questions virtually during the Special Meeting) is available in the Virtual Meeting Online Portal Guide available at www.virtualmeeting.co.nz/help.

If you are unable to attend the Special Meeting online, you may appoint a proxy or representative (in the case of a corporate shareholder) to attend and vote on your behalf. The notice appointing a proxy or representative must be received by Link Market Services Limited not later than 1.15pm (New Zealand time) on 1 June 2022 by any of the following means:

Online: Visit https://investorcentre.linkmarketservices.co.nz/voting/APL and follow the instructions.

Email: Email meetings@linkmarketservices.co.nz with “Asset Plus proxy” in the subject line.

Delivery: Deliver your completed form to: Link Market Services Limited, Level 30, PwC Tower, 15 Customs Street West, Auckland.

Mail: Post your completed form to: C/- Link Market Services Limited, PO Box 91976, Victoria Street West, Auckland 1142.

Attendance in person

The Special Meeting is being held as a virtual meeting only and attendance in person will not be possible.

Proxies and representatives

A proxy or representative need not be a Shareholder and may be appointed by completing the proxy form attached to this Notice of Special Meeting. The appointment of a proxy or representative does not preclude a Shareholder from attending and voting in person or online at the Special Meeting or carrying this out electronically as set out in the proxy form accompanying this notice. However, please note that your proxy will not be able to vote at the Special Meeting unless you have provided a voting direction or discretion. If you do not provide an election in respect of the resolutions, your direction is to abstain. If you make more than one election in respect of any resolution your vote will be invalid on that resolution.

If you do not name a person as your proxy but have indicated on this form how you wish to vote, the Chairman of the Special Meeting will vote in accordance with your express instructions.

You may appoint the Chairman of the Special Meeting as your proxy. If you appoint the Chairman of the Special Meeting as proxy and elect to give him discretion on how to vote, then he intends to vote your Shares in favour of the Resolutions.

Resolution

The Resolution will only be effective if approved by Ordinary Resolution at the Special Meeting.

Voting Restrictions

All Shareholders are eligible to vote on the Resolution.

Defined Terms

APIL / Vendor	Asset Plus Investments Limited (a wholly owned subsidiary of Asset Plus)
Asset Plus or the Company	Asset Plus Limited
Board	the board of directors of Asset Plus
Centuria or the Manager	Centuria Funds Management (NZ) Limited
Chairman	the chairman of the Board
Directory	the directory set out on page 17 of this Notice of Special Meeting
EPS	Earnings Per Share
FFO	funds from operations
Glossary	this glossary of terms
Interest Cover Ratio	the ratio representing the Company's ability to pay interest expenses on outstanding debt
JLL	Jones Lang LaSalle
JLL Valuation Executive Summary	the executive summary of the JLL valuation report on 35 Graham Street as at 31 March 2022
Listing Rules	the NZX Main Board/Debt Market Listing Rules
LVR	loan to value ratio
Mansons or Purchaser	Mansons TCLM Limited
Notice of Special Meeting	this notice of special meeting to be distributed to Shareholders
NTA	net tangible assets
NZX	NZX Limited
Occupancy	the portion of the Company's portfolio that is committed to by tenants
Ordinary Resolution	a resolution of Shareholders approved by a simple majority (i.e., over 50%) of the votes of those Shareholders entitled to vote and voting on the matter
Property or 35 Graham Street	the property owned by APIL at 35 Graham Street, Auckland Central
Registrar	Link Market Services Limited
Resolution	the resolution set out in this Notice of Special Meeting
Sale and Purchase Agreement	the sale and purchase agreement between APIL (as vendor) and Mansons (as purchaser) for 35 Graham Street, dated 12 April 2022
Settlement	completion of the transfer of ownership of 35 Graham Street from APIL to Mansons in accordance with the terms of the Sale and Purchase Agreement
Shareholder	a person who holds ordinary shares in Asset Plus
Special Meeting	the meeting of Asset Plus shareholders, and any adjournment of that meeting, to be held to consider and, if thought fit, approve the Resolution
Transaction	the proposed sale by APIL of 35 Graham Street for $65.0 million (plus GST, if any), to Mansons in accordance with the terms and conditions of the Sale and Purchase Agreement
WALE	weighted average lease expiry

Directory

Company

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ASSET PLUS+

MANAGED BY Centuria