05 2021

ASSET PLUS+

MANAGED BY Centuria

Asset Plus Limited

Results Presentation for the year ended 31 March 2021

2021 Update

- Net rental income of $9.95m down $0.52m or 5% from FY20
- Total profit for the year net of tax of $15.95m (FY20 loss of $14.69m)
- AFFO[1] of $5.82m ($4.74m in FY20)

Munroe Lane development progressing on timetable – target completion of December 2022

Unrealised profit on the fair value of investment property of $9.2m or 6.3% increase on valued property

Secured resource consent for preferred development option at 35 Graham Street

Net tangible assets (NTA) of 44.8 cents per share (cps) are reduced from 56.7 cps due to the recent capital raise

The WALT is 2.75 years which has decreased from 3.16 years as 35 Graham Street will become vacant for redevelopment

$60.2m capital raise completed as well as new bank funding facility to facilitate the Munroe Lane development

Loan to value ratio is 5.4% (34.3% as at 31 March 2020)

Portfolio occupancy is 98.0%

Sale of Eastgate (non-core asset) with a deferred settlement

1. AFFO stands for 'Adjusted Funds From Operations', and is non-GAAP financial information, calculated based on guidance issued by the Property Council of Australia. Asset Plus considers that AFFO is a useful measure for shareholders and management because it assists in assessing the Company's underlying operating performance. This non-GAAP financial information does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information prescribed by other entities. The calculation of AFFO has been reviewed by Asset Plus' auditor, Grant Thornton New Zealand Audit Limited. A reconciliation of AFFO to net profit after tax is set out in Appendix 1.

Key Metrics

as at 31 March 2021

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Portfolio Value

$172.8m
(Mar-20: $142.1m)

Properties

5
(Mar-20: 4)

Number of Tenants

71
(Mar-20: 71)

WALE

2.75 years
(Mar-20: 3.16)

Occupancy

98.0%
(Mar-20: 98.3%)

LVR

5.4%
(Mar-20: 34.3%)

NTA

$0.448
(Mar-20: $0.567)

Strategic objectives

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	Objective	Delivering on the Objectives
01	**Increase the scale of the portfolio**	The Munroe Lane development which is now underway is forecast to increase the portfolio size by approximately a further ~$122m on completion, a material increase given the current portfolio value of $172.8m The potential development at 35 Graham Street (subject to leasing commitment) could further increase the portfolio and significantly alter the scale of the portfolio.
02	**Set a platform for sustainable growth moving forward**	Successful delivery of the Munroe Lane development is expected to enhance the quality of the portfolio, increase the WALE, re-weight to a higher Auckland exposure as well as increase the office sector weighting, creating a solid platform to leverage future opportunities
03	**Provide an appropriate yield reflective of the value-add, and total return approach adopted**	The Munroe Lane development is expected to provide attractive risk-adjusted returns having regard to the high quality tenant covenant, and extended lease term of 15 years over 63% of the building.

Financial Performance

	Year ended Mar-21 $m	Year ended Mar-20 $m	Var $
Gross Income	13.90	14.47	(0.57)
Direct Property Operating Expenses	(3.95)	(4.00)	0.05
Net Rental Revenue	**9.95**	**10.47**	**(0.52)**
Other Income	-	0.49	(0.49)
Total Net Revenue	**9.95**	**10.96**	**(1.01)**
Administration Expenses	(1.74)	(1.64)	(0.10)
Net Finance Costs	(1.14)	(1.67)	0.53
Total Operating Income	**7.07**	**7.65**	**(0.59)**
F.V. Gain of Investment Properties	9.19	(19.12)	28.30
Other Adjustments	(0.33)	(1.72)	1.39
Profit Before Tax	**15.93**	**(13.19)**	**29.12**
Tax	0.02	(1.50)	1.52
Total Comprehensive Income For the Period	**15.95**	**(14.69)**	**30.64**
AFFO	**5.82**	**4.74**	**1.00**
AFFO CPS	**2.19**	**2.93**	**(0.74)**

- Net rental revenue reduced by $0.52m or 5% primarily due to full year net impact in portfolio movements (the divestment of Heinz Watties property (Dec 2019) and acquisition of 35 Graham Street (June 2019)) and COVID-19 rental concessions of $0.4m.
- Other income in the PY is an underwrite fee associated with the sale of the Heinz Watties property.
- Administration expenses up $0.10m or 6% due to higher professional fees.
- Net Finance Costs reduced due to the impact of the capital raise.
- Fair value gain of $9.2m due to cap rate compression. PY was COVID impacted.
- Other adjustments include further costs associated with works at a divested property (greater than the forecast retention). Transaction costs in the prior year of $1.7m year were associated with potential business acquisitions and the withdrawn capital raise.
- Tax reflects the impact of the released deferred tax liability at Eastgate ($1.14m) as well as the tax benefits of claiming building depreciation ($0.32m).
- AFFO cents per share was lower due to more shares being issued following capital raise.

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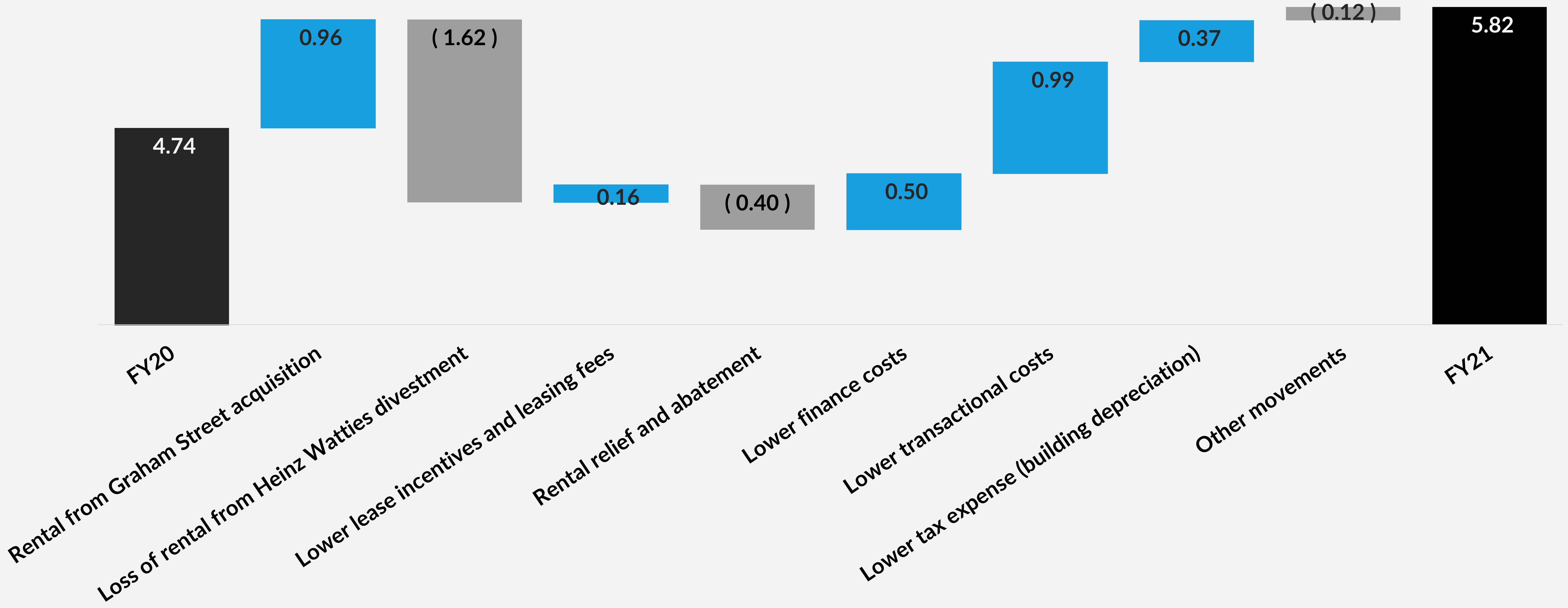
AFFO Waterfall ($m)



Net Rental Performance

	Year ended Mar-21 $m	Year ended Mar-20 $m	Var $m
Eastgate Shopping Centre	3.55	3.48	0.07
Stoddard Rd	2.53	2.51	0.02
35 Graham Street	3.87	2.95	0.92
Current Portfolio	**9.95**	**8.94**	**1.01**
Heinz Watties Distribution Centre	-	1.53	(1.53)
Total Net Rental Income	**9.95**	**10.47**	**(0.52)**

- Eastgate is $0.07m (2%) higher due to impact of Bargain Chemist lease and higher opex recoveries partly offset by COVID-19 rental relief and abatement.
- Stoddard Road is $0.02m (1%) higher due to rental growth and lower leasing fees partly offset by COVID-19 rental relief and abatement.
- 35 Graham Street was acquired in June 2019 (9 months of income in the prior year).
- Heinz Watties Distribution Centre (December 2019 divestment).
- No rental income recognised to date for Munroe Lane or Kamo as they are currently not income producing.

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Administration and Finance Expenses

	Year ended Mar-21 $m	Year ended Mar-20 $m	Var $m
Management Fees	0.79	0.82	0.03
Directors Fees	0.30	0.30	-
Audit Fees	0.11	0.11	-
Professional Fees	0.28	0.28	-
Other Administration Costs	0.26	0.13	(0.13)
Total Administration Expenses	**1.74**	**1.64**	**(0.10)**
Transaction Costs	**0.01**	**1.77**	**1.76**
Interest and finance costs	1.14	1.67	0.53
Interest revenue	-	(0.01)	(0.01)
Total Net Finance costs	1.14	1.66	0.52

- Administration costs were up $0.10m or 6%
- Management Fees reduced $0.03m or 4% as a result of COVID-19 valuation (impact in H1) before impact of HY revaluations
- Transaction Costs of $1.77m were incurred in PY - investigative work was undertaken to acquire two separate property-based businesses. In addition, $0.78m of costs were incurred in relation to the rights offer that was withdrawn in March 2020.
- Finance costs have decreased as a result of the capital raise as proceeds were applied as a debt repayment. This was partly offset by a new loan structure in place from October 2020 which increased line fees. The FY21 finance costs include line fees $0.64m (FY20: $0.42m); interest $0.40m (FY20: $1.18m); and loan establishment fees amortised $0.10m (FY20: $0.03m)

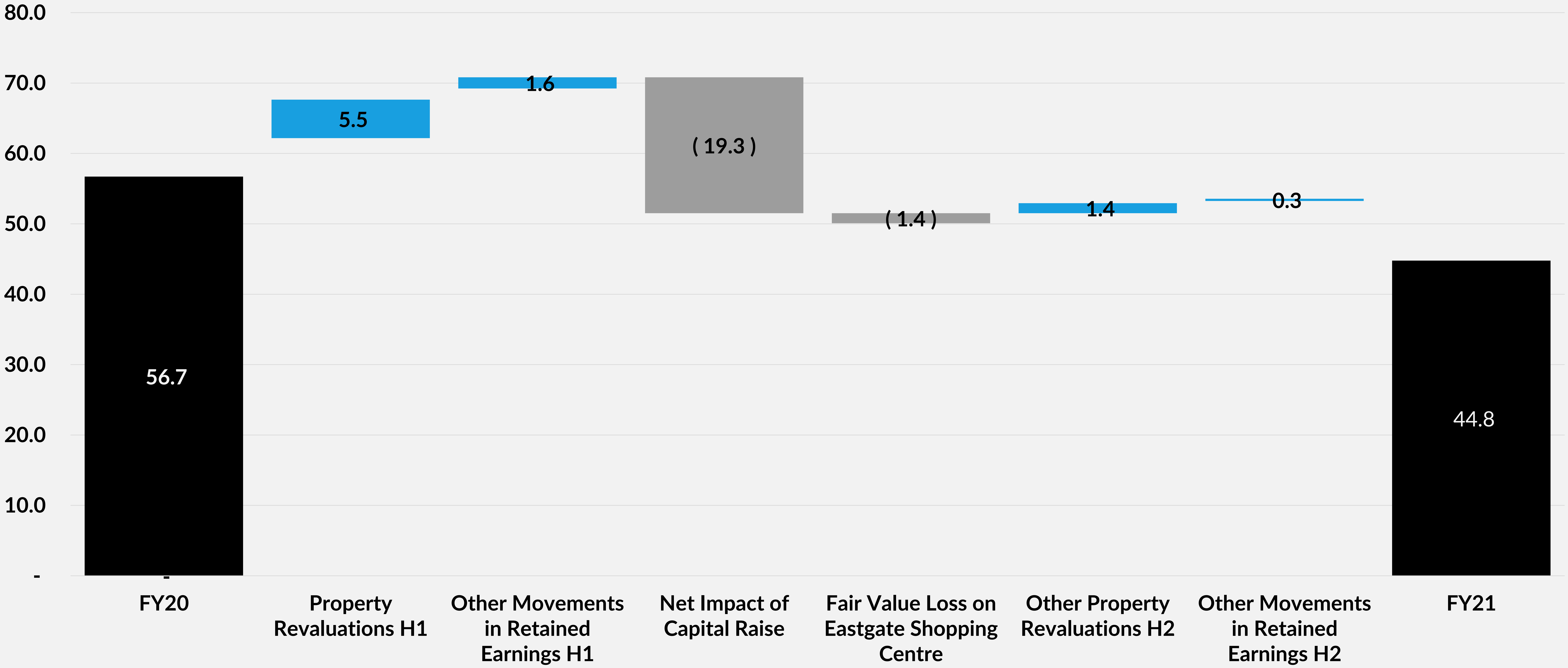
Balance Sheet and Funding

	Year ended Mar-21 $m	Year ended Mar-20 $m	Var $m
Cash	3.1	0.1	3.0
Investment Properties*	130.2	143.6	(13.4)
Properties Held for Sale	42.6	-	42.6
Other Assets	3.1	1.4	1.7
Total Assets	**178.97**	**145.08**	**33.89**
Bank Debt	9.4	49.3	(39.9)
Other Liabilities	7.2	4.0	3.3
Total Liabilities	**16.61**	**53.28**	**(36.59)**
Equity	**162.36**	**91.80**	**70.48**
Net Tangible Assets Per Share ($)	**0.45**	**0.57**	**(0.12)**

- Investment properties include assets under development specifically Munroe Lane ($25.0m) and Kamo ($2.7m)
- Eastgate Shopping Centre is held for sale at the confirmed exit price less costs to complete the Taco Bell development (~$1.1m)
- Other liabilities are higher due to development accruals
- Drawn bank debt reduced to $9.4m due to the impact of $60.2m capital raise.
- Total bank facility limit is $130m ($120.6m was undrawn at 31 March 2021).
- Gearing is 5.4% based on total portfolio value including assets under development (34.3% in 2020).
- Equity increased by $70.5 million due to $60.2 million capital raise and $9.2 million unrealised fair value gain on investment property
- NTA of 0.448 cents per share down 21% due to impact of the capital raise

*includes work in progress costs associated with the 6-8 Munroe Lane development as well as the potential development at 35 Graham St and Kamo.

NTA Per Share Waterfall (cents)



H1 is based on the number of shares before the capital raise (161,920,433). H2 is based on the number of shares after the capital raise (362,717,801)

Portfolio overview as at 31 March 2021

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	Graham Street, Auckland	Eastgate, Christchurch	Stoddard Rd, Auckland	Munroe Lane, Auckland	Kamo, Whangarei
					
Valuation/Carrying Value ($m)[1]	$61.0 (Mar-20: $50.1)	$42.6 (Mar-20: $47.0)	$41.5 (Mar-20: $37.5)	$25.0 (Mar-20: $7.5)	$2.7 (On acquisition: $2.1)
WALE (years)	0.50 (Mar-20: 1.2)	4.15 (Mar-20: 4.5)[2]	4.18 (Mar-20: 4.0)	-	-
Occupancy (%)	100% (Mar-20: 100%)	94% (Mar-20: 95%)[2]	100% (Mar-20: 100%)	-	-
Net Rental Income ($m)	$3.98 (Mar-20: $3.95)	$3.64 (Mar-20: $3.66)	$2.69 (Mar-20: $2.69)	-	-
Passing yield (%)	6.7% (Mar-20: 7.9%)	8.4% (Mar-20: 7.8%)	6.5% (Mar-20: 7.0%)	-	-
Comments	• Acquired June 2019 • Auckland Council lease expires June 2021 • 6 month extension agreed for basement and ground floors from July 2021 for $1m rental • Key redevelopment opportunity subject to leasing commitment	• Bargain Chemist secured from May 2020 on 6 year term • Taco Bell currently under development and scheduled for PC in mid 2021 • Unconditionally sold, with settlement scheduled between Aug 21 and Feb 22	• The property continues to perform well and provide a stable income stream • 100% of expiring leases were renewed by existing tenants, with all renewals for calendar year 2021 also secured.	• Acquired off-market December 2019 • Large ~4,200m^2 corner site with three road frontages • Under development with 2/3rds pre leased to Auckland Council on a 15 year term from completion • Completion expected Dec 22	• Bare land acquired on 30 July 2020 • Large 38,000m^2 industrial site located adjacent to SH1 • Pipeline opportunity
Largest tenant exposures	• Auckland Council	• Countdown, The Warehouse	• The Warehouse	• Auckland Council	

1. Carrying values include work in progress (WIP) relating to costs incurred in relation to current and future development work which were not included in the inputs to the valuation calculation by the independent valuers
2. *Based on each valuer's net rental income assessment. Eastgate carrying value represents the sale price less costs to complete the Taco Bell development project.

Portfolio Movements

- As at 31 March 2021 the portfolio's WALE was 2.75 years and the occupancy was 98.0%. Following the sale of Eastgate and Auckland Council vacating 35 Graham Street the portfolio WALE and occupancy are expected to reduce to 1.40 years and 40.3% (assuming no new leasing activity on the remaining properties).
- Stoddard Road and Graham Street valuations have recovered the prior year impacts of COVID-19. In the prior year the external valuations were revised to incorporate the material uncertainty caused as a result of the COVID-19 pandemic and its potential impacts.
- The impact of the H2 revaluations was broadly flat as valuation gains at Stoddard Road and Graham Street were offset against a write-down at Eastgate due to the exit value at a slight discount to valuation.
- Key drivers for the valuation increases were cap rate compression and a reduction in assumed rental abatement and relief.
- The fair value unrealised gain on the investment properties was $9.2m – an increase of 6.3% against carrying value across the year.
- The Munroe Lane "as if complete" valuation has increased from $142.0m to $146.85m (assuming fully leased) due to cap rate compression (this is not reflected in the "as is" fair value as at 31 March 2021 as no development margin has been reflected at this stage in the development).
- Subsequent to the COVID-19 pandemic Independent valuers have identified a level of valuation uncertainty and highlight that less certainty and a wider range should be attached to the valuations.

	Opening balance Mar -20 $m	Acquisitions $m	Capex & Other Mvmts $m	Fair Value Movement $m	Final Valuations Mar-21 $m	WIP $m	Carrying Value $m
Properties Held for Sale							
Eastgate	47.0	-	0.3	(4.7)	42.6	-	42.6
Investment Properties							
22 Stoddard Road	37.5	-	0.1	3.9	41.5	-	41.5
35 Graham Street	50.1	-	-	9.4	59.5	1.5	61.0
Development Properties							
6-8 Munroe Lane	7.5	-	-	0.3	7.7	17.3	25.0
Kamo – bare land	-	2.3	-	0.3	2.6	0.1	2.7
TOTAL	**142.1**	**2.3**	**0.4**	**9.2**	**153.9**	**18.9**	**172.8**

Impact of COVID-19

- The COVID-19 pandemic created a level of material future uncertainty in the real estate market and the immediate impacts were widespread as a result of the government mandated lockdowns.
- Despite the retail exposure of the portfolio APL was somewhat insulated given the number of essential services in the portfolio.
- Rental abatements and relief for the year impacted operating earnings by $0.4m, equivalent to approximately 3% of the gross rental income reported for FY21.
- This lost revenue (net of clawback) is offset by the reintroduction of building depreciation which is claimed from a tax perspective generating a tax saving benefit of $0.32m.
- The property market has been very buoyant in H2FY21 with the low interest rate(s) and economic stimulus measures fueling investment in the property sector.
- Preservation of long-term cashflow and value remains management's focus.

Eastgate, Christchurch

- Unconditionally sold with settlement set to occur between 22 August 2021 and 22 February 2022 (at the purchaser's option).
- Proceeds from the sale will initially be applied as a debt repayment and the sale creates balance sheet capability.
- Bargain Chemist commenced a 6 year lease from May 2020. Several tenancies were combined to meet the circa 800m^2 space requirements for the tenant, and they have proven an excellent addition to the centre.
- Secured Taco Bell for their first South Island store on a 10 year lease from completion, which is expected in mid 2021.
- Although customer numbers are up at the Centre, the Moving Annual Turnover (MAT) has remained flat for the year. Passing income was unchanged through the year while the WALT has decreased slightly given the reducing lease term to the major tenants, despite the new leases and renewals secured during the year.
- Post year end Caroline Eve has been secured as a tenant across 3 historically vacant tenancies.
- The carrying value represents the sale price ($43.45m) less committed fitout works for Taco Bell.

	2021	2020
Carrying Value ($m)	42.56	-
Valuation ($m)	-	46.95
Net Rental Income ($m)	3.64	3.66
Passing Initial Yield (%)	8.04%	7.80%
Cap Rate (%)	NA	8.38%
Net Market Rental ($m)	NA	4.09
WALT (years)	4.15	4.53

Stoddard Road, Auckland

- $0.2 of rental abatement and relief was provided during the year at the Centre
- A total of six lease renewals were completed in 2021 (22% of the total rental income for the Centre).
- WALT increased to 4.18 years in 2021 as a result of renewals during the year.
- The valuation has recovered from the initial impacts of COVID-19 to a level above the pre-COVID-19 valuation on the back of compressing yields for commercial property
- The Centre is currently 100% occupied.
- There is only one lease renewal due in 2022, representing 5.9% of the total rental income for the Centre.
- Recent tenant retention has remained strong which demonstrates tenant demand for the Centre.
- The Warehouse expiry is a focus in the medium term with an expiry in 2025.

	2021	2020
Valuation ($m)	41.5	37.5
Net Rental Income ($m)	2.69	2.69
Passing Initial Yield (%)	6.50%	7.00%
Cap Rate (%)	6.0%	6.25%
Net Market Rental ($m)	2.55	2.37
WALT (years)	4.18	4.00

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35 Graham Street, Auckland CBD

Potential development and leasing update

- The purchase was in line with Asset Plus' 'Yield plus Growth' investment strategy, providing the benefit of an existing large structure with holding income, with a number of potential add value options.
- Resource consent for the preferred development option (adding 3 additional floors) has been granted in early 2021.
- Colliers have been engaged as master leasing agent, and we are pursuing a number of target tenants with expiries or renewals within the forecast completion window for the preferred development option.
- The impacts of COVID-19 on the office market and tenant behaviours were profound in the immediate aftermath of the pandemic, with a number of companies severely impacted subleasing space. Decisions to relocate or commit to new offices were put on hold for the best part of 12 months until some certainty resumed in the market.
- There is now a continued trend towards a flight to quality, with large floorplates in modern, sustainable and efficient buildings in demand from corporate occupiers, with a number of material leasing transactions having occurred already in 2021.
- A final decision on the development of Graham Street has yet to be made by the Asset Plus Board, and is contingent on leasing commitment.
- The WALE is 0.5 years as at 31 March 2021. The Council rent drops to ~50% of the current rental level from 1 July for 6 months until the 31 December lease expiry.
- The successful leasing of 35 Graham Street is the company's prime near term focus.

Munroe Lane Development

- On 20 December 2019, Asset Plus announced the development of a building in Albany, 63% pre-leased, with a 15-year lease to Auckland Council.
- The funding condition was satisfied on 30 October 2021 after completion of the successful equity raise.
- The development is now underway with a construction target completion date of December 2022.
- Icon appointed as main contractor with the majority of development costs now fixed.
- The project is progressing in line with budget, and the projects contingency remains intact.
- Asset Plus believes the Munroe Lane Development offers attractive risk-adjusted returns having regard to the high-quality tenant and extended lease term secured to date.

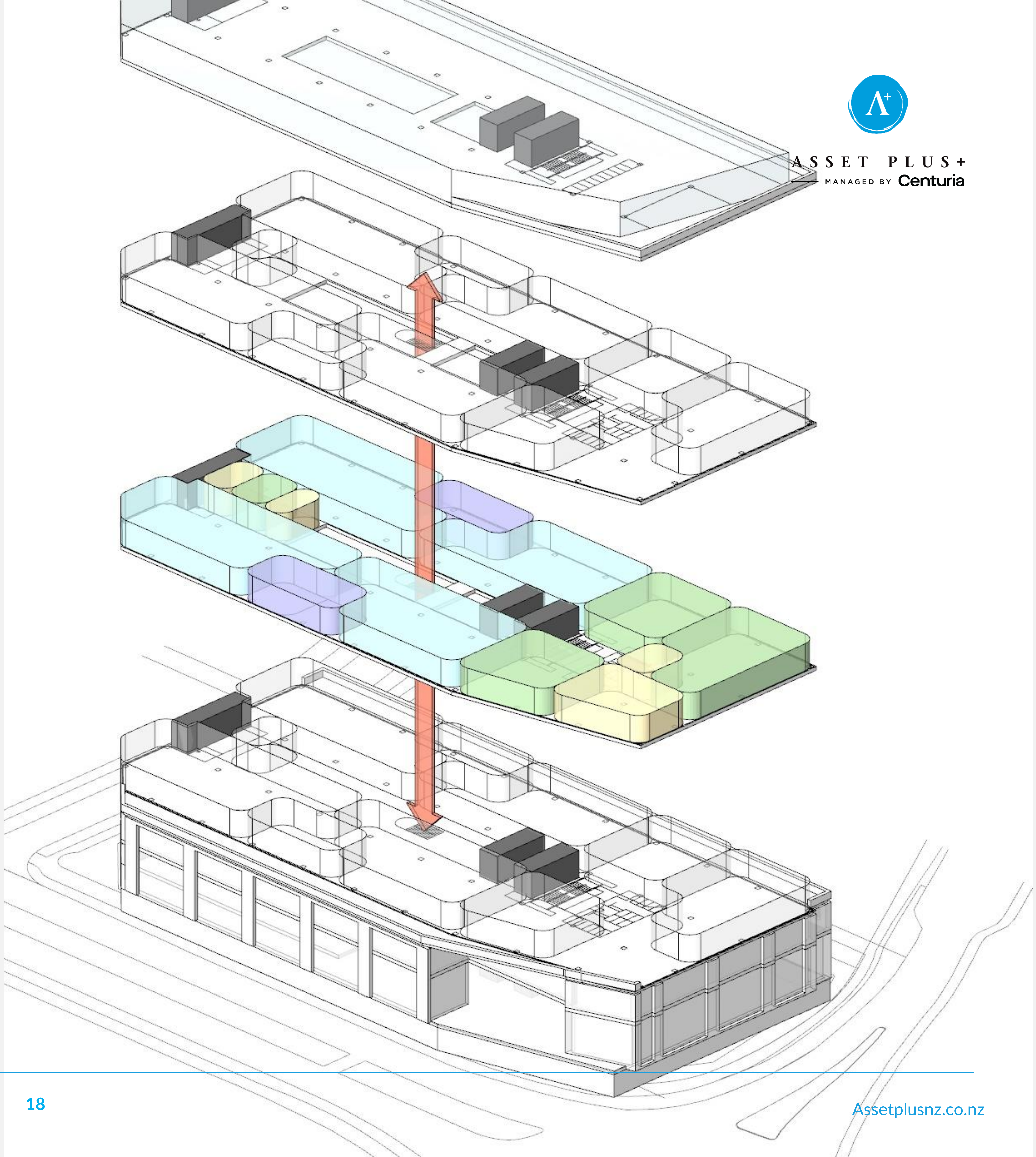
Munroe Lane, Albany

Development Overview

- 6 levels plus basement carparking in the heart of Albany with extensive car parking.
- ~750m^2 of Café / Food & Beverage / Retail / Office outlets on ground level available for lease
- ~2,700m^2 office tenancy on level 6 available for lease
- Two office tenancies of ~950m^2 each available on level 2 for lease
- Albany is the key growth node for North Auckland, we are promoting as "hub and spoke" model with Asset Plus able to offer potential occupier space here and at 35 Graham Street.
- Registered with the NZ Green Building Council to obtain the Green Star Design and As-Built rating
- The majority of construction costs are now fixed (subject to variation provisions) within the original construction budget, with contingency remaining intact
- Works remain on schedule for completion in December 2022.

Gross Floor Area	**27,200 m^2**
Net Lettable Area	**15,900 m^2**
Expected yield on cost	**5.8%**
Value on Completion (JLL)	**$146.85m***
Return on cost (including land) target	**12%**

*assumes 6-8 Munroe Lane is fully leased on completion



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Outlook

- The leasing and potential redevelopment of 35 Graham Street is our key focus given the pending lease expiry. Leasing efforts were disrupted by the impact of the COVID-19 pandemic but confidence is now returning to the market.
- 35 Graham Street provides options for reduced scale redevelopment which may be more acceptable given current market conditions and ability to secure leasing pre-commitments.
- We are concurrently focused on leasing the balance of the Munroe Lane development now that all costs have been fixed and works are tracking to schedule.
- We can offer a unique hub and spoke solution to corporate occupiers across both 35 Graham Street and Munroe Lane
- The Board remain committed to securing further growth opportunities while actively managing our existing portfolio.
- The dividend remains subject to quarterly review.

Appendix 1: AFFO Reconciliation

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	Year ended Mar-21 $m	Year ended Mar-20 $m
Total Comprehensive Income Net of Tax	**15.95**	**(14.69)**
Loss/ (Gain) From Sales of Investment Property	0.32	(0.05)
Fair value (gain) / loss on investment property	(9.19)	19.12
Depreciation on Owner Occupied PP&E	-	0.06
Deferred Tax Expense	(1.14)	(0.52)
Tax on Depreciation Recover (Non-Operating)	-	0.53
Other income (underwriting)	-	(0.49)
Net Operating Income After Tax	**5.94**	**3.96**
Transaction Costs	-	0.79
Amortisation of Lease Incentives and Costs	0.14	0.29
Amortisation of Rent Relief due to COVID-19	0.14	-
Funds From Operations (FFO)	**6.22**	**5.03**
Maintenance CAPEX	(0.02)	(0.08)
Incentives Granted/Commissions Paid	(0.05)	(0.21)
Rent Relief due to COVID-19	(0.33)	-
Adjusted Funds From Operations	**5.82**	**4.74**
AFFO (CPS)	**2.19**	**2.93**

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