



ASSET PLUS +
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Financial results

For the year ended 31 March 2024

28 May 2024

OVERVIEW

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2. Key metrics
3. Activity during the year
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Result summary

- Total loss for the year net of tax of \$5.30m (FY23 loss of \$13.05m).
- Result impacted by \$4.90m of revaluation losses (\$12.69m of losses in FY23).
- AFFO¹ loss of \$0.67m (\$0.28m loss in FY23).
- Net rental income of \$3.65m, up \$0.18m on the previous year, primarily due to the commencement of Munroe Lane rent offset against the Stoddard Road divestment.
- Munroe Lane development complete with Auckland Council rental commencing on 17 May 2023.

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 is set out in Appendix 1.



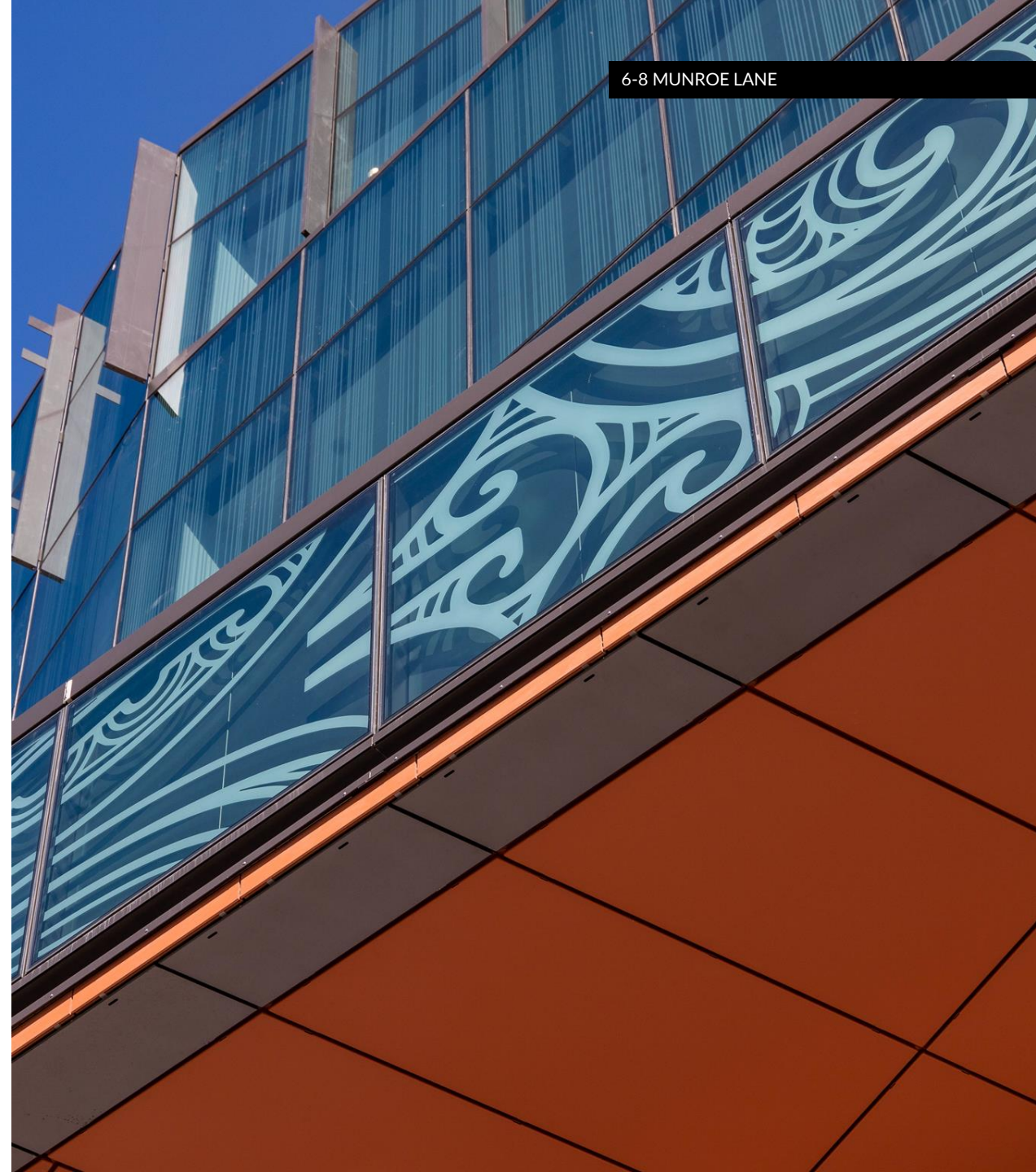
Key metrics

Portfolio value	Properties*	Occupancy*	WALE*	Loan-to-value ratio*	Net tangible assets
March 2024					
\$180.8m	2*	41.0%	5.9 years	18.2%	38.9 cps
March 2023					
\$216.6m	3*	37.0%	1.2 years	31.5%	40.4 cps

*35 Graham Street is unconditionally sold with a deferred settlement but is represented in the metrics above.

Activity during the year

- Munroe Lane development complete, with Auckland Council rental commencing on 17 May 2023.
- 35 Graham Street settlement deferred to 29 November 2024.
- Stoddard sold and settled on 1 May 2023.





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Financial performance

Financial Performance

	Mar-24 (\$m)	Mar-23 (\$m)	Var (\$)
Gross Rental Revenue	5.33	6.38	(1.05)
Direct Property Operating Expenses	(1.68)	(2.91)	1.23
Net Rental Revenue	3.65	3.47	0.18
Administration Expenses	(1.75)	(1.94)	0.19
Net Finance Costs	(2.30)	(2.00)	(0.30)
Total Operating Loss	(0.40)	(0.47)	0.07
Fair Value Movement on Investment Properties including disposal	(4.90)	(13.04)	8.14
Loss Before Taxation	(5.30)	(13.51)	8.21
Tax Benefit	-	0.46	(0.46)
Total Comprehensive Loss for the Period	(5.30)	(13.05)	7.75
AFFO			
AFFO	(0.67)	(0.28)	
AFFO CPS	(0.19)	(0.07)	

- The impact of the Eastgate and Stoddard Road settlements reduced net rental income by \$3.84 million.
- The impact of the above divestments was however offset by the Munroe Lane net rental income of \$4.0 million which was recognised for the year (noting rental commenced on 17 May 2023). Overall, net rental income increased by \$0.18 million.
- Management fees were marginally lower by \$0.14 million due to the impact of the Eastgate and Stoddard Road divestments offset by the Munroe Lane development and a small performance fee (\$0.06 million).
- Net finance costs were higher by \$0.30 million primarily due to higher average interest rates (\$0.57 million) offset against higher interest income (\$0.28 million).
- The Munroe Lane unrealised revaluation loss recognised was \$8.0 million as the cap rate softened from 6.05% to 6.25% as well as increased let up periods and incentives assumed.
- The 35 Graham Street fair value increased by \$3.0 million due to the discount unwind.
- There are tax losses of ~\$12 million. A deferred tax asset recognised to the extent of the deferred tax liability, hence \$8.9 million of tax losses are not recognised as a deferred tax asset.
- AFFO reconciliation and waterfall is appended.

Net Rental Performance

	Mar-24 (\$m)	Mar-23 (\$m)	Var (\$)
Stoddard Road	0.20	2.62	(2.42)
35 Graham Street	(0.55)	(0.51)	(0.04)
Eastgate	-	1.42	(1.42)
Munroe Lane	4.00	(0.06)	4.06
Current portfolio	3.65	3.47	0.18

- 35 Graham Street was broadly in line with the prior period. It remains 99% vacant. A small amount of carpark income was received which partially offset the opex incurred.
- The Eastgate settlement occurred in late August 2022, which was the key reason for the reduction in net rental income of \$1.42 million at Eastgate.
- The Stoddard Road settlement occurred on 1 May 2023, which was the sole reason for the reduction in net rental income of \$2.42 million.
- Munroe Lane rent commenced on 17 May 2023 in respect to the Auckland Council lease. Net rental (including unrecovered opex on the vacancy) of \$4.0 million was derived during the period.

Administration & Finance Expenses

	Mar-24 (\$m)	Mar-23 (\$m)	Var (\$)
Management Fees	0.99	1.13	0.14
Directors' Fees	0.30	0.30	-
Audit Fees	0.10	0.10	-
Professional Fees	0.15	0.23	0.08
Other Administration Costs	0.21	0.18	(0.03)
Total Administration Expenses	1.75	1.94	0.19
Interest & Finance Costs			
Interest & Finance Costs	2.81	2.24	(0.57)
Interest Revenue	(0.51)	(0.24)	0.27
Total Net Finance Costs	2.30	2.00	(0.30)

- Management fees were slightly lower as the weighted average portfolio value marginally decreased due to the divestments, offset by the Munroe Lane development.
- Management fees also included a small performance fee of \$0.06 million for the year.
- Finance costs increased by \$0.57 million. This was primarily due to higher average interest rates (\$0.72 million) offset against a lower average debt balance which represented a saving of \$0.15 million.
- Interest income was higher by \$0.27 million due to funds held in the lockbox (from November 2022) as well as the Munroe Lane retention funds held in trust, and higher effective deposit rates achieved.
- The development facility converted to an investment facility on 13 July 2023. Up until that date finance costs on this facility were capitalised.

Balance Sheet

	Mar-24 (\$m)	Mar-23 (\$m)	Var (\$)
Cash	3.7	4.9	(1.2)
Investment Property	116.1	118.6	(2.5)
Properties Held For Sale	64.7	98.0	(33.3)
Other Assets	5.8	8.0	(2.2)
Total Assets	190.3	229.5	(39.2)
Bank Debt	33.0	71.4	(38.4)
Other Liabilities	16.1	11.6	4.5
Total Liabilities	49.1	83.0	(33.9)
Equity	141.2	146.5	(5.3)
Net Tangible Assets Per Share (\$)	0.389	0.404	(0.015)
LVR Ratio	18.2%	31.5%	

- Investment property comprises just Munroe Lane (\$116.05 million).
- 35 Graham Street is held for sale. During the year Stoddard Road was sold for \$36.75 million.
- 35 Graham St fair value of \$64.7 million reflects the future settlement proceeds on a discounted basis (applying a 9.0% discount rate which has increased from 8.5% during the year).
- Other assets include a \$4 million cash lockbox held by BNZ and funds held in retention.
- Deposits received of \$13.6 million in respect to the 35 Graham Street deferred settlement (recognised under other liabilities).
- \$45.5 million of bank debt was repaid during the year.
- \$7.1 million of debt was also drawn down progressively during the year to fund the completion of the Munroe Lane development.
- Net deferred tax is \$nil, whereby the deferred tax asset is equivalent to the deferred tax liability of \$0.87 million.
- Further tax losses not represented as a deferred tax asset are \$8.9 million as they are not expected to be utilised in the near to medium term.
- NTA marginally reduced during the period to 38.9 cents per share due to revaluation losses.
- LVR is 18.2% at balance date (down from 31.5% as at 31 March 2023).



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Funding Update

Funding Update

Loan facilities as at 31 March 2024

	New Limits \$m	Drawn 31 March 2024 \$m
Working Capital	\$14.1m	\$8.8m
Investment	\$30.8m	\$24.2m
Total Facility	\$44.9m	\$33.0m

Loan covenants

	LVR at all times	ICR	Lockbox
Working Capital & Investment	45%	Not tested	\$4m (EBIT + lockbox > 1.25x ICR)

- The loan facilities expire on 31 March 2025, hence a current liability at balance date.
- Cash lockbox in place for \$4 million (reduced from \$5 million) to cover the actual EBIT shortfall to an ICR of 1.25x. Lockbox can further reduce over time but only once leasing is secured, rental income is derived and the ICR shortfall is less than \$4 million. APL reports EBIT and leasing updates so that lockbox sizing can be tested.
- The Development facility converted to investment facility on Munroe Lane practical completion being 13 July 2023. The LVR covenant is now <45%.
- During the year the facility limit reduced from \$85 million to \$44.9 million. Drawn debt also reduced from \$71.4 million to \$33 million.
- No hedging is in place due to the 35 Graham Street exit.
- The base rate as at balance date is 5.65% before margin and line fee. On a drawn debt basis, the effective interest rate is 8.9%.
- Drawn debt as at 28 May 2024 is \$33 million. \$11.9 million remains undrawn.
- All debt will be repaid immediately post the 35 Graham Street settlement on 29 November 2024 and the lockbox released.



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Portfolio update

Munroe Lane, Albany

- Practical Completion achieved on 13 July 2023 once final commissioning was completed, post Auckland Council's fit-out.
- Munroe Lane blessing and opening occurred on 26 July 2023.
- Auckland Council commenced occupation from this day, however rental commenced on 17 May 2023.
- Project was delayed seven months from the original mid-December 2022 target completion date largely as a result of the impacts from Covid-19, and more recently tenant fit-out delays.
- Once further leasing is achieved, the Company will consider the sale of the property.

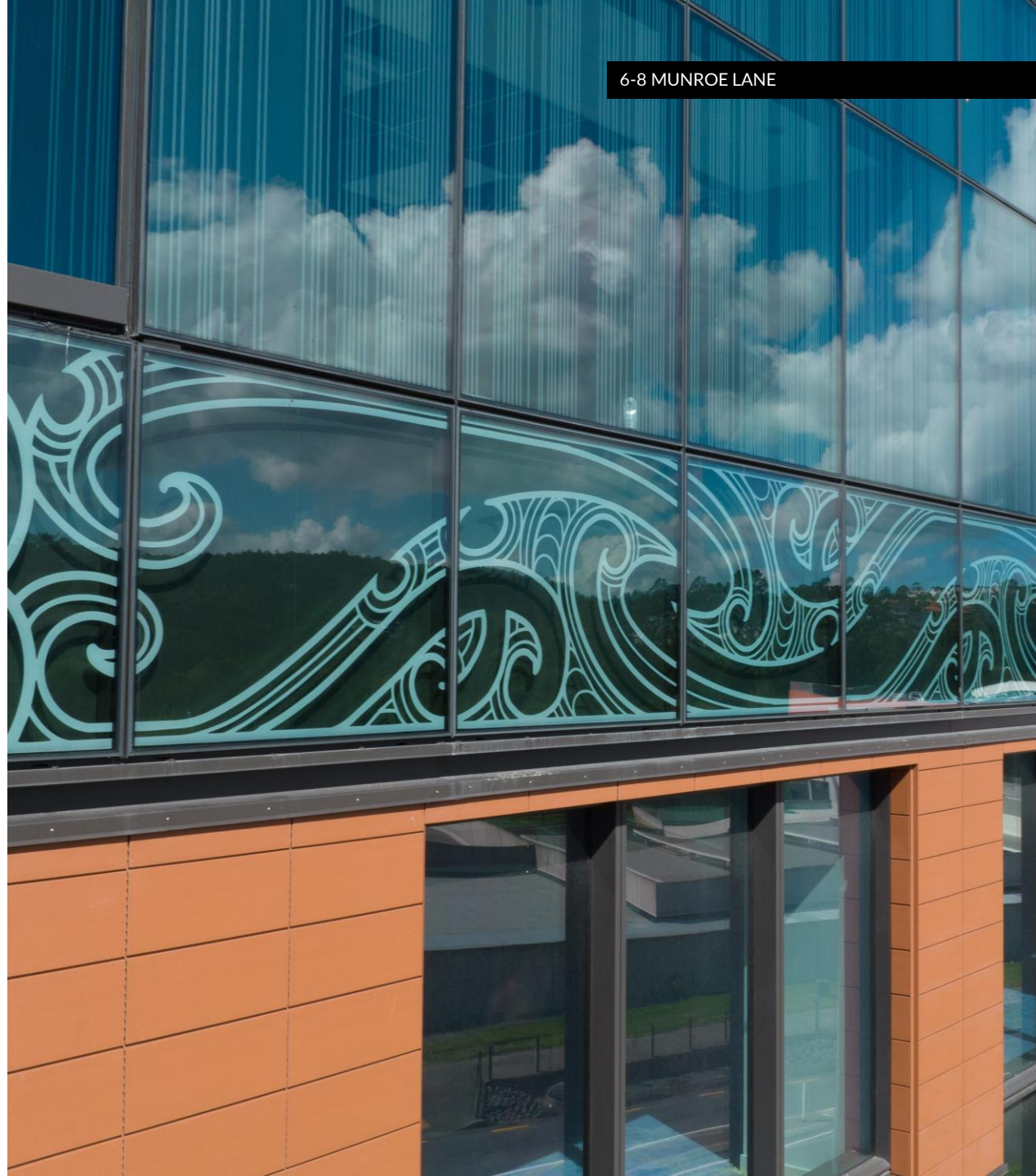
6-8 MUNROE LANE



Munroe Lane, Albany (continued)

- The independent valuation based on just the Auckland Council (committed) lease is \$116.2 million. Forecast costs to complete are \$0.15 million. Therefore, a fair value of \$116.05 million as at balance date.
- To date \$15 million of unrealised development losses have been recognised.
- The total development cost is \$131.2 million.

	March 2024	March 2023
Valuation (committed occupancy)	\$116.2m	\$126.0m
Total development cost (ex incentives)	\$131.2m	\$133.0m
Development profit (loss)	(\$15.0m)	(\$7.0m)
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Yield on cost (fully leased)	5.7%	5.51%

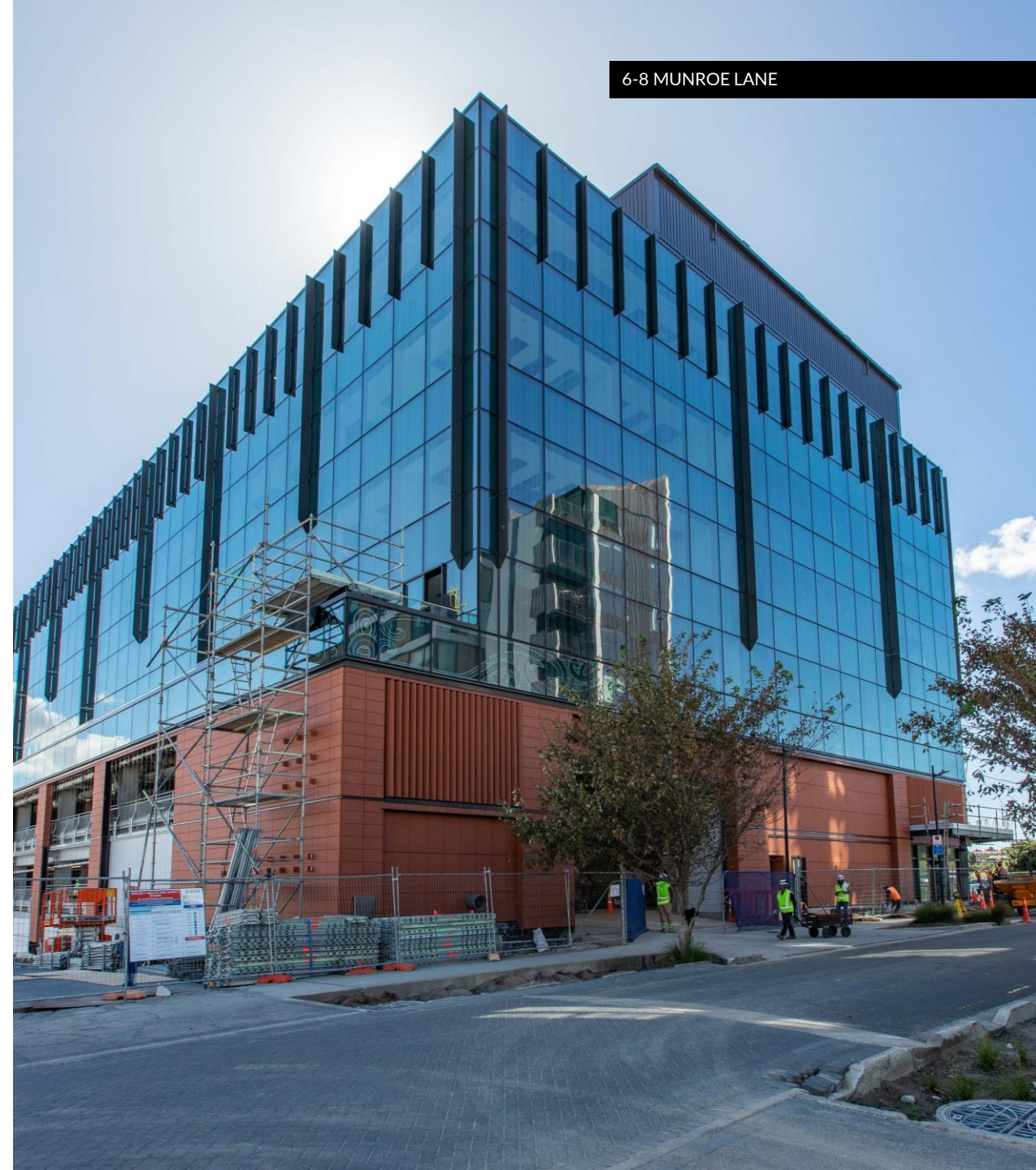


Munroe Lane - leasing update

- Little Fields Café lease commenced early 2024 for the kiosk in the ground floor lobby.
- Direct marketing initiatives remain ongoing to target potential occupiers for the balance of space.
- Leasing enquiry and inspections have increased post completion of the building, However, interest remains muted on the North Shore.
- Potential full floor tenants remain scarce. Level 6 can be split into 3 smaller tenancies.
- Auckland Council continue to attempt to sublease Level 5 to reduce costs.

Floor	Area
Ground	142m ² of front of house/office or F&B space
Level 1	239m ² of F&B/retail/service retail/office
Level 2	1,935m ² of office - a number of configurations available
Level 6	2,729m ² of office - can be split into 3 tenancies

6-8 MUNROE LANE



Divestment of 35 Graham Street

- Unconditionally sold, with a deferred settlement date of 29 November 2024 as the purchaser has notified APL that they wish to extend settlement by 12 months.
- As the settlement is extended the total deposit received is now \$13.6 million and the sale price has increased to \$68 million (from \$65 million). The second deposit of \$7.1 million was received on 29 September 2023 and the funds were applied as a debt repayment.
- As the settlement is deferred, the current net present value is \$64.7 million (based on the discounted forecast settlement cash flows). A 9% discount rate has been applied.





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Outlook



Outlook

- The Company is forecast to still be in an operating loss position up until the 35 Graham Street settlement has occurred on 29 November 2024 (absent any new leasing).
- Key focus remains on successfully leasing the balance of the Munroe Lane development. Thereafter, we will consider selling Munroe Lane.
- We wish to emphasise that the leasing of Munroe Lane will influence the timing of such decisions, while market conditions at the time are likely to dictate the ultimate outcome.
- Ultimately, if Munroe Lane was to sell, the Board anticipates being in the unique position of the Company having zero debt and significant cash reserves with which to consider a range of options. This includes a possible wind-up and return of capital or pivoting in a new direction.
- Any steps to pivot in a new direction, sell Munroe Lane or to subsequently wind up the Company, will require shareholder approval, and we would likely anticipate asking shareholders to vote on both decisions at the same time.
- The dividend remains suspended which is subject to quarterly review. It is likely to remain suspended until post the 35 Graham Street settlement and the future direction of the Company is confirmed.



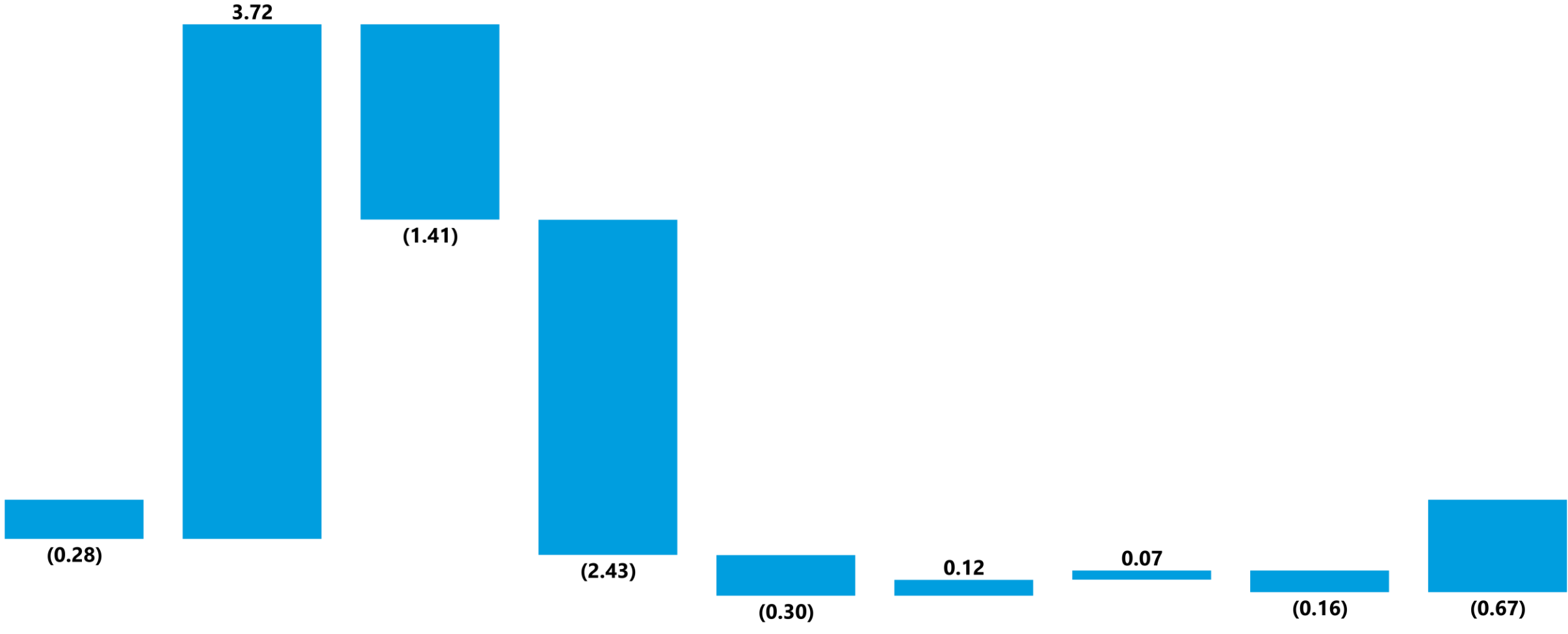
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Appendices

Appendix 1 – AFFO reconciliation

	March 24 (\$m)	March 23 (\$m)
Comprehensive Loss Net of Tax	(5.30)	(13.05)
<i>Add back</i>		
Fair value movement on Investment Property (including loss on disposal)	4.90	13.04
Non-FFO Deferred Tax Expenses	-	(0.41)
Net Operating Loss After Tax	(0.40)	(0.42)
Amortisation of Lease Incentives and Leasing Costs	0.05	0.13
Amortisation of Rent Relief due to COVID-19	-	0.09
Rental straight line	(0.32)	-
Funds From Operations (FFO)	(0.67)	(0.20)
Incentives and Leasing Costs Paid	-	(0.03)
Maintenance capex	-	(0.05)
Adjusted Funds from Operations	(0.67)	(0.28)
AFFO (CPS)	(0.18)	(0.07)

Appendix 2 – Adjusted Funds From Operations (AFFO)



The above graph is represented in \$m.

Appendix 3 – Portfolio summary

	Property Held for Sale	
	Munroe Lane, Albany	35 Graham Street, Auckland
Valuation/ Carrying Value (\$m)	\$116.05m (Mar-23: \$118.6m)	\$64.7m ¹ (Mar-23: \$61.7m)
WALE (years)	9.1 year WALE (Auckland Council lease only)	0.00 (Mar-23: 0.00)
Occupancy (%)	65.66%	0% (Mar-23: 0%)
Net Rental Income (\$m)	\$7.6m based on fully leased rent (committed net rental is \$4.7m)	\$0.05m but OPEX of \$0.6m (Mar-23:\$0.03m but OPEX of \$0.55m)
Yield (%)	6.49% based on fully leased rental	N/A (Mar-23: N/A)
Comments	Practical completion achieved on 13 July 2023.	Sold for \$68m (increased from \$65m due to deferred settlement). 29 November 2024 settlement date.
Largest tenant exposures	Auckland Council	Vacant aside from small amount of carpark income

1. 35 Graham Street fair value reflects the net present value of future settlement cash flows.

Appendix 4 – Portfolio movements

	Opening balance (\$m)	Transfer to properties held for sale (\$m)	Capex & Other movements (\$m)	Fair Value movement (\$m)	Sale of Property (\$m)	Fair Value March 2023 incl. WIP (\$m)
Properties held for sale						
35 Graham Street	61.7	-	-	3.1	-	64.7
22 Stoddard Road	36.3	-	-	-	(36.3)	-
Investment Property						
6-8 Munroe Lane	118.6	-	5.4	(8.0)	-	116.1
Total	216.6	-	5.4	(4.9)	(36.3)	180.8

- The fair value loss reported was \$4.9m – a decrease of 2.6%.
- The Munroe Lane “as if complete” committed occupancy valuation has reduced from \$126m to \$116.2m (assuming just the Auckland Council lease) due to cap rate softening, increased time to let up and increased lease incentives.
- The 35 Graham Street fair value reflects the net present value of future settlement cash flows.
- The Stoddard was sold on 3 May 2023.
- The table above includes all property held as at 31 March 2024, including those assets held for sale.

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