



NZX release
Result for the six months ended 30 September 2021
29 November 2021

- **AFFO in line with corresponding period at \$2.57 million**
- **Settlement of Eastgate deferred to 1 April 2022**
- **Munroe Lane progressing well, but completion delayed to March 2023 due to COVID-19 impacts**

Asset Plus Limited today announced its interim financial results for the six month period ended 30 September 2021, reporting total comprehensive income after tax of \$2.52 million, down from \$11.53 million in the prior corresponding period. No revaluations were commissioned in the half year, unlike the prior corresponding period.

Adjusted funds from operations¹ decreased by \$0.06 million to \$2.57 million primarily due to reduced income at 35 Graham Street, partially offset by lower impacts of COVID-19 and rental abatements offered to tenants compared to the prior period.

Asset Plus Limited's Chairman, Bruce Cotterill, said "The last six months have been challenging, and COVID-19 has once again impacted our business. Leasing efforts continue at both Munroe Lane and 35 Graham Street, but we have been hindered in our efforts to date by ongoing disruptions as a result of the pandemic. It is likely that securing tenants across both properties will take longer than originally anticipated."

Key points:

- Portfolio occupancy declined due to reduced Auckland Council footprint at 35 Graham and associated rental reduction from late June 2021
- The WALE² is now 2.65 years, which has decreased from 2.75 years at 31 March 2021
- Loan to value ratio increased to 15% due to ongoing capital expenditure at the Munroe Lane development (5.4% at 31 March 2021)
- Net tangible assets (NTA) of 44.5 cents per share as at 30 September 2021 (44.8 cents as at 31 March 2021)
- Munroe Lane development target completion date delayed by COVID-19 lockdown to March 2023
- Active leasing campaigns underway for both 35 Graham Street and Munroe Lane, however it is expected that leasing will be delayed as a result of ongoing COVID-19 impacts

Centuria NZ CEO Mark Francis commented, "Asset Plus has clear objectives to complete the development of Munroe Lane and lease the balance of that property, and to secure leasing commitment at 35 Graham Street. This will deliver on our current strategic objectives and provide a stable platform from which the company can then grow."

¹Adjusted funds from operations (AFFO) is non-GAAP financial information and is a common investor metric, 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. A reconciliation of the net profit after tax to AFFO is included in the interim results presentation on slide 21 which has been independently reviewed by the auditors.

² Weighted average lease expiry



The potential redevelopment of 35 Graham Street fits well with Asset Plus's "value-add" investment strategy. The property has considerable potential for re-positioning and provides flexibility to respond to a range of occupier demands under either a light refurbishment option, or a full scale redevelopment which could physically double the size of the asset. It continues to represent a unique opportunity within the Auckland office market.

COVID impact

\$0.2 million is the total rental abatement and relief for the half year. The full year impact is expected to be approximately \$0.5 million, partially offset by the additional income from Eastgate as a result of the deferral of the settlement to 1 April 2022.

Portfolio update

Stoddard Road continues to be 100% occupied and a dependable asset, though a level of rental abatement and relief has been granted to ensure tenant longevity through the prolonged Auckland regional lockdown.

The Taco Bell development was completed at Eastgate during the period, which has been well received and complements the wider Centre.

Balance Sheet

Debt of \$28.3 million was drawn as at 30 September 2021, which represents a LVR of 15% (March 2021 5.4%).

The undrawn facilities total \$101.7 million. It is intended that the proceeds from the Eastgate divestment will be applied as a debt repayment which will then provide balance sheet capacity to assist with the proposed refurbishment or development at 35 Graham Street.

NTA was 44.5 cents per share as at 30 September 2021, which is constant for the half year. Independent revaluations were not completed during the period as Directors determined there was no material movement since March 2021.

Dividend

A quarterly dividend has been declared, with the record date set for 7 December 2021 and payment on 14 December 2021. This represents a payout ratio of 127% for the first half. At the time of the capital raise last year it was signalled that an element of capital would be required to support the dividend in the Munroe Lane development window.

The gross dividend for the quarter is 0.519 cents per share. The dividend consists of 0.45 cents per share of cash, with 0.069 cents per share of imputation credits attached. The Company will also pay a supplementary dividend of 0.031 cents per share to non-resident shareholders.

Outlook

The company's key focus remains a successful delivery of the development at Munroe Lane, leasing the balance of that property and securing leasing commitment at 35 Graham Street under either development scenario.

Managing the impacts of COVID-19 on the existing portfolio, the effects of the recent changes in legislation, and ensuring support is provided to those tenants who need it to ensure that a passive income stream is maintained moving forward remain key objectives.



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Conference call

A conference call will be held today at 10am NZT to discuss the results.

Participants can register for the conference by going to:

<https://s1.c-conf.com/diamondpass/10017780-mas9277.html>

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