NZX Release
Financial result for the year ended 31 March 2021
27 May 2021

- **Net profit after tax of $15.95 million, up from a $14.69 million loss in the previous year**
- **$60.2 million capital raise completed during the year**
- **Large-scale development at Munroe Lane 63% leased and under construction**
- **Resource consent secured for proposed redevelopment of 35 Graham Street**

Asset Plus Limited (NZX: APL) announces its financial results for the year ended 31 March 2021, reporting a net profit after tax of $15.95 million, up from a $14.69 million loss in the previous year. The previous year's result was due to a material unrealised loss on investment property, driven by material uncertainty amid the COVID-19 pandemic.

Adjusted funds from operations (AFFO[1]) increased to $5.82 million from $4.74 million – a result of lower due diligence costs during the year and the tax benefits of claiming building depreciation, offset against COVID-19 rental abatements and relief.

Asset Plus Chairman, Bruce Cotterill said "One of our most significant achievements in the past 12 months was securing the large-scale development at Munroe Lane, Albany, which is an important step towards repositioning the existing portfolio. Going forward, the leasing of 35 Graham Street, Auckland is now a key focus to further build out the portfolio in terms of quality and scale."

Key points:

- Completion of $60.2 million capital raising during the year
- Unrealised gain on the fair value of investment property of $9.2m, or 6.3% on carrying value
- Portfolio occupancy of 98% as at 31 March 2021
- WALT of 2.75 years, down from 3.16 years as 35 Graham Street will become vacant for redevelopment
- Loan to value ratio of 5.4% (34.3% as at 31 March 2020) due to capital raise
- Net tangible assets (NTA) of 44.8 cents per share (cps), down from 56.7 cps due to the $60.2 million capital raise (issue price of 30 cents)
- Progression of Munroe Lane development, construction contract secured
- Sale of Eastgate Shopping Centre in Christchurch, structured as a deferred settlement
- Resource consent granted at 35 Graham Street – leasing campaign now underway
- COVID-19 impact of $0.4 million in rental abatement and relief

Portfolio activity
Asset Plus is pleased to have obtained Resource Consent for the proposed redevelopment of 35 Graham Street, and our focus is now on leasing this property, with marketing now underway. The leasing success will determine the ultimate scale of the project as we seek a level of pre-commitment before commencing this potentially material redevelopment, which would be subject to shareholder approval.

The full scale redevelopment and addition of three further levels remains the preferred approach, and would increase the portfolio weighting to the desirable Auckland market and further increase the WALE, scale and quality of the portfolio.
The sale of Eastgate Shopping Centre in Christchurch is a further exit of a non-core asset. Settlement is scheduled between August 2021 and February 2022 – providing support to the company's near term earnings.

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[1] AFFO is a 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 Audit Limited. A reconciliation of AFFO to Total Comprehensive Income Net of Tax is included in the accompanying results presentation.

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Munroe Lane update
The Munroe Lane development is tracking well and scheduled for completion within the target completion date of December 2022. The majority of delivery costs have now been fixed[2], are in line with budget, and the full contingency currently remains intact.

Financial result
Net profit after tax for the year ended 31 March 2021 is $15.95 million, up from a $14.69 million loss in the prior year. AFFO for the year was $5.82 million ($4.74 million in the prior year). The increase in AFFO was a result of the tax benefits of claiming building depreciation, materially lower due diligence costs, and lower funding costs post-capital raise – offset against lower rental revenue, which was driven by portfolio movements and COVID-19 impacts.

Net revenues from the property portfolio decreased by $0.52 million due to COVID-19 as well as the impacts of portfolio movements (a full year impact of the 35 Graham Street purchase, offset against the full year impact of the Heinz Wattie divestment). There was, however, no material rental growth in respect to the like-for-like portfolio.

Funding costs reduced due to the lower debt profile across the year driven by the $60.2 million capital raise.

An unrealised profit on revaluation of investment property of $9.2 million was recorded (loss of $19.1 million in the prior year), as the market has performed strongly in recent times.

Balance Sheet
Debt is currently drawn to $9.4 million, which represents a LVR of 5.4% (34.3% in the prior year). This has now increased post-balance date to fund the Munroe Lane development.

NTA is now 44.8 cents per share (down from 56.7 cps in the prior year) driven by the $60.2 million capital raise priced at $0.30.

COVID-19 impact
The investment property portfolio has held firm in the second half. Gains at Stoddard Road and 35 Graham Street have offset the loss at Eastgate (which is now measured off the unconditional exit price).

Rental abatements and relief for the full year totalled $0.4 million, equivalent to approximately 4% of the current annualised net rental income. This lost revenue has been partially offset by the reintroduction of building depreciation.

Dividend
A final quarter dividend of 0.45 cents per share will be paid. Total cash dividends paid for the year are therefore 1.8 cents per share which equates to a payout ratio of 97%.

The dividend remains subject to quarterly review. However, the Board has decided to not implement a dividend reinvestment plan at this time.

Outlook
Mark Francis, CEO of Centuria NZ commented, "Securing leasing commitments remains our key focus in the near term at both 35 Graham Street and Munroe Lane."

He continued, "We remain committed to the completion of these two key developments, and are constantly reviewing further growth avenues for Asset Plus, both across the existing portfolio and new opportunities."

ENDS

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[2] All fixed costs are subject to variation provisions which are not unusual for a construction contract of this nature.

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