



ASSET PLUS+
— MANAGED BY Centuria

Financial Results

For the six months ended 30 September 2023

28 November 2023

Overview

1. Result summary
2. Key metrics
3. Significant activities
4. Financial performance
5. Funding update
6. Portfolio update
7. Outlook

Result Summary

- Total loss for the period tax loss of \$4.72 million down from a profit of \$0.29 million in September 2022.
- Loss primarily impacted by \$4.60 million unrealised loss on revaluation of investment property.
- The result also impacted by 35 Graham Street vacancy, Stoddard Road sale and Munroe Lane only being 64% occupied.
- AFFO¹ loss of \$0.23 million (\$0.01 million profit in September 2022).
- Net rental income of \$1.69 million, down from \$2.28 million in the prior corresponding period, primarily due to the sale of Stoddard Road in May 2023, the sale of Eastgate in August 2022 offset against Munroe Lane rent.
- Munroe Lane development reached practical completion on 13 July 2023 with the Auckland Council rental commencing 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 Group'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**

September 2023

\$180.6m

2*

42.0%

6.2 years

18.2%

39.1 cps

September 2022

\$212.6m

4

41.0%

1.2 years

23%

44.1 cps

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

Significant Activity During the Period

- Munroe Lane development reached practical completion on 13 July 2023. Blessing, naming and opening occurred on 26 July 2023 ahead of Council occupation.
- Auckland Council rental commenced on 17 May 2023.
- 35 Graham Street settlement extended to 29 November 2024. Further deposit received and applied towards debt reduction.
- Stoddard Road unconditionally sold and settled on 1 May 2023. Divestment proceeds further reduced drawn debt.



Financial Performance



ASSET PLUS+
— MANAGED BY Centuria



Financial Performance

	Sep-23 (\$m)	Sep-22 (\$m)	Var (\$m)
Gross Rental Revenue	2.61	4.32	(1.71)
Direct Property Operating Expenses	(0.92)	(2.04)	1.12
Net Rental Revenue	1.69	2.28	(0.59)
Administration Expenses	(0.89)	(1.00)	0.11
Net Finance Costs	(0.93)	(1.35)	0.42
Total Operating Income / (Loss)	(0.13)	(0.07)	(0.06)
F.V. Gain of Investment Properties	(4.59)	(0.05)	(4.54)
Profit / (Loss) Before Taxation	(4.72)	(0.12)	(4.60)
Tax Benefit / (Expense)	-	0.41	(0.41)
Total Comprehensive Income for the Period	(4.72)	0.29	(5.01)
AFFO*	(0.23)	0.01	(0.24)
AFFO CPS*	0.06	0.00	-

- The impact of the Eastgate and Stoddard Road settlements reduced net rental income by \$2.42 million.
- The impact of the above divestments was however offset by the Munroe Lane net rental income of \$1.78 million which was recognised for the half year (noting rental commenced on 17 May 2023). Overall, net rental income reduced by \$0.59 million.
- Management fees were marginally lower by \$0.11 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 lower by \$0.42 million due to lower average debt levels (\$0.52 million) and higher interest income (\$0.24 million) offset against higher interest rates (\$0.34 million) in the current half year.
- The Munroe Lane unrealised revaluation loss recognised was \$5.5 million as the cap rate softened from 6.0% to 6.25%.
- The 35 Graham Street fair value increased \$0.92 million due to the discount unwind.
- There is a tax loss for the period and a deferred tax asset recognised to the extent of the deferred tax liability.
- AFFO reconciliation and waterfall is appended.

Net Rental Performance

	Sep-23 (\$m)	Sep-22 (\$m)	Var (\$m)
Eastgate	-	1.36	(1.36)
Stoddard Road	0.21	1.27	(1.06)
35 Graham Street	(0.30)	(0.29)	(0.01)
Munroe Lane	1.78	(0.06)	1.84
Total net rental	1.69	2.28	(0.59)

- 35 Graham Street was 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 \$1.36 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 \$1.06 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 \$1.78 million was derived during the period.

Administration & Finance Expenses

Administration costs	Sep-23 (\$m)	Sep-22 (\$m)	Var (\$m)
Management Fees	0.54	0.59	0.05
Directors' Fees	0.15	0.15	-
Other Assurance Fees	0.03	0.03	-
Professional Fees	0.03	0.14	0.11
Other Administration Costs	0.14	0.09	(0.05)
Total Administration Expenses	0.89	1.00	0.11
Net Finance Costs			
Interest & Finance Costs	1.21	1.39	0.18
Interest Revenue	(0.28)	(0.04)	0.24
Total Net Finance Costs	0.93	1.35	0.42

- 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 period.
- Finance costs decreased by \$0.18 million. This was due to divestments and a lower debt profile which represents a saving of \$0.41 million. There was also a saving on line fees of \$0.11 million as the facility limit has reduced. This was however offset by higher interest rates during the period (\$0.34 million).
- Interest income was higher by \$0.24 million due to funds held in the lockbox as well as the Munroe Lane retention funds held in trust, and higher deposit rates achieved.
- The development facility converted to an investment facility on 13 July. Until then finance costs on this facility have been capitalised.

Balance Sheet

	Sep-23 (\$m)	Mar-23 (\$m)	Var (\$m)
Cash	4.73	4.87	(0.14)
Investment Property	118.00	118.56	(0.56)
Properties Held For Sale	62.58	97.99	(35.41)
Other Assets	7.04	8.06	(1.02)
Total Assets	192.35	229.48	(37.13)
Bank Debt	34.97	71.37	(36.40)
Other Liabilities	15.60	11.61	3.99
Total Liabilities	50.57	82.98	(32.41)
Equity	141.78	146.50	(4.72)
Net Tangible Assets Per Share (\$)*	0.391	0.404	(0.013)
LVR Ratio	18.2%	31.5%	(13.5%)

- Investment property comprises Munroe Lane.
- 35 Graham Street is held for sale.
- 35 Graham St fair value of \$62.6 million reflects the future settlement proceeds on a discounted basis (applying a 9.0% discount rate).
- Other assets include a \$5 million cash lockbox held by BNZ and retentions in respect to the Munroe Lane development.
- Deposits received at 35 Graham Street of \$13.6 million (recognised under other liabilities).
- \$33.4 million of bank debt was repaid on the Stoddard Road settlement on 1 May 2023 with a further debt repayment on 29 September 2023 of \$7.1 million (35 Graham Street deposit).
- \$7.1 million of debt was also drawn down progressively during the period to fund the Munroe Lane development.
- NTA reduced during the period to 39.1 cents per share (cps) (from 40.4 cps) due to unrealised revaluation losses.
- LVR is 18.2% at balance date based on drawn debt.

Funding Update



ASSET PLUS +
— MANAGED BY Centuria



Funding

Loan facilities as at 30 September 2023

	New Limits \$m	Drawn – 30 Sept 2023 \$m	Margin %	Line Fee %	Total %
Working Capital	\$14.1m	\$10.8m	1.98%	1.32%	3.30%
Investment	\$30.8m	\$24.2m	1.98%	1.32%	3.30%
Development					
Total Facility	\$44.9m	\$35.0m			

Loan covenants

	LVR at all times	ICR	Lockbox
Working Capital & Investment	45%	Not tested	\$5m (EBIT + lockbox > 1.5x ICR)

- Cash lockbox in place. Initially \$5 million but is to equate to the actual EBIT shortfall to an ICR of 1.5x. The lockbox can reduce over time if the ICR shortfall is less than \$5 million. The lockbox was reduced to \$4 million post balance date and the ICR measurement threshold reduced to 1.25x.
- APL still reports EBIT and leasing updates to the bank so that lockbox sizing can be tested. There is no ICR covenant.
- The Development facility converted to investment facility on Munroe Lane practical completion being 13 July 2023. The LVR covenant is now <45%.
- No hedging is in place due to the 35 Graham Street exit on 29 November 2024.
- The base interest rate as at balance date is 5.7% before margin and line fees.
- Drawn debt as at 28 November 2023 is \$35.0 million which is unchanged from balance date.
- The facility limit has reduced to \$44.9 million as a result of the additional 35 Graham Street deposit of \$7.1 million.
- \$9.9 million of the facility limit remains undrawn.
- The loan facilities maturity date is 31 March 2025. All debt will however be repaid post the 35 Graham Street settlement on 29 November 2024, absent a sale of Munroe Lane ahead of that date.

Portfolio Update



ASSET PLUS+
— MANAGED BY Centuria



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.



Munroe Lane, Albany (continued)

- The fair value as at 30 September 2023 represents the market value on a committed occupancy basis.
- The independent valuation commissioned as at 30 September 2023 which is based on just the Auckland Council (committed) lease is \$120 million. Forecast costs to complete are \$2.0 million. Therefore, a fair value of \$118 million as at balance date.
- To date \$12.5 million of unrealised development losses have been recognised.

	Sept 2023	March 2023
Valuation (committed occupancy)	\$120.0m	\$126.0m
Total development cost (ex incentives)	\$132.5m	\$133.0m
Development profit (loss) cumulative	(\$12.5m)	(\$7.0m)
Accounting treatment	Fair value	Fair value
Yield on cost (fully leased)	5.51%	5.51%



Munroe Lane - Leasing Update

- Little Fields Café lease commenced 1 November 2023 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, L6 can be split into 3 smaller tenancies.
- Auckland Council continue to attempt to sublease Level 5 to reduce costs.

Floor	Areas still to lease
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



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 \$62.6 million (based on the discounted forecast settlement cash flows). A 9% discount rate has been applied.





ASSET PLUS +
— MANAGED BY Centuria

Outlook



Outlook

- The company is forecast to still be in an operating loss position post the Munroe Lane completion, absent further leasing, up until the 35 Graham Street settlement on 29 November 2024.
- Key focus remains successfully leasing the balance of the Munroe Lane development. Thereafter, we will look to sell 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 wind-up and return of capital or pivoting in a new direction.
- Any steps to 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 the future direction of the company is confirmed.



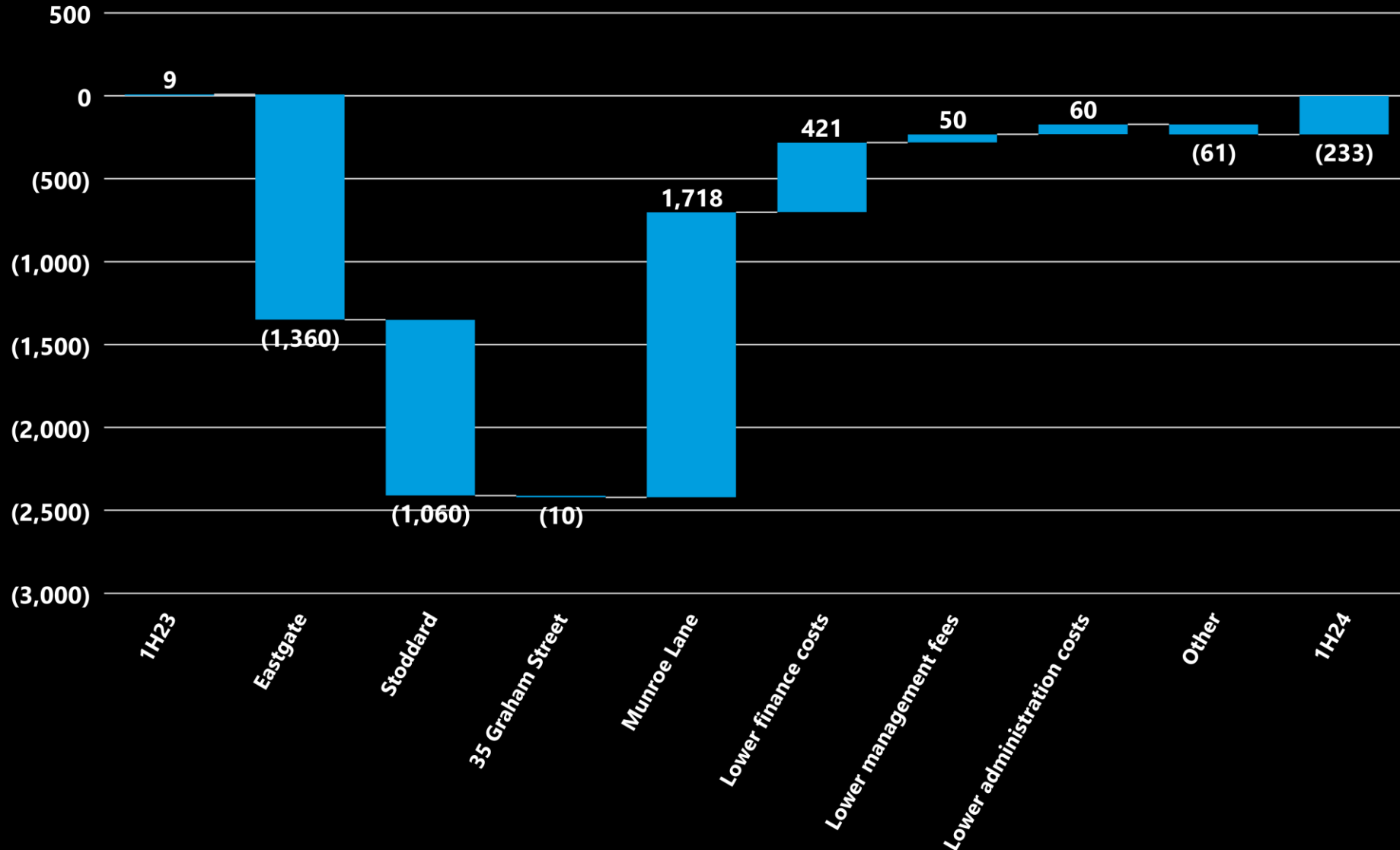
ASSET PLUS +
— MANAGED BY Centuria

Appendices

Appendix 1 – AFFO Reconciliation

	6 months to Sep 23 (\$m)	6 months to Sep 22 (\$m)
Comprehensive Income (Loss) Net of Tax	(4.72)	0.29
<i>Add back</i>		
Fair value movement on Investment Property (including loss on disposal)	4.59	0.06
Non-FFO Deferred Tax Expenses	-	(0.41)
Net Operating Income (Loss) After Tax	(0.13)	(0.06)
Amortisation of Lease Incentives and Leasing Costs	0.02	0.12
Amortisation of Rent Relief due to COVID-19	-	0.03
Straight line rental accruals	(0.12)	-
Funds From Operations (FFO)	(0.23)	0.09
Incentives and Leasing Costs Paid	-	(0.02)
Maintenance CAPEX	-	(0.06)
Adjusted Funds from Operations	(0.23)	0.01
AFFO (CPS)	(0.06)	0.00

Appendix 2 – Adjusted Funds From Operations (AFFO)



The above graph is represented in \$000s

Appendix 3 – Portfolio Summary

	Munroe Lane, Albany	Property Held for Sale 35 Graham Street, Auckland
Valuation/ Carrying Value (\$m)	\$118.0m ² (Mar-23: \$118.6m)	\$62.6m ¹ (Mar-23: \$61.7m)
WALE (years)	9.5 year WALE (Auckland Council lease only) (Mar-23: 10.0 years)	0.00 (Mar-23: 0.00)
Occupancy (%)	64% (Mar-23: 0%)	0% (Mar-23: 0%)
Net Rental Income (\$m)	\$7.6m based on fully leased rent (committed net rental is \$4.7m prior to unrecovered opex on vacant space) (Mar-23: \$nil)	~\$0.1m of carpark income and OPEX of \$0.6m (Mar-23: \$0.1m of carpark income and OPEX of \$0.55m)
Passing yield (%)	6.3% based on fully leased rental	N/A (Mar-23: N/A)
Comments	Auckland Council lease commenced on 17 May 2023. Practical completion achieved on 13 July 2023.	<ul style="list-style-type: none"> • Purchaser has extended settlement by 12 months, with settlement now set for 29 November 2024. • The consideration increased by \$3.0m to \$68m, and further 10% deposit has now been received. • Total deposit received is \$13.6m (20%).
Largest tenant exposures	Auckland Council	Vacant aside from carpark income

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

2. Carried at fair value, based on independent valuation less cost to complete.

Appendix 4 – Portfolio Movements

	Opening balance (\$m)	Capex & Other movements (\$m)	Fair Value movement (\$m)	Sale of Property (\$m)	Fair Value Sept 2023 (\$m)
Property held for sale					
35 Graham Street	61.7	-	0.9	-	62.6
22 Stoddard Road	36.3	-	-	(36.3)	-
Investment property					
6-8 Munroe Lane	118.6	4.9	(5.5)	-	118.0
Total	216.6	4.9	(4.6)	(36.3)	180.6

- The fair value loss reported was \$4.6 million – a decrease of 2.5%.
- The Munroe Lane fair value represents the valuation of \$120 million less costs to complete of \$2 million.
- WIP was reclassified on practical completion on 13 July 2023.
- The 35 Graham Street fair value reflects the net present value of future settlement cash flows.
- The table above includes all property held as at 30 September 2023, including those assets held for sale.
- Stoddard Road was divested on 1 May 2023.

Important Notice

This presentation contains not only a review of operations, but may also contain some forward looking statements (including forecasts and projections) about Asset Plus Limited (APL) and the environment in which APL operates. Because these statements are forward looking, APL's actual results could differ materially. Please read this presentation in the wider context of material previously published by APL and announced through NZX Limited.

No representation, warranty or undertaking, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information contained, referred to or reflected in this presentation or supplied or communicated orally or in writing to you (or your advisers or associated persons) in connection with it, as to whether any forecasts or projections will be met, or as to whether any forward looking statements will prove correct. You will be responsible for forming your own opinions and conclusions on such matters.

No person is under any obligation to update this presentation at any time after its release to you.

To the maximum extent permitted by law, none of APL, Centuria Funds Management (NZ) Limited (CFM) nor any of their directors, officers, employees or agents or any other person shall have any liability whatsoever to any person for any loss (including, without limitation, any liability arising from any fault or negligence on the part of APL, CFM, their directors, officers, employees or agents or any other person) arising from this presentation or any information contained, referred to or reflected in it or supplied or communicated orally or in writing to you (or your advisers or associated persons) in connection with it.

Acceptance of this presentation constitutes acceptance of the terms set out above in this Important Notice.



ASSET PLUS+
— MANAGED BY Centuria

Where to find us

Auckland Office

Level 2, Bayleys House

30 Gaunt Street

Auckland 1010

PO Box 37953 Parnell

Auckland 1151

Telephone +64 (9) 300 6161