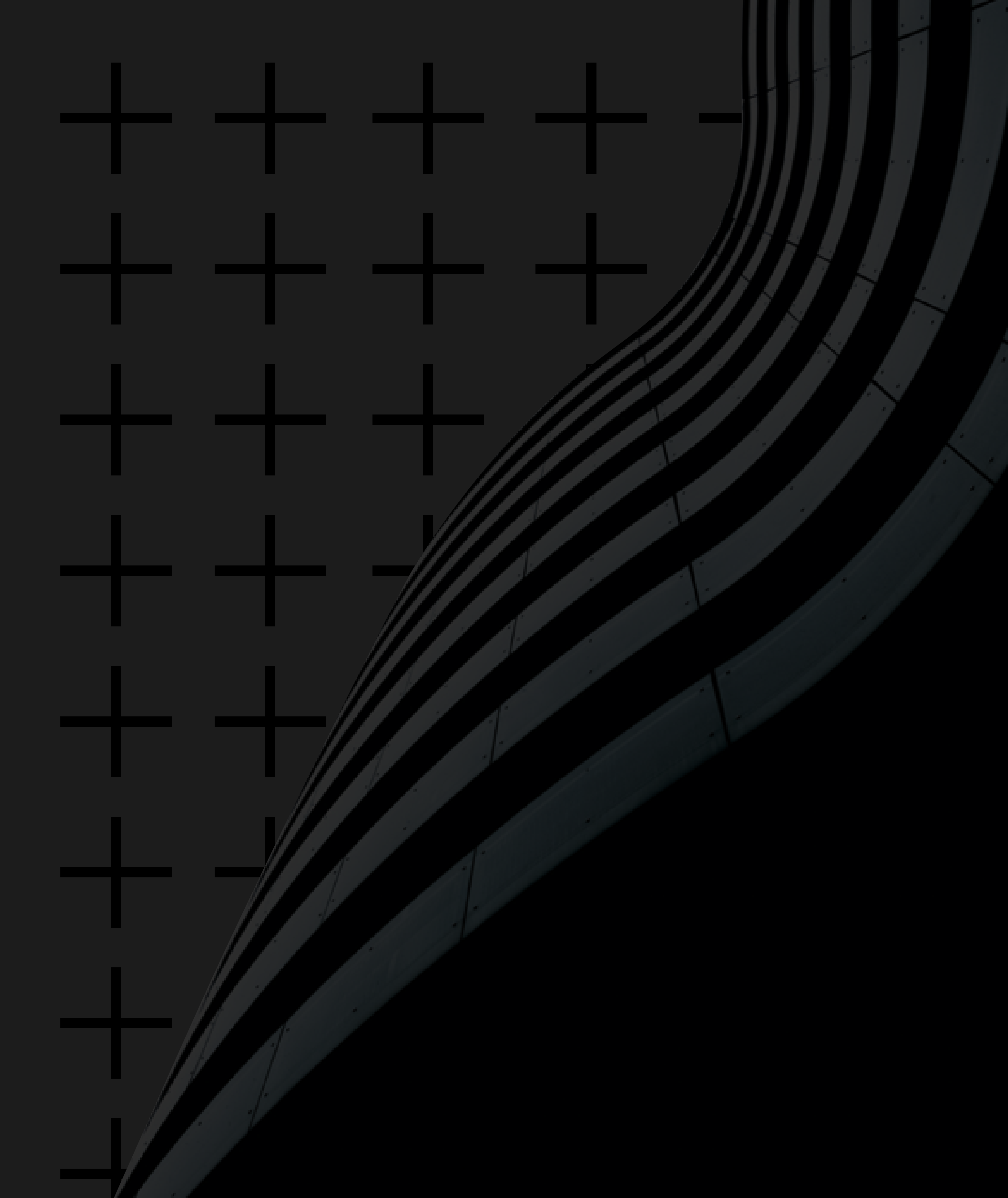


ASSET PLUS+
AUGUSTA

ANNUAL REPORT 2020

35 Graham Street, Auckland


Graham Street Service Centre

Contents

Chairman’s Letter

Over the past 12 months we have set out to progress our transformation to a diversified value-add strategy, continuing to reposition the existing portfolio to facilitate that change, and successfully completing two new acquisitions in line with that mandate.

The successful acquisition of 35 Graham Street in June 2019 was the first step towards implementation of our approach to yield plus growth assets, with the purchase immediately enhancing the company’s earnings, providing growth opportunities through potential redevelopment in the medium term, and increasing the portfolio weighting to the Auckland market, should the development proceed.

Furthermore, the successful divestment of the Heinz Watties property in Hastings in December 2019 reflected the strategy to divest non-core assets which lack potential value-add opportunity. The sale re-set the balance sheet at an LVR of 34.3% to facilitate further growth ambitions. In addition an underwriting fee was received for the equity raise conducted by the purchaser totalling $0.49 million.

The existing portfolio continues to be actively managed, with a number of renewals completed and new leases secured during the period. Further work continues to reposition Eastgate, with an additional internal anchor tenant being sought, which would further solidify, and enhance the centre.

Following on from the acquisition of Graham Street, we acquired bare land in the Albany basin in December 2019, for the purposes of constructing a 15,100m^2 office building, with Auckland Council as an anchor tenant. We are pleased to be working with Auckland Council, who have committed to a 15 year lease term for more than 2/3rds of the space. The deal remains subject to satisfaction of the landlord funding condition and shareholder approval.

On the back of the conditional agreement with Council, we launched a fully underwritten $100 million equity raise in March 2020. Unfortunately, the market volatility associated with COVID-19 made the timing untenable and the Board elected to withdraw, and defer the capital raise until market conditions stabilise. As a result of this deferral, management have secured an extension to the funding condition until the end of July 2020, with a further right (at both parties discretion) to extend until the end of October 2020. In the meantime the design and consenting for the development continues. Current debt capability means that we can facilitate the progression of the development in the conditional period.

The impact of COVID-19 and the Government’s response to effectively shut-down the country for 7 weeks has had a substantial impact on the economy. Asset Plus has not been immune to the downstream effects of this – particularly given the portfolio weighting to retail assets. A number of tenants within the portfolio are considered an essential service, and their ability to continue trading has resulted in a reasonable proportion of income still being received throughout this tumultuous period. However the lasting impact, particularly for retail tenants, and their ability to meet rental commitments moving forward remains to be seen. At the time of writing, management are working closely with all tenants regarding their commitments, and to ensure their viability moving forward, which will extend to relief packages where required, and amendment of lease arrangements where mutually suitable.

While earnings for the financial year were largely on budget, we incurred material costs associated with due diligence being undertaken on potentially material acquisitions (which were partially offset by the underwriting fee received in relation to the Hastings divestment). In addition there were the costs associated with the capital raising which was ultimately withdrawn. This, overlaid with the significant uncertainty associated with COVID-19 and its resultant impact moving forward has led to the Board to suspend the final quarter dividend. The dividend will continue to be reviewed on a quarterly basis, having regard to the operating cash flow and capital requirements of the business.

The impact of COVID-19 further reinforces the adopted approach towards a diversified, value-add strategy that ultimately will increase the portfolio size and dilute the impact that any single tenant, or property has on the overall portfolio. The Board is very pleased with the initiatives and efforts of the Augusta management team over the course of the year in securing two material and transformative transactions for Asset Plus. While the capital raise was unsuccessful at this time the management team is focused on securing the Albany development which will likely see the need for a future capital raise as this is a compelling opportunity for Asset Plus.

Finally, we thank you, our shareholders, for your continued support, which we do not take for granted. We trust that you and your families are safe and well during these highly unusual times and we look forward to continuing to re-position the Company on your behalf.

Regards,

Bruce Cotterill
Chairman

Key Points
from the Financial Year

NET LOSS AFTER TAX

$14.69 million

($3.80 million profit in the prior year).

ADJUSTED FUNDS FROM OPERATIONS[1] OF

$4.74 million

($4.74 million in the prior year).

LOAN TO VALUE RATIO

34.3%

(8.50% at 31 March 2019).

PORTFOLIO OCCUPANCY

98.3%

▲ increased from 96.7%

[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 the auditors. A reconciliation between Net Profit After Tax and AFFO can be found on page 14.

NET TANGIBLE ASSETS

56.7

cents per share

▼ reduced from 69.4 cps

driven by loss on revaluation on investment property.

Purchase of land at 6-8 Munroe Lane for $7.25m in December 2019

WALT

3.16

years

▼ down from 5.51 years (prior year)

Exit of Heinz Watties Distribution Centre in December 2019 - sold for $29.1 million

PURCHASE OF 35 GRAHAM STREET, AUCKLAND FOR

$58

million in June 2019.

Strategy Update

Strategic Objective Update

Increase the scale of the portfolio

The Munroe Lane development, should it proceed, is expected to increase the scale of the portfolio by ~$137m, and once developed 35 Graham Street could further increase the portfolio value by up to ~$120m. Once complete these developments will materially increase the size of the Asset Plus portfolio, reduce the Management Expense Ratio, and concurrently increase liquidity through the injection of further equity into the company.

Reduce the share price to NTA gap

The Munroe Lane development, should it proceed, is expected to reduce the gap by both enhancing the quality of the Asset Plus portfolio, executing on the yield plus growth strategy and increasing market capitalisation and liquidity.

Set a strong platform for sustainable growth moving forward

Delivery of the Munroe Lane development, should it proceed, is expected to significantly enhance the quality of the Asset Plus portfolio, and re-weight the portfolio to a higher Auckland weighting and increase the office sector weighting as well. Given the current impact of COVID-19 on the retail environment, reducing Asset Plus's weighting to this sector is considered desirable.

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 over almost 2/3rds of the building.

General

Acquisition of 6-8 Munroe Lane, Albany, Auckland

The acquisition of Munroe Lane and concurrent entering of the conditional Agreement to Develop and Lease with Auckland Council further cements the implementation of the transformational value-add strategy for Asset Plus. Capitalising on the Managers expertise, agility and strong relationships, the Company secured a contract on the Munroe Lane land and were identified as the preferred development partner by Auckland Council after a competitive process. The Munroe Lane development remains subject to satisfaction of the funding condition and shareholder approval. On completion this $137m property would:

- significantly increase the weighting of the portfolio to Auckland,
- create sustainable growth of shareholder returns through regular fixed rental growth,
- delivers on the yield plus growth strategy through the forecast development margin, and
- has a 63% pre-lease commitment to a very attractive tenant covenant with a long term lease.

Heinz Watties Distribution Centre, Hastings Divestment

The successful divestment of the Heinz Watties property provided balance sheet capability to acquire the Munroe Lane land, and facilitate development costs in the near term. Divesting this asset at valuation supported the strategy to reduce the share price to NTA gap (by providing surety around NTA and valuations), and underwriting the equity raise for the purchaser resulted in a one off additional fee, which supported the yield plus growth strategy.

35 Graham Street, Auckland Central

The successful purchase of 35 Graham Street heralded the newly adopted value-add strategy for Asset Plus. The transaction supported enhanced yield for investors through the income derived during the 2 year lease-back by Auckland Council, with the growth strategy coming in the form of a myriad of development options. Asset Plus continues to assess the business case for the proposed redevelopment, and has appointed consultants led by world renowned Woods Bagot Architects.

Performance of the portfolio

Other Activity

During the year the company has actively pursued two material potential acquisitions which were operating businesses, with property backed assets. Given the scale of these assets, and operating company complexities significant due diligence was undertaken which came at both material cost, and considerable time invested by the Manager and Board. Unfortunately, these transactions haven't eventuated leading to extensive due diligence costs being incurred. Given the value-add focus of Asset Plus it is likely that most transactions that are considered will require extensive due diligence, to verify business cases and mitigate risk. With the pending development of Munroe Lane, and future redevelopment of Graham Street it is unlikely that Asset Plus will consider any material transactions in the near term until both projects are sufficiently advanced, with the majority of lease commitments secured.

	Fair Value ($m)	Occupancy (%)	WALT (Years)	Passing Rent Yield (%)
Eastgate Shopping Centre	46.95	95.3	4.53	7.80
Stoddard Road	37.50	100	4.00	7.03
35 Graham Street	50.10	100	1.24	7.93
6-8 Munroe Lane	7.50	n/a	n/a	n/a
Total	142.05	98.3	3.16	

Stoddard Road

22 Stoddard Road,
Mt Roskill, Auckland

COVID-19 has impacted commercial property valuations across the board. The uncertainty has impacted retail market rents and softened capitalisation rates. As a result, the Stoddard Rd Centre valuation has decreased from $39.5 million to $37.5 million, or a 5.1% reduction.

22 Stoddard Road	31-Mar-19	31-Mar-20	Change
Valuation	$39.5m	$37.5m	▽
Net Contract Income	$2.567m	$2.689m	△
Passing Initial Yield	6.50%	7.03%	△
Cap. Rate	6.13%	6.25%	△
Net Market Rental	$2.456m	$2.366m	▽
WALT (years)	4.02	4.00	▽

During the year a total of 6 lease renewals were completed, making up 17% of the centres income stream.

The centre is currently 100% occupied. As a result of rent reviews and renewals during the year, the net contract income has increased by $70,369 p.a.

Additional income was secured via a licence to provide six interactive advertising signs throughout the centre, which provides additional income and further enhances to centre's offering to the public.

The future leasing focus are the four renewals due in 2021, making 16.3% of the total rental income for the Centre.

During the year, some capital was invested to enhance the landscaping in addition to ongoing pro-active maintenance and the centre maintains a modern and attractive appearance.

Eastgate - Shopping Centre

Cnr Buckleys Road & Linwood Avenue, Christchurch

The year has seen a number of positives including the additional 4 year renewal being secured with Countdown after payment of the incentive (taking the term to 8 years), the addition of a new internal mini-major tenant, Bargain Chemist, and completion of seismic upgrade works within The Warehouse.

Offsetting this is the impact of COVID-19 and the decline in market rental and value for the property in light of global retail uncertainty.

Eastgate	31-Mar-19	31-Mar-20	Change
Valuation	$54.5m	$46.9m	▽
Net Contract Income	$3.635m	$3.661m	△
Passing Initial Yield	6.66%	7.80%	△
Cap. Rate	8.13%	8.38%	△
Net Market Rental	$4.463m	$4.087m	▽
WALT (years)	5.07	4.53	▽

Seismic upgrade works for “The Warehouse” building were carried out and completed towards the end of 2019. These works have raised the seismic strength of the building above 67% New Building Standard (NBS). All buildings at Eastgate are now a minimum of 67% NBS.

There have been several lease expiries throughout the year with many of these tenants being allowed to holdover on a monthly basis to give management flexibility with potential redevelopment options.

Towards the end of 2019 Bargain Chemist committed to a 6 year lease at the Centre. Several tenancies have been combined to provide just over 800m^2 for the tenant. We anticipate this addition to the Centre will drive increased foot traffic and in turn lead to increased turnover across the board. Bargain Chemist’s Commencement Date has been delayed due to the impact of COVID-19 and they began trading after the lock down in mid-May 2020.

Master planning for both internal and external areas of the Centre continues. Externally, negotiations are well advanced for a standalone fast-food restaurant adjacent to KFC site. Internally, management continues to focus on sourcing another internal anchor in addition to Bargain Chemist.

COVID-19 has had a significant impact on the March 2020 valuation for Eastgate with a decrease of $7.55 million or 13.9% on the prior year. COVID-19 has brought a level of uncertainty to the retail market which has softened the capitalisation rate. Although customer numbers are up at the Centre the Moving Annual Turnover (MAT) has remained flat for the year. Passing income was largely flat through the year while the WALT has decreased slightly.

35 Graham Street

35 Graham Street,
Auckland

The valuation for 35 Graham St has reduced on the back of COVID-19 given the relatively short income stream, and uncertainty attached to COVID-19 and potential impacts for office occupiers. The property is well positioned in a central location with a number of redevelopment options available dependent on market demand and sentiment, providing Asset Plus with an ability to pivot to take advantage of any scenario.

35 Graham Street	On Acquistion	31-Mar-20	Change
Valuation	$58.0m	$50.1m	▽
Net Contract Income	$3.975m	$3.975m	=
Passing Initial Yield	6.85%	7.93%	△
Cap. Rate	6.00%	6.50%	△
Net Market Rental	$3.960m	$4.008m	△
WALT (years)	2.0	1.2	▽

On 17 June 2019, Asset Plus shareholders approved the purchase of 35 Graham Street, Auckland for $58 million from Auckland Council.

At the time of the transaction, a two-year lease was entered into with Auckland Council to provide Asset Plus with income and time to work through potential redevelopment options. A full redevelopment continues to be Asset Plus' preferred development option with the intention of holding this property as a long term investment upon completion.

Alternative redevelopment options presented to shareholders in June 2019 also still remain available dependent on market conditions and achieving pre-leasing thresholds.

Work has progressed on the preferred development option, including the appointment of an international architect and consultant team, along with appointment of a leasing agent, Colliers.

A final decision on the development of 35 Graham Street has yet to be made by the Asset Plus Board. Consideration is being given to the scale of the proposed redevelopment given vacancy rates, market sentiment, tenant pre-commitment, and the significant capital requirements for the preferred development option. The property provides options for reduced scale redevelopment which may be more acceptable in the current market conditions.


BDO

Munroe Lane
– Future potential development

Artist's impression of the Munroe Lane development

If the deal proceeds then the property will be developed with the following characteristics:

- Resource Consent obtained in mid-May 2020, and remains subject to a Landlord funding and shareholder approval condition. This condition must be satisfied by 30 July 2020.
- 4,200m^2 corner site with three road frontages in Albany acquired off-market in December 2019.
- On 20 December 2019, Asset Plus announced the development of a 26,500m^2 (GFA) / 15,100m^2 (NLA) building in Albany, 63% pre-leased, with a 15-year lease to Auckland Council.
- Asset Plus intends to hold Munroe Lane as a long term investment upon completion.
- Construction is expected to commence in late 2020, with a targeted completion date of December 2022.
- 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,
Auckland

Artist's impression of the Munroe Lane development

Development overview

- 6 levels plus 2 basement carparking development in the heart of Albany with extensive on site car parking.
- Large floor plates of ~3,000 m2 each.
- ~350m^2 of expected Café / Food & Beverage / Retail outlets on ground level.
- 63% pre-leased on a 15 year lease to Auckland Council. Target August 20 to commence marketing the balance of unleased space.

Sustainability Commitments

The development has committed to sustainability and environmental performance improvement in their design focussing on the following areas:

- Targeting 5-star Greenstar and 5-star NABERSNZ rating.
- Re-use of existing structure will reduce development carbon footprint.
- Excellent daylighting and external views.
- Intend to develop inter-connecting atrium stairs promoting wellness.
- Extensive end-of-trip facilities.
- Intending to use durable materials with a low maintenance requirement.

The Munroe Lane development remains subject to satisfaction of the funding condition and shareholder approval.

Finance Report

Five Year Financial Summary

	2020 $'000	2019 $'000	2018 $'000	2017 $'000	2016 $'000
Total Net Revenue	**10,959**	**9,151**	**11,704**	**11,906**	**11,575**
Administration Expenses	(1,644)	(1,766)	(2,225)	(2,612)	(2,318)
Redundancy Costs	-	-	(726)	-	-
Net Finance Costs	(1,664)	(1,079)	(2,821)	(2,726)	(2,448)
Total Operating Income	**7,651**	**6,306**	**5,932**	**6,568**	**6,809**
Gain/(Loss) on Sale of Property, Plant and Equipment	-	(14)	(29)	(87)	-
Loss on Sale of Investment Property	46	(915)	(2,970)	-	-
Unrealised Interest Rate Swap Gain/(Loss)	-	133	79	732	(677)
Fair Value Gain/(Loss) in Value of Investment Property	(19,115)	(1,767)	(2,945)	(1,651)	3,160
Transaction Costs	(1,774)	(224)	(686)	(1,339)	-
Sale of Management Rights	-	-	4,500	-	-
Net Profit/(Loss) Before Taxation	**(13,192)**	**3,519**	**3,881**	**4,223**	**9,292**
Income Tax Expense	(1,496)	284	(786)	(1,150)	(895)
Profit and Total Comprehensive Income For the Year, Net of Tax	**(14,688)**	**3,803**	**3,095**	**3,073**	**8,397**
Basic and Diluted Earnings Per Share	(9.07)	2.35	1.91	1.90	5.19

Financial Result Summary

	2020 $'000	2019 $'000	Variance $'000	Comments
Total Net Revenue	**10,959**	**9,151**	**1,808**	Income higher due to 35 Graham Street partly offset by the divestment of Heinz Watties warehouse
Administration Expenses	(1,644)	(1,766)	122	Administration expenses lower due to the benefits of externalisation
Net Finance Costs	(1,664)	(1,079)	(585)	Higher due to debt drawn to purchase 35 Graham Street partly offset by the divestment of Heinz Watties warehouse
Total Operating Income	**7,651**	**6,306**	**1,345**	
Loss on Sale of Property, Plant and Equipment	-	(14)	14	
Loss on Sale of Investment Property	46	(915)	961	Loss in 2019 due to further costs in relation to the AA Centre
Unrealised Interest Rate Swap Gain	-	133	(133)	All interest rate swaps were exited in July 2018
Fair Value Loss in Value of Investment Property	(19,115)	(1,767)	(17,348)	Lower due to fair value movement of portfolio as a result of uncertainty due to COVID-19
Transaction Costs	(1,774)	(224)	(1,550)	FY20 includes due diligence costs associated with two separate business acquisitions that didn't proceed and capital raising costs
Net Other Losses	**(20,843)**	**(2,787)**	**(18,056)**	
Net Profit / (Loss) Before Taxation	**(13,192)**	**3,519**	**(16,711)**	
Income Tax	(1,496)	284	(1,780)	
Profit and Total Comprehensive Income for the Year, Net of Tax	**(14,688)**	**3,803**	**(18,491)**	

Adjusted Funds from Operations - Reconciliation to Net Profit After Tax

	2020 $'000	2019 $'000	Comments
Statutory Net Profit After Tax	**(14,688)**	**3,803**	
Investment Property and Inventory			
Loss on Sale of Investment Property	(46)	915	
Fair Value Loss in Investment Property	19,115	1,767	
Depreciation on Owner Occupied PP&E	63	-	
Financial Instruments			
Fair Value Gain on the Mark to Market of Derivatives	-	(133)	
Deferred Tax			
Deferred Tax Expense	(522)	(665)	
Tax on Depreciation Recovery (Non-Operating)	527	-	Depreciation recovered from Heinz Watties
Other Unrealised Or One-Off Items			
Other income (underwriting)	(488)	-	Underwriting fee income (Heinz Watties)
Transaction Costs	785	224	FY20 costs relate to the capital raise which was withdrawn in March 2020
Non Operating - Current Tax	-	(948)	
Net Loss on Sale of Property, Plant and Equipment	-	14	
Net Operating Income After Tax	**4,746**	**4,977**	
Incentives and Rent Straightening			
Amortisation of Lease Incentives and Costs	285	188	
Funds From Operations (FFO)	**5,031**	**5,165**	
Incentives Given for the Accounting Period	(207)	(275)	
Maintenance CAPEX	(80)	(151)	
Adjusted Funds From Operations (AFFO) [1]	**4,744**	**4,739**	
CPS	2.93	2.93	

[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 the auditors.

Balance Sheet

	2020 $'000	2019 $'000	Comments
Cash at Bank	98	781	
Investment Properties	143,559	94,077	Increased due to 35 Graham St and Munroe Lane less Heinz Wattie
Properties Held for Sale	-	28,890	Heinz Wattie's Distribution centre (2019)
Other Assets	1,420	2,318	AA Centre recoveries and Colliers trust account (Eastgate)
Total Assets	**145,077**	**126,066**	
Borrowings	49,250	10,500	
Other Liabilities	4,032	3,252	
Total Liabilities	**53,282**	**13,752**	
Shareholders Equity	**91,795**	**112,314**	
Net Tangible Assets Per Share ($)	**0.567**	**0.694**	

Capital Management

$49.3 million of debt is currently drawn which represents a LVR of 34.3% (8.5% in the prior year). The loan facility limit was increased to $75 million post the 35 Graham Street acquisition.

The NTA is now 56.7 cents per share (down from 69.4 cents per share in the prior year) driven by the unrealised revaluation loss on investment property.

Dividends

A final quarter dividend will not be paid as a result of the impact of COVID-19 and the uncertainty in the current environment. Total cash dividends paid for the year are therefore 2.70 cents per share. This represents a pay out ratio of 92% (based on AFFO). The dividend remains subject to quarterly review, but it is expected to be reinstated once there is more certainty on future trading conditions.

Director Profiles

Bruce Cotterill

Chairman, Non-Executive Independent Director

Bruce Cotterill joined the Board of Asset Plus in April 2017. Bruce is an experienced CEO, Chairman and Company Director, who has excelled in a number of sectors and in a range of extremely demanding roles. This includes businesses going through major transformation brought about by financial performance, structural change and cultural issues. As a CEO he has led real estate group Colliers, both in New Zealand and Australia, Kerry Packer's ACP Magazines, and iconic New Zealand sportswear company Canterbury International. As CEO of Yellow Pages Group he was appointed to lead that company through a period of dramatic change, including the restructure of the Company's $1.8 billion of debt. Bruce was Chairman of Noel Leeming Group for 8 years until that Company's sale to The Warehouse, and he is currently on the Board of Swimming New Zealand.

Paul Duffy

Non-Executive Director

Paul Duffy has over 36 years' experience in the property investment/ development industry, including CEO/executive director of DNZ Property Fund (now named Stride Property) for 13 years. During his career, Paul held the position of General Manager of Fletcher Property Limited and was Joint Managing Director of US Real Estate Subsidiaries for the Abu Dhabi Investment Authority. In this role he oversaw the formation of a large real estate portfolio in the United States and Europe. Paul is currently a Director of Leighs Construction and a number of private companies. Paul is also the chairman of Augusta Capital and Augusta Funds Management and is therefore not an independent director.

Paul joined the Board in April 2017.

Carol Campbell

Non-Executive Independent Director

Carol Campbell joined the Board of Asset Plus in May 2015 and chairs the Audit and Risk Committee. Carol is a Chartered Accountant and a member of Chartered Accountants Australia and New Zealand. Carol has extensive financial experience and a sound understanding of efficient Board governance. Carol holds a number of directorships across a broad spectrum of companies, including T&G Global, New Zealand Post, NZME and the Fisher Listed Investment companies – Kingfish, Barramundi and Marlin Global, where she is also Chair of the Audit and Risk Committee. She is also a Director of Kiwibank. Carol was a Director of The Business Advisory Group for 11 years, a Chartered Accountancy Practice, and prior to that a partner at Ernst & Young for over 25 years.

Allen Bollard

Non-Executive Independent Director

Allen has a long background in accounting, business analysis, risk management, tax, and finance, mostly in property and construction. Starting as a partner in a major accounting firm, he was then CFO for three listed property companies and for ten years was CEO/CFO of Tramco Group, which managed and financed several large privately held leasehold land owning partnerships including Viaduct Harbour Holdings, Tram Lease, Quay Lease, Kiwi Forests, Wairakei Pastoral and Calland Properties Ltd. He is now an independent business and finance consultant and Director, still advising Tramco and is an independent trustee for the Wyborn and Green families. He is the Government approved independent director of Tamaki Makaurau Community Housing Joint Venture and Chair of the Odyssey House Board of Trustees.

Allen joined the Board in April 2017.

The Manager

Founded in 2001, Augusta is a leading diversified listed fund manager with value-adding and asset management expertise across New Zealand and Australia. Augusta owns and manages 71 properties across the office, retail and industrial sectors, with $1.83 billion of assets under management.

Augusta employs 40 staff across offices in Auckland, Christchurch and New Plymouth, with specialist expertise in asset management and development management, as well as other essential professional functions including accounting, treasury and investor relations, legal, compliance and company secretariat.

The number of assets it manages gives Augusta a vantage point from which to understand the market and unlock real estate opportunities. Augusta has comprehensive and up-to-date knowledge and insights pertaining to property buyers/sellers, tenants and, importantly, the constant and subtle shifts to lending and bank sentiment. Understanding this sentiment has a critical bearing on the investment strategies ultimately determined for each property it manages.

Augusta's wide market reach, coupled with its professional expertise across all the key areas of asset management, represents the backbone of the value proposition which will underpin its strategy for the Asset Plus portfolio future growth and success.

There is a dedicated asset manager for each property within the portfolio with oversight from the senior management team in respect to portfolio strategy.

In line with the yield plus growth ambitions of Asset Plus, each asset manager has been selected for their ability to actively manage each asset and exhaust all avenues to extract value from the existing portfolio.

Corporate Governance

The Board of Asset Plus is committed to maintaining the highest standards of business behaviour and accountability.

Accordingly, the Board has adopted corporate governance policies and practices designed to promote responsible conduct.

The corporate governance framework is set out in Asset Plus' Corporate Governance Manual, a copy of which can be found at the Company's website: www.assetplusnz.co.nz/corporate-governance.

This section sets out Asset Plus' corporate governance policies, practices and processes with reference to the NZX Corporate Governance Code's eight key principles and supporting recommendations. The Board considers that it has followed the recommendations of the NZX Corporate Governance Code except as set out below under each Principle.

Principle 1 – Code of Ethical Behaviour

> Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation.

A Code of Ethics has been adopted by which the Company has set out expectations for all Directors, officers, any employees and representatives to act in a manner consistent with its guiding principles and the values set out in its Code of Ethics. This Code sets out clear expectations of ethical decision-making and personal behaviour in regard to confidentiality, securities trading, transparency, company information, conflict resolution processes, workplace responsibilities, environmental responsibility and stakeholder interaction. A copy of the Code of Ethics is available at www.assetplusnz.co.nz/wp-content/uploads/code_of_ethics_final.pdf.

Any illegal or unethical behaviour is to be reported to the Board. The Chairman may determine whether an exception or waiver is granted. Otherwise a sub-committee of the Board will be formed to determine what action should be taken.

Asset Plus' manager, Augusta, has also adopted a Code of Ethics which applies to its employees and directors. The Code sets out the minimum standards expected of Augusta's employees and directors and is intended to facilitate decisions that are consistent with Augusta values, business goals and legal and policy obligations. A copy of the Augusta Code of Ethics is available at www.augusta.co.nz/assets/Uploads/Augusta-Code-of-Ethics.pdf.

Asset Plus has also adopted a Share Trading Policy which sets out the rules for dealing in the listed financial products of Asset Plus. The policy prohibits trading by directors of Asset Plus without the written consent of the Company Secretary. The Board may set 'no trade' periods around the release of the Annual and Interim reports, changes in Asset Plus' capital structure or where there is significant acquisition or divestment activity. A copy of the policy is available at www.assetplusnz.co.nz/wp-content/uploads/share_trading_policy_final.pdf.

Augusta has also adopted an Insider Trading Policy which sets out the rules for dealing in the financial products of any entity that Augusta manages (including Asset Plus). The policy prohibits trading by any employee or director of Augusta without the written consent of the Augusta Chair. Other than in exceptional circumstances, all trading is prohibited during blackout periods for 30 days prior to half- and full-year balance dates until the first trading day after the relevant results are announced. A copy of the policy is available at www.augusta.co.nz/assets/Uploads/Augusta-Insider-trading-policy.pdf.

Principle 2 – Board Composition and Performance

> To ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives.

Board Charter

The Asset Plus Board has adopted a Board Charter and Governing Principles which sets out that the specific responsibilities of the Board and its Committees include:

- oversight of the Company including its control and accountability procedures and systems;
- setting the strategic direction and objectives of the Company;
- overseeing the audit and monitor risk;
- approval of operating plans including annual business plans and budgets;
- monitoring actual results against the annual business plan, budget and strategic objectives;
- delegating the appropriate authority of the management of the Company, and monitoring management's performance on a regular basis;
- setting the remuneration of the Directors;
- approval and monitoring of the progress of capital expenditure, capital management initiatives and acquisitions and divestments;
- approval of capital structure and dividend policies; and
- oversight of disclosure and monitoring of price sensitive matters affecting the Company.

Director nominations and appointments

The Board has adopted a Nomination Committee Charter which sets out the procedure for nominating and appointing potential directors to the Board. Given its size, the full Board of Asset Plus acts as the Nominations Committee. The responsibilities set out in the Nomination Committee Charter are:

- to identify and nominate candidates to fill Board vacancies as and when they arise;
- before making an appointment, to evaluate the balance of skills, knowledge and experience on the Board and, in light of the evaluation, to determine the role and capabilities required for the appointment;
- to formulate succession plans for Directors taking into account the challenges and opportunities facing the Company and the skills and expertise accordingly required to govern the Company in the future;
- to regularly review the structure, size and composition (including the skills, knowledge and experience) of the Board and to make any changes;
- to keep under review the leadership requirements of the Company, both non-executive and executive, with a view to ensuring the continued ability of the Company to compete efficiently in the marketplace; and
- to consider such other matters relating to Board nomination or succession issues as may be identified by the Board.

Formal agreements are entered into with all new directors.

Board composition

Director profiles are on page 16 and director shareholdings are listed on page 25.

Directors undertake continuing education to keep their skills current and understand how to best perform their duties.

The Board Charter sets out that the Board will review its performance as a whole on an annual basis and instigate additional comprehensive reviews as may be deemed necessary from time to time. External consultants may be commissioned as needed to assist in the assessment of individual director performance, the effectiveness of the Board's processes and/or the Board's own effectiveness.

Diversity

Asset Plus has not adopted a diversity policy as it no longer has any employees following externalisation of management to Augusta. Instead, the Asset Plus Board has reviewed the Manager's diversity policy and relied on the Manager to implement diversity measures with its employees.

Breakdown of Gender Composition of Asset Plus' Directors and Officers.

	Male		Female	
Financial Year	**Directors**	**Officers**	**Directors**	**Officers**
Year ending 31 March 2020	3	3	1	0
Year ending 31 March 2019	3	3	1	0

Chair and CEO

In accordance with the NZX Corporate Governance Code and as a result of management being externalised, Asset Plus' Chair is not also its CEO.

Principle 3 – Board Committees

> The board should use committees where this will enhance its effectiveness in key areas, while still retaining board responsibility.

The Asset Plus Board has established a separate Audit and Risk Committee comprising of three directors. The Corporate Governance Manual also includes charters for Nominations Committee and Remuneration Committee. However, the full Board undertakes the responsibilities of those Committees. Given the size and operations of Asset Plus, the Board does not consider that any further committees are necessary.

Audit and Risk Committee

The Audit and Risk Committee's primary objectives are:

- to set the principles and standards with respect to internal controls, accounting policies and the nature, scope, objectives and functions of the external audit. This objective enables the Board to satisfy itself that management is discharging its responsibilities in accordance with established processes and, wherever practical, best practice methodologies; and
- to ensure the efficient and effective management of all business risks, and the efficient and effective compliance with Asset Plus' Risk Management Policy.

Key responsibilities for the Audit and Risk Committee include:

- Establishing guidelines for the selection, appointment and/ or removal of the external auditor as well as the rotation of the lead partner of the audit firm;
- Ensuring the external auditor is discharging its responsibilities, including monitoring the effectiveness, objectivity and independence of the external auditor;
- Reviewing draft financial statements, NZX preliminary announcements and annual and interim reports;
- Reviewing accounting policies and practices;
- Reviewing the risk management policy and the annual risk management plans; and
- Reviewing the Delegated Authority Policy annually.

The members are all independent directors being Carol Campbell (Chair), Allen Bollard and Bruce Cotterill. The Audit and Risk Committee is required to meet at least twice a year, with three meetings being held in the 2020 financial year.

Representatives of the Manager only attend meetings of the Audit and Risk Committee at the invitation of the committee.

Remuneration Committee

The full Board acts as the Remuneration Committee. The Remuneration Committee Charter is included in the Corporate Governance Manual. The responsibilities include setting and reviewing all components of the remuneration of non-executive Directors.

Nominations Committee

The full Board acts as the Nominations Committee. The Nominations Committee Charter is included in the Corporate Governance Manual. The responsibilities are as set out on page 19.

Takeover protocols

In June 2018, the Board adopted protocols setting out the procedures to be followed if a takeover offer is received.

Principle 4 – Reporting and Disclosure

> The board should demand integrity in financial and non financial reporting, and in the timeliness and balance of corporate disclosures.

Continuous disclosure

Asset Plus has adopted a disclosure policy setting out its approach to disclosing material information and communication with shareholders or analysts. Asset Plus recognises that the cornerstone of New Zealand and international securities law is full and fair disclosure of material information and that the timely, non-exclusionary distribution of information to the public is crucial to the efficiency and integrity of the capital markets.

A copy of the policy is available on Asset Plus' website at www.assetplusnz.co.nz/corporate-governance, along with the Corporate Governance Manual.

Non-financial disclosures

As the size of Asset Plus' portfolio is currently only four properties, the recommendation regarding non-financial disclosures has not been complied with due to the cost of such compliance. This will be further evaluated as the portfolio grows.

The development of Munroe Lane and Graham Street will be developed to certain sustainability standards which is expected to form part of Asset Plus's sustainability strategy.

Principle 5 – Remuneration

> The remuneration of directors and executives should be transparent, fair and reasonable.

Remuneration of directors is reviewed by the Board.

The director remuneration pool was approved at $300,000 when Asset Plus was formed following the corporatisation of the National Property Trust in 2011. In June 2017, the Asset Plus Board approved the following director fees which have continued to be paid during the past year:

Director remuneration

Director	Base director fees	Committee fees	Annual fee	Amount paid during the year
Bruce Cotterill	$90,000 – chair	-	$90,000	$90,000
Carol Campbell	$65,000	$10,000 – Chair of Audit and Risk Committee	$75,000	$75,000
Allen Bollard	$65,000	$5,000 – Member of Audit and Risk Committee	$70,000	$70,000
Paul Duffy	$65,000	-	$65,000	$65,000
Total			$300,000	$300,000
Approved pool			$300,000	

As Asset Plus no longer has any employees, it does not have a remuneration policy.

Chief Executive remuneration

Following the externalisation of management to Augusta, Asset Plus no longer has a CEO.

Principle 6 – Risk Management

> Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks.

Asset Plus has a risk management policy (set out in the Corporate Governance Manual). As part of this a range of risks have been identified from financial/ operational risk to investment market risk with causes, potential outcomes and risk management strategies detailed.

Asset Plus also relies on Augusta's risk management framework to identify, oversee, manage and control risks that Asset Plus faces. Key risks have been identified including interest rate and treasury risk, cyber security, construction and development risk, compliance with regulatory obligations, property risks (such as tenant default), fraud and health and safety risks.

Augusta is responsible under the management agreement for advising the Asset Plus Board on risk management matters. The Audit and Risk Committee will receive such reports and oversee risk management.

Health and safety

Augusta oversees health and safety compliance on a day to day basis for Asset Plus in conjunction with the property managers for each property. Each property has a hazard register which is managed on a day to day basis by the property managers and overseen by Augusta's asset managers.

Augusta's Legal and Compliance Manager oversees compliance with Augusta's health and safety framework including regular reporting to the Board. This includes monthly reporting to the Board on key health and safety statistics, incidents and hazard remedies. This is in addition to quarterly reporting to Augusta's Health and Safety Committee which considers all health and safety hazards and incidents.

The Asset Plus Board also considers health and safety issues at each board meeting and as they arise if necessary. A key focus for the Asset Plus Board is ensuring that hazards are identified and remedied and that reporting identifies the progress with remedial actions.

A health and safety assessment is conducted on all new properties to identify all relevant hazards prior to acquisition.

Principle 7 – Auditors

> The board should ensure the quality and independence of the external audit process.

The Audit and Risk Committee Charter sets out Asset Plus' framework for managing relationships with its auditor. This includes the ability for directors to communicate directly with auditors and for auditors to attend meetings of the Audit and Risk Committee without management present. Any non-audit services provided by the audit firm must be approved by the Audit and Risk Committee.

Grant Thornton is the auditor of Asset Plus with the audit partner rotated every 5 years. Grant Thornton attends each annual shareholder meeting and is available to answer shareholder questions at the meeting.

Asset Plus has no separate internal audit function as it has no employees.

Principle 8 – Shareholder Rights and Relations

The board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer.

Asset Plus' website at www.assetplusnz.co.nz includes a range of information including bios for directors, copies of the Corporate Governance Manual, the constitution and historical annual and interim reports.

The Company engages with shareholders through annual and interim reports, results conference calls, presentations to shareholders and the annual shareholder meeting.

Shareholders have the right to receive communications electronically by notifying the share registrar. Major decisions which require approval under the NZX Main Board Listing Rules are submitted to shareholders for approval. All voting at shareholder meetings (such as the 2019 meeting for the 35 Graham Street acquisition) is conducted by a poll.

The annual shareholders notice of meeting will be provided to shareholders at least 28 days prior to the annual meeting.

Statutory disclosures

Principal Activities

Asset Plus Limited is a listed commercial property investment company investing solely in New Zealand real estate.

Board Composition

The table below sets out details of the current directors of Asset Plus Limited and its subsidiary, including the date on which they were appointed.

No one ceased to be a director of the Company or its subsidiary during the year ending 31 March 2020.

Director	Date Appointed
Bruce Cotterill	21 April 2017
Carol Campbell	25 May 2015
Allen Bollard	21 April 2017
Paul Duffy	21 April 2017

Board Attendance

Directors attended the following formal meetings of the Board in the year to 31 March 2020.

Director	Board Meetings Held	Board Meetings attended
Bruce Cotterill	11	11
Carol Campbell	11	11
Allen Bollard	11	10
Paul Duffy	11	11

Interest Register Record

There were no entries made in the interest register during the year ended 31 March 2020.

NZX Waivers Received

On 10 March 2020, the Company was granted a waiver from NZX Listing Rule 5.2.1 in connection with the previoulsy proposed $100 million capital raising. The waiver allowed related parties of Asset Plus to participate in the shortfall bookbuild at the conclusion of the capital raising without shareholder approval being required but subject to certain conditions being met (including that the related parties were not involved in or did not influence allocation decisions). The waiver mirrored an existing exclusion in the NZX Listing Rules for accelerated rights offers. Ultimately the wavier was not relied on as the capital raising was withdrawn.

Share Dealings by Directors

There were no share dealings by the Directors in the year ending 31 March 2020.

Securities of the Company in which each Director had a relevant interest as at 31 March 2020:

Director	Holding	Security Held	Nature of Relevant Interest
Carol Campbell	50,000	Shares	Registered holder and beneficial owner

Indemnity and Insurance

The Company has effected Directors and Officers liability insurance at prevailing rates for all Directors.

The Company and its subsidiaries have continued to indemnify the Directors for any costs referred to in Section 162(3) of the Companies Act 1993 and any liability or costs referred to in Section 162(4) of the Act.

Donations

The Company did not make any donations in the year to 31 March 2020 (2019: Nil).

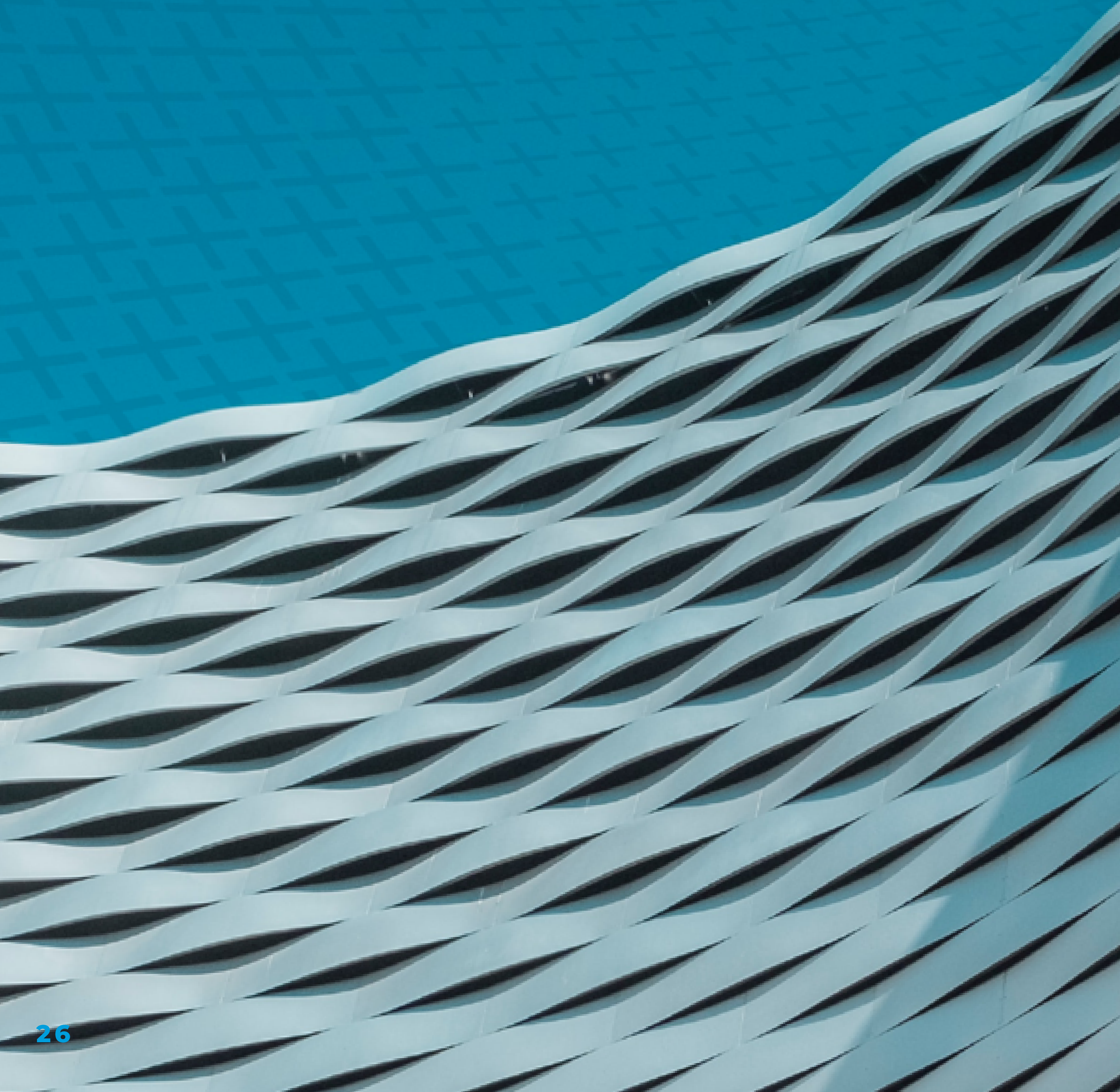
Audit Fees

Amounts paid to the Auditor of the Company:

	2020 $'000	2019 $'000
Grant Thornton Audit Fees	63	84
In addition to the audit fee the following other fees were paid to Auditors:		
Other Assurance Services	42	48
Total	105	132

2020 FINANCIALS

Consolidated Financial Statements for the year ended 31 March 2020



Contents

The notes set out on pages 33 to 51 form part of, and should be read in conjunction with, the consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2020

	Note	2020 $'000	2019 $'000
Gross Rental Revenue	5	14,466	13,350
Direct Property Operating Expenses	5	(3,995)	(4,199)
Net Rental Revenue		**10,471**	**9,151**
Other Revenue	6	488	-
Total Net Revenue		**10,959**	**9,151**
Administration Expenses	7	(1,644)	(1,766)
Net Finance Costs	7	(1,664)	(1,079)
Total Operating Expenses		**(3,308)**	**(2,845)**
Total Operating Income		**7,651**	**6,306**
Gain/(Loss) on Sale of Investment Property	13	46	(915)
Realised Interest Rate Swap Gain		-	133
Fair Value Loss in Value of Investment Properties	12	(19,115)	(1,767)
Loss on Sale of Property, Plant and Equipment		-	(14)
Transaction Costs	8	(1,774)	(224)
Net (Loss)/Profit Before Taxation		**(13,192)**	**3,519**
Income Tax	**9**	**(1,496)**	**284**
Net (Loss)/Profit After Taxation		**(14,688)**	**3,803**
Other Comprehensive Income		-	-
Total Comprehensive (Loss)/Income For the Year, Net of Tax		**(14,688)**	**3,803**
Basic/Diluted Earnings Per Share		(9.07)	2.35

The notes set out on pages 33 to 51 form part of, and should be read in conjunction with, the consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2020

	Note	Share Capital $'000	Accumulated Losses $'000	Total $'000
Opening Balance at 01 April 2018		134,089	(19,750)	**114,339**
Net Profit After Taxation		-	3,803	**3,803**
Total Comprehensive Income For the Year, Net of Tax		**-**	**3,803**	**3,803**
Dividends	20	-	(5,828)	**(5,828)**
Closing Balance at 31 March 2019		**134,089**	**(21,775)**	**112,314**

	Note	Share Capital $'000	Accumulated Losses $'000	Total $'000
Opening Balance at 01 April 2019		134,089	(21,775)	**112,314**
Net Loss After Taxation		-	(14,688)	**(14,688)**
Total Comprehensive Loss For the Year, Net of Tax		**-**	**(14,688)**	**(14,688)**
Dividends	20	-	(5,831)	**(5,831)**
Closing Balance at 31 March 2020		**134,089**	**(42,294)**	**91,795**

The notes set out on pages 33 to 51 form part of, and should be read in conjunction with, the consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 March 2020

	Note	2020 $'000	2019 $'000
Current Assets			
Cash and Cash Equivalents		98	781
Trade Receivables, Other Receivables and Prepayments	11	1,420	1,839
Taxation Receivable		-	413
Total Current Assets		**1,518**	**3,033**
Properties Held for Sale	**13**	**-**	**28,890**
Non-Current Assets			
Investment Properties	12	143,559	94,077
Property, Plant and Equipment	14	-	66
Total Non-Current Assets		**143,559**	**94,143**
Total Assets		**145,077**	**126,066**
Current Liabilities			
Trade Payables, Accruals and Provisions	16	1,804	1,384
Taxation Payable		707	-
Other Current Liabilities		175	-
Total Current Liabilities		**2,686**	**1,384**
Non-Current Liabilities			
Borrowings	15	49,250	10,500
Deferred Taxation	9	1,346	1,868
Total Non-Current Liabilities		**50,596**	**12,368**
Total Liabilities		**53,282**	**13,752**
Net Assets		**91,795**	**112,314**
Contributed Capital		134,089	**134,089**
Accumulated Losses		(42,294)	**(21,775)**
Shareholders' Equity		**91,795**	**112,314**

The Board of Directors of Asset Plus Limited approved the consolidated financial statements for issue on 16 June 2020.

Bruce Cotterill
Chairman

Carol Campbell
Chair Audit and Risk Committee

The notes set out on pages 33 to 51 form part of, and should be read in conjunction with, the consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2020

	2020 $'000	2019 $'000
Cash Flows from Operating Activities Cash was provided from/(applied to):		
Gross Rental Revenue	15,256	13,222
Other Income	507	-
Operating Expenses	(7,286)	(7,211)
Interest Income	7	20
Interest Expense	(1,654)	(998)
Taxation Paid	(896)	(1,256)
Net Cash Inflow from Operating Activities	**5,934**	**3,777**
Cash Flows from Investing Activities Cash was provided from/(applied to):		
Sale of Investment Property	29,249	37,517
Purchase of Investment Property	(65,873)	-
Capital Expenditure on Investment Properties	(2,641)	(355)
Transaction Costs	-	(4)
Net Cash (Outflow)/Inflow from Investing Activities	**(39,265)**	**37,158**
Cash Flows from Financing Activities Cash was provided from/(applied to):		
Repayment of Borrowings	(28,000)	(38,000)
Proceeds from Borrowings	66,750	4,000
Distributions made to Shareholders	(5,836)	(5,828)
Capital Raising Costs	(266)	-
Payment to Cancel Interest Rate Swaps	-	(798)
Net Cash Inflow/(Outflow) from Financing Activities	**32,648**	**(40,626)**
Net (Decrease)/Increase in Cash and Cash Equivalents	(683)	309
Cash and Cash Equivalents at the Beginning of the Year	781	472
Cash and Cash Equivalents at the End of the Year	**98**	**781**

The notes set out on pages 33 to 51 form part of, and should be read in conjunction with, the consolidated financial statements.

Reconciliation of Net Profit to Net Cash Flow from Operating Activities

For the year ended 31 March 2020

	2020 $'000	2019 $'000
Net (Loss)/Profit after Taxation	**(14,688)**	**3,803**
Items Classified as Investing or Financing Activities:		
Unrealised Loss in Fair Value of Investment Properties	19,115	1,767
Transaction Costs	-	224
(Gain)/Loss on Disposal of Investment Property	(46)	915
Capital Raising Costs	820	-
Loss on Sale of Plant and Equipment	-	14
Realised Interest Rate Swap Gain	-	(133)
Finance Costs	-	105
Movement in Deferred Taxation	(522)	(665)
Movements in Working Capital Items:		
Accounts Receivable and Prepayments	806	(128)
Trade and Other Payables	(734)	(1,250)
Taxation Payable	1,120	(875)
Non-Cash Item		
Depreciation	63	-
Net Cash Inflow from Operating Activities	**5,934**	**3,777**

The notes set out on pages 33 to 51 form part of, and should be read in conjunction with, the consolidated financial statements.

1. Corporate Information

The consolidated financial statements comprise of Asset Plus Limited (the "Company") and its subsidiary (collectively the "Group").

The Company is a limited liability company incorporated and domiciled in New Zealand whose shares are listed on the New Zealand Stock Exchange. The Company is a FMC reporting entity under the Financial Markets Conduct Act 2013. The registered office is located in Level 2, Bayley's House, 30 Gaunt Street, Wynyard Quarter, Auckland.

The nature of the operations and principal activities of the Group are investing in industrial, retail and commercial property in New Zealand.

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

The consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"), the Companies Act 1993, the requirements set out in section 7 of the Financial Markets Conduct Act 2013 and the Main Board Listing Rules of the NZX. The consolidated financial statements have been prepared on a historical cost basis, except for investment properties which have been measured at fair value.

The consolidated financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($'000), except where otherwise indicated.

The consolidated financial statements have been prepared on the basis that the Group is a going concern.

(b) Statement of Compliance

The consolidated financial statements comply with *New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS')* and *International Financial Reporting Standards (IFRS)*, as appropriate for a profit-oriented entity that falls into the Tier 1 for profit category as determined by the New Zealand Accounting Standards Board.

Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year, except where new accounting standards which have been issued and are effective for the current reporting period, or which are issued but not yet effective and may be early adopted, have been adopted for the first time. Certain comparative information has been reclassified to conform with the current year's presentation.

The Group has adopted the accounting standards which are issued and effective for reporting periods beginning on or after 1 January 2019. These amendments and interpretations apply for the reporting period beginning 1 April 2019 as follows:

NZ IFRS 16 Leases

NZ IFRS 16 introduces new or amended requirements for lease accounting. Significant changes to lessee accounting have been introduced by removing the distinction between operating and finance leases and now requires a lessee to recognise a lease liability reflecting future lease payments and a 'right-of-use' asset for all lease contracts. Lessors reporting requirements are similar to the previous standard *NZ IAS 17 Leases*.

The Directors have assessed all lease contracts and note that there are no leases entered into by the Group in the role of a lessee. Substantially all property owned by the Group is leased to third party tenants. These leases continue to be classified as operating leases as the Group retains all significant risks and rewards of ownership.

Impact on lessor accounting

NZ IFRS 16 does not change substantially how a lessor accounts for leases. Under *NZ IFRS 16*, a lessor continues to classify leases as either finance leases or operating leases and the Group accounts for those two types of leases differently. *NZ IFRS 16* has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in the leased assets.

The adoption of this standard has no material effect on what has been recognised and measured in the Group's consolidated financial statements however, additional disclosure is required. Refer to *Note 5. Net Rental Revenue* for additional disclosure information and revised accounting policies.

Accounting standards that are issued but not yet effective

Several other amendments and interpretations apply for the first time from 1 April 2019, but do not have an impact on the consolidated financial statements of the Group.

(c) Basis of Consolidation

The consolidated financial statements incorporate the assets, liabilities, equity, revenue, expenses and cash flows of the entities controlled by the Company at the end of the annual reporting period. A controlled entity is any entity over which Asset Plus Limited has the power to direct relevant activities, exposure or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of investor return.

In preparing these consolidated financial statements, subsidiaries are consolidated from the date the Group gains control until the date on which control ceases.

The financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends have been eliminated in full.

The table below represents the Company's investment in its subsidiary as at each reporting date:

	Percentage Held	
	31 March 2020	31 March 2019
Asset Plus Investments Limited	100%	100%

(d) Goods and Services Tax (GST)

Revenue and expenses are recognised net of the amount of GST except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the item as applicable.

All items in the consolidated statement of financial position are stated net of GST, with the exception of receivables and payables, which include GST invoiced. Cash flows are included in the consolidated statement of cash flows on a net basis and the GST component of cash flows arising from investing and financing activities is classified as part of operating activities.

3. Significant Accounting Estimates and Judgements

The preparation of these consolidated financial statements requires the use of certain critical accounting estimates.

It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Although the Group has internal control systems in place to ensure that estimates can be reliably measured, actual amounts may differ from those estimates. The areas involving a higher degree of judgement or areas where assumptions are significant to the Group include the following:

- Determination of Fair Value of Investment Property (Note 12)
- Determination of Deferred Taxes (Note 9)

Impact of COVID-19

The outbreak of the Coronavirus (COVID-19) was declared by the World Health Organisation as a 'Global Pandemic' on 11 March 2020. Since that time there has been increased adverse impact on global financial markets. There have been travel restrictions implemented by many countries and economic stimulus packages announced by most governments. Market activity is being impacted in almost every sector and there is a major reduction in liquidity across all investments markets. In terms of the property markets it is difficult at the current time to determine if this is a short term liquidity issue or a longer term concern. The illiquidity in property markets means there will be a time delay in establishing transactional evidence to demonstrate actual pricing and what the adjustment from pre-pandemic values is with any certainty.

As at 31 March 2020, registered property valuers in New Zealand consider it appropriate to attach less weight to previous market evidence for comparison purposes, to inform opinions of value. The current response to COVID-19 means that valuers are faced with an unprecedented set of circumstances on which to base a judgement. Valuations are therefore reported on the basis of 'material valuation uncertainty' at the time they issued their report. Consequently, less certainty (and a higher degree of caution) should be attached to the valuations than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, the Group will keep the valuation of all properties under frequent review as valuation advice will be outdated significantly quicker than is normally the case.

In the consolidated statement of financial position, the Group's property assets have been impacted by COVID-19. Refer to Note 12 – Investment Properties which shows the year on year adverse movement in property valuations primarily due to COVID-19.

Specifically the increased risks and uncertainty can be seen in the deterioration of the unobservable inputs this year compared to the previous reporting year which adversely impacts property valuations. This impact and others arising from the expected impact upon the New Zealand economy creates uncertainty about future events. Given this it is not practical to estimate the future financial impact on the Group at this time.

4. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise bank loans, cash, trade receivables and payables. Financial assets and liabilities are recognised on the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group has exposure to interest rate risk to the extent that it borrows for fixed terms at floating interest rates. The Directors will assess this risk on an ongoing basis and if deemed significant, will instruct the Group to enter into interest rate swaps to manage material exposure. The Group's exposure to interest rate risk and the effective weighted interest rates for each class of financial asset and financial liability were:

As at 31 March 2020	Effective interest rate range	Less than 1 year $'000	1 - 2 years $'000	2 years + $'000
Financial Assets				
Cash and Cash Equivalents	0.10%	98	-	-
Trade Receivables and Other Receivables		1,190	-	-
Total Financial Assets		**1,288**	**-**	**-**
Financial Liabilities				
Trade Payables and Other Payables		225	-	-
Borrowings	2.90% - 4.40%	-	-	49,250
Total Financial Liabilities		**225**	**-**	**49,250**
As at 31 March 2019				
Financial Assets				
Cash and Cash Equivalents	1.50%	781	-	-
Trade Receivables and Other Receivables		1,826	-	-
Total Financial Assets		**2,607**	**-**	**-**
Financial Liabilities				
Trade Payables and Other Payables		365	-	-
Borrowings	4.04% - 7.14%	-	10,500	-
Total Financial Liabilities		**365**	**10,500**	**-**

The Group's assets and liabilities which are subject to interest rate changes, consist of cash and cash equivalents and secured bank loans. A change of 1% in interest rates would have increased/(decreased) net profit after taxation and equity in respect of these items by the amounts shown below. This analysis assumes all other variables remain constant.

	2020 $'000	2019 $'000
1% increase		
Cash and Cash Equivalents	4	6
Borrowings	(493)	(105)
1% decrease		
Cash and Cash Equivalents	(4)	(6)
Borrowings	493	105

Fair value risk

A comparison between financial assets and financial liabilities fair value and carrying amounts is set out below. The net fair value is not materially different from the carrying value. The methods used for determining fair value have been disclosed in Note 17.

As at 31 March 2020	Designated as fair value $'000	Amortised cost $'000	Total carrying amount $'000	Fair value $'000
Financial Assets				
Cash and Cash Equivalents	-	98	98	98
Trade Receivable and Other Receivables	-	1,190	1,190	1,190
Total Financial Assets	**-**	**1,288**	**1,288**	**1,288**
Financial Liabilities				
Trade Payables and Other Payables	-	(225)	(225)	(225)
Borrowings	-	(49,250)	(49,250)	(49,250)
Total Financial Liabilities	**-**	**(49,475)**	**(49,475)**	**(49,475)**
As at 31 March 2019				
Financial Assets				
Cash and Cash Equivalents	-	781	781	781
Trade Receivable and Other Receivables	-	1,826	1,826	1,826
Total Financial Assets	**-**	**2,607**	**2,607**	**2,607**
Financial Liabilities				
Trade Payables and Other Payables	-	(365)	(365)	(365)
Borrowings	-	(10,500)	(10,500)	(10,500)
Total Financial Liabilities	**-**	**(10,865)**	**(10,865)**	**(10,865)**

Credit risk

In management's opinion, the Group trades only with recognised, creditworthy third parties, whose obligations to the Group are contractually enforceable under tenancy agreements and car park licences. Financial instruments, which potentially subject the Group to credit risk, principally consist of bank balances, receivables and advances to tenants.

With respect to credit risk arising from the other financial assets of the Group, which comprise interest received on cash and cash equivalents, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Bank of New Zealand, who is the counter party in respect to these financial assets of the Group, currently holds an AA- credit rating (issued by Standard & Poors).

Liquidity risk

Liquidity risk arises from the Group's financial liabilities and the ability to meet all its obligations to repay financial liabilities as and when they fall due. The Group actively monitors its position to ensure that sufficient funds are available to meet liabilities as they arise. Liquidity is monitored on a regular basis and reported to the Board regularly.

The table below reflects all contractually fixed pay-offs for settlement and repayments resulting from recognised financial liabilities. This table is based on all interest rate variables being held constant over the relevant period of time. It does not allow for potential future margin changes as these can not be easily identified as at balance date. All payments are undiscounted and the timing of the cash flows is based on the contractual terms of the underlying contract.

As at 31 March 2020	Balance $'000	Contractual cash flows $'000	< 1 year $'000	1 - 2 years $'000	2 - 5 years $'000	> 5 years $'000
Financial Liabilities						
Non-derivative financial liabilities						
Trade payables and Other payables	225	225	225	-	-	-
Borrowings	49,250	49,250	-	-	49,250	-
Interest and fees payable to the bank	27	3,229	1,454	1,427	348	-
Total	**49,502**	**52,704**	**1,679**	**1,427**	**49,598**	**-**

As at 31 March 2019	Balance $'000	Contractual cash flows $'000	< 1 year $'000	1 - 2 years $'000	2 - 5 years $'000	> 5 years $'000
Financial Liabilities						
Non-derivative financial liabilities						
Trade payables and Other payables	365	365	365	-	-	-
Borrowings	10,500	10,500	-	10,500	-	-
Interest and fees payable to the bank	10	564	433	131	-	-
Total	**10,875**	**11,429**	**798**	**10,631**	**-**	**-**

Capital management

The Group's capital includes contributed capital and accumulated loss.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on Shareholders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantage and security afforded by a sound capital position.

The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

Cash and Cash Equivalents

Cash and cash equivalents comprise of cash on hand, demand deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

NZ IFRS 9 Financial instruments

NZ IFRS 9 establishes principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of these consolidated financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. *NZ IFRS 9* also introduces an expected credit loss model for the impairment of financial assets. This standard also includes guidance which aligns hedge accounting more closely with risk management. It does not fully change the types of hedging relationships or the requirement to measure and recognise ineffectiveness; however, it allows more hedging strategies that are used for risk management purposes to qualify for hedge accounting. At the end of each reporting period there were no derivative hedging arrangements in place.

Classification of financial instruments

The Group classifies its financial assets as fair value through profit and loss ("FVTPL"), fair value through other comprehensive income ("FVTOCI") and amortised cost according to the Group's business objectives for managing the financial assets and based on the contractual cash characteristics of the financial assets. At each reporting date, the Group classifies all its financial liabilities as amortised cost or FVTPL.

5. Net Rental Revenue

Accounting policy

Rental Revenue

Rental revenue is the Group's primary revenue stream. Net rental revenue is recognised in accordance with *NZ IFRS 16 Leases*. Substantially all property owned by the Group is leased to third party tenants. As the Group retains substantially all the risks and benefits of ownership of its investment properties, it accounts for leases with its tenants as operating leases and begins recognising income when the tenant has a right to use the leased asset. The total amount of contractual rent to be received from operating leases is recognised on a straight-line basis over the term of the lease; including any lease incentives which are amortised to profit and loss over the same period and reduce rental income recognised.

Net rental revenue is measured based on the consideration specified in the relevant rental agreement. The lease term varies between properties and individual tenants within those properties.

	2020 $'000	2019 $'000
Rental charged to tenants in the ordinary course of business	12,720	11,350
Operating cost recoveries from tenants and customers	1,727	2,000
Total gross operating revenue	**14,447**	**13,350**
Other revenue	19	-
Gross rental revenue	**14,466**	**13,350**
Property operating costs[1]	**(3,995)**	**(4,199)**
Net rental revenue	**10,471**	**9,151**

[1] *Property operating costs represent property maintenance and operating expenses*

Future minimum rentals receivable under non-cancellable operating leases as at 31 March are as follows:

	2020 $'000	2019 $'000
Within one year	11,041	9,113
After one year but not more than five years	21,283	30,568
More than five years	6,302	16,053

The above rental receivables are based on contracted amounts as at 31 March 2020 and 31 March 2019. Actual rental amounts collected in future will differ due to a number of factors including, but not limited to, rental review provisions within lease agreements, market rent reviews, tenancy vacancy and potential default, rental abatements as well as property acquisitions/divestments.

6. Other Revenue

The sale of the Heinz Wattie's Distribution Centre in Hastings settled on 17 December 2019. The Group had agreed to underwrite the purchaser's capital raising. No call was made on the underwrite and a fee of $487,500 was received.

7. Administration Expenses and Net Finance Costs

Accounting policy

Interest Revenue

Interest revenue consists of interest accrued on cash deposits and is recognised using the effective interest method.

Interest and Finance Costs

Finance costs, including borrowing costs and interest payable on borrowings, are recognised in the consolidated statement of comprehensive income when incurred. Borrowing costs incurred that do not relate to qualifying assets are treated as an expense and are not capitalised.

	2020 $'000	2019 $'000
Administration expenses		
Management fees	(824)	(715)
Directors' fees	(300)	(300)
Auditor's remuneration	(105)	(132)
Professional fees	(277)	(368)
Personnel costs	-	(29)
Other administration costs[1]	(138)	(222)
Total administration expenses	**(1,644)**	**(1,766)**
Net finance costs		
Interest and finance costs	(1,671)	(1,100)
Interest revenue	7	21
Total net finance costs	**(1,664)**	**(1,079)**
Auditor's remuneration as follows:		
Audit of the annual financial statements	(63)	(84)
Other assurance services	(42)	(48)
Total auditors remuneration	**(105)**	**(132)**

[1] *Other administration costs include office costs, registry, New Zealand Stock Exchange fees and shareholder communications costs.*

8. Transaction Costs

During the reporting period ended 31 March 2020, investigative work was undertaken to acquire two separate property-based businesses. This cost includes substantive due diligence, financial investigative and legal costs for the Company, collectively known as transaction costs. During the period, $0.989 million of transaction costs were incurred. In addition $0.785 million of costs were incurred in relation to the Company's rights offer that was cancelled in March 2020.

During the reporting period ended 31 March 2019, estimated disposal costs of $0.224 million relating to the future sale of the Heinz Wattie's asset (including agency, legal and reimbursement fees) were recognised when this asset was reclassified to property held for sale.

9. Income Tax

Accounting policy

Income tax in the consolidated statement of comprehensive income comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax on the taxable income for the year, using rates enacted or substantially enacted at balance date, and any adjustment to income tax payable in respect of previous periods. Current tax for current and prior periods is recognised as a liability (or asset) to the extent it is unpaid (or refundable).

Deferred tax is provided for using the liability method on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss.
- In respect of the taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of any deferred income tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

The Group has applied the rebuttable presumption under *NZ IAS 12* that deferred tax on investment property measured using the fair value model in *NZ IAS 40* is determined on the basis that its carrying amount will be recovered through sale.

The Group holds investment properties for the purpose of capital appreciation and rental income and therefore the measurement of any related deferred tax reflects the tax consequences of recovering the carrying amount of the investment property entirely through sale. In New Zealand there is no capital gains tax, therefore the tax consequences on sale will be limited to depreciation previously claimed for tax purposes (i.e. depreciation recovered).

Major components of income tax for the year ended 31 March are:

	2020 $'000	2019 $'000
Current tax		
Continuing operations - current income tax charge	(2,132)	(381)
Prior year tax adjustment	114	-
Current Tax	**(2,018)**	**(381)**
Net deferred income tax		
Realised interest rate swap gain/(loss)	-	(235)
Investment property building depreciation	439	1,082
Other	83	(182)
Net deferred income tax	**522**	**665**
Income tax reported in the consolidated statement of comprehensive income	**(1,496)**	**284**

A reconciliation of the income tax expense applicable to net profit before income tax at 28%, to the income tax expense in the consolidated statement of comprehensive income for the year ended 31 March is as follows:

	2020 $'000	2019 $'000
Net (loss)/profit before tax	(13,192)	3,519
Income taxation expense (28%)	**3,694**	**(985)**
Adjust for revaluations of investment property	(5,352)	(494)
Adjust for non-deductible expenses	(501)	-
Adjust for swap cancellation	-	223
Adjust for loss on disposal of property (fitout)	-	744
Adjust for capital loss on disposal of investment property	-	(256)
Adjustment for deferred tax (depreciation on buildings)	-	1,082
Adjustment for deferred tax (interest rate swaps)	-	(235)
Adjustment for depreciation (claimed in financial year)	386	406
Other	277	(201)
Income tax reported in the consolidated statement of comprehensive income	**(1,496)**	**284**

Deferred income tax	2020 $'000	2019 $'000
Net deferred income tax liability relates to the following:		
Deferred income tax liabilities		
Investment properties recoverable depreciation	(1,347)	(1,786)
Other	1	(82)
Net deferred income tax liabilities	**(1,346)**	**(1,868)**
Deferred taxation	**(1,346)**	**(1,868)**

10. Segment Reporting

The principal business activity of the Group is to invest in New Zealand properties. Investment properties have similar economic characteristics, methods of management and are under leases of various terms. Segment reporting is presented in a consistent manner with internal reporting provided to the chief operating decision maker, the Board. The Board receives internal financial information on a property by property basis, assesses property performance and decides on the resource allocation. The Group operates only in New Zealand. On this basis all of the Group's properties have been aggregated into a single reporting segment to most appropriately reflect the nature and financial effects of the business activities.

The Group has no unallocated revenue, expenses, assets or liabilities and this approach has been applied to comparative periods.

11. Trade Receivables, Other Receivables and Prepayments

Accounting policy

Trade receivables, other receivables and prepayments are initially recognised at fair value plus transaction costs and subsequently carried at amortised costs using the effective interest rate method less an allowance for any impairment losses. Due to their short term nature, trade receivable, other receivables and prepayments are not discounted.

The Group makes use of a simplified approach in accounting for trade receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward looking information to calculate the expected credit losses. The impairment of trade receivables is assessed on a collective basis (grouped based on the days past due), as they possess shared credit risk characteristics.

Further disclosure details on the expected credit loss model have not been included in the financial statements as the amounts involved are considered by the Directors of the Group to be immaterial.

	2020 $'000	2019 $'000
Trade receivables	235	157
Expected credit losses	(26)	(56)
Total trade receivables	**209**	**101**
Colliers Property Trust Account (Eastgate)	484	455
Other receivables	497	1,270
Total other receivables	**981**	**1,725**
Prepayments	**230**	**13**
Total trade receivables, other receivables and prepayments	**1,420**	**1,839**

Trade receivables are non-interest bearing and are on < 30 day terms. Rent is due on the first day of every month.

12. Investment Properties

Accounting policy

Properties which are held exclusively to earn rentals and/or for capital appreciation are classified as investment properties at their acquisition date. These are initially recognised at cost plus related costs of acquisition. After initial recognition, investment properties are stated at fair value as determined by an independent registered valuer. Investment properties are valued annually. The fair value is based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In the absence of an active market, alternative valuation techniques are utilised which may include discounted cash flow projections, capitalisation of income or sales comparison approach as appropriate to the property being valued. The valuations are prepared by considering the aggregate of the estimated cash flows expected from rental income, the occupancy rates, average lease terms and capitalisation rates which reflect the current market conditions. The estimate of fair value is a judgement which has been made based on the market conditions which apply at each reporting date.

Any gains or losses arising from changes in the fair value of investment properties are recognised in profit or loss in the consolidated statement of comprehensive income.

The tables below outline the movements in the carrying values for all directly owned investment properties:

As at 31 March 2020

	Opening balance $'000	Acquisitions $'000	Capex $'000	Transfer to assets held for sale $'000	Lease amortisation & other $'000	Gain/ (loss) on revaluation $'000	Fair value at balance date $'000	WIP[1] $'000	Closing balance $'000
Eastgate Shopping Centre	54,577	-	1,234	-	(39)	(8,822)	46,950	-	46,950
Stoddard Road	39,500	-	-	-	(10)	(1,990)	37,500	-	37,500
Graham Street *	-	58,580	-	-	-	(8,480)	50,100	396	50,496
Munroe Lane **	-	7,323	-	-	-	177	7,500	1,113	8,613
Total investment properties	**94,077**	**65,903**	**1,234**	**-**	**(49)**	**(19,115)**	**142,050**	**1,509**	**143,559**

* *The acquisition of 35 Graham Street, Auckland was approved by shareholders at a special meeting held on 17 June 2019. The purchase of this property settled on 28 June 2019.*

** *The acquisition of 6 - 8 Munroe Lane, Albany, Auckland settled on 2 December 2019.*

As at 31 March 2019

	Opening balance $'000	Acquisitions $'000	Capex $'000	Transfer to assets held for sale $'000	Lease amortisation & other $'000	Gain/ (loss) on revaluation $'000	Fair value at balance date $'000	WIP[1] $'000	Closing balance $'000
Eastgate Shopping Centre	59,063	-	95	-	137	(4,795)	54,500	77	54,577
Heinz Wattie's Warehouse *	27,439	-	37	(29,110)	(22)	1,646	(10)	10	-
Stoddard Road	38,054	-	49	-	15	1,382	39,500	-	39,500
Total investment properties	**124,556**	**-**	**181**	**(29,110)**	**130**	**(1,767)**	**93,990**	**87**	**94,077**

* *Heinz Wattie's had been reclassified as property held for sale during the previous reporting period ended 31 March 2019. A valuation was performed on this property as at 31 March 2019. The gain on revaluation had been recognised in profit and loss in the consolidated statement of comprehensive income for the reporting period ended 31 March 2019.*

[1] *WIP (work in progress) as at 31 March 2020 relates to costs incurred in relation to future development work at 35 Graham St and Munroe Lane which were not included in the inputs to the valuation calculation by the independent valuers. These costs include design, consents and other direct costs capitalised as development costs.*

All properties that are not expected to be sold in the next 12 months were valued on a fair value basis at each reporting date by independent registered valuers, listed below, who are members of the Institute of Valuers of New Zealand. These valuers are experienced in valuing commercial properties. The fair values of the investment properties at each reporting date are as follows:

As at 31 March 2020

	Valuer	Capitalisation rate %	Occupancy rate %	WALT Years	Valuation $'000
Eastgate Shopping Centre Cnr Buckleys Road & Linwood Avenue, Christchurch	Jones Lang LaSalle	8.38	95.33	4.53	46,950
Stoddard Road 22 Stoddard Road, Auckland	Colliers	6.25	100.00	4.00	37,500
Graham Street 35 Graham Street, Auckland Central	Colliers	6.50	100.00	1.24	50,100
Munroe Lane 6 - 8 Munroe Lane, Albany, Auckland	Jones Lang LaSalle	N/A	N/A	N/A	7,500
			98.37	**3.16**	**142,050**

As at 31 March 2019

	Valuer	Capitalisation rate %	Occupancy rate %	WALT Years	Valuation $'000
Eastgate Shopping Centre Cnr Buckleys Road & Linwood Avenue, Christchurch	Jones Lang LaSalle	8.13	93.20	5.07	54,500
Stoddard Road 22 Stoddard Road, Auckland	Colliers	6.13	100.00	4.02	39,500
					94,000
Heinz Wattie's Warehouse* 113 Elwood Road, Hastings	Colliers	8.00	100.00	7.90	29,100
			96.73	**5.51**	**123,100**

* *Heinz Wattie's was valued by an independent registered valuer as at 31 March 2019 and had been subsequently reclassified to property held for sale during the previous reporting period ended 31 March 2019.*

The valuation techniques and significant unobservable inputs are as follows:

Description	Valuation	Valuation technique	Unobservable inputs	Sensitivity Of Fair Value To Changes In the estimated fair value would increase/(decrease):
Investment properties	142,050	Capitalisation of net income	The capitalisation rate range applied is 6.25% - 8.38% (2019: 6.13% - 8.13%).	Retail and office rental growth was higher (lower).
			The rental reversion as a rate of investment property value rate range is 0.09% - 1.79% (2019: 0.01% - 1.70%). This is an adjustment for those tenancies whose rental is above or below the market rate.	Retail and office rental growth was higher (lower).
			The present value of capital expenditure as a rate of investment property value rate range is 1.24% - 11.33% (2019: 2.45% - 3.84%).	Capital expenditure was lower (higher).
		Discounted Cash Flow	The discount rate range applied is 8.00% - 8.50% (2019: 8.25% - 9.25%).	The discount rate was lower (higher).
			Occupancy rate range applied is 95.33% - 100.00% (2019: 93.20% - 100.00%).	The occupancy rate was higher (lower).
			Rental growth rate range is 0.00% - 3.00% (2019: 1.98% - 3.00%) over 10 years.	Office rental growth was higher (lower).
			A letting up period range of 12 - 24 months (2019: 3 - 8 months) has been allowed at the end of each existing lease of the properties.	Letting up period was lower (higher).

All investment properties were valued as at 31 March 2020 (and as at 31 March 2019). All valuations are prepared by independent valuers who are members of the New Zealand Institute of Valuers.

Investment property values are assessed within a range indicated by at least two valuation approaches; most commonly capitalisation of net income approach and discounted cash flow approach.

Estimates are used in these valuation approaches to determine fair value. For the two most common approaches, these include the capitalisation rate in the income capitalisation approach and the discount rate in the discounted cash flow approach. Both approaches are also influenced by other estimates relating to market rental levels, vacancy rates, letting-up allowances and the cost of ongoing operating expenses, capital expenditure and other capital payments.

As at 31 March 2020, valuers consider it appropriate to attach less weight to previous market evidence for comparison purposes, to inform opinions of value. The current response to COVID-19 means that valuers are faced with an unprecedented set of circumstances on which to base a judgement. Valuations are therefore reported on the basis of 'material valuation uncertainty'. Consequently, less certainty (and a higher degree of caution) should be attached to the valuations than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, the Company will keep the valuation of all properties under frequent review as valuation advice will be outdated significantly quicker than is normally the case.

Impact of Covid-19

As at 31 March 2020, the uncertainty caused by the COVID-19 outbreak materially impacted the real estate markets to which the Group's investment properties belong. This has created material valuation uncertainty primarily as a result of:

1. Estimating the future net income a property will generate
2. Converting the net income to value by applying investment rate returns which are derived from recent transactions

Asset Plus has a range of tenants from local government agencies, a supermarket, healthcare providers classified as essential businesses by the New Zealand Government during Levels 3 and 4 of the lockdown as well as a large number of other tenants considered non-essential. The Government restrictions on non-essential businesses from operating meant a large number of these tenants were unable to operate during April – May 2020 under Levels 4 and 3 of the lockdown, and now at Level 1 there are still a number of trading restrictions in place. A number of tenants have not paid rent during this period and to date $0.59 million of rental abatements have been agreed with tenants. There will continue to be further discussions with retail tenants over the coming months.

Future earnings of the tenants are also likely to be impacted by:

- Changes in people's behaviour and restrictions around social distancing will prevent people accessing goods and services increasing the use of other channels / contact points by individuals and businesses. E.g. online shopping, video conferencing.
- Restrictions on travel meaning less tourists / travellers will reduce spend in retail shops.
- Overall pressure put on the economy due to the pandemic through low growth / recession / increased unemployment will affect consumer spending impacting retail tenants (Stoddard Road and Eastgate).
- Changing attitudes to working from home / increasing use of technology may reduce to future demand for future office space (Graham Street and Munroe Lane)

As a result, some tenants have a higher risk of failure and others will face a reduced ability to meet business expenses, including rent and other occupancy charges. Tenant failure will see vacancy rates increase and it may take longer to lease vacant tenancies. When new leases are secured, the achieved rentals may be less than expected pre COVID-19 and incoming tenants may require a higher level of incentive.

Impacts on 31 March 2020 Valuations

Valuation uncertainty has also arisen from an inactive property investment market. Potential buyers have been unable to complete due diligence. A lack of transactional evidence means the only inputs and metrics available to reliably estimate fair value relate to the market before the pandemic event occurred and the impact on prices cannot be fully determined until the market stabilises.

The investment property valuations now reflect the impact of the pandemic. Valuers have generally increased capitalisation rates and discount rates, reduced growth rates and increasing letting up periods. The valuers' estimates and assumptions have materially impacted the value of the Group's investment property. For the year ended 31 March 2020 the Group recognised a fair value loss of $19,115,000 (2019: loss of $1,767,000). The impact of COVID-19 on valuations is also illustrated by comparing the valuations reported on the 8 March 2020 as part of the $100 million capital raise (which was subsequently withdrawn as a result of COVID-19).

	Mar-19 / On Acquisition $'000	Mar-20 (preliminary as part of capital raise) $'000	Mar-20 (Final Valuation) $'000
Eastgate Shopping Centre	54,500 (Mar-19)	52,200	46,950
Stoddard Road	39,500 (Mar-19)	42,500	37,500
Graham Street	58,000 (on acquisition)	58,500	50,100
Munroe Lane	7,250 (on acquisition)	7,500	7,500
		160,700	**142,050**

Valuation Sensitivity

This sensitivity analysis outlines how movements in the discount rate and capitalisation rate affect the fair value of the investment properties. The discount rate is used in the discounted cash flow approach and the capitalisation rate is used in the capitalisation approach.

Estimated sensitivity to movements in the discount rate

As at 31 March 2020

	Base Discount Rate	Value $'000	Impact of -25bps movement in discount rate $'000 / %	Impact of +25bps movement in discount rate $'000 / %
Eastgate Shopping Centre	8.50%	46,950	685 / 2%	(647) / (2%)
Stoddard Road	8.00%	37,500	648 / 2%	(632) / (2%)
Graham Street	8.50%	50,100	1,013 / 2%	(989) / (2%)
Munroe Lane	n/a	7,500	N/A	N/A

Estimated sensitivity to movements in the capitalisation (cap) rate

As at 31 March 2020

	Base Cap Rate	Value $'000	Impact of -25bps movement in cap rate $'000 / %	Impact of +25bps movement in cap rate $'000 / %
Eastgate Shopping Centre	8.50%	46,950	722 / 2%	(706) / (2%)
Stoddard Road	6.38%	37,500	848 / 2%	(784) / (2%)
Graham Street	6.63%	50,100	1,339 / 3%	(1,242) / (3%)
Munroe Lane	n/a	7,500	N/A	N/A

In June 2020, the Group sought valuation advice to determine if there was any market transaction or other evidence (i.e. information gathered subsequent to valuations being issued) that indicated the valuations as at 31 March 2020 should be reconsidered. This advice indicated that the valuations provided as at 31 March 2020 were materially correct as at that date.

The sensitivity analysis are estimates only and assume all other variables used to calculate the property valuations remain constant.

The base discount rates and cap rates adopted in the above sensitivity analysis are from the respective valuers 10 year DCF sensitivity analysis and in some instance vary slightly from the market cap rate used in the capitalisation approach.

13. Properties Held for Sale

Accounting policy

Properties which are acquired exclusively with a view for subsequent resale are classified as properties held for sale at their acquisition date. These properties are held for immediate sale in their present condition or the Group has committed to selling the asset through entering into a contractual sale and purchase agreement. Properties held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The value of these properties is reassessed at each reporting date with gains and losses arising from changes in fair values being recognised in profit and loss.

Investment properties which meet the requirements of assets held for sale will be reclassified on the date these requirements are met. These properties will continue to be measured under the fair value model with any gains or losses being recognised in profit or loss in accordance with *NZ IAS 40 Investment Properties*. Revenue on the sale of properties held for sale is recognised when the risks and rewards have transferred to the buyer.

Fair value of properties held for sale is determined by either an independent valuation or Directors' valuation. Where there is an absence of current prices in an active market for properties similar in location, condition and lease terms, a valuation will be performed using the discounted cash flow method and the capitalisation approach. The valuations consider market assumptions of internal rates of return, rental growth, average lease terms, occupancy rates, and the costs associated with the initial purchase of the property and yield and are compared, where possible, to market based evidence and transactions for properties similar in location, condition and lease terms.

The discounted cash flow method is based on the expected net rental cash flows applicable to each property, which are then discounted to their present value using a market determined, discount risk-adjusted rate applicable to the respective property. The capitalisation approach is based on the current contract rental and market rental and an appropriate yield for that particular property. The market value is a weighted combination of both the discounted cash flow and the capitalisation approach.

The table below outlines the movements in the carrying values for all properties held for sale during the year:

As at 31 March 2020

Property	Opening balance $'000	Capex $'000	Lease amortisation & other $'000	Gain On Sale $'000	Disposal $'000	Closing balance $'000
AA Centre (99 Albert Street)	-	-	-	23	(23)	-
Heinz Wattie's Warehouse	28,890	204	(17)	23	(29,100)	-
Total	**28,890**	**204**	**(17)**	**46**	**(29,123)**	**-**

An additional $23k gain on sale of investment property related to AA Centre (99 Albert Street) disposal in 2019 has been recognised in the financial year ended 31 March 2020.

As at 31 March 2019

Property	Opening balance $'000	Transfer from investment properties $'000	Cost of sale of transaction $'000	Loss on Sale $'000	Disposal $'000	Closing balance $'000
AA Centre (99 Albert Street)	43,814	-	-	(915)	(42,899)	-
Heinz Wattie's Warehouse	-	29,110	(220)	-	-	28,890
Total	**43,814**	**29,110**	**(220)**	**(915)**	**(42,899)**	**28,890**

These properties were initially classified as investment properties and were subsequently reclassified to properties held for sale. There were no reclassifications to properties held for sale during the current reporting period ended 31 March 2020 (31 March 2019: Heinz Wattie's Warehouse).

14. Property, Plant and Equipment

The property, plant and equipment opening balance of $66k was written off in full during the financial year ended 31 March 2020.

15. Borrowings

Accounting policy

Borrowings are classified as financial liabilities at amortised costs. They are initially recognised at fair value of the consideration less directly attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.

Borrowing costs are recognised as an expense when incurred, unless they relate to a qualifying asset and are capitalised when incurred.

Facility	Bank	Loan maturity	2020 $'000	2019 $'000
Investment property facility	BNZ	28 June 2022	49,250	10,500
Total			49,250	10,500

Financing facilities available

At reporting date, the following financial facilities had been negotiated and were available:

	2020 $'000	2019 $'000
Facilities used at reporting date - secured bank loan (BNZ)	49,250	10,500
Facilities unused at reporting date - secured bank loan (BNZ)	25,750	9,500
Total	75,000	20,000

Loan security

The loan is secured by a registered first mortgage over the investment properties of the Group, an assignment of leases over all present and directly acquired properties mortgaged to the BNZ Bank and a first general security interest over the assets of the Group. The facility limit was increased from $20 million to $75 million on 27 June 2019. The current facility matures on 28 June 2022.

Loan covenants – BNZ bank

During the year ended 31 March 2020 all loan covenants were met. (2019: all met)

Interest rate swaps

The Group manages its interest rate risk by using floating-to-fixed interest rate swaps which have the economic effect of converting interest on borrowings from floating rates to fixed rates.

There are currently no interest rate swaps in place as potential future developments remain conditional. Once the future debt structure is confirmed interest rate swaps will be considered.

	2020 $'000	2019 $'000
Opening balance - liability	-	840
Unrealised interest rate swap (gain)	-	(133)
Interest on swap settlement	-	91
Settlement of swap contract	-	(798)
Closing balance	-	-

16. Trade Payables, Accruals and Provisions

Accounting policy

Trade and other payables

Trade payables are classified as financial liabilities and are initially measured at fair value less any transaction costs and subsequently carried at amortised cost and due to their short term nature, are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect to the purchase of these goods and services.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that the outflow can be reliably measured.

	2020 $'000	2019 $'000
Trade payables	158	127
GST payable	11	81
Other payables	67	238
Total trade and other payables	**236**	**446**
Interest accrual	27	10
Opex accruals	473	670
Capex accruals	514	108
Capital raising cost accruals	554	-
Total accruals	**1,568**	**788**
Provisions	-	150
Total provisions	**-**	**150**
Total trade payables, accruals and provisions	**1,804**	**1,384**

Trade payables are non-interest bearing and are normally settled on 30 day terms. Interest payable is settled quarterly throughout the financial year. Other payables are non-interest bearing and have an average term of 6 months.

17. Fair Value Measurement

Accounting policy

Financial assets/liabilities classified as fair value through profit and loss ("FVTPL") are initially recognised at their fair value and are subsequently measured at fair value at each reporting date. Gains and losses recorded on each revaluation date are recognised within net earnings. Transaction costs of financial assets classified as FVTPL are expensed in the consolidated statement of comprehensive income.

Interest rate swaps and other derivative financial instruments

The company selectively utilises derivative financial instruments primarily to manage financial risks, including interest rate risk. Derivative financial instruments are recorded at fair value. The assets or liabilities relating to unrealised mark-to-market gains and losses on derivative financial instruments are recorded in the consolidated statement of financial position. The gain/loss on re-measurement to fair value is recognised in the consolidated statement of comprehensive income. In determining the fair value of derivatives, an adjustment would be made to reflect the creditworthiness of the counterparty only if material.

The table below sets out the comparison by category of carrying amounts, fair values, and fair value movement hierarchy of all the Group's assets and (liabilities):

		Year ended 31 March 2020			Year ended 31 March 2019		
		Quoted market Price (Level 1)	Market observable Outputs (Level 2)	Non market Outputs (Level 3)	Quoted market Price (Level 1)	Market observable Outputs (Level 2)	Non market Outputs (Level 3)
Investment properties	Note 12	-	-	143,559	-	-	94,077
Properties held for sale	Note 13	-	-	-	-	-	28,890
Borrowings	Note 15	-	(49,250)	-	-	(10,500)	-

The quoted market price (Level 1) represents the fair value determined based on quoted prices in active markets as at the reporting date. For financial instruments not quoted in active markets (Level 2) the Group uses present value techniques, with a comparison to similar instruments for which market observable prices exist and other relevant models used by market participants, which includes current swap rates on offer and also the current floating interest rate (interest rate swaps). For properties held for sale and investment properties (Level 3), the Group uses present value techniques based on forecasted future earnings.

There are no transfers between Level 1, 2 or 3 during the financial year ended 31 March 2020 (2019: None).

18. Equity

Accounting policy

Equity instruments issued by the Group are recorded as the proceeds are received, net of direct issue costs.

Issued capital and reserves

	2020 '000	2019 '000
Ordinary shares		
Number of issued and fully paid shares	161,920	161,920

Ordinary shares have no par value. Fully paid ordinary shares carry one vote per share, and share equally in dividends and any surplus on winding up.

19. Earnings Per Share

Accounting policy

Earnings per share is calculated by dividing the profit/(loss) attributable to shareholders (excluding distributions) of the Group by the weighted average number of ordinary shares on issue during the period.

	2020 $'000	2019 $'000
Total Comprehensive (Loss)/Income For the Year, Net of Tax	(14,688)	3,803
Weighted average number of ordinary shares ('000)	161,920	161,920
Earnings per share (cents) - basic and fully diluted	**(9.07)**	**2.35**

20. Dividends Paid to Shareholders

Dividends paid during each reporting period comprised:

		2020			2019	
	CPS	$'000	Date Paid	CPS	$'000	Date Paid
Q4 prior year net dividend	0.900	1,457	20/06/19	0.900	1,457	20/06/18
Q1 net dividend	0.900	1,458	4/09/19	0.900	1,457	7/09/18
Q2 net dividend	0.900	1,458	18/12/19	0.900	1,457	19/12/18
Q3 net dividend	0.900	1,458	13/03/20	0.900	1,457	12/03/19
Total paid during the year	**3.600**	**5,831**		**3.600**	**5,828**	

	2020 $'000	2019 $'000
Imputation credit account		
At 31 March the imputation credits available for use in subsequent reporting periods are	175	79

21. Remuneration

Key management personnel costs	2020 $'000	2019 $'000
Directors' remuneration	300	300
Total	**300**	**300**

22. Related Parties

Augusta Funds Management Limited owns the management contract rights of the Group. The parent of Augusta Funds Management Limited, Augusta Capital Limited, owns 18.85% of Asset Plus Limited (2019: 18.85%). Transactions with Augusta Funds Management Limited are deemed to be related party transactions because the Company is managed by Augusta Funds Management under the terms of the signed management contract.

	2020		2019	
Fees paid and owing to the manager ($'000)	**Fees charged**	**Fees owed**	**Fees charged**	**Fees owed**
Management fees	824	199	715	158
Lease renewal fees	227	-	79	79
Property management fees	192	46	133	39
Acquisition fees	658	-	-	-
Development management fees	250	250	-	-
Total	**2,151**	**495**	**927**	**276**

Consolidated Statement of Changes in Equity	2019 $'000	2018 $'000
Dividend paid to Augusta Capital Limited	1,099	1,099

23. Commitments and Contingencies

Capital commitments

At 31 March 2020 the Group has no capital commitments (2019: nil).

Guarantees

BNZ has provided a bond to the New Zealand Stock Exchange for the sum of $75,000, being the amount required to be paid by all Issuers listed on the New Zealand Stock Exchange, and the Company has provided a General Security Agreement over its assets in favour of BNZ as security for this bond (31 March 2019: $75,000).

Contingent liabilities

At the reporting date the Group had no material contingent liabilities (2019: nil).

24. Subsequent Events

Since 31 March 2020, the Group has been working with tenants that need some financial assistance to counter the impact of Alert Level 4 lockdowns associated with COVID-19. Tenants are receiving assistance primarily via deferrals or rent abatements. To date the Group has provided for approximately $0.59 million in rent abatements and there is a potential for further abatements depending on the outcome of discussions with some tenants.

On 15 June 2020, Augusta Capital Limited (Augusta), the parent company of the Group's manager and largest shareholder of the Group received a takeover notice for a full takeover of Augusta Capital Limited from Centuria Capital Group (Centuria). The takeover notice is not a takeover offer but it contemplates Centuria making a full takeover offer to acquire shares that will take its holding to 100% of Augusta. The takeover notice is not in relation to Asset Plus Limited shares.

Independent Auditor's Report

Grant Thornton

To the Shareholders of Asset Plus Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Asset Plus Limited ("the Company") and its subsidiaries ("the Group") on pages 28 to 51 which comprise the consolidated statement of financial position as at 31 March 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Asset Plus Limited as at 31 March 2020 and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our firm carries out other assignments for the Group in the area of related assurance services. The provision of these other services has not impaired our independence as auditor of the Group. The firm has no other interests in the Company and the entities it controlled.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Why the audit matter is significant	How our audit addressed the Key Audit Matter
Investment Property valuation In the application of NZ IFRS, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. The estimates and underlying assumptions are reviewed on an ongoing basis. As at 31 March 2020, Investment Property is carried at fair value of $142.1 million. The valuations were performed by independent registered valuers. There are a number of risks that can have a material impact on the investment property balance in the consolidated financial statements, principally: • The independent registered valuers have included a material valuation uncertainty clause in their report arising from the COVID-19 pandemic. This clause highlights the uncertainties surrounding property valuations due to the absence of relevant transactional evidence of current market pricing. This results in less certainty and greater estimation in the valuation of investment property. Assumptions made include capitalisation rates, discount rates, market rent and expected growth based on market data and market transactions. These assumptions along with others were adjusted to recognise the estimated impacted of COVID-19 pandemic. • The methods and assumptions used by the property valuers, may not be considered appropriate. • The calculation of the fair value amount for each of the investment properties, as well as the revaluation adjustment for the year may not be correct; and • The data provided to the property valuers may not be appropriate.	We have: • Obtained and agreed the schedule of investment properties to the respective independent valuation reports, performed by valuation experts. • Evaluated the qualifications and work of each valuation expert, for each of the investment properties. • Inquired about and documented the methods and assumptions used by the expert and considered the appropriateness of those assumptions and methods used, for each property valuation. Documented and considered how those assumptions had taken into account uncertainties arising from COVID-19 pandemic. • Confirmed each property valuation was performed in accordance with appropriate accounting standards for use in determining the carrying value of investment property as at 31 March 2020. • Recalculated the revaluation adjustment to be recorded for the year of each investment property as at 31 March 2020. • Tested the appropriateness of data provided to the expert, for each property valuation. • Considered the adequacy of the disclosures made in note 3 Significant Accounting Estimates and Judgements and note 12 Investment Properties, to the consolidated financial statements, which sets out the key judgements and estimates including valuation techniques and significant unobservable inputs applied to determine fair value of the investment property. These notes explain that there is material estimation uncertainty and there has been a material impact on the valuation of investment properties; and • Discussed with management changes in the investment property portfolio, including any property development, controls in place surrounding the valuation process and the impact COVID-19 pandemic has had on the investment property portfolio including rent abatements, occupancy risk, growth rates.

Other Information

The directors are responsible for all other information included in the Group's Annual Report. The other information comprises the information included in the Annual Report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities for the Consolidated Financial Statements

The Directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS issued by the New Zealand Accounting Standards Board, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the External Reporting Board's website at: https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-1/

Restriction on use of our report

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the Company's shareholders, as a body those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and its shareholders, as a body, for our audit work, for this report or for the opinion we have formed.

Grant Thornton New Zealand Audit Partnership

Grant Thornton

K Price
Partner
Auckland
16 June 2020

Shareholder Statistics

Twenty Largest Shareholders

Top 20 Shareholders (with expanded NZCSD Sub-Register) as at 20 May 2020.

Rank	Investor Name	Total Units	% Issued Capital
1	Augusta Capital Limited	30,528,933	18.85%
2	HSBC Nominees (New Zealand) Limited	19,705,670	12.17%
3	Accident Compensation Corporation	14,269,813	8.81%
4	Forsyth Barr Custodians Limited	5,714,294	3.53%
5	National Nominees New Zealand Limited	4,799,724	2.96%
6	FNZ Custodians Limited	4,499,187	2.78%
7	Investment Custodial Services Limited	2,773,130	1.71%
8	Premier Nominees Limited	2,721,756	1.68%
9	Cogent Nominees Limited	2,426,273	1.50%
10	Tea Custodians Limited	1,472,554	0.91%
11	Forhomes Investments Limited	1,466,394	0.91%
12	FNZ Custodians Limited	1,409,975	0.87%
13	Francis Ivor Charles Jasper & Victoria Jane Carpenter & Anthony Francis Segedin	1,375,000	0.85%
14	Bhc Trustee 68 Limited	1,330,000	0.82%
15	Anthony Simmonds & Maureen Simmonds	1,155,019	0.71%
16	Premier Nominees Ltd Armstrong Jones Property Securities Fund	1,121,069	0.69%
17	New Zealand Permanent Trustees Limited	778,022	0.48%
18	Bnp Paribas Nominees NZ Limited Bpss40	760,769	0.47%
19	Bryan Thomas Seddon & Dorothy Edith Allison Seddon	700,000	0.43%
20	Hawkes Bay Sailplanes Limited	650,000	0.40%

Spread of shareholders

The following is a spread of quoted security holders as at 20 May 2020.

Range	Holders (start)	Shares	% Issued Capital
1-1000	77	43,794	0.03%
1001-5000	350	1,042,869	0.64%
5001-10000	322	2,519,684	1.56%
10001-50000	710	17,547,309	10.84%
50001-100000	147	10,563,191	6.52%
Greater than 100000	145	130,203,586	80.41%

Substantial Security Holders

As at 31 March 2020 the following Shareholders had filed substantial security notices in accordance with the Financial Markets Conduct Act 2013.

Shareholder	Number of shares relevant interest disclosed for
Augusta Capital Limited	30,528,933
Salt Funds Management Limited	25,644,632
Westpac Banking Corporation	18,832,528
Accident Compensation Corporation	15,537,355

This annual report is dated 16 June 2020 and is signed on behalf of the board by:

Bruce Cotterill

Chairman

Carol Campbell

Chair Audit and Risk Committee

Directory

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Carol Campbell
Paul Duffy

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