ASSET PLUS+

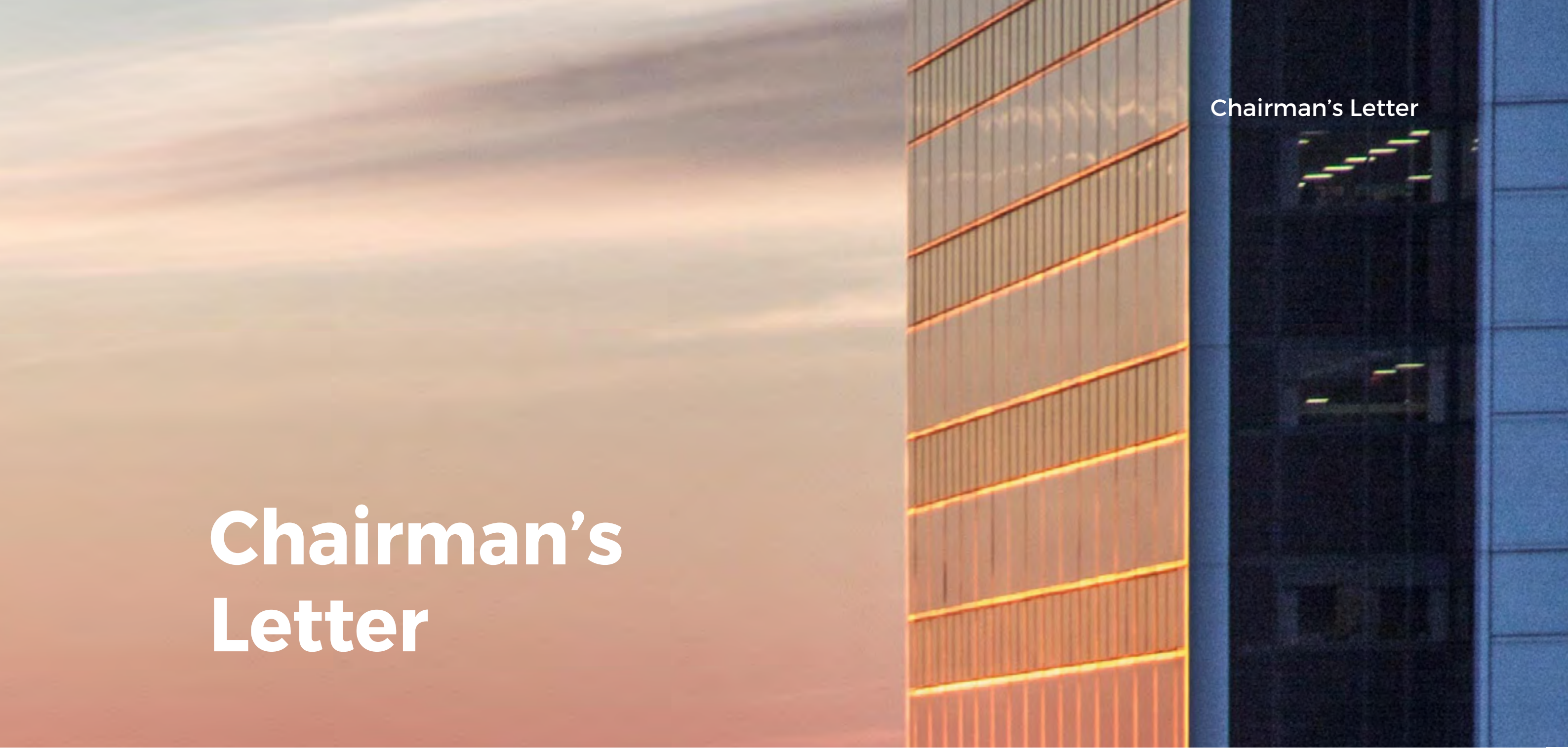
AUGUSTA

ANNUAL REPORT **2019**

35 Graham Street, Auckland.


BDO

Contents



Chairman's Letter

The twelve months to 31 March 2019 has been a period of ongoing transition for the Company, as we have implemented the change to an external manager, Augusta Funds Management. We have also moved the focus of the Company to a future value-add strategy and commenced execution of new acquisitions and restructuring of the existing portfolio.

The acquisition of the Auckland Council tenanted 35 Graham Street, in the Auckland CBD fits the Company's new strategy by providing an immediate uplift in earnings as well as redevelopment potential over the medium term. The Graham Street acquisition will be settled on 28 June 2019 now that the shareholder vote has passed.

The Board is committed to growing the portfolio in a disciplined manner, which may inevitably require future equity raises. The primary focus of the Board is to close the share price gap to NTA and by realising non-core assets at or above valuation, and we are taking the first steps in this process to foster investor confidence in the portfolio and the new strategy.

The operating earnings for the full year are reduced as a result of the sales, of 17 Print Place in Christchurch, and of the AA Centre. The divestments were necessary to reset the Asset Plus portfolio to one that will offer shareholders yield plus growth over time. The three remaining properties have performed as expected.

Future development and leasing opportunities have been investigated within the portfolio with the aim to maximise the value of the existing assets.

Leasing activity has been positive over the past twelve months and the manager has been very active in this space with all key tenant expiries renewed. Seeking a further anchor tenant at Eastgate remains a key priority, and we continue to consider all options as we focus on developing a viable future for this asset.

We have been in talks for some time, with Heinz Wattie's in regard to the ongoing development of their facility in Hastings. Unfortunately, the warehouse extension has been put on hold and will not be proceeding in the near term. As the property is no longer core the Board determined that this property should be divested. The realised capital from such a sale will support future acquisitions and capital required for developments.

The Board remains patient and disciplined in the current market to ensure we find the best investments which we think provide appropriate risk-adjusted returns and align with the new strategy. Augusta and the Board considered a number of potential opportunities which despite not proceeding, gives the Board confidence that the Augusta team are well placed to source acquisitions that fit with our mandate.

The dividend is to be maintained at the current level but will be subject to quarterly review and ongoing assessment as we consider the needs of the business, taking into account potential future acquisitions.

The Board is pleased with Augusta's performance as manager and the progress they have made on formulating and executing a new strategy for the Company which will provide for sustainable growth over the longer term.

Regards

Bruce Cotterill
Chairman

Key Points
from the Financial Year

NET PROFIT AFTER TAX

$3.803 million ($3.095 million in the prior year).

ADJUSTED FUNDS FROM OPERATIONS[1] OF

$4.74 million ($6.15 million in the prior year).

LOAN TO VALUE RATIO

8.5%

(26.6% at 31 March 2018).

PORTFOLIO OCCUPANCY

96.7%

▼ reduced from 97.4%

due to the sale of AA Centre.

[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

69.4

cents per share

▼ reduced from 70.6 cps

driven by loss on revaluation on investment property.

$34

million

of debt repaid post the AA Centre sale

and interest rate swap arrangements cancelled.

Exit of AA Centre in July 2018, further loss on disposal of $0.91 million.

WALT

5.5

years

▲ increased from 4.4 years (prior year)

due to the renewal of Countdown at Eastgate and the sale of AA Centre.

POST BALANCE DATE

PURCHASE OF 35 GRAHAM STREET, AUCKLAND FOR

$58

million

with settlement to occur on 28 June 2019.

Strategy Update

Close the share price to NTA gap by maximising value of the existing assets - and exit of non-core assets as appropriate

Create sustainable growth of shareholder total returns through disciplined acquisition

A **growth mandate** to target assets for their ability to contribute to a **yield plus growth** strategy

Adopt a wide ranging **diversified, value-add strategy** that is sector agnostic

Geographical capability to invest in major regions with a **focus on assets north of Taupo and more specifically, Auckland**

Seek assets capable of sector outperformance through active management and development

Provide the S&P/NZX All Real Estate Index with a real estate growth stock which is capable of taking advantage of inevitable changing economic conditions

Asset Plus adopts an active management philosophy encompassing asset and financial management, strategic investments, acquisitions and divestments and the judicious development of new and existing assets.

Impact of 35 Graham Street Transaction

The transaction will initiate a further phase of Asset Plus' investment strategy to provide investors with an investment in a diversified portfolio of New Zealand commercial property with a 'Yield Plus Growth' investment strategy. The Transaction delivers on this strategy by:

- Supporting an objective to enhance returns for investments, with the acquisition being accretive to earnings during the two year lease term to Auckland Council.
- Providing a growth opportunity through capital enhancement from the redevelopment of the asset.
- Creating an opportunity to gain exposure to anticipated future positive Auckland CBD office market rental growth.

Heinz Wattie's Divestment

Whilst a sale of Heinz Wattie's property, (as it has now been identified as non-core), will reduce operating earnings, balance sheet capability is bolstered to assist further acquisition activity and/or redevelopment. The ability to exit the property at valuation is a key strategic objective.

Potential Acquisitions

The Manager has been actively pursuing a number of potential acquisitions over the course of the year in conjunction with the Board. We retain a disciplined and patient approach, to ensure the right assets are purchased with the appropriate risk profile and suitable forecast financial return that aligns with our strategy. Potential acquisitions were highly contested during the year with a number of offshore purchasers active in the market. Those offshore participants have a substantially lower weighted average cost of capital, reducing initial yields for prime grade stock to below 6%. This has proved challenging for the manager to successfully acquire assets, however our disciplined, proactive approach and leverage of our strong relationship base has proved successful in the acquisition of 35 Graham Street, which we intend to leverage for further growth opportunities.

Performance of the portfolio

Since taking on management of the Asset Plus portfolio in March 2018, Augusta have completed a strategic review of all assets to align with the revised yield plus growth strategy. We have identified opportunities to derive value-add strategies from those existing assets and actively pursued these opportunities over the course of the year.

Some opportunities identified will not proceed and the assets have become non-core therefore divestment will be explored to ensure capital can be recycled into other prospects within the target geographical locations. A number of strategies remain in play to maximise the value of the existing assets.

The performance of the portfolio has been consistent with the prior period. We have been actively managing the portfolio to leverage lease renewals, extensions and leasing of vacant space. We retain the same disciplined approach in relation to the value-add strategies for the existing assets, as applied to new acquisitions.

	Fair Value ($m)	Occupancy (%)	WALT (Years)	Passing Rent Yield (%)
Eastgate Shopping Centre	54.5	93	5.1	6.7%
Roskill Centre - Stoddard Rd	39.5	100	4.0	6.5%
Heinz Wattie's Warehouse - held for sale	29.1	100	7.9	7.6%
Total	**123.1**	**96.7**	**5.5**	

Roskill Centre - Stoddard Road

Local Shopping Centre

22 Stoddard Road,
Mt Roskill, Auckland

The March 2019 valuation for Roskill Centre has increased by 3.80% or $1.45m on the previous year. The uplift was largely due to an increase in WALT and passing income as a result of the 7 lease renewals completed in FY19. The value increase is further attributed to an increase in market rents and firming of capitalisation rates.

Stoddard Road Shopping Centre	31-Mar-18	31-Mar-19	Change
Valuation	38,050,000	39,500,000	△
Net Contract Income	2,499,054	2,567,103	△
Passing Initial Yield	6.58%	6.50%	△
Cap. Rate	6.25%	6.125%	▽
Net Market Rental	2,416,885	2,455,983	△
WALT (years)	3.76	4.02	△

A total of 7 lease renewals were completed during the year. The total rent from the renewals equate to $565,661 p.a., or 21.5% of the total rental income for the Centre, taking the WALT from 3.76 years in March last year to 4.02 years.

As a result of rent reviews and renewals during the year, the net contract income has increased by $68,049 p.a.

The future focus is to secure upcoming lease renewals and further boost the WALT of the property. Recent tenant retention is a positive signal and we expect this trend to continue. Mt Roskill is a sought after area, with significant residential development currently underway and planned for the future, by HLC, a wholly owned subsidiary of Housing New Zealand Corporation. There remains a continuing focus on presentation of the Centre and strategies to enhance value into the future.

Heinz Wattie's - Warehouse

113 Elwood Road, Hastings

The March 2019 valuation for Heinz Wattie's distribution centre has increased by 6.2% or $1.70m on the previous year. The uplift was largely due to increased income as a result of the CPI rent review in FY19 and a firming of the capitalisation rate from 8.125% to 8.00%.

Heinz Wattie's Warehouse	31-Mar-18	31-Mar-19	Change
Valuation	27,400,000	29,100,000	△
Net Contract Income	2,134,094	2,201,390	△
Passing Initial Yield	7.82%	7.56%	▽
Cap. Rate	8.125%	8.00%	▽
Net Market Rental	2,305,371	2,355,037	△
WALT (years)	8.90	7.90	▽

The previously proposed redevelopment including a warehouse extension and concurrent lease extension is no longer proceeding in the near to medium term as the tenant's requirements have changed. On this basis the asset no longer aligns with Asset Plus value add strategy. Given the asset is no longer core, is regional and with a healthy 7.90 years of tenure remaining at balance date it was determined that this property investment should be divested.

Eastgate - Shopping Centre

Cnr Buckleys Road & Linwood Avenue, Christchurch


The March 2019 valuation for Eastgate has decreased $4.4m or 7.5% on the prior year. The key driver for the decrease was a reduction in market rental and a softening of the capitalisation rate. Passing income remains flat on the prior year and the WALT has increased with the Countdown exercising a 4 year right of renewal (RoR). A further 4 year RoR has been agreed subject to payment of the landlord contribution towards works within the tenancy.

Eastgate	31-Mar-18	31-Mar-19	Change
Valuation	58,900,000	54,500,000	▽
Net Contract Income	3,717,066	3,635,879	△
Passing Initial Yield	6.41%	6.66%	△
Cap. Rate	8.00%	8.13%	△
Net Market Rental	4,688,087	4,463,681	▽
WALT (years)	4.76	5.07	△

The Countdown lease renewal was significant for the Centre. Countdown has exercised a 4 year right of renewal (RoR). A further 4 year RoR has been agreed subject to payment of the landlord contribution towards seismic restraint of services within the tenancy. Other key lease renewals during the year include Postie Plus, Paper Plus, Sushi Time, Number One Shoes and Westpac.

Moving Annual Turnover (MAT) remains largely flat on previous years, whilst foot traffic remains stable with the Centre well frequented by the local community.

During the year a seismic assessment has been obtained for the separate "The Warehouse" building. This assessment identified some deficiencies in particular areas of the structure. Design work has now been completed to rectify this and bring the building up to 67% New Building Standard (NBS) with all consents obtained, a tender completed and Naylor Love awarded the contract. Works are due for completion in late 2019.

Management has been focused on completing a masterplan of the Centre and is working with a number of potential retailers to bring to the Centre. Whilst such a deal might not materially alter the net rental profile of the Centre it is expected to boost foot traffic, minimise unrecovered OPEX, reduce speciality retail vacancy and assist with existing tenant retention in the future. Management continues to proactively engage with existing tenants to renew their lease commitments on longer terms.

Our continuing focus is to secure an internal anchor tenant which compliments the Centre and explore opportunities to secure external tenants to maximise the currently underutilised excess land.


35 Graham Street

35 Graham Street
– Future acquisition

This acquisition is a key step in the execution of Asset Plus' `Yield Plus Growth' investment strategy. This strategy was adopted following the externalisation of management of the Company to Augusta and it is exciting to be able to embark on the first acquisition for that strategy.

We believe this transaction delivers on this strategy by:

- Supporting an objective to enhance returns for investments, with the acquisition being accretive to earnings during the two year lease term to Auckland Council.
- Providing a growth opportunity through capital enhancement from the redevelopment of the asset.
- Creating an opportunity to gain exposure to anticipated future positive Auckland CBD office market rental growth.

Transaction Summary

Following the acquisition of 35 Graham Street for $58 million, Auckland Council will lease the whole property for two years with no rights of renewal. This time period will provide Asset Plus with a holding income at a strong property yield of 6.85% and increased earnings per share above their current levels. At the same time, this period will provide Asset Plus and the Augusta team with the time required to progress the potential redevelopment including obtaining resource consent, tenant commitments and construction plans.

The property currently has a net lettable area of approximately 9,990m^2 with extensive floor plates of circa 3,000 to 3,500m^2 and the position of the property provides the upper floors with expansive views across the Waitemata Harbour. The location and zoning for the property provides considerable potential for a re-positioning at the end of the lease term. Potential redevelopment options include various levels of refurbishment and re-leasing of the existing floors through to the addition of a further two to three levels of Grade A office space (subject to resource consent). Any potential redevelopment would be an extensive commitment for Asset Plus and would only be undertaken where we consider, at the time, the project risks have been appropriately mitigated and the expected redevelopment margin adds value for shareholders.

The Auckland office market currently has low vacancy rates and we believe there a number of tenant leases expiring over the next two years that will enable these tenants to be targeted as part of a pre-leasing campaign. Following the redevelopment, we expect the Property to provide Grade A office space. These are key characteristics, in our opinion, for considering any development in the Auckland office market.

35 Graham Street, Auckland

View from purposed top floor

As part of the transaction, Asset Plus will extend its existing debt facility with BNZ by $55 million (to a maximum of $75 million). Following settlement of the Transaction, the gearing profile of the Company will increase from approximately 8.5% to 38%.

In summary, key benefits of the acquisition are;

- an immediate increase to earnings through the strong purchase yield of 6.85%;
- a strong tenant covenant from Auckland Council during the two year lease term;
- a well located central Auckland property, re-weighting Asset Plus' exposure to the Auckland CBD office market; and
- an asset with substantial redevelopment potential.

The summary and impact of the transaction is set out below;

- Purchase Price $58m.
- Settlement 28 June 2019.
- After acquisition LVR will increase from 8.5% to 38%.
- An immediate earnings accretion to 3.76 cents per share supports the current dividend (assuming current assets are retained).
- Acquisition of the asset will enhance geographic diversification by increasing Asset Plus exposure to the Auckland property market.
- Auckland Council sale and leaseback for a 2-year term.
- $3.975m annual net contract rental.
- Preferred development strategy is to fully refurbish and add further floors.
- Development spend estimated at $90 - $100 million with target development margin of 15%, and return on cost of 6.6%.
- The funding structure for the potential future development phases (in addition to the $6 million pre-construction spend) will be contingent on the Asset Plus balance sheet at the time. Development funding will likely be made available through the recycling of one or more existing assets creating sufficient balance sheet capability to fund a material portion of the forecast development spend. Additional debt will be sought to fund the balance of the development and/or future capital may need to be raised if the gearing ratio exceeds 40% on an as if complete basis. Asset Plus will update shareholders in due course on the potential redevelopment and potential funding structure.

Finance Report

Five Year Financial Summary

	2019 $'000	2018 $'000	2017 $'000	2016 $'000	2015 $'000
Total Net Revenue	**9,151**	**11,704**	**11,906**	**11,575**	**11,475**
Administration Expenses	(1,766)	(2,225)	(2,612)	(2,318)	(2,112)
Redundancy Costs	-	(726)	-	-	-
Net Finance Costs	(1,079)	(2,821)	(2,726)	(2,448)	(2,404)
Total Operating Income	**6,306**	**5,932**	**6,568**	**6,809**	**6,959**
Gain/(Loss) on Sale of Property, Plant and Equipment	(14)	(29)	(87)	-	1
Loss on Sale of Investment Property	(915)	(2,970)	-	-	-
Unrealised Interest Rate Swap Gain/(Loss)	133	79	732	(677)	(829)
Fair Value Gain/(Loss) in Value of Investment Property	(1,767)	(2,945)	(1,651)	3,160	1,187
Transaction Costs	(224)	(686)	(1,339)	-	-
Sale of Management Rights	-	4,500	-	-	-
Net Profit Before Taxation	**3,519**	**3,881**	**4,223**	**9,292**	**7,318**
Income Tax Expense	284	(786)	(1,150)	(895)	(933)
Profit and Total Comprehensive Income For the Year, Net of Tax	**3,803**	**3,095**	**3,073**	**8,397**	**6,385**
Basic and Diluted Earnings Per Share	2.35	1.91	1.90	5.19	3.94

Financial Result Summary

	2019 $'000	2018 $'000	Variance $'000	Comments
Total Net Revenue	**9,151**	**11,704**	**(2,553)**	Income lower due to the impact of property divestment (AA Centre and Print Place)
Administration Expenses	(1,766)	(2,225)	459	Administration expenses lower due to the benefits of externalisation and the property divestments
Redundancy Costs	-	(726)	726	Costs of externalisation in FY18
Net Finance Costs	(1,079)	(2,821)	1,742	Lower due to debt repayment and facility reduction following divestment of the AA Centre
Total Operating Income	**6,306**	**5,932**	**374**	
Loss on Sale of Property, Plant and Equipment	(14)	(29)	15	
Loss on Sale of Investment Property	(915)	(2,970)	2,055	Loss in 2019 due to further costs in relation to the AA Centre
Unrealised Interest Rate Swap Gain	133	79	54	All interest rate swaps were exited in July 2018
Fair Value Loss in Value of Investment Property	(1,767)	(2,945)	1,178	Loss in 2019 primarily due to a reduction in market rental at Eastgate partially offset by growth at Stoddard Road and Heinz Wattie's
Transaction Costs	(224)	(686)	462	2019 transactions costs relate to Heinz Wattie's - now held for sale
Sale of Management Rights	-	4,500	(4,500)	Externalisation to Augusta
Net Other Losses	**(2,787)**	**(2,051)**	**(736)**	
Net Profit Before Taxation	**3,519**	**3,881**	**(362)**	
Income Tax	284	(786)	1,070	
Profit and Total Comprehensive Income for the Year, Net of Tax	**3,803**	**3,095**	**708**	

Adjusted Funds from Operations - Reconciliation to Net Profit After Tax

	2019 $'000	2018 $'000	Comments
Statutory Net Profit After Tax	**3,803**	**3,095**	
Investment Property and Inventory			
Loss on Sale of Investment Property	915	2,970	
Fair Value Loss in Investment Property	1,767	2,945	
Depreciation on Owner Occupied PP&E	-	357	
Financial Instruments			
Fair Value Gain on the Mark to Market of Derivatives	(133)	(79)	
Deferred Tax			
Deferred Tax Expense	(665)	(438)	
Tax on Depreciation Recovery (Non-Operating)	-	209	Depreciation recovered from Print Place
Other Unrealised Or One-Off Items			
Sale of Management Rights	-	(4,500)	Sale of management rights to Augusta
Transaction Costs	224	686	Relates to sale costs associated with Heinz Wattie's (2018: $430k from Kiwi proposal, $256k for Augusta externalisation)
Restructuring Costs	-	523	After tax effect of redundancy payments
Non Operating - Current Tax	(948)	-	Tax in relation to cancellation of interest rate swaps and loss on disposal associated with the AA Centre
Net Loss on Sale of Property, Plant and Equipment	14	29	
Net Operating Income After Tax	**4,977**	**5,797**	**14% reduction from '18 to '19**
Incentives and Rent Straightening			
Amortisation of Lease Incentives and Costs	188	482	Higher in '18 due to accelerated amortisation at the AA Centre
Funds From Operations (Ffo)	**5,165**	**6,279**	**18% reduction from '18 to '19**
Incentives Given for the Accounting Period	(275)	-	
Maintenance CAPEX	(151)	(131)	
Adjusted Funds From Operations (AFFO) [1]	**4,739**	**6,148**	**23% reduction from '18 to '19**
CPS	2.93	3.80	

[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

	2019 $'000	2018 $'000	Comments
Cash at Bank	781	472	
Investment Properties	94,077	124,556	Lower in 2019 due to divestment of the AA Centre
Properties Held for Sale	28,890	43,814	Heinz Wattie's Distribution centre (2018: AA Centre)
Other Assets	2,318	759	AA Centre retentions/recoveries and Colliers trust account (Eastgate)
Total Assets	**126,066**	**169,601**	
Borrowings	10,500	44,500	Debt repaid on the divestment of the AA Centre
Deposits Received	-	4,700	2018 included a deposit paid in relation to AA Centre sale
Other Liabilities	3,252	6,062	
Total Liabilities	**13,752**	**55,262**	
Shareholders Equity	**112,314**	**114,339**	
Net Tangible Assets Per Share ($)	**0.69**	**0.71**	

Capital Management

$10.5 million of debt is currently drawn which represents an LVR of 8.5% (26.6% in the prior year). Gearing is expected to increase to 38% post the 35 Graham Street acquisition. The loan facility limit was reduced to $20 million but will increase to $75 million post the 35 Graham Street acquisition.

Interest rate swaps were terminated during the year as $34 million of debt was repaid on the back of the AA Centre divestment.

The NTA is now 69.4 cents per share (down from 70.6 cps in the pcp) driven by the unrealised revaluation loss on investment property as well as the realised loss on disposal of Print Place.

Dividends

Annual cash dividends remain at 3.6 cents per share. Whilst the operating earnings generated for the year ended 31 March 2019 were 3.1 cents per share the Board elected to maintain the current dividend profile on the basis of potential acquisition activity and the fact the balance sheet has been under utilised since the AA Centre divestment in July 2018.

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 Chairman 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.

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.

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 74 properties across the office, retail and industrial sectors, with $1.80 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 the 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 27.

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 2019	3	3	1	0
Year ending 31 March 2018	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 four meetings being held in the 2019 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 three 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.

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 has recently engaged an independent health and safety expert to undertake an audit of each property within Asset Plus' portfolio to provide independent assurance that health and safety hazards are being identified and appropriately managed. Following completion of the audits, the hazard registers for each property will be updated.

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 will be conducted of 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 recent 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 persons ceased to be a director of the Company or its subsidiary during the year ending 31 March 2019.

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 2019.

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

Interest Register Record

The following disclosures were recorded in the interest register during the year ended 31 March 2019.

Specific Disclosures

Paul Duffy made specific disclosure of an interest in the 35 Graham Street transaction as a result of being a director of Augusta Funds Management Limited which would receive an acquisition fee of $580,000 in connection with the acquisition. No other specific disclosures were made during the year for interests in any transactions entered into by Asset Plus Limited or its subsidiaries.

General Disclosures

The following general disclosures were made in the year ended 31 March 2019 in respect to the Company under Section 140(2) of the Companies Act 1993.

Name of Director	Nature of Interest	Core Business
Allen Bollard	Independent Trustee	Wyborn Capital Trust
	Director	Puhinui Park GP Limited
Carol Campbell	Director	Chubb Insurance New Zealand Limited
	Director	Kiwibank Limited - resignation on 31 Augusta 2018 and reappointment on 20 November 2018
Bruce Cotterill	Director	Move Logistics Limited - resignation on 12 June 2018 disclosed
Paul John Duffy	Director	No additional disclosures during the year

Share Dealings by Directors

There were no share dealings by the Directors in the year ending 31 March 2019.

Securities of the Company in which each Director had a relevant interest as at 31 March 2019:

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

Indemnity and Insurance

The Company has affected 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 2019 (2018: Nil).

Audit Fees

Amounts paid to the Auditor of the Company:

	2019 $'000	2018 $'000
Grant Thornton Audit Fees	84	79
In addition to the audit fee the following other fees were paid to Auditors:		
Other Assurance Services	48	29
Total	132	108

The notes set out on pages 33 to 53 form part of, and should be read in conjunction with, the consolidated financial statements.

Contents

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2019

	Note	2019 $'000	2018 $'000
Gross Rental Revenue		13,350	16,694
Direct Property Operating Expenses		(4,199)	(4,995)
Net Rental Revenue	**5**	**9,151**	**11,699**
Other Revenue		-	5
Total Net Revenue		**9,151**	**11,704**
Administration Expenses	6	(1,766)	(2,951)
Net Finance Costs	6	(1,079)	(2,821)
Total Operating Expenses		**(2,845)**	**(5,772)**
Total Operating Income		**6,306**	**5,932**
Sale of Management Rights		-	4,500
Loss on Sale of Investment Property	11	(915)	(2,970)
Unrealised Interest Rate Swap Gain		133	79
Fair Value Loss in Value of Investment Properties	10	(1,767)	(2,945)
Loss on Sale of Property, Plant and Equipment		(14)	(29)
Transaction Costs	22	(224)	(686)
Net Profit Before Taxation		**3,519**	**3,881**
Income Tax	**7**	**284**	**(786)**
Net Profit After Taxation		**3,803**	**3,095**
Other Comprehensive Income		-	-
Profit and Total Comprehensive Income For the Year, Net of Tax		**3,803**	**3,095**
Basic/Diluted Earnings Per Share		**2.35**	**1.91**

The notes set out on pages 33 to 53 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 2019

	Note	Share Capital $'000	Accumulated Loss $'000	Total $'000
Opening Balance at 01 April 2018		**134,089**	**(19,750)**	**114,339**
Profit For the Year		-	3,803	**3,803**
Profit and Total Comprehensive Income For the Year, Net of Tax		**-**	**3,803**	**3,803**
Dividends	18	-	(5,828)	**(5,828)**
Closing Balance at 31 March 2019		**134,089**	**(21,775)**	**112,314**

	Note	Share Capital $'000	Accumulated Loss $'000	Total $'000
Opening Balance at 01 April 2017		**134,089**	**(17,016)**	**117,073**
Profit For the Year		-	3,095	**3,095**
Profit and Total Comprehensive Income For the Year, Net of Tax		**-**	**3,095**	**3,095**
Dividends	18	-	(5,829)	**(5,829)**
Closing Balance at 31 March 2018		**134,089**	**(19,750)**	**114,339**

Consolidated Statement of Financial Position

As at 31 March 2019

	Note	2019 $'000	2018 $'000
Current Assets			
Cash at Bank		781	472
Trade Receivable, Prepayments and Other Receivables	9	1,839	679
Taxation Receivable		413	-
Total Current Assets		**3,033**	**1,151**
Properties Held for Sale	**11**	**28,890**	**43,814**
Non-Current Assets			
Investment Properties	10	94,077	124,556
Property, Plant and Equipment	12	66	80
Total Non-Current Assets		**94,143**	**124,636**
Total Assets		**126,066**	**169,601**
Current Liabilities			
Trade Payables, Provisions and Accruals	14	1,384	2,227
Taxation Payable		-	462
Deposits Received		-	4,700
Total Current Liabilities		**1,384**	**7,389**
Non-Current Liabilities			
Borrowings	13	10,500	44,500
Interest Rate Swaps	13	-	840
Deferred Taxation	7	1,868	2,533
Total Non-Current Liabilities		**12,368**	**47,873**
Total Liabilities		**13,752**	**55,262**
Net Assets		**112,314**	**114,339**
Contributed Capital		**134,089**	**134,089**
Accumulated Loss		**(21,775)**	**(19,750)**
Shareholders Equity		**112,314**	**114,339**

The Board of Asset Plus Limited approved the consolidated financial statements for issue on 29 May 2019.

Bruce Cotterill
Chairman

Carol Campbell
Chair Audit and Risk Committee

The notes set out on pages 33 to 53 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 2019

	Note	2019 $'000	2018 $'000
Cash Flows from Operating Activities Cash was provided from/(applied to):			
Gross Rental Revenue		13,222	17,286
Interest Revenue		20	41
Taxation Paid		(1,256)	(1,057)
Other Revenue		-	5
Operating Expenses		(7,211)	(6,908)
Interest Expense		(998)	(2,902)
Net Cash Inflow from Operating Activities		**3,777**	**6,465**
Cash Flows from Investing Activities Cash was provided from/(applied to):			
Sale of Investment Property		37,517	8,250
Cost of Disposal of Investment Property		-	(220)
Deposit Received from Investment Property Held for Sale		-	4,700
Capital Expenditure on Investment Properties		(355)	(4,738)
Transaction Costs		(4)	(686)
Sale of Management Rights		-	4,500
Net Cash Inflow from Investing Activities		**37,158**	**11,806**
Cash Flows from Financing Activities Cash was provided from/(applied to):			
(Repayment)/Drawdown of Bank and Other Loans (Secured)		(34,000)	(14,000)
Distributions Made to Shareholders	18	(5,828)	(5,829)
Payment to Cancel Interest Rate Swaps		(798)	-
Net Cash Outflow from Financing Activities		**(40,626)**	**(19,829)**
Net Increase/(Decrease) in Cash and Cash Equivalents		309	(1,558)
Cash and Cash Equivalents at the Beginning of the Year		472	2,030
Cash and Cash Equivalents at the End of the Year		**781**	**472**

The notes set out on pages 33 to 53 form part of, and should be read in conjunction with, the consolidated financial statements.

Reconciliation of Net Profit to Net Cash Inflow from Operating Activities

For the year ended 31 March 2019

	2019 $'000	2018 $'000
Net Profit after Taxation	**3,803**	**3,095**
Items Classified as Investing or Financing Activities:		
Unrealised (Gain)/Loss in Fair Value of Investment Properties	1,767	2,945
Transaction Costs	224	686
Loss on Disposal of Investment Property	915	2,750
Loss on Sale of Plant and Equipment	14	29
Cost of Sale of Print Place	-	220
Unrealised Loss in Fair Value of Interest Rate Swaps	(133)	(79)
Movement in Deferred Taxation	(665)	(439)
Finance Costs	105	-
Sale of Management Rights	-	(4,500)
Movements in Working Capital Items:		
Trade Receivable, Prepayments and Other Receivables	(128)	868
Trade and Other Payables	(1,250)	367
Taxation Payable	(875)	166
Non-Cash Item		
Depreciation	-	357
Net Cash Inflow from Operating Activities	**3,777**	**6,465**

The notes set out on pages 33 to 53 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 an 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 and derivative financial instruments 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 2018. These amendments and interpretations apply for the reporting period beginning 1 April 2018 as follows:

NZ IFRS 15 Revenue from contracts with customers

This standard specifies how and when revenue should be recognised and requires disclosures about the nature, amount, timing and uncertainty of revenues and cash flows arising from customer contracts. Revenue is recognised when a customer obtains control of the good or service and thus has the ability to direct the use and obtain the benefits from the good or service. This standard replaces *NZ IAS 18 Revenue*.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer. A performance obligation is a promise in a contract to transfer a distinct good or service (or a bundle of goods and services) to the customer and is the unit of account in *NZ IFRS 15*. A contract's transaction price is allocated to each distinct performance obligation and recognised as revenue, when, or as, the performance obligation is satisfied.

The Group's revenue is rental income which is out of the scope of *NZ IFRS 15*. Refer to Note 5 Net Rental Revenue for information on principal activities and revised accounting policies.

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 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 new guidance which will align 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. The Group does not currently apply hedge accounting under *NZ IAS 39*.

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. The Group classifies its financial liabilities as amortised cost or FVTPL.

The following table presents the types of financial instruments held by the Group within each financial instrument classification under *NZ IAS 39* and *NZ IFRS 9*:

	Measurement	
Financial instrument type	**NZ IAS 39**	**NZ IFRS 9**
Financial assets		
Cash and cash equivalents	Amortised cost	Amortised cost
Interest rate swaps	FVTPL	FVTPL
Trade receivable and other	Loans and receivables	Amortised cost
Financial liabilities		
Borrowings	Amortised cost	Amortised cost
Interest rate swaps	FVTPL	FVTPL
Trade payable and other	Loans and receivables	Amortised cost

The Group has adopted both NZ IFRS 9 Financial Instruments and NZ IFRS 15 Revenue from contracts with customers, as required. The retrospective method has been adopted for the initial application of both these standards.

The adoption of NZ IFRS 9 does not have a material impact on the financial statements.

The implementation of NZ IFRS 15 has required a change in the presentation of operating cost recovery income included in the consolidated statement of comprehensive income. This standard does not apply to rental income which makes up more than 85 per cent of the total revenue of the Group. With the implementation of NZ IFRS 15, it has been necessary to separate revenue components between rental income and operating cost recoveries which has been done in Note 5 Net Rental Revenue. As a result, comparative information has also been presented to align to the reporting requirements. There has been no changes in the amount or timing of revenue recognised therefore no restatement of comparative information has been required.

Accounting standards that are issued but not yet effective

The Group has elected not to early adopt the following standards, which have been issued by the New Zealand Accounting Standards Board.

NZ IFRS 16 Leases (effective for annual reporting periods beginning on or after 1 January 2019)

NZ IFRS 16 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*.

This standard is required to be adopted by the Group in its financial year ending 31 March 2020. A right of use asset and corresponding liability reflecting future lease payments will be recognised based on commitments at that date.

The Directors have evaluated the impact of this new standard on the consolidated financial position and performance of the Group. Their current preliminary evaluation has indicated that there is no material effect on the Group's result due to adopting the new standards, but in some instances additional disclosures may be required.

(c) Basis of Consolidation

The consolidated financial statements incorporate the assets, liabilities, equity, income, expenses and cash flows of the entities controlled by Asset Plus Limited at the end of the 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 subsidiaries 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.

On 28 September 2018 the subsidiaries of the Group were amalgamated into one subsidiary, Asset Plus Investments Limited, in accordance with Section 222 of the Companies Act 1993.

The table below represents investments in all subsidiaries at reporting date:

	Percentage Held 31 March 2019
Asset Plus Investments Limited	100%

In prior year all subsidiaries were wholly owned companies incorporated in New Zealand and have a 31 March annual reporting date.

	Percentage Held 31 March 2018
Eastgate Shopping Centre Limited	100%
The National Property Trust No 2 Limited	100%
22 Stoddard Road Limited	100%
99 Albert Street Limited	100%
NPT Management Team Limited	100%
NPT 10 Limited	100%
NPT 11 Limited	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 following:

- Valuations of Investment Properties (Note 10)
- Determination of Deferred Taxes (Note 7)

4. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise bank loans, cash, trade receivables, payables and derivatives. 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. To manage this exposure, the Group enters into interest rate swaps. At the reporting date, the notional value of interest rate swaps was nil (2018: $40million).

The Group's exposure to interest rate risk and the effective weighted interest rates for each class of financial asset and liability were:

As at 31 March 2019	Note	Effective interest rate range	Less than 1 year $'000	1 - 2 years $'000	2 years + $'000
Financial Assets					
Cash at Bank		1.50%	781	-	-
Trade Receivables and Other Receivables	9		1,826	-	-
Total Financial Assets			**2,607**	**-**	**-**
Financial Liabilities					
Trade Payables and Other Payables	14		365	-	-
Borrowings		4.04% - 7.14%	-	10,500	-
Total Financial Liabilities			**365**	**10,500**	**-**
As at 31 March 2018					
Financial Assets					
Cash at Bank		1.75%	472	-	-
Trade Receivables and Other Receivables	9		339	-	-
Total Financial Assets			**811**	**-**	**-**
Financial Liabilities					
Trade Payables and Other Payables	14		828	-	-
Borrowings		2.605% - 4.55%	-	-	44,500
Interest rate swaps*			840	-	-
Total Financial Liabilities			**1,668**	**-**	**44,500**

** The interest rate swaps have an average interest rate of 3.64% and a notional value of $40 million.*

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) profit after income tax and equity in respect of these items by the amounts shown below. This analysis assumes all other variables remain constant.

	2019 $'000	2018 $'000
1% increase		
Cash at Bank	6	14
Borrowings	(105)	(99)
1% decrease		
Cash at Bank	(6)	(14)
Borrowings	105	99

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 15*.

As at 31 March 2019	Note	Designated as fair value $'000	Amortised cost $'000	Total carrying amount $'000	Fair value $'000
Financial Assets					
Cash at Bank		-	781	781	781
Trade Receivable and Other Receivables	9	-	1,826	1,826	1,826
Total Financial Assets		**-**	**2,607**	**2,607**	**2,607**
Financial Liabilities					
Trade Payables and Other Payables	14	-	365	365	365
Borrowings		-	10,500	10,500	10,500
Total Financial Liabilities		**-**	**10,865**	**10,865**	**10,865**
As at 31 March 2018					
Financial Assets					
Cash at Bank		-	472	472	472
Trade Receivable and Other Receivables	9	-	339	339	339
Total Financial Assets		**-**	**811**	**811**	**811**
Financial Liabilities					
Trade Payables and Other Payables	14	-	828	828	828
Borrowings		-	44,500	44,500	44,500
Interest rate swaps		840	-	840	840
Total Financial Liabilities		**840**	**45,328**	**46,168**	**46,168**

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 and interest rate swaps in respect to the 'receive' portion, 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 monthly.

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 2019	Balance $'000	Contractual cash flows $'000	On demand $'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**	**-**	**-**

As at 31 March 2018	Balance $'000	Contractual cash flows $'000	On demand $'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	828	828	-	828	-	-	-
Borrowings	44,500	44,500	-	-	-	44,500	-
Interest and fees payable to the bank	-	5,577	-	2,412	2,412	753	-
Derivative financial liabilities							
Interest rate swap (net settled)	840	378	-	92	92	194	-
Total	**46,168**	**51,283**	**-**	**3,332**	**2,504**	**45,447**	**-**

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 quarterly 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.

5. Net Rental Revenue

Accounting policy

The Group recognises revenue from the following principal activities:

Rental Revenue

The Group's primary revenue stream. Net rental revenue is recognised in accordance with *NZ IAS 17 Leases*. 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.

Net rental revenue is measured based on the consideration specified in the relevant rental agreement.

	2019 $'000	2018 $'000
Rental charged to tenants in the ordinary course of business	11,350	14,028
Operating cost recoveries from tenants and customers	2,000	2,666
Total gross operating revenue	**13,350**	**16,694**
Other revenue	-	5
Gross rental revenue	**13,350**	**16,699**
Property operating costs	**(4,199)**	**(4,995)**
Net rental revenue	**9,151**	**11,704**

Property operating costs represent property maintenance and operating expenses.

6. Administration 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.

	2019 $'000	2018 $'000
Administration expenses		
Management fees	(715)	(18)
Directors' fees	(300)	(279)
Auditor's remuneration	(132)	(108)
Professional fees	(368)	(313)
Personnel costs	(29)	(931)
Redundancy costs	-	(726)
Other administration costs[1]	(222)	(576)
Total administration expenses	**(1,766)**	**(2,951)**
Net finance costs		
Interest and finance costs	(1,100)	(2,862)
Interest revenue	21	41
Total net finance costs	**(1,079)**	**(2,821)**
Auditor's remuneration as follows:		
Audit of the annual report	(84)	(79)
Other assurance services	(48)	(29)
Total auditors remuneration	**(132)**	**(108)**

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

7. 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 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:

	2019 $'000	2018 $'000
Current tax		
Continuing operations - current income tax charge	(381)	(1,224)
Current Tax	**(381)**	**(1,224)**
Net deferred income tax		
Unrealised interest rate swap gain/(loss)	(235)	(22)
Investment property building depreciation	1,082	272
Investment property sale	-	209
Provisions	-	(119)
Other	(182)	98
Net deferred income tax	**665**	**438**
Income taxation (expense/income) reported in the consolidated statement of comprehensive income	**284**	**(786)**

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:

	2019 $'000	2018 $'000
Net profit/(loss) before tax	3,519	3,881
Income taxation expense (28%)	**(985)**	**(1,087)**
Adjust for revaluations of investment property	(494)	(832)
Adjust for swap cancellation	223	-
Adjust for loss on disposal of property (fitout)	744	7
Adjust for capital loss on disposal of investment property	(256)	(824)
Adjust for sale of management rights	-	1,260
Adjustment for deferred tax (depreciation on buildings)	1,082	272
Adjustment for deferred tax (interest rate swaps)	(235)	-
Adjustment for depreciation (claimed in financial year)	406	657
Other	(201)	(239)
Income taxation (expense/income) reported in the consolidated statement of comprehensive income	**284**	**(786)**

Deferred income tax	2019 $'000	2018 $'000
Net deferred income tax liability relates to the following:		
Deferred income tax assets		
Interest rate swaps	-	235
Other	-	100
Gross deferred income tax assets	**-**	**335**
Deferred income tax liabilities		
Investment properties recoverable depreciation	(1,786)	(2,868)
Other	(82)	-
Gross deferred income tax liabilities	**(1,868)**	**(2,868)**
Net deferred income tax liabilities	**(1,868)**	**(2,533)**

8. Segment Reporting

The principle 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 Board. The Board receives internal financial information on a property by property basis, to assess property performance. 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.

For the year ended 31 March 2019	Investment* property $'000	Unallocated $'000	Total $'000
Total gross revenues	13,350	-	13,350
Total net revenues	9,151	-	9,151
Net profit/(loss) before taxation	**6,224**	**(2,705)**	**3,519**
Total assets	**126,066**	**-**	**126,066**
Total liabilities	**(13,752)**	**-**	**(13,752)**
Other disclosures			
Fair value gain/(loss) in value of investment properties	(1,767)	-	(1,767)

** Includes properties held for sale.*

For the year ended 31 March 2018	Investment* property $'000	Unallocated $'000	Total $'000
Total gross revenues	16,706	(12)	16,694
Total net revenues	11,444	(12)	11,432
Net profit/(loss) before taxation	**5,514**	**(1,633)**	**3,881**
Total assets	**169,601**	**-**	**169,601**
Total liabilities	**(55,262)**	**-**	**(55,262)**
Other disclosures			
Fair value gain/(loss) in value of investment properties	(2,945)	-	(2,945)

** Includes properties held for sale.*

9. Trade Receivables, Prepayments and Other Receivables

Accounting policy

Trade Receivables, prepayments and other receivables 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, prepayments and other receivables 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.

	2019 $'000	2018 $'000
Trade receivables	157	353
Expected credit losses	(56)	(91)
Total trade receivables	**101**	**262**
Colliers Property Trust Account (Eastgate)	455	-
Other receivables	1,270	77
Total other receivables	**1,725**	**77**
Prepayments	**13**	**340**
Total trade receivable, prepayments and other receivables	**1,839**	**679**

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

10. 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 2019

	Opening balance $'000	Capex $'000	Gain/ (loss) on revaluation $'000	Disposal $'000	Lease amortisation & other $'000	Transfer from fixed assets $'000	Transfer to assets held for sale $'000	Closing balance $'000
Eastgate Shopping Centre	59,063	172	(4,795)	-	137	-	-	54,577
Heinz Wattie's Warehouse*	27,439	47	1,646	-	(22)	-	(29,110)	-
Roskill Centre	38,054	49	1,382	-	15	-	-	39,500
Total investment property	**124,556**	**268**	**(1,767)**	**-**	**130**	**-**	**(29,110)**	**94,077**

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

As at 31 March 2018

	Opening balance $'000	Capex $'000	Gain/ (loss) on revaluation $'000	Disposal $'000	Lease amortisation & other $'000	Transfer from fixed assets $'000	Transfer to assets held for sale $'000	Closing balance $'000
Eastgate Shopping Centre	60,941	1,164	(3,384)	-	(378)	720	-	59,063
Heinz Wattie's Warehouse	27,162	37	255	-	(22)	7	-	27,439
Roskill Centre	36,071	120	1,795	-	(17)	85	-	38,054
AA Centre	42,973	2,443	(1,611)	-	(156)	165	(43,814)	-
Print Place**	11,026	-	-	(11,026)	-	-	-	-
Total investment property	**178,173**	**3,764**	**(2,945)**	**(11,026)**	**(573)**	**977**	**(43,814)**	**124,556**

*** Print Place was sold on 29 March 2018 for $8.25 million. This resulted in a loss on sale of this property of $2.97 million, recognised in profit or loss in the consolidated statement of comprehensive income.*

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 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
Roskill Centre 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	7.89	29,100
			96.73	**5.51**	**123,100**

** Heinz Wattie's was valued by an independent registered valuer as at 31 March 2019 but has been subsequently reclassified to property held for sale.*

As at 31 March 2018

	Valuer	Capitalisation rate %	Occupancy rate %	WALT Years	Valuation $'000
Eastgate Shopping Centre Cnr Buckleys Road & Linwood Avenue, Christchurch	Jones Lang LaSalle	8.00	94.30	4.70	58,910
Heinz Wattie's Warehouse 113 Elwood Road, Hastings	Colliers	8.13	100.00	8.90	27,439
Roskill Centre 22 Stoddard Road, Auckland	Colliers	6.25	100.00	3.80	38,049
			97.40	**4.40**	**124,398**

A reconciliation between the carrying value and the revaluation value has been performed as follows:

As at 31 March 2019

	Revaluation 2019 $'000	WIP** 2019 $'000	Carrying value 2019 $'000
Eastgate Shopping Centre	54,500	77	54,577
Roskilll Centre	39,500	-	39,500
Total Investment Properties	**94,000**	**77**	**94,077**
Heinz Wattie's Warehouse	29,100	10	29,110
Total Properties Held For Sale	**29,100**	**10**	**29,110**

As at 31 March 2018

	Revaluation 2018 $'000	WIP** 2018 $'000	Carrying value 2018 $'000
Eastgate Shopping Centre	58,910	153	59,063
Roskilll Centre	38,049	5	38,054
Heinz Wattie's Warehouse	27,439	-	27,439
Total Investment Properties	**124,398**	**158**	**124,556**

*** WIP (work in progress) relates to costs incurred in relation to future development work at the property.*

The valuation techniques and significant unobservable inputs are set out in the table below. Fair value hierarchies are set out in Note 15 Fair Value Measurement.

Description	Valuation	Valuation technique	Unobservable inputs	Sensitivity Of Fair Value To Changes In the estimated fair value would increase/(decrease):
Investment properties*	123,100	Capitalisation of net rental revenue	The capitalisation rate range applied is 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 0.01% - 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 2.45% - 3.84%.	Capital expenditure was lower (higher).
		Discounted Cash Flow	The discount rate range applied is 8.25% - 9.25%.	The discount rate was lower (higher).
			Occupancy rate range applied is 93.20% - 100.00%.	The occupancy rate was higher (lower).
			Rental growth rate range is 1.98% - 3.0% over 10 years.	Office rental growth was higher (lower).
			A letting up period range of 3 - 8 months has been allowed at the end of each existing lease of the properties.	Capital expenditure was lower (higher).

** Including investment properties reclassified as properties held for sale during the year ended 31 March 2019.*

11. 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 sales 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 assets 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 Assets 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 2019

Property	Opening balance $'000	Transfer from investment properties $'000	Cost of sale of transaction $'000	Capex $'000	Gain/(loss) on sale $'000	Disposal $'000	Closing balance $'000
AA Centre*	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**

As at 31 March 2018

Property	Opening balance $'000	Transfer from investment properties $'000	Cost of sale of transaction $'000	Gain/(loss) on sale $'000	Disposal $'000	Closing balance $'000
AA Centre*	-	43,814	-	-	-	43,814
Total	**-**	**43,814**	**-**	**-**	**-**	**43,814**

** In financial year ended 31 March 2018, the AA Centre had an unconditional Sale and Purchase Agreement in place that settled in financial year ended 31 March 2019 on 12 July 2018. The sales price was $47 million and a deposit of $4.7 million had been received in relation to this transaction.*

These properties were initially classified as investment properties and were subsequently reclassified to assets held for sale. Heinz Wattie's Warehouse was the only reclassification in the year ended 31 March 2019 (2018: AA Centre).

12. Property, Plant and Equipment

Accounting policy

Property, plant and equipment is measured at historical cost, less accumulated depreciation and impairment losses. The net loss on sale of plant and equipment is shown in the consolidated statement of comprehensive income. Depreciation is calculated to allocate the cost over the estimated useful life of the asset as follows:

	Depreciation Rate	Method
Computer Equipment	30-40%	Straight-line
Furniture and Fittings	8.5-30%	Straight-line
Plant and Equipment	7-67%	Straight-line
Lease Fitouts	8.40%	Straight-line

Cost	Lease fitouts $'000	Plant and Equipment $'000	Computer equipment $'000	Furniture and equipment $'000	Total fixed assets $'000
At 01 April 2017	**524**	**535**	**138**	**378**	**1,575**
Additions	36	262	16	76	390
Disposals	(16)	(19)	-	(18)	(53)
Reclassified as investment property	(544)	(758)	(89)	(115)	(1,506)
At 31 March 2018	**-**	**20**	**65**	**321**	**406**
Disposals	-	-	(11)	(13)	(24)
At 31 March 2019	**-**	**20**	**54**	**308**	**382**
Depreciation					
At 01 April 2017	**(190)**	**(103)**	**(96)**	**(118)**	**(507)**
Charge for the period	(48)	(76)	(30)	(203)	(357)
Disposals	-	3	-	6	9
Reclassified to Investment Property	238	156	85	50	529
At 31 March 2018	**-**	**(20)**	**(41)**	**(265)**	**(326)**
Disposals	-	-	10	-	10
At 31 March 2019	**-**	**(20)**	**(31)**	**(265)**	**(316)**
Net book value at					
31 March 2018	**-**	**-**	**24**	**56**	**80**
31 March 2019	**-**	**-**	**23**	**43**	**66**

A change in accounting policy in the previous reporting period resulted in property, plant and equipment that are an integral part of the buildings being reclassified as investment property.

13. 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	2019 $'000	2018 $'000
Investment Property facility	BNZ	22/07/2020	10,500	44,500
Total			**10,500**	**44,500**

Financing facilities available

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

	2019 $'000	2018 $'000
Facilities used at reporting date - secured bank loan (BNZ)	10,500	44,500
Facilities unused at reporting date - secured bank loan (BNZ)	9,500	25,500
Total	**20,000**	**70,000**

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. On 1 November 2018, the bank facility limit with BNZ was reduced from $70 million to $20 million.

Loan covenants – BNZ bank

During the year ended 31 March 2019 all loan covenants were met (2018: 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.

The 4 interest rate swaps that were held at 31 March 2018 were exited in July 2018. There are currently no interest rate swaps in place.

	2019 $'000	2018 $'000
Opening balance - liability	840	919
Unrealised interest rate swap (gain)	(133)	(79)
Interest on swap settlement	91	-
Settlement of swap contract	(798)	-
Closing balance	**-**	**840**

14. Trade Payables, Accruals and other Payables

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.

	2019 $'000	2018 $'000
Trade payables	127	593
GST payable	81	742
Other payables	238	235
Total trade and other payables	**446**	**1,570**
Interest accrual	10	284
Other accruals	778	373
Total accruals	**788**	**657**
Provisions	**150**	**-**
Total trade payables, accruals and other payables	**1,384**	**2,227**

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.

15. 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 2019			Year ended 31 March 2018		
	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)
Interest rate swaps	-	-	-	-	(840)	-
Investment properties	-	-	94,077	-	-	124,556
Properties held for sale	-	-	28,890	-	-	43,814
Borrowings	-	(10,500)	-	-	(44,500)	-

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 period ended 31 March 2019 (2018: None).

The Group has also assessed possible impairment for 12-month expected loss or life-time expected loss and notes that the outcome of this is nil.

16. 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

	2019 '000	2018 '000
Ordinary shares		
Number of issued and fully paid shares	161,920	161,920
Ordinary shares have no par value		

Fully paid and ordinary shares carry one vote per share, and share equally in dividends and any surplus on winding up.

17. 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 year.

	2019 $'000	2018 $'000
Total comprehensive income, net of tax	3,803	3,095
Weighted average number of ordinary Shares ('000)	161,920	161,920
Earnings per share (cents) - basic and fully diluted	**2.35**	**1.91**

18. Dividends Paid to Shareholders

Dividends paid during each reporting period comprised:

	CPS	2019 $'000	Date Paid	CPS	2018 $'000	Date Paid
Q4 prior year net dividend	0.900	1,457	20/06/18	0.900	1,458	16/06/17
Q1 net dividend	0.900	1,457	7/09/18	0.900	1,457	19/09/17
Q2 net dividend	0.900	1,457	19/12/18	0.900	1,457	10/01/18
Q3 net dividend	0.900	1,457	12/03/19	0.900	1,457	29/03/18
Total paid during the year	**3.600**	**5,828**		**3.600**	**5,829**	

	Mar 2019 $'000	Mar 2018 $'000
Imputation credit account		
At 31 March the imputation credits available for use in subsequent reporting periods are	61	418

19. Remuneration

Key management personnel costs	2019 $'000	2018 $'000
Salary and other short term benefits	-	1,292
Directors' remuneration	300	279
Total	**300**	**1,571**

The table above includes remuneration of the Chief Executive Officer and other key management personnel of the Group in the prior comparative period.

20. Related Parties

On 26 March 2018 the Group sold the management rights to Augusta Funds Management Limited (AFM) for $4.5 million. The Group is managed by AFM under the terms of the signed management contract. The Parent of Augusta Funds Management Limited, Augusta Capital Limited, owns 18.85% of Asset Plus Limited (2018: 18.85%).

	2019 $'000	2018 $'000
Consolidated Statement of Comprehensive Income		
Management fees paid to Augusta Funds Management Limited	(715)	(18)
Property management fees paid to Augusta Funds Management Limited	(133)	-
Other fees payable to Augusta Funds Management Limited	(79)	-
Sale of management rights	-	4,500
Consolidated Statement of Financial Position		
Accrual for management fee owed to Augusta Funds Management Limited	158	-
Accrual for property management fee owed to Augusta Funds Management Limited	39	-
Accrual for other fees payable to Augusta Funds Management Limited	79	-
Consolidated Statement of Changes in Equity		
Dividend paid to Augusta Capital Limited	(1,099)	(1,099)

21. Lease Commitments

Accounting policy

Group as a Lessee

A lease is classified at the inception date as a finance lease or an operating lease. Property leases are recognised as an operating expense in the profit or loss in the consolidated statement of comprehensive income on a straight-line basis over the lease term.

Group as a Lessor

The Group has entered into commercial property leases on its investment property portfolio and has determined that all significant risks and rewards of ownership are retained by the Group. These leases are classified as operating leases. Initial direct costs incurred in negotiating the lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as net rental revenue.

Lease Incentives

In the event lease incentives are provided to lessees, such incentives are recognised as an asset. The aggregate benefits provided are amortised to profit or loss in the consolidated statement of comprehensive income on the straight line basis over the period of the lease as a reduction in net rental revenue, except where another systematic basis is more representative of the time pattern in which benefits provided are consumed.

Net rental revenue is recognised in terms of *NZ IFRS 16*. Refer to *Note 5* Net Rental Revenue for information on the adopted accounting policy.

Lessee: lease payable

On 12 July 2018, the sale of the AA Centre to Sky City was completed and as part of the agreement the Group's lease obligations for its Head Office premises at Level 13, the AA Centre, 99 Albert Street, Auckland were transferred to the purchaser. The Group has not entered into any leases which would be classified as finance leases.

Future minimum rental payables under non-cancellable operating leases are as follows:

	2019 $'000	2018 $'000
Due within one year	-	175
Due between one and five years	-	184
Due after five years	-	-

Lessor: lease receivable

Substantially all property owned by the Group is leased to third party tenants and each arrangement is supported by relevant lease documentation. The lease term varies between properties and individual tenants within those properties. The Group, as the lessor, grants the right of use of the space within these properties to a lessee in return for a consideration (rental payment) as set out in the lease contract.

Future minimum rental revenues under non-cancellable operating leases are as follows:

	2019 $'000	2018 $'000
Due within one year	9,113	10,351
Due between one and five years	30,568	24,323
Due after five years	16,053	17,544

The above rental receivables are based on contracted amounts as at 31 March 2019 and 31 March 2018. Actual rental amounts collected in future will differ due to rental review provisions within the lease agreements.

There are no contingent rentals.

22. Transaction Costs

During the reporting period ended 31 March 2019, estimated disposal costs of $0.22 million relating to the future sale of the Heinz Wattie's asset (including agency, legal and reimbursement fees) have been recognised when this asset was reclassified to a property held for sale.

In the reporting period ended 31 March 2018, at a special meeting of shareholders held on 21 April 2017, a resolution to complete a transaction with Kiwi Property Holdings Limited was not approved by shareholders. $0.430 million of costs related to this transaction were incurred during the year. In July 2017 Asset Plus Limited received a proposal from Augusta Funds Management Limited to sell the management rights of the Group. The costs incurred totalled $0.256 million.

23. Commitments and Contingencies

Capital commitments

At 31 March 2019 the Group has capital commitments of $ Nil (2018: $2.76 million).

Contingent liabilities

At the reporting date the Group had no material contingent liabilities (2018: Nil).

24. Subsequent Events

On 29 April 2019, Asset Plus entered into a conditional agreement to acquire 35 Graham Street, Auckland for $58 million from Auckland Council. The agreement is conditional on the approval of an ordinary resolution of Asset Plus shareholders at a meeting to be held on 17 June 2019.

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 30 to 55, which comprise the consolidated statement of financial position as at 31 March 2019, 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 consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Asset Plus Limited as at 31 March 2019 and its consolidated financial performance and consolidated 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 Audit 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 Asset Plus Limited and the entities it controlled.

Grant Thornton

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. We summarise below those matters, and our key audit procedures, to address those matters in order that the Group's shareholders as a body may better understand the process by which we arrived at our audit opinion. 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

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 2019, Investment Property is carried at fair value of $94.077 million. There are a number of risks that can have a material impact on the investment property balance in the consolidated financial statements, principally:

- valuations of all the investment properties may not be performed by qualified and experienced commercial property valuers;
- 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
- data provided to the property valuers may not be appropriate.

How our audit addressed the Key Audit Matter

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;
- re-performed the calculation in determining the fair value amount of each investment property, as well as the revaluation adjustment to be recorded for the year;
- tested the appropriateness of data provided to the expert, for each property valuation; and
- ensured properties held for sale are recorded at appropriate fair value at measurement date. That any estimates or judgements made by management are reasonable and appropriate for reporting purposes.

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 New Zealand equivalents to International Financial Reporting Standards issued by the New Zealand Accounting Standards Board, and for such internal control as the Directors determines 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 consolidated financial statements is located on the External Reporting Board's website at: https://www.xrb.govt.nz/standards-for-assurance-practitioners/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
29 May 2019

Shareholder Statistics

Twenty Largest Shareholders

Top 20 Shareholders (with expanded NZCSD Sub-Register) as at 17 June 2019.

Rank	Investor Name	Total Units	% Issued Capital
1	Augusta Capital Limited	30,528,933	18.85%
2	HSBC Nominees (New Zealand) Limited	19,333,567	11.94%
3	Accident Compensation Corporation	16,549,350	10.22%
4	Forsyth Barr Custodians Limited	5,851,179	3.61%
5	National Nominees New Zealand Limited	5,491,462	3.39%
6	Cogent Nominees Limited	4,960,172	3.06%
7	Premier Nominees Limited	4,452,397	2.75%
8	FNZ Custodians Limited	3,682,222	2.27%
9	Investment Custodial Services Limited	2,681,274	1.66%
10	Premier Nominees Ltd Armstrong Jones Property Securities Fund	1,709,570	1.06%
11	Tea Custodians Limited	1,525,852	0.94%
12	NZ Permanent Trustees Ltd Grp Invstmnt Fund No 20	1,477,249	0.91%
13	Forhomes Investments Limited	1,466,394	0.91%
14	Anthony Simmonds & Maureen Simmonds	1,155,019	0.71%
15	Michael Walter Daniel & Nigel Geoffrey Burton & Michael Murray Benjamin	1,000,000	0.62%
16	New Zealand Permanent Trustees Limited	963,566	0.60%
17	Francis Ivor Charles Jasper & Victoria Jane Carpenter & Anthony Francis Segedin	950,000	0.59%
18	Bhc Trustee 68 Limited	882,700	0.55%
19	Bryan Thomas Seddon & Dorothy Edith Allison Seddon	630,000	0.39%
20	Hawkes Bay Sailplanes Limited	625,000	0.39%

Spread of shareholders

The following is a spread of quoted security holders as at 19 June 2018.

Range	Holders (start)	Shares	% Issued Capital
1-1000	62	36,881	0.02%
1001-5000	342	1,025,445	0.63%
5001-10000	311	2,440,618	1.51%
10001-50000	732	17,797,953	10.99%
50001-100000	136	9,798,729	6.05%
Greater than 100000	119	130,820,807	80.79%

Substantial Security Holders

As at 31 March 2018 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	27,295,794
Westpac Banking Corporation	18,832,528
Accident Compensation Corporation	17,263,413

This annual report is dated 28 June 2019 and is signed on behalf of the board by:

Bruce Cotterill

Chairman

Carol Campbell

Chair Audit and Risk Committee

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ASSET PLUS+

AUGUSTA