



ASSET PLUS+  
— MANAGED BY Centuria

# Financial Results

For the six months ended 30 September 2024

26 November 2024

## Overview

1. Result summary
2. Key metrics
3. Financial performance
4. Funding update
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# Result Summary

- Total profit for the period of \$2.32 million against a loss of \$4.72 million in the prior period to September 2023.
- Profit primarily impacted by \$2.27 million unrealised gain on revaluation of investment property. This was primarily driven by the impact of the discount unwind at 35 Graham Street. Munroe Lane was not revalued at half year.
- The result reflected the full half year impact of rental income derived from Munroe Lane and higher interest costs.
- AFFO<sup>1</sup> loss of \$0.35 million (\$0.23 million loss in September 2023).
- Net rental income of \$2.23 million, up from \$1.69 million in the prior corresponding period, primarily due to the full half year impact of the Munroe Lane rental income.

1. AFFO stands for 'Adjusted Funds From Operations', and is non-GAAP financial information, calculated based on guidance issued by the Property Council of Australia. Asset Plus considers that AFFO is a useful measure for shareholders and management because it assists in assessing the Group's underlying operating performance. This non-GAAP financial information does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information prescribed by other entities. The calculation of AFFO has been reviewed by Asset Plus' auditor, Grant Thornton New Zealand Audit Limited. A reconciliation of AFFO is set out in Appendix 1.



# Key Metrics

Portfolio Value	Properties	Occupancy	WALE	Loan-to-Value Ratio	Net Tangible Assets
<b>September 2024</b>					
<b>\$183.6m*</b>	<b>2**</b>	<b>42.0%</b>	<b>5.6</b>	<b>18.0%</b>	<b>39.6 cps</b>
(\$116.2m post 35 Graham St settlement)	(1 property post 35 Graham St settlement)	(65% post 35 Graham St settlement)	<b>years</b> (8.9 years post 35 Graham St settlement)	(0% post 35 Graham Street settlement)	(39.7 cps*** post 35 Graham Street settlement)
<b>September 2023</b>					
<b>\$180.6m</b>	<b>2**</b>	<b>42.0%</b>	<b>6.2 years</b>	<b>18.2%</b>	<b>39.1 cps</b>

\*No independent valuation was commissioned as at 30 September 2024.

\*\*35 Graham Street is unconditionally sold with a deferred settlement (to occur on 29 November 2024) but is represented in the metrics above. The metrics post the 35 Graham Street sale are also included above.

\*\*\*The NTA will further reduce to 34.7 cps post the payment of the proposed special dividend on 18 December 2024.

# Financial Performance



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# Financial Performance

	Sep-24 (\$m)	Sep-23 (\$m)	Var (\$m)
Gross Rental Revenue	3.24	2.61	0.63
Direct Property Operating Expenses	(1.01)	(0.92)	(0.09)
<b>Net Rental Revenue</b>	<b>2.23</b>	<b>1.69</b>	<b>0.54</b>
Administration Expenses	(0.83)	(0.89)	0.06
Net Finance Costs	(1.35)	(0.93)	(0.42)
<b>Total Operating Income / (Loss)</b>	<b>0.05</b>	<b>(0.13)</b>	<b>0.18</b>
F.V. Gain of Investment Properties	2.27	(4.59)	6.86
<b>Profit / (Loss) Before Taxation</b>	<b>2.32</b>	<b>(4.72)</b>	<b>7.04</b>
Tax Benefit / (Expense)	-	-	-
<b>Total Comprehensive Income for the Period</b>	<b>2.32</b>	<b>(4.72)</b>	<b>7.04</b>
<b>AFFO*</b>	(0.35)	(0.23)	(0.12)
<b>AFFO CPS*</b>	(0.10)	(0.06)	(0.04)

- The impact of divestments was offset by the impact of a full period of Munroe Lane net rental income (noting rental commenced on 17 May 2023 in the prior period). Overall, net rental income increased by \$0.54 million.
- Management fees were lower due to a small performance fee (\$0.06 million) in the prior corresponding period.
- Net finance costs were higher by \$0.42 million due to higher average debt levels post the Munroe Lane completion.
- Munroe Lane was not revalued as at 30 September 2024.
- The 35 Graham Street fair value increased \$2.6 million due to the discount unwind.
- There is a tax loss for the period and a deferred tax asset recognised to the extent of the deferred tax liability.
- The AFFO reconciliation and waterfall is set out in Appendix 1 and 2 respectively.

# Net Rental Performance

	Sep-24 (\$m)	Sep-23 (\$m)	Var (\$m)
Stoddard Road	-	0.21	(0.21)
35 Graham Street	(0.26)	(0.30)	0.04
Munroe Lane	2.49	1.78	0.71
<b>Total net rental</b>	<b>2.23</b>	<b>1.69</b>	<b>0.54</b>

- The Stoddard Road settlement occurred on 1 May 2023, which was the sole reason for the reduction in net rental income of \$0.21 million.
- 35 Graham Street was in line with the prior period. It remains 99% vacant. A small amount of carpark income was received which partially offset the opex incurred.
- Munroe Lane rent commenced on 17 May 2023 in respect to the Auckland Council lease. The current period represents a full six months of trading.

# Administration & Finance Expenses

Administration costs	Sep-24 (\$m)	Sep-23 (\$m)	Var (\$m)
Management Fees	0.46	0.54	0.08
Directors' Fees	0.15	0.15	-
Other Assurance Fees	0.01	0.03	0.02
Professional Fees	0.00	0.03	0.03
Other Administration Costs	0.21	0.14	(0.07)
<b>Total Administration Expenses</b>	<b>0.83</b>	<b>0.89</b>	<b>0.06</b>
Net Finance Costs			
Interest & Finance Costs	1.56	1.21	(0.35)
Interest Revenue	(0.21)	(0.28)	(0.07)
<b>Total Net Finance Costs</b>	<b>1.35</b>	<b>0.93</b>	<b>(0.42)</b>

- Management fees were slightly lower as the weighted average portfolio value was marginally lower across the half year. Management fees included a small performance fee of \$0.06 million in the prior period.
- Administration costs increased due to higher insurance.
- Finance costs increased by \$0.35 million. The investment facility debt profile was higher in the current period as the Munroe Lane development facility converted to an investment facility in July 2023 (hence a full half impact). Until then finance costs on the development facility were capitalised.
- Interest rates were broadly flat against the prior period.
- Interest income was lower by \$0.07 million due to lower funds held in the lockbox and on deposit.



# Balance Sheet

	Sep-24 (\$m)	Mar-24 (\$m)	Var (\$m)
Cash	2.5	3.7	(1.2)
Investment Property	116.2	116.1	0.1
Properties Held For Sale	67.4	64.7	2.7
Other Assets	4.7	5.8	(1.1)
<b>Total Assets</b>	<b>190.8</b>	<b>190.3</b>	<b>0.5</b>
Bank Debt	33.0	33.0	-
Other Liabilities	14.3	16.1	(1.8)
<b>Total Liabilities</b>	<b>47.3</b>	<b>49.1</b>	<b>(1.8)</b>
<b>Equity</b>	<b>143.5</b>	<b>141.2</b>	<b>2.3</b>
<b>Net Tangible Assets Per Share (\$)*</b>	<b>0.396</b>	<b>0.389</b>	<b>0.06</b>
<b>LVR %</b>	<b>18.0%</b>	<b>18.2%</b>	<b>0.2%</b>

- Investment property comprises Munroe Lane. No independent valuation was engaged as at 30 September 2024.
- 35 Graham St, which is held for sale has a fair value of \$67.4 million which reflects the future settlement proceeds on a discounted basis (applying a 9.0% discount rate). The sale price is \$68 million.
- Other assets include a \$4 million cash lockbox held by BNZ. This lockbox will be released once all debt is repaid. During the period the Munroe Lane defects retention was released.
- Deposits which have been received in respect to 35 Graham Street total \$13.6 million or 20% of the sale price and are recognised under other liabilities.
- NTA increased during the period to 39.6 cents per share (cps) from 38.9 cps due to unrealised revaluation movement. This was primarily due to the impact of the discount unwinding at 35 Graham Street.
- Tax losses that are not recognised as a deferred tax asset are currently \$11 million as at 30 September 2024.
- LVR is 18.0% at balance date based on drawn debt.

# Funding Update



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# Funding

## Loan facilities as at 30 September 2024

	Limits \$m	Drawn \$m	Undrawn \$m	Expiry
Working Capital	\$14.1m	\$8.8m	\$5.3m	31 March 2025
Investment	\$30.8m	\$24.2m	\$6.6m	
Development	-	-		
<b>Total Facility</b>	<b>\$44.9m</b>	<b>\$33.0m</b>	<b>\$11.9m</b>	

## Loan covenants

	LVR at all times	ICR	Lockbox
Working Capital & Investment	<45%	Not tested	\$4m (EBIT + lockbox > 1.5x ICR)

- Cash lockbox in place of \$4 million.
- No hedging is in place due to the 35 Graham Street exit on 29 November 2024.
- Drawn debt as at 26 November 2024 is \$33.0 million which is unchanged from balance date.
- \$11.9 million of the facility limit remains undrawn.
- The loan facilities' maturity date is 31 March 2025.
- All debt will be repaid immediately post the 35 Graham Street settlement which is set to occur on 29 November 2024.

# Portfolio Update



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# Munroe Lane, Albany

- No independent valuation has been obtained at half year.
- Direct marketing initiatives are continuing and a number of inspections and proposals have been made to prospective tenants. However, obtaining commitment remains challenging.
- Auckland Council have formally withdrawn their marketing attempts to sublease Level 5.
- Potential full floor tenants remain scarce, L6 can be split into 3 smaller tenancies. L2 can also be split into smaller tenancies.
- Once further leasing is achieved, the Company will consider the sale of the property.

Floor	Areas still to lease
Ground	142m <sup>2</sup> of front of house/office or F&B space
Level 1	239m <sup>2</sup> of F&B/retail/service retail/office
Level 2	1,935m <sup>2</sup> of office – a number of configurations available
Level 6	2,729m <sup>2</sup> of office – can be split into 3 tenancies



# Divestment of 35 Graham Street

- Unconditionally sold, with a settlement date of 29 November 2024. The sale price is \$68 million.
- As the settlement date is deferred, the net present value of \$67.4 million is based on the discounted forecast settlement cash flows as at 30 September 2024. A 9% discount rate has been applied.
- As a 20% deposit has been paid, the balance of the settlement proceeds due are \$54.4 million.
- \$33 million of the sale proceeds will be applied as a debt repayment reducing drawn debt to \$nil.





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# Outlook



## Outlook

- 35 Graham Street settlement is scheduled to occur on 29 November 2024. All external bank debt will be repaid post settlement.
- Key focus remains successfully leasing the balance of the Munroe Lane development. Thereafter, we will look to sell Munroe Lane.
- We wish to emphasise that the leasing of Munroe Lane will influence the timing of such decisions, while market conditions at the time are likely to dictate the ultimate outcome.
- Any steps to sell Munroe Lane, or to subsequently wind up the Company, will require shareholder approval, and we would likely anticipate asking shareholders to vote on both decisions at the same time.
- The Board intends to pay a special dividend of 5 cents per share post the settlement of 35 Graham Street. This dividend is expected to be declared on 2 December, with payment on 18 December.
- Post the settlement of 35 Graham Street Asset Plus returns to a profitable operating position. The quarterly dividend remains subject to quarterly review.





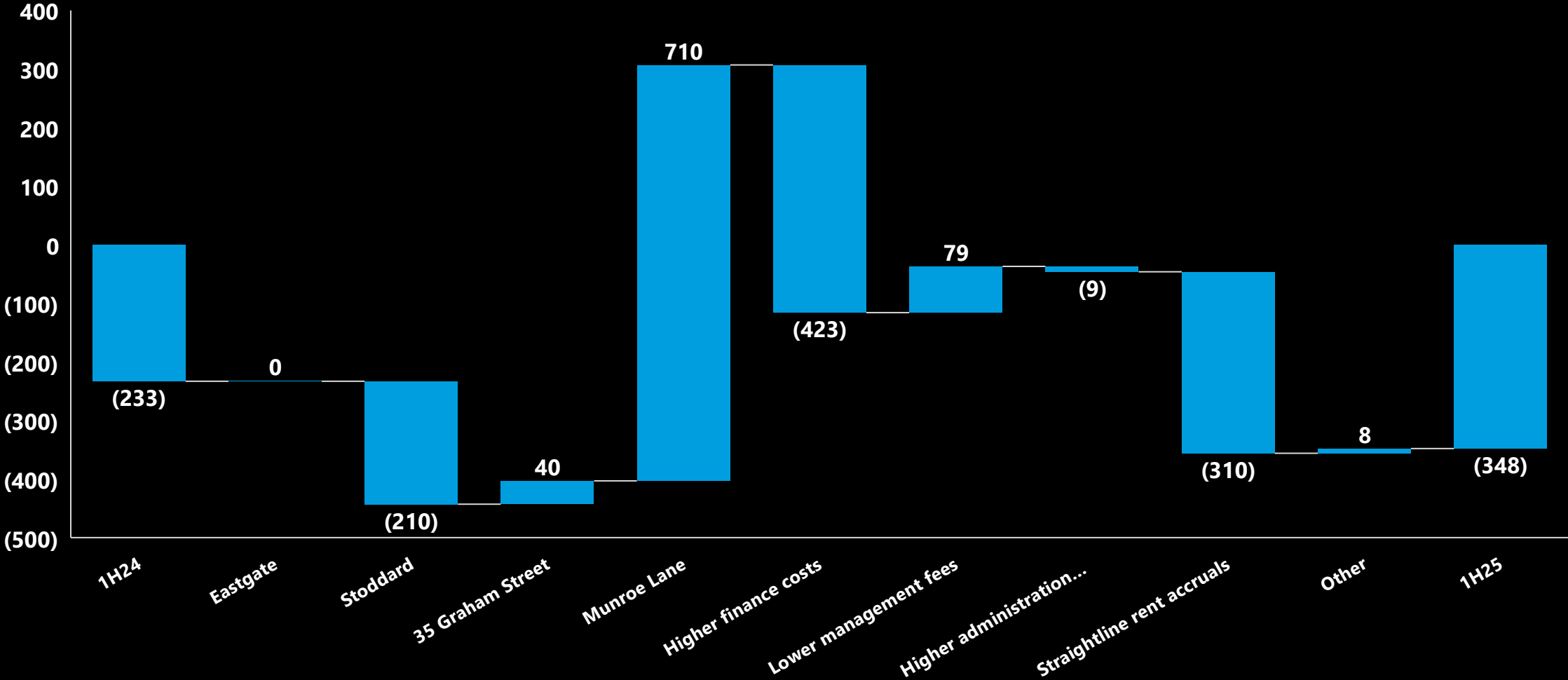
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# Appendices

# Appendix 1 – AFFO Reconciliation

	6 months to Sep 24 (\$m)	6 months to Sep 23 (\$m)
<b>Comprehensive Income (Loss) Net of Tax</b>	2.32	(4.72)
<i>Add back</i>		
Fair value movement on Investment Property (including loss on disposal)	(2.27)	4.59
Non-FFO Deferred Tax Expenses	-	-
<b>Net Operating Income (Loss) After Tax</b>	0.05	(0.13)
Amortisation of Lease Incentives and Leasing Costs	0.03	0.02
Amortisation of Rent Relief due to COVID-19	-	-
Straight line rental accruals	(0.43)	-
<b>Funds From Operations (FFO)</b>	(0.35)	(0.23)
Incentives and Leasing Costs Paid	-	-
Maintenance CAPEX	-	-
<b>Adjusted Funds from Operations</b>	(0.35)	(0.23)
<b>AFFO (CPS)</b>	(0.10)	(0.06)

# Appendix 2 – Adjusted Funds From Operations (AFFO)



The above graph is represented in \$000s

# Appendix 3 – Portfolio Summary

	<b>Munroe Lane, Albany</b>	<b>Property Held for Sale 35 Graham Street, Auckland</b>
<b>Valuation/ Carrying Value (\$m)</b>	\$116.2m <sup>2</sup> (Mar-24: \$116.05m)	\$67.4m <sup>1</sup> (Mar-24: \$64.7m)
<b>WALE (years)</b>	8.5 year WALE (Auckland Council lease only) (Mar-24: 9.1 years)	0.00 (Mar-24: 0.00)
<b>Occupancy (%)</b>	65.6% (Mar-24: 65.6%)	0% (Mar-24: 0%)
<b>Net Rental Income (\$m)</b>	\$7.6m based on fully leased rent (committed net rental is \$4.7m prior to unrecovered opex on vacant space) (Mar-24: \$4.7m)	~\$0.1m of carpark income and OPEX of \$0.6m
<b>Passing yield (%)</b>	6.49% based on fully leased rental	N/A
<b>Comments</b>	Practical completion achieved on 13 July 2023.	• Settlement to occur on 29 November 2024.
<b>Largest tenant exposures</b>	Auckland Council	Vacant aside from carpark income

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

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

## Appendix 4 – Portfolio Movements

	Opening balance (\$m)	Capex & Fixed Rental Accrual (\$m)	Fair Value movement (\$m)	Sale of Property (\$m)	Fair Value Sept 2023 (\$m)
<b>Property held for sale</b>					
35 Graham Street	64.7	-	2.7	-	67.4
<b>Investment property</b>					
6-8 Munroe Lane	116.1	0.5	(0.4)	-	116.2
<b>Total</b>	<b>180.8</b>	<b>0.5</b>	<b>2.3</b>	<b>-</b>	<b>183.6</b>

- The Munroe Lane fair value represents the valuation of \$116.2 million (which is unchanged from March 2024).
- The 35 Graham Street fair value reflects the net present value of future settlement cash flows. The sale price is \$68 million.
- The table above includes all property held as at 30 September 2024, including those assets held for sale.

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