

# INTERIM RESULTS PRESENTATION 2020

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020



ASSET PLUS+  
AUGUSTA



# Overview

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01

Key Activity

---

02

Key Metrics

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03

Financials

---

04

Portfolio  
Update

---

05

Outlook

---



## 01 Key Activity

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\$60.2 million capital raise.  
Restructure of loan facility  
agreements.

**Munroe Lane development  
now unconditional** – target  
completion is November 2022.

A number of renewals have  
been secured at Stoddard Road  
retaining occupancy at 100%.


Focus on tenant retention –  
impact of COVID-19.

Commencement of 35 Graham  
St leasing campaign.

Land at Kamo acquired for  
\$2.1m – future development  
opportunity.

## 02 Key Metrics as at 30 September 2020

**Portfolio Value<sup>1,2,3</sup>**



**\$153.4m**  
(Mar-20: \$142.1m)

### Properties<sup>1</sup>



**5**  
(Mar-20: 4)

### Number of Tenants



**72**  
(Mar-20: 71)

### WALE<sup>3</sup>



**2.9 years**  
(Mar-20: 3.2)

### Occupancy<sup>3</sup>



**98%**  
(Mar-20: 98%)

### Total Comprehensive Income For the Period



**\$11.53m**  
(Sep-19: \$2.01m)

### AFFO<sup>4</sup>



**\$2.63m**  
(Sep-19: \$2.02m)

1. In the period since 31 March 2020, the Kamo property was acquired on 30 July 2020 for \$2.1m and subsequently revalued to \$2.50m
2. Portfolio value excludes capital expenditure incurred in relation to the developments at Munroe Lane and Graham Street, amounting to \$5.1m in total. Such amount is included in the NTA figure shown above
3. Eastgate WALE and occupancy excludes the agreement to leases entered into with Restaurant Brands, one of which is subject to resource consent and completion of a development
4. The number of shares used in the calculation of the AFFO CPS for the six months ended 30 September 2020 is 169,753,921 being the weighted average number of shares issued between 1 April to 30 September 2020.



# Impacts of COVID-19 to date

## Update on APL's portfolio performance

- Rental abatements and relief reduced 1H21 operating income by \$0.55m (\$0.40m after-tax), equivalent to approximately 5.5% of the current annualised net rental income.
- Rental abatements and relief are now agreed in relation to national lockdown, and Auckland regional lockdown. However, regular monitoring of smaller retail operator performance continues.
- The NPAT impact of the above was partially offset by a lower current tax expense due to the reintroduction of building depreciation for tax purposes.
- While upfront rental abatement and relief has been granted in respect of the lock-downs, preservation of long-term value is a key strategy.







## 03 Financials

### Financial Performance

	6 months Sep-20 \$m	6 months Sep-19 \$m	Var \$	Var %
Gross Rental Revenue	6.64	6.93	(0.29)	(4%)
Direct Property Operating Expenses	(1.97)	(1.89)	(0.08)	(4%)
<b>Net Rental Revenue</b>	<b>4.67</b>	<b>5.03</b>	<b>(0.37)</b>	<b>(7%)</b>
Administration Expenses	(0.69)	(0.78)	0.09	12%
Net Finance Costs	(0.66)	(0.69)	0.03	4%
<b>Total Operating Income</b>	<b>3.32</b>	<b>3.56</b>	<b>(0.24)</b>	<b>(7%)</b>
F.V. Gain of Investment Properties	8.87	-	8.87	100%
Other Adjustments	(0.01)	(0.80)	0.79	99%
<b>Profit Before Taxation</b>	<b>12.18</b>	<b>2.76</b>	<b>9.42</b>	<b>341%</b>
Tax	(0.65)	(0.75)	0.10	(13%)
<b>Total Comprehensive Income For the Period</b>	<b>11.53</b>	<b>2.01</b>	<b>9.52</b>	<b>473%</b>
<b>AFFO</b>	<b>2.63</b>	<b>2.02</b>	<b>0.61</b>	<b>30%</b>
<b>AFFO CPS*</b>	<b>1.55</b>	<b>1.25</b>	<b>0.30</b>	<b>24%</b>

**Profit and other comprehensive income net of tax for the period ended 30 September is \$11.53m**, \$9.52m/ 473% higher than prior year, primarily due to property revaluations up \$8.87m.

**Adjusted funds from operations (AFFO) of \$2.63m.** (\$2.02m in the prior period).

The current period had lower due diligence and transaction related costs (\$0.82m) and lower tax expense due to building depreciation (\$0.19m) offset by rental abatement (\$0.39m).

Net revenues from the property portfolio were down \$0.37m primarily due to the rental abatements.

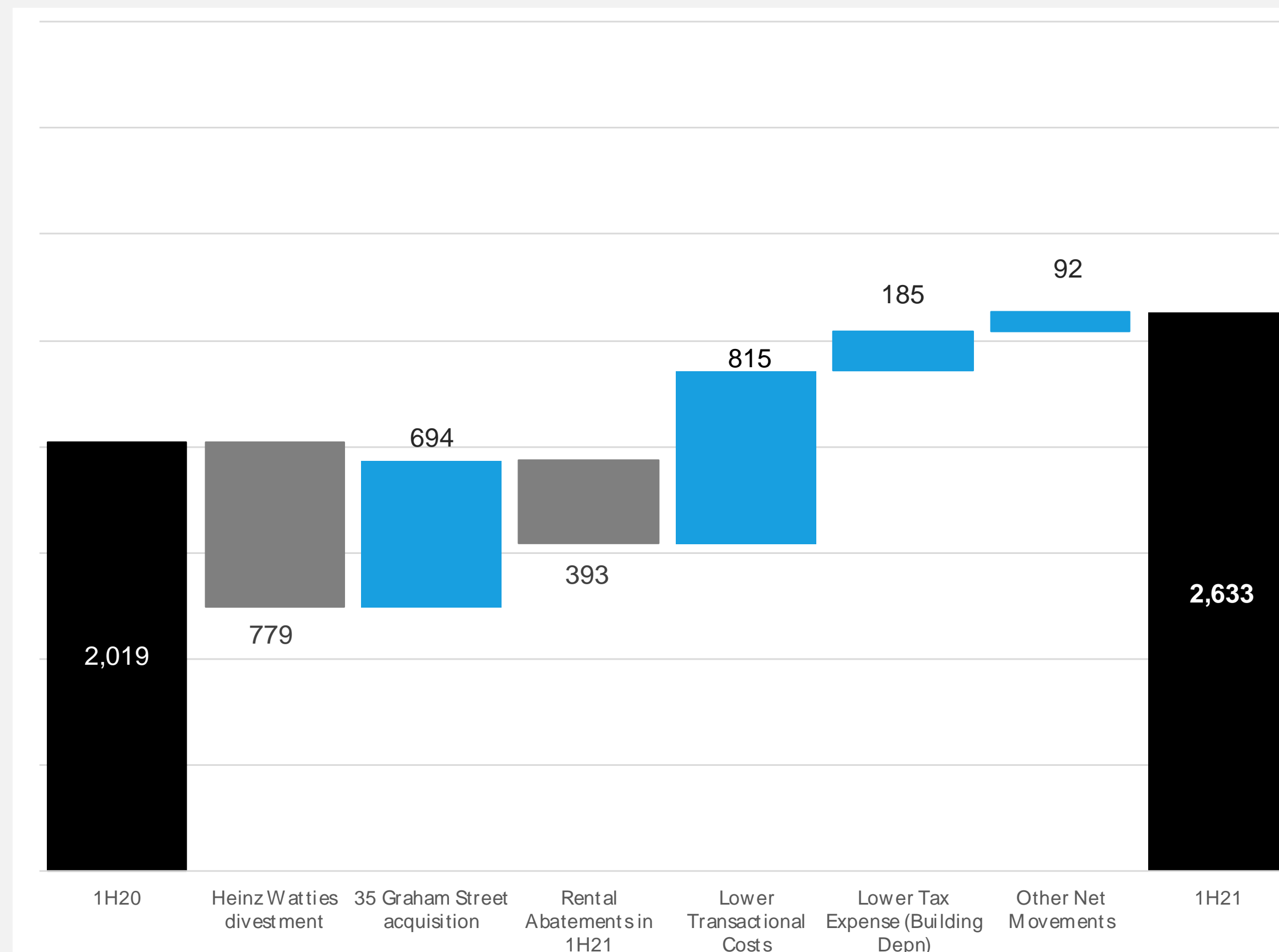
**AFFO of \$2.63m reflects a payout ratio of 89%**, based on the total of dividends paid in Aug 20 and the dividend to be paid in December 2020 (\$2.36m in total).

*\* The number of shares used in the calculation of the AFFO CPS for the six months ended 30 September 2020 is 169,753,921 being the weighted average number of shares issued between 1 April to 30 September 2020.*

# AFFO

## AFFO Waterfall (post tax) (\$000)

### AFFO Movement (Post Tax) - 1H20 v 1H21 (\$'000s)



**Adjusted funds from operations\* (AFFO) of \$2.63m** is up \$0.61m from \$2.02m in the prior period.

Higher AFFO primarily driven by lower transactional costs (down \$0.82m) and lower tax expense (down \$0.19m), offset by rental abatements given during the period (\$0.39m).

The lower net rental income as a result of the divestment of Heinz Watties (\$0.78m) was largely offset by the higher net rental from 35 Graham Street (\$0.69m).

\*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. A reconciliation of the total comprehensive income after tax to AFFO is included at Appendix 1 which has been independently reviewed by the auditors.

# Financial Position

	Sep-20 \$m	Mar-20 \$m	Pro-Forma Oct-20* \$m
Cash	0.7	0.1	5.0
Investment Properties	158.5	143.6	158.5
Other Assets	1.8	1.4	1.8
<b>Total Assets</b>	<b>161.0</b>	<b>145.1</b>	<b>165.3</b>
Bank Debt	26.6	49.3	-
Other Liabilities	4.1	4.0	4.1
<b>Total Liabilities</b>	<b>30.7</b>	<b>53.3</b>	<b>4.1</b>
<b>Equity</b>	<b>130.3</b>	<b>91.8</b>	<b>161.2</b>
<b>Net Tangible Assets Per Share (\$) **</b>	<b>0.51</b>	<b>0.57</b>	<b>0.44</b>
<b>LVR Ratio</b>	<b>16.8%</b>	<b>34.3%</b>	<b>0%</b>

- **Investment property value increased \$14.9m / 10%** during the period due to property revaluations \$8.9m, acquisitions \$2.1m and capex \$3.6m.
- **\$26.6m of debt is currently drawn** which represents an LVR of 16.8%. All debt was repaid in October 2020. (March 2020 34.3%).
- NTA is 0.51 cents per share as at 30 September 2020, reducing to 0.44 cents per share on the completion of the capital raise.\*\*
- Equity increased 42% in the six month period to 30 September 2020 due to total comprehensive income of \$11.53m for the period and proceeds received of \$28.6m in relation to the capital raise. The remaining \$31.6m of proceeds were received October 2020.

\* The October 2020 Pro Forma financial position reflects the completion of the capital raise (completed 2 October 2020) and the subsequent debt repayment

\*\* The number of shares used in the calculation of Net Tangible Assets (NTA) Per Share as at 30 September 2020 is 257,488,985. On 2 October 2020, a further 105,228,816 shares were issued. Including these additional shares in the NTA per share calculation the revised NTA per share as at 30 September 2020 is \$0.44.



# 04 Portfolio Update

**Graham Street,**



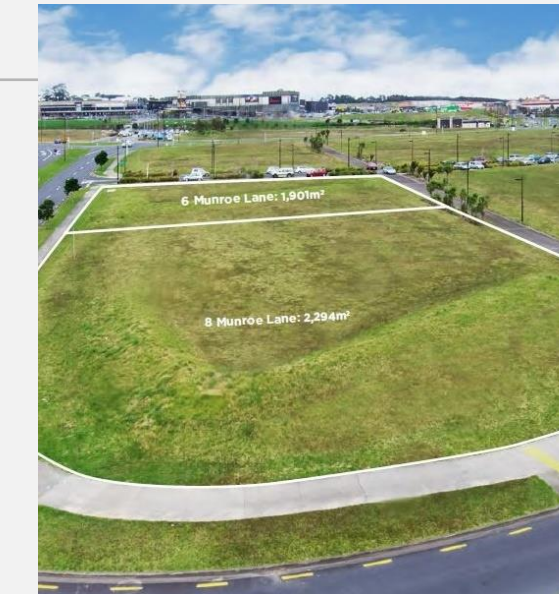
**Eastgate, Christchurch**



**Stoddard Rd, Auckland**



**Munroe Lane, Auckland**



**Kamo, Whangarei**



Valuation (\$m) <sup>1</sup>	\$57.5 (Mar-20: \$50.1)	\$47.4 (Mar-20: \$47.0)	\$38.5 (Mar-20: \$37.5)	\$7.5 (Mar-20: \$7.5)	\$2.5 (On acquisition: \$2.1)
WALE (years)	1.0 (Mar-20: 1.2)	4.2 (Mar-20: 4.5) <sup>2</sup>	3.8 (Mar-20: 4.0)	-	-
Occupancy (%)	100% (Mar-20: 100%)	95% (Mar-20: 95%) <sup>2</sup>	100% (Mar-20: 100%)	-	-
Net Rental Income (\$m)	\$3.98 (Mar-20: \$3.95)	\$3.60 (Mar-20: \$3.66)	\$2.65 (Mar-20: \$2.63)	-	-
Passing yield (%)	6.9% (Mar-20: 7.9%)	7.6% (Mar-20: 7.8%)	6.9% (Mar-20: 7.0%)	-	-
Comments	<ul style="list-style-type: none"> <li>Acquired June 2019</li> <li>Auckland Council lease has approximately 0.75 years to run</li> <li>Attractive holding income</li> <li>6 month extension agreed for basement and ground floors from July 2021 for \$1m rental</li> </ul>	<ul style="list-style-type: none"> <li>Bargain Chemist recently secured as a new tenant on a 6-year lease</li> <li>Agreement to Lease entered with Restaurant Brands – now unconditional</li> <li>Seismic work for The Warehouse completed</li> </ul>	<ul style="list-style-type: none"> <li>The property continues to perform well and provide a steady income stream</li> <li>100% of expiring leases were renewed by existing tenants so far during the year</li> </ul>	<ul style="list-style-type: none"> <li>Acquired off-market December 2019</li> <li>Large ~4,200m<sup>2</sup> corner site with three road frontages;</li> <li>Development forecast for completion in November 2022</li> </ul>	<ul style="list-style-type: none"> <li>Acquired on 30 July 2020</li> <li>Large 38,000m<sup>2</sup> industrial site located adjacent to SH1</li> </ul>
Largest tenant exposures	<ul style="list-style-type: none"> <li>Auckland Council</li> </ul>	<ul style="list-style-type: none"> <li>Countdown, The Warehouse</li> </ul>	<ul style="list-style-type: none"> <li>The Warehouse</li> </ul>	<ul style="list-style-type: none"> <li>Auckland Council</li> </ul>	

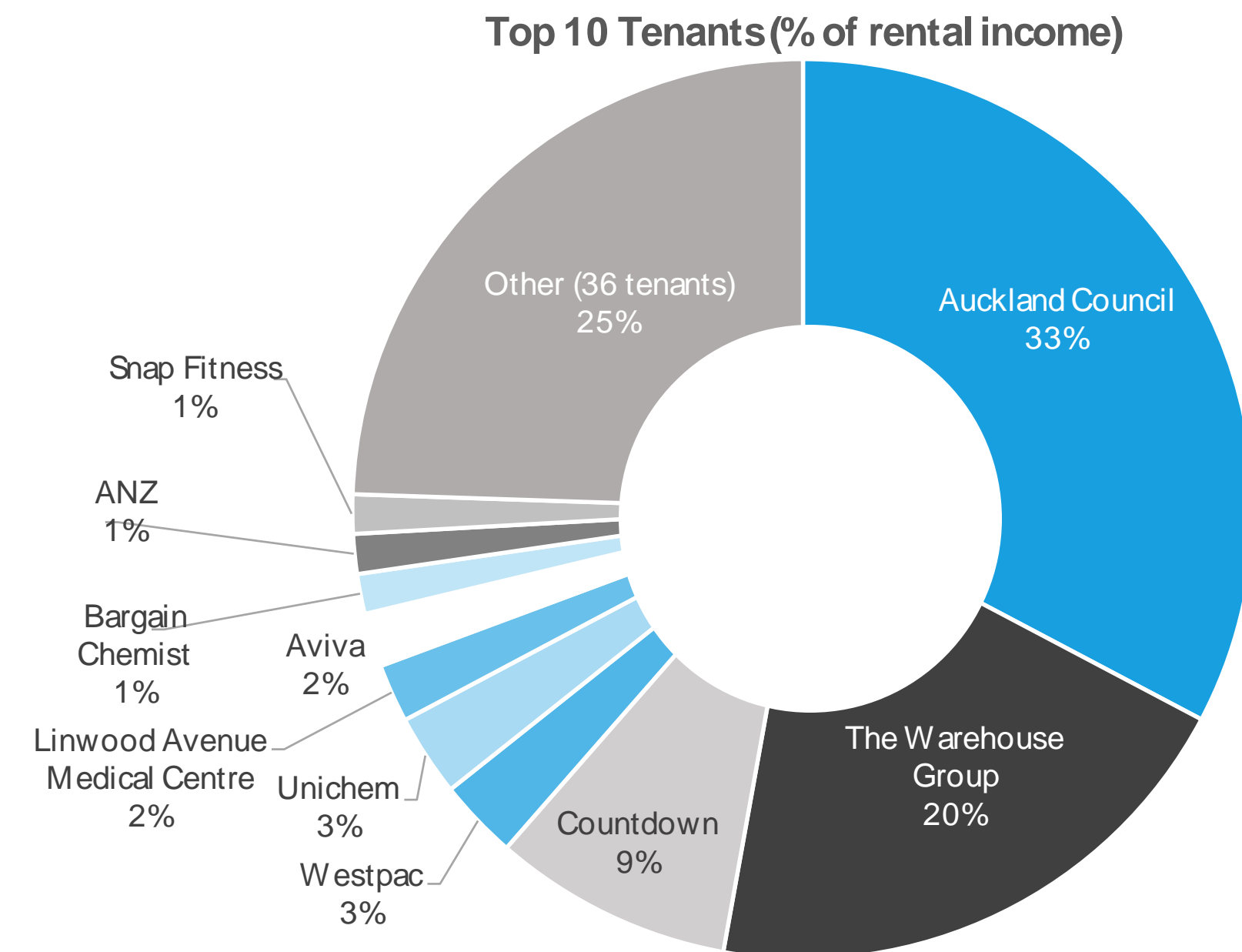
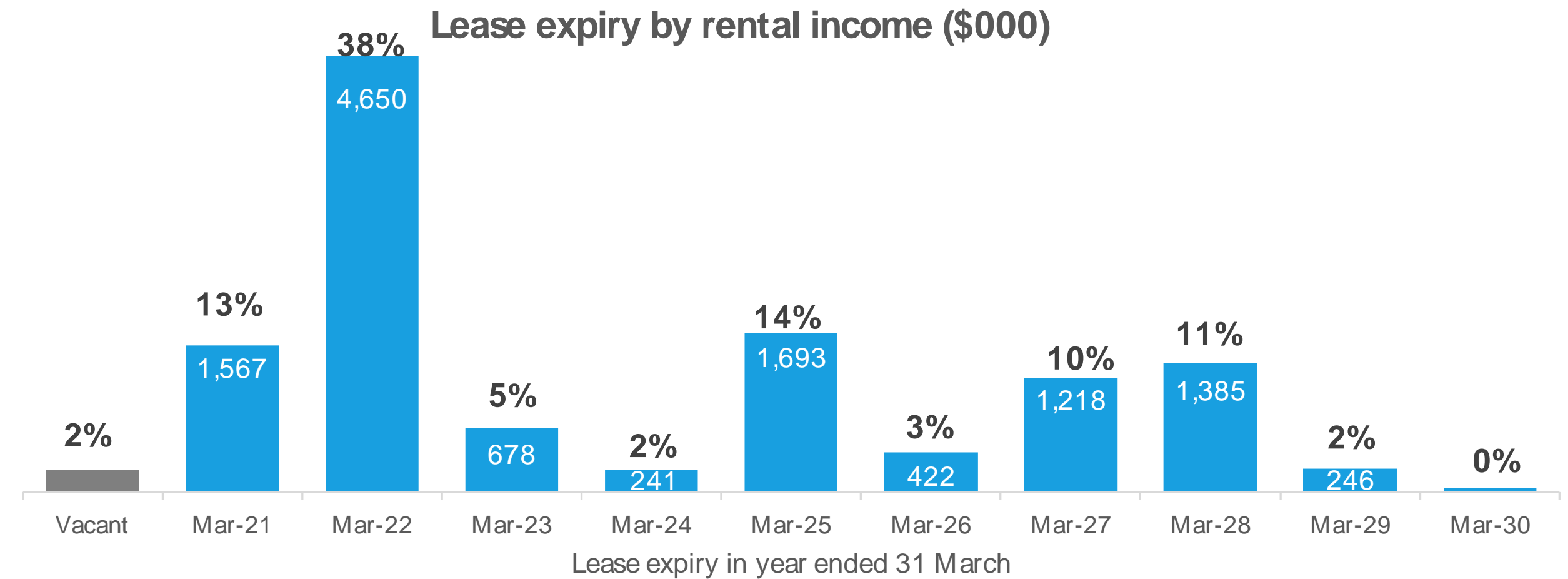
1. Based on August 20 final valuations received and approved by the Board which have been reviewed by the auditors as part of the half year reporting process at 30 September 2020.

2. Eastgate WALE and occupancy excludes the agreements to lease entered into with Restaurant Brands, one of which is subject to resource consent and completion of a development.

# Portfolio Summary

	Value (\$m)	WALT (years)	Occupancy (%)	Net Rental (\$m)
Eastgate	47.4	4.2	95	3.60
Stoddard Road	38.5	3.8	100	2.65
Graham St	57.5	1.0	100	3.98
Munroe Lane	7.5	N/A	N/A	N/A
Kamo	2.5	N/A	N/A	N/A
<b>TOTAL</b>	<b>153.4*</b>	<b>2.9</b>	<b>98</b>	<b>10.23</b>

\*Excludes WIP of \$5.1 million.



Note: Both the 'lease expiry by rental income' and the 'Top 10 tenants' metrics do not include the as-if complete 6-8 Munroe Lane metrics.



# Update on the Munroe Lane Development

- Funding condition fulfilled on the back of the successful equity raise and finance restructuring
- Icon appointed as construction contractor.
- 80% of construction cost fixed. Remaining 20% to be tendered upon completion of detailed design in early 2021.
- Site blessing and ground breaking ceremony completed in October with Tāmaki Makaurau mana whenua.
- Construction works underway and due for completion in November 2022.
- Marketing has commenced for leasing the balance of the space.







## Eastgate, Christchurch

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- Bargain Chemist secured on a new 6-year lease eliminating a number of vacancies within the centre.
- Foot traffic and sales are up on prior year periods.
- Agreement to Lease signed with Restaurant Brands for new development on vacant land – forecast 20% margin and 6% return on cost. Target practical completion is June 2021.





## 22 Stoddard Road

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- The centre remains 100% occupied and no tenants have defaulted as a result of COVID-19.
- Market rent review negotiations completed with The Warehouse during the period.
- The anchor tenant does not expire until 2025.







## 35 Graham Street

- 0.75 year lease remaining to Auckland Council (expiring June 2021).
- Short term extension on basement and ground floor for six months to end of December 2021 for fixed consideration of \$1m
- The property provides a material development opportunity to add value following the Auckland Council lease expiry – a resource consent has been lodged for the preferred development scheme which is expected to be received by the end of 2020.
- Leasing campaign underway, with a number of potential tenants identified and being pursued.
- Preferred development will be subject to sufficient tenant pre-commitment.





## 05 Outlook

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The successful execution of the Munroe Lane development is a near term priority. Works have now commenced.

Asset Plus is now **focused on progressing the 35 Graham Street redevelopment** opportunity. Pre-leasing is a critical element to this process.

**The search for new opportunities continues** and Asset Plus is confident in being able to secure these in the near term as the Company requires scale to set a stronger platform for growth.

**The Board is pleased with Augusta's performance** as manager and the progress they have made on the Munroe Lane development improving both the quality and scale of the portfolio (on completion).



## Appendix 1 – AFFO reconciliation

	6 months Sep-20 \$m	6 months Sep-19 \$m
<b>Comprehensive Income Net of Tax</b>	<b>11.53</b>	<b>2.01</b>
<u>Add Back</u>		
Loss/ (Gain) From Sales of Investment Property	-	(0.02)
Depn on Owner Occupied PP&E	-	0.06
FV Gain on Investment Property	(8.87)	-
Non-FFO Deferred Tax Expenses	0.15	(0.03)
<b>Net Operating Income After Tax</b>	<b>2.81</b>	<b>2.02</b>
Amortisation of Lease Incentives	(0.14)	0.18
<b>Funds From Operations (FFO)</b>	<b>2.67</b>	<b>2.20</b>
Maintenance CAPEX	-	-
Incentives and Leasing Costs	(0.04)	(0.18)
Other Movements	-	-
<b>Adjusted Funds From Operations</b>	<b>2.63</b>	<b>2.02</b>
<b>AFFO (CPS)*</b>	<b>1.55</b>	<b>1.25</b>

*\*The number of shares used in the calculation of the AFFO CPS for the six months ended 30 September 2020 is 169,753,921 being the weighted average number of shares issued between 1 April to 30 September 2020.*

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