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Interim Results Update

For the six months ended 30 September 2018

November 2018

Highlights for the six months ended 30 September 2018

Net profit after tax of **$3.20m**, a increase of **33%** against 1H18

Adjusted funds from operations (AFFO*) of **$2.78m** were 10% lower than 1H18. This represents a pay-out ratio of 105%

AA Centre Settled on 12 July 2018

Multiple number of leasing initiatives completed at both **Stoddard Road** & **Eastgate**

Transition of the management to Augusta Funds Management Limited completed & externalisation cost savings generated

Net Tangible Asset Value per share remains at **71 cents**

$34.5m of debt repaid post the AA Centre sale & interest rate swap arrangements cancelled

Portfolio occupancy is now 97.2%

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Financial Performance

Financial Performance

- **Net profit after tax of $3.20m** a 33% increase on 1H18
- **AFFO of $2.78m was down 10%** from $3.08m in 1H18. The half year's AFFO performance was impacted by lower rental income due to the divestment of Print Place and the AA Centre, offset by lower administration and funding costs
- Although divestment of Print Place and AA Centre has reduced rental income, it has now provided balance sheet capacity for future investment

	6 months Sep-18 $m	6 months Sep-17 $m	Var %
Net Revenue	4.83	6.11	(21%)
Corporate Costs	(0.88)	(1.10)	20%
EBIT	**3.95**	**5.01**	**(21%)**
Finance Costs	(0.80)	(1.44)	44%
NP Before Tax, Reval & One-Offs	**3.15**	**3.57**	**(12%)**
Other Adjustments	(0.27)	(0.50)	46%
Profit Before Tax	**2.88**	**3.07**	**(6%)**
Tax	0.32	(0.66)	148%
Profit for the Period	**3.20**	**2.41**	**33%**
AFFO*	**2.78**	**3.08**	**(10%)**
AFFO CPS	**1.71**	**1.90**	**(10%)**

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Financial Position

- **Net tangible asset backing per share is $0.71 per share** which is unchanged from 31 March 2018
- The current **Group gearing is 8.0%.** (Interest bearing debt / investment property)
- There was $60m of undrawn debt facility at 30 September 2018
- Post balance date the facility limit was reduced from $70m to $20m, leaving $10m undrawn

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	6 months Sep-18 $m	12 months Mar-18 $m
Cash	0.9	0.5
Investments Properties	124.5	124.6
Investment Properties Held for Sale	-	43.8
Other Assets	1.8	0.7
Total Assets	**127.2**	**169.6**
Bank Debt	10.0	44.5
Other Liabilities	2.6	10.8
Total Liabilities	**12.6**	**55.3**
Equity	**114.6**	**114.3**
Net Tangible Assets Per Share ($)	**0.71**	**0.71**

Net Rental

- **Net rental income is $1.28m / 21% lower than 1H18** primarily due to:
  - Divestment of the AA Centre and Print Place reduced net rental by $0.55m and $0.46m respectively in the half
  - Current portfolio net rental was $0.27m lower primarily due to higher property management costs associated with Colliers and Augusta at Eastgate Shopping Centre and unrecovered opex (impact $0.22m in total)

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	6 months Sep-18 $m	6 months Sep-17 $m
Eastgate Shopping Centre	1.70	1.92
Roskill Centre	1.20	1.20
Heinz Watties Distribution Centre	1.05	1.10
Current Portfolio	**3.95**	**4.23**
AA Centre	0.88	1.42
Print Place	-	0.46
Total Net Rental Income	**4.83**	**6.11**

Administration Expenses

- **Administration expenses of $0.88m are $0.22m / 20% lower in 1H19**, driven by lower management costs under the externalised management contract with Augusta Funds Management Limited

- Lower administration costs is partly offset by higher property management costs, primarily in Eastgate

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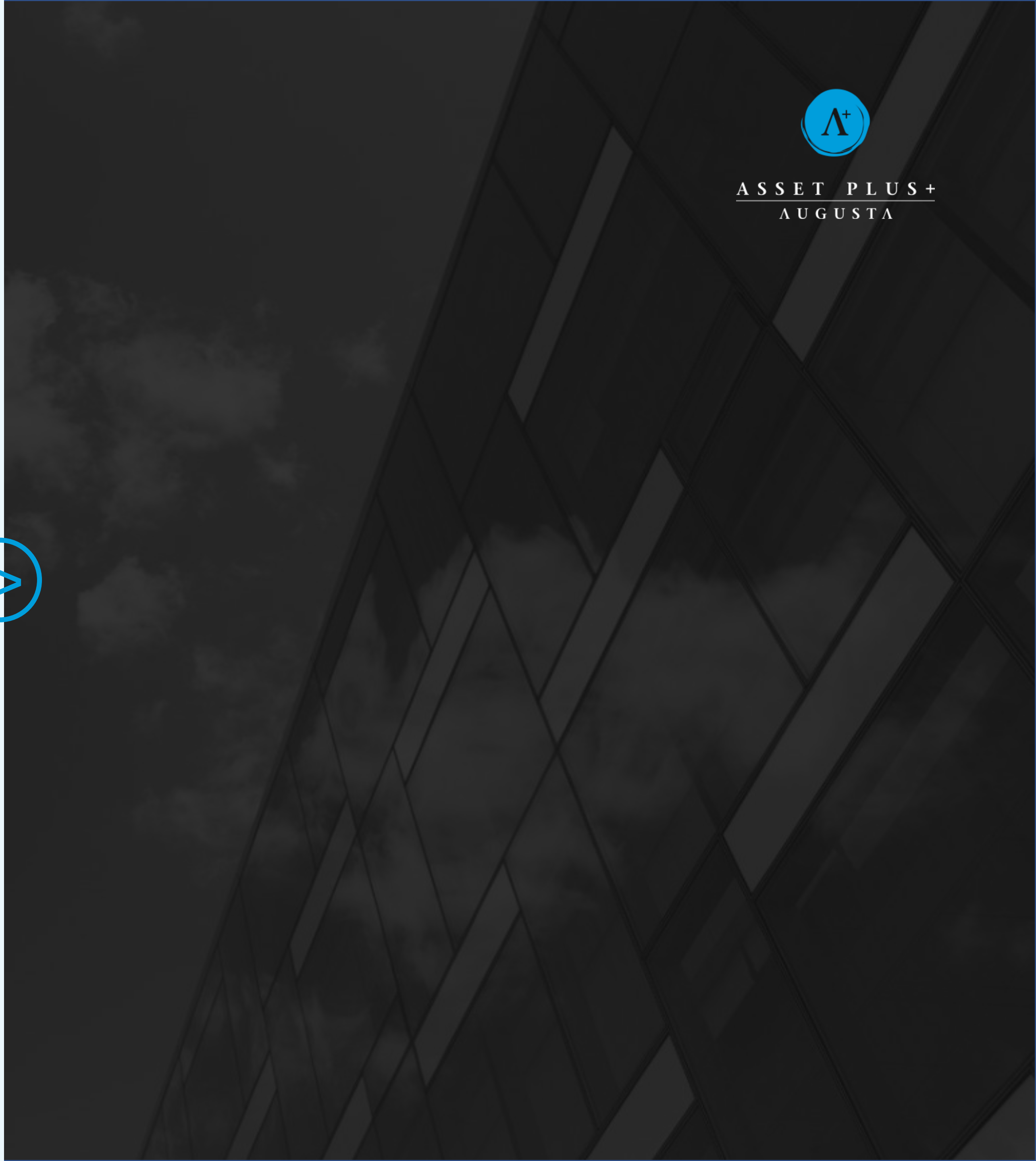
	6 months Sep-18 $m	6 months Sep-17 $m
Audit Fees	0.07	0.06
Directors Fees	0.15	0.14
Employee Costs	0.03	0.44
Office Costs	0.01	0.14
Rent	0.07	(0.01)
Professional Fees	0.13	0.20
Registry and Stock Exchange Fees	0.05	0.08
Shareholder Communications	0.02	0.05
Management Fees	0.38	-
Other Operating Expenses	(0.03)	0.01
Total Administration Expenses	**0.88**	**1.11**

Funding

- Facility limit reduced to $20m post balance date and $10m remains undrawn
- Loan term expires in July 2020
- All swap positions held at 31 March 2018 were exited in August 2018
- Holding costs of facility limit and interest rate swaps outweighed the short term benefit of holding $70m facility
- New facilities and interest rate risk management to be aligned with future acquisitions

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Portfolio
Summary

Portfolio Summary as at 30 Sept 2018

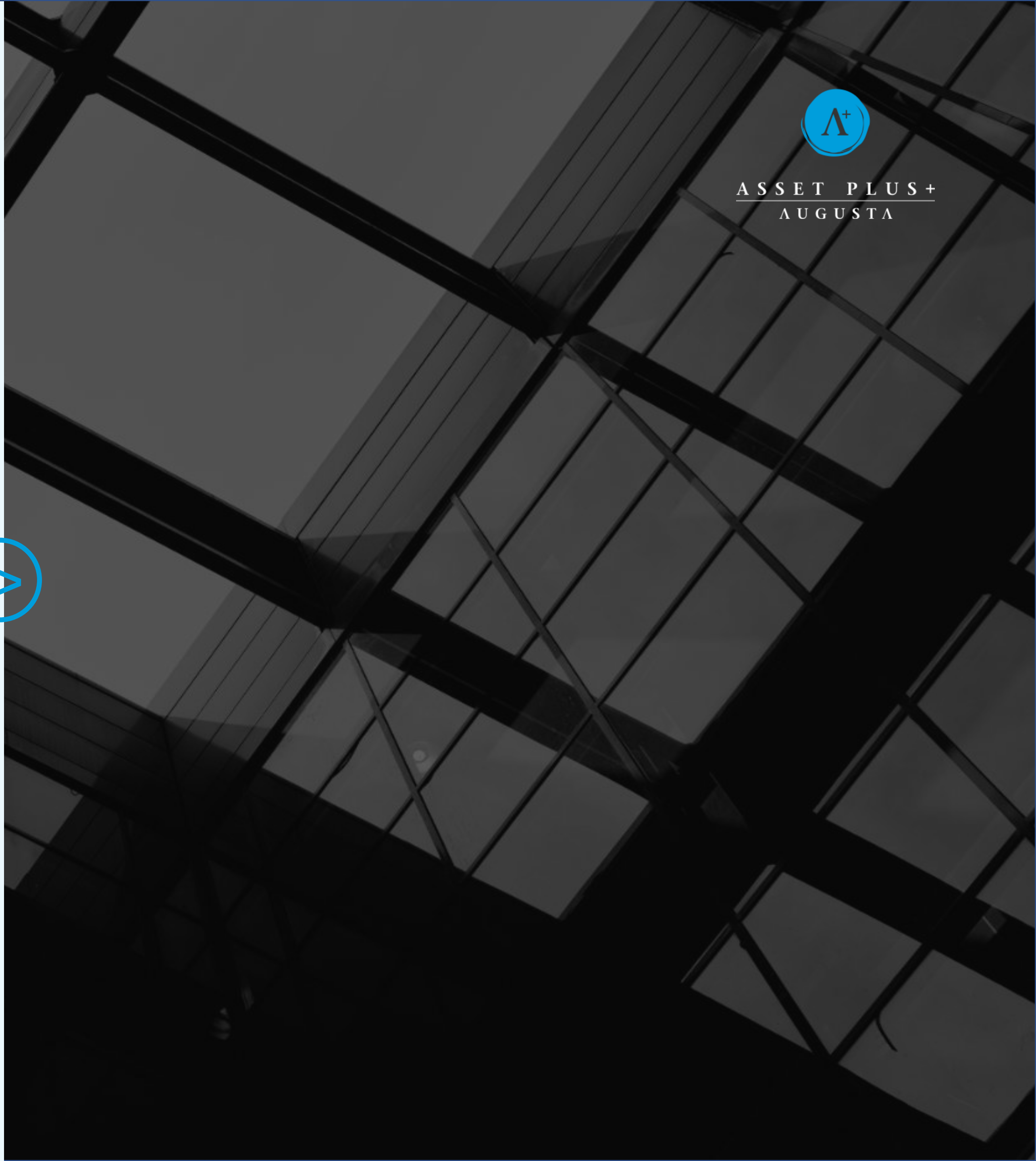
	Fair Value ($m)	Occupancy (%)	WALE (Years)	Passing Rent Yield (%)
Eastgate	58.9	94	4.0	6.6%
Heinz Watties NDC	27.4	100	8.3	7.6%
Roskill Centre	38.0	100	3.3	6.6%
TOTAL	**124.3**	**97.2**	**5.0**	

Eastgate Shopping Centre

- **Management have been very active** with this property, with a number of new leases agreed or renewed during the past 6 months

- A **lease extension proposal for a major tenant is expected to be finalised shortly**. Collectively these renewals represent 28% of the centres gross passing income, 15 rent reviews have also been completed during the period

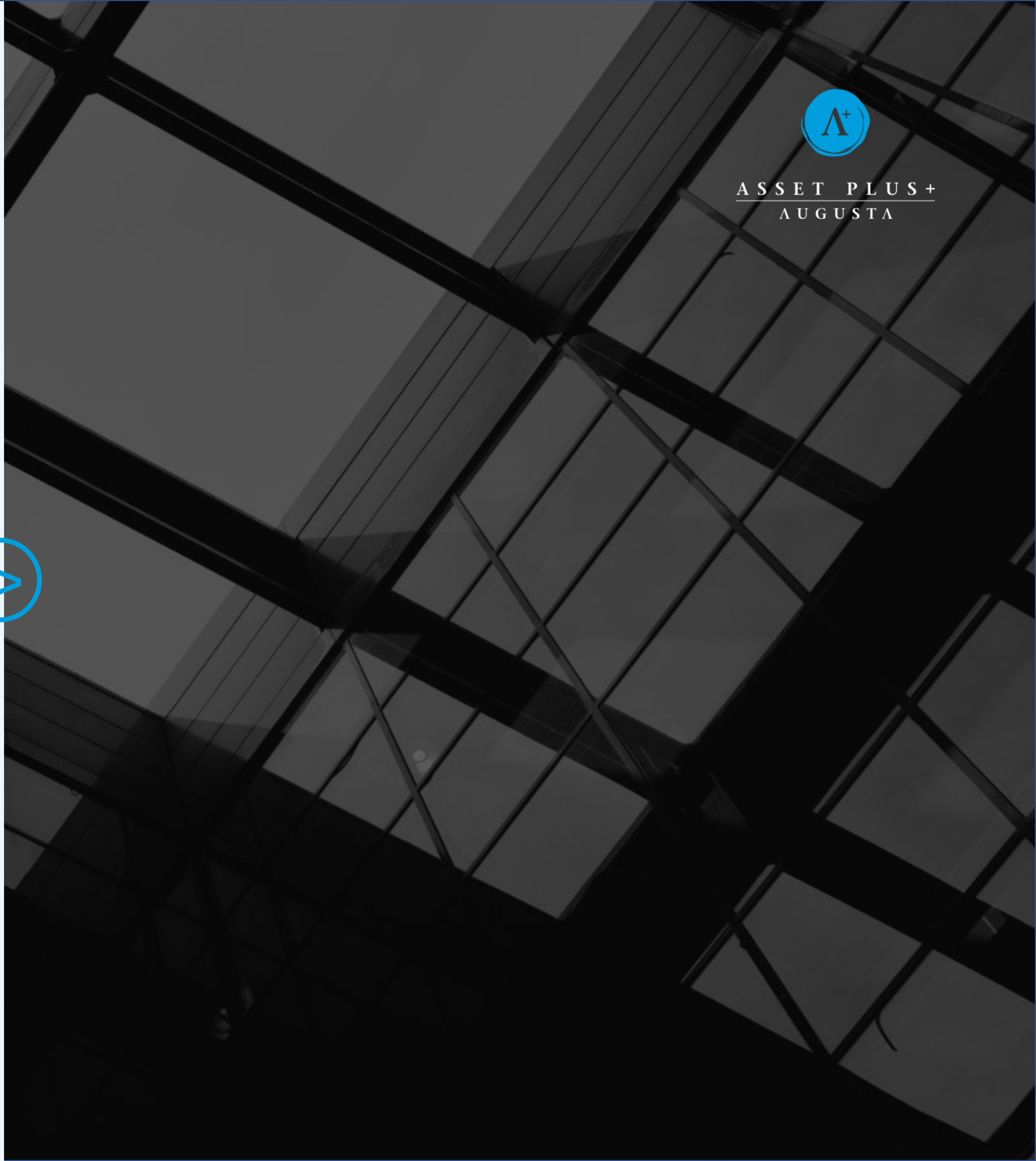
- A **strategic review of the asset has now been undertaken** by management and Colliers International as Property Managers, and a master planning exercise for potential development is currently underway. Management are engaging with potential anchor tenants in respect to this potential growth.



Heinz Watties National Distribution Centre

- Management are continuing to work hard in improving a number of aspects of this property

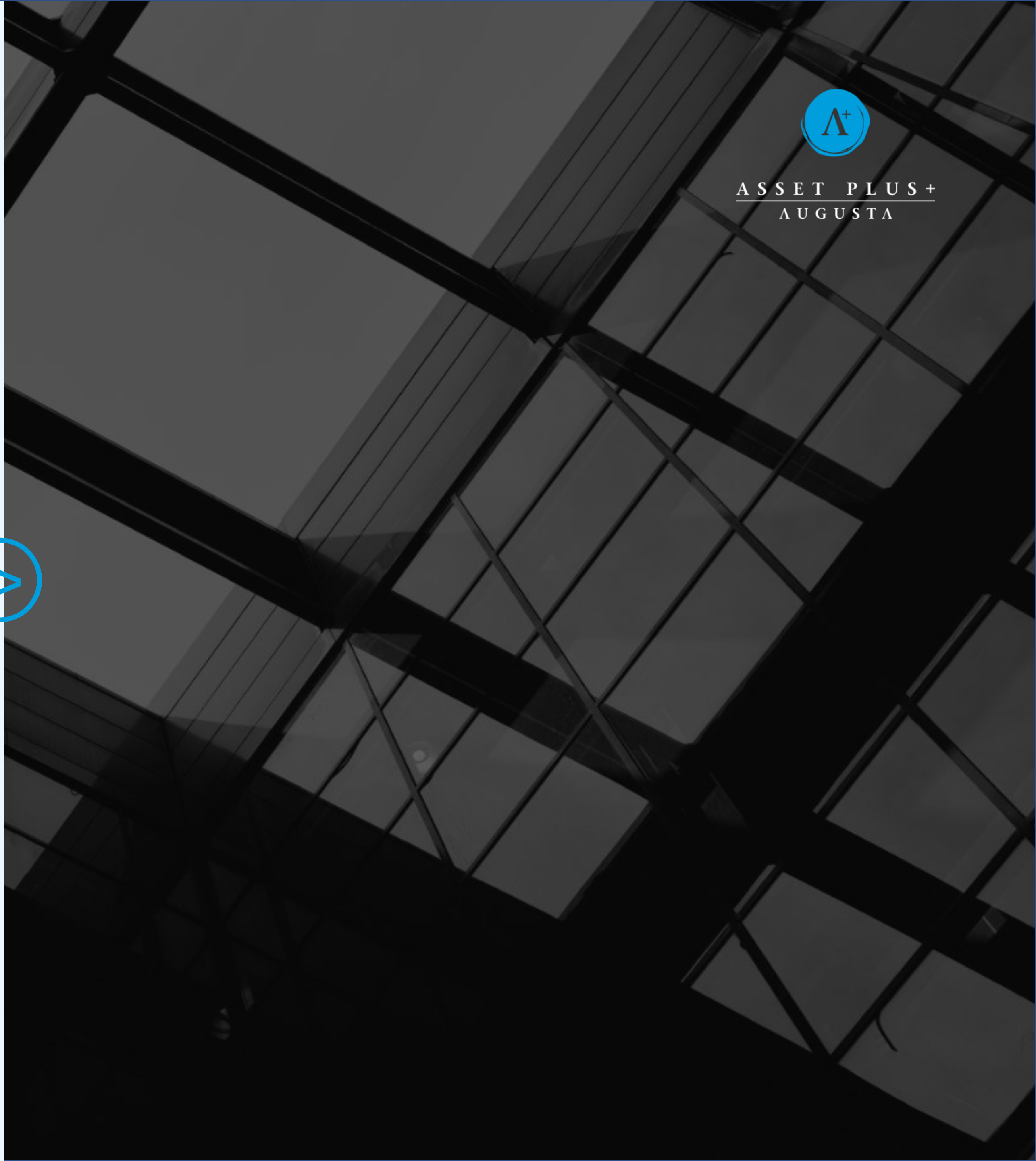
- We remain in discussions with the existing tenants in relation to leasing and potential redevelopment opportunities, whilst ensuring the asset continues to be managed efficiently and effectively



Roskill Centre, Stoddard Road

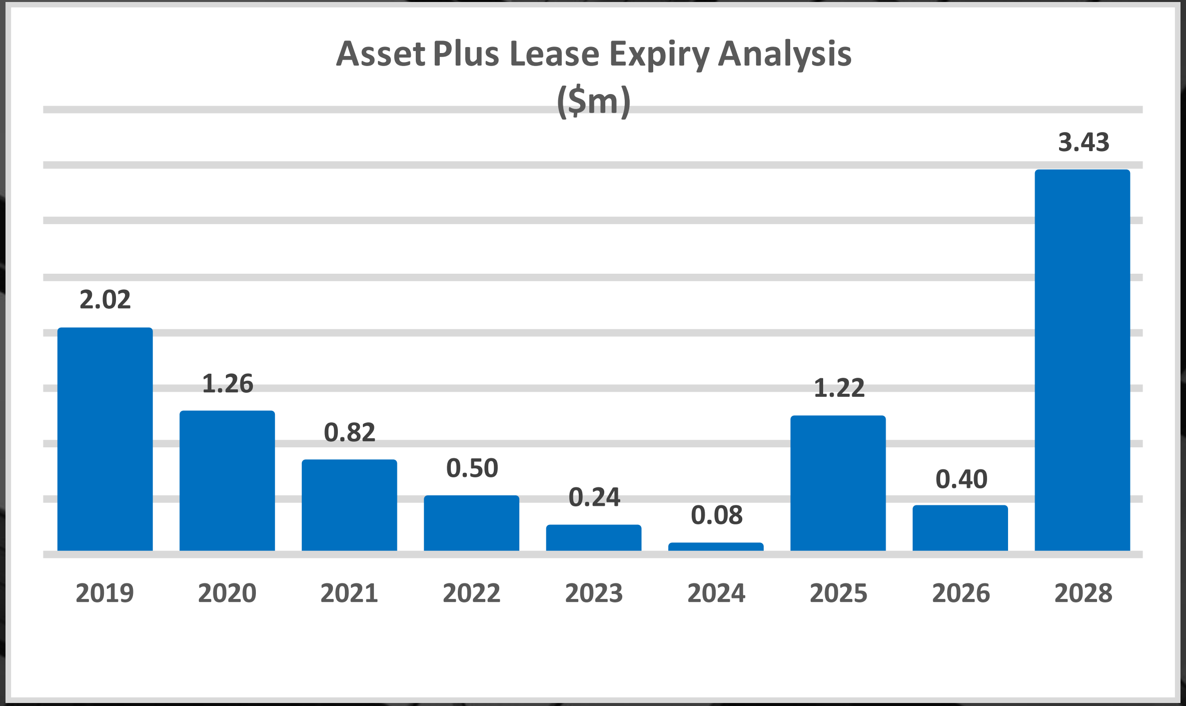
- There have been four lease renewals and one additional tenant added since April 2018, (reflecting 6.87% of total net rental for the property)

- A further four leases renewals or new leases expected to be finalised before December 2018 (17.43% of net rental)



Lease Expiry Summary

- 52% of the 2019 lease expiry relates to a single tenant. Management are confident a new lease will be finalised in December 2018
- The 2020 expiry consists of 19 separate tenancies across Eastgate and Stoddard Road



Outlook

Outlook

The future strategic operating priorities include:

- Completing the legacy stairwell issues at the AA Centre
- Progression of the value-add opportunities within the existing portfolio
- Continuing to investigate future opportunities to transform Asset Plus
- The Board is prepared to be patient. A number of options have and will continue to be assessed to find the right opportunity

"The immediate focus remains the progression of the development at Eastgate in Christchurch, which will create net asset growth as well as increased earnings. Further leasing activity across the portfolio also remains a focus."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Appendix 1 : AFFO

- **AFFO* is $0.31m / 10% lower in 1H19** primarily due to lower rental income due to divestment
- Partly offset by lower administration and funding costs

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	6 months Sep-18 $m	6 months Sep-17 $m
Total Comprehensive Income Net of Tax	**3.20**	**2.41**
Add Back		
Loss From Sales of Investment Property	0.41	-
Depreciation on Owner Occupied PP&E	0.02	-
FV (Gain)/ Loss on the Mark to Market of Derivatives	(0.13)	0.04
Non-FFO Deferred Tax Expenses	(0.76)	0.09
Transaction Costs	-	0.46
Other Movements	(0.01)	-
Net Operating Income After Tax	**2.73**	**3.00**
Amortisation of lease incentives and costs	0.10	0.13
Funds From Operations (FFO)	**2.83**	**3.13**
Maintenance CAPEX	(0.05)	(0.05)
Adjusted Funds From Operations	**2.78**	**3.08**

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