



NZX release Focus on a development pipeline 25 November 2020

Asset Plus Limited today announced its interim financial results for the six month period ended 30 September 2020, reporting total comprehensive income after tax of \$11.54 million, up from \$2.01 million in the prior corresponding period. Adjusted funds from operations¹ increased by \$0.61 million to \$2.63 million primarily due to lower transaction costs partly offset by the impacts of COVID-19 and rental abatements offered to tenants.

Asset Plus Chairman, Bruce Cotterill said “The last six months has been a very active period for the Company. We were focused on securing the Munroe Lane development which is a key milestone for this Company. This was facilitated by the successful capital raise and new funding structure. In addition, the impact of COVID-19 on the retail portfolio required us to provide increased support for our tenants.”

Key points since 1 April 2020 are:

- Cash dividend reinstated at annualised rate of 1.8 cents per share.
- Portfolio occupancy remained stable at 98%.
- Completion of \$60.2 million capital raise and \$130m restructured bank facility.
- Satisfaction of the Munroe Lane funding and shareholder approval condition.
- Purchase of Kamo land for \$2.1 million.
- The WALE² is now 2.9 years which is decreased from 3.2 years at 31 March 2020 due to the reducing lease term at Graham Street.
- Portfolio revaluation of \$8.87m or 6% up on carrying value.
- Loan to value ratio reduced to 0% on 2 October 2020 (34.3% at 31 March 2020).
- Net tangible assets (NTA) of 51 cents per share as at 30 September 2020. The NTA reduced to 44 cents per share immediately post balance date on allotment of the retail entitlement.

Strategic update

The Chair of Asset Plus, Bruce Cotterill said “Asset Plus has clear objectives of increasing the scale of its portfolio and setting a strong platform for sustainable growth moving forward. The Equity Raise, along with the restructuring of our bank facility provides the necessary funding to complete the Munroe Lane Development.”

The 35 Graham Street potential redevelopment also fits within the Asset Plus “value-add” investment strategy. The property has considerable potential for a re-positioning and the future development feasibility and scope of works is well underway. It represents a unique opportunity within the Auckland office market.

Portfolio update

Stoddard Road in Mt Roskill continues to be 100% occupied and steady progress has been made at Eastgate in Christchurch. Both assets provide a running yield in the near to medium term. A new Restaurant Brands development and lease adds further income and value at Eastgate.

A key focus over the period has been managing the impacts of COVID-19. The retention of tenants in the longer term being the primary focus.

Balance Sheet

Debt of \$26.6 million was drawn as at 30 September 2020 which represents an LVR of 16.8% (March 2020 34.3%). Immediately post balance date all debt was repaid when the retail entitlement offer was completed. On the completion of the capital raise in early October there was a net cash position of approximately \$5.0 million.

¹ Adjusted funds from operations (AFFO) is non-GAAP financial information and is a common investor metric, 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 net profit after tax to AFFO is included in the interim results presentation on slide 14 which has been independently reviewed by the auditors.

² Weighted average lease expiry



NTA was 51 cents per share as at 30 September 2020 but reduced to 44 cents per share immediately post balance date on completion of the capital raise. Independent revaluations were completed during the period as the Directors determined there was a material movement over the six months post the impact of COVID-19. The property revaluation impact was \$8.87 million or 6% up on carrying values.

Dividend

A quarterly dividend has been declared, with the record date set for 4 December 2020 and payment on 11 December 2020. This represents a pay out ratio of 89% for the first half reflecting the increased shares on issue.

The gross dividend for the quarter is 0.56 cents per share. The dividend consists of 0.45 cents per share of cash with 0.11 cents per share of imputation credits attached. The Company will also pay a supplementary dividend of 0.050 cents per share in relation to non-resident shareholders.

As previously indicated the Board is currently working on a dividend reinvestment plan and this will be further discussed in the New Year.

Outlook

As the Munroe Lane deal is now unconditional, the successful execution of the development as well as the leasing of the vacant space are near term priorities.

Asset Plus is now also focused on 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.

Conference Call

A conference call will be held today at 10am, NZ time to discuss the results.

Participants can register for the conference by going to:
<https://s1.c-conf.com/DiamondPass/10010967-uF78t4.html>

The Conference ID is 10010967.

Please note that registered participants will receive their dial in number upon registration.

-ENDS-

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