



NZX release
Result for the six months ended 30 September 2023
28 November 2023

- **Total loss after tax of \$4.72 million, down from \$0.29 million profit in the prior corresponding period primarily driven by a downward revaluation at Munroe Lane.**
- **Sale of Stoddard Road for \$36.75 million and funds applied as a debt repayment.**
- **Munroe Lane development completed in the period.**
- **35 Graham Street settlement date formally extended to 29 November 2024.**

Asset Plus Limited (NZX: APL) announces its interim financial result for the period ended 30 September 2023, reporting a total loss of \$4.72 million, down from a \$0.29 million profit in the prior corresponding period. The result was significantly impacted by unrealised revaluation losses, however the net operating performance was broadly in line with the prior corresponding period.

Adjusted Funds from Operations (AFFO¹) represented a loss of \$0.23 million, down from a \$0.01 million profit in the prior corresponding period due to the portfolio divestments, offset against the commencement of Munroe Lane rental income.

Mark Francis, CEO Centuria NZ, commented “The result for the half year reflects a smaller portfolio due to recent divestments. The Munroe Lane lease to Auckland Council has now commenced but the company remains impacted by vacancy across the portfolio.

The leasing of the Munroe Lane development is the key priority as it will improve our income stream, WALE and as a result better position the asset for divestment.”

Key points:

- Portfolio occupancy of 42%, which has increased from 37% as at March 2023. This is due to the commencement of the Auckland Council lease, offset against the Stoddard Road sale.
- WALE of 6.2 years up from 1.2 years at 31 March 2023 driven by the Munroe Lane Auckland Council lease commencement.
- A reduction in the fair value of investment property of \$4.59 million or a 2.5% decrease.
- The portfolio fair value now stands at \$180.6 million.
- Loan-to-value ratio (LVR) of 18.2%, down from 31.5% as at 31 March 2023 due to the Stoddard Road sale.
- Debt drawn was \$34.97 million at balance date which is reduced from \$71.4 million as at 31 March 2023 due to the Stoddard Road sale (\$9.9m of the facility remains undrawn).
- Net tangible assets (NTA) of 39.1 cents per share (cps), down from 40.4 cps as at 31 March 2023.
- Net revenues from the property portfolio decreased by \$0.59 million due to the Eastgate and Stoddard Road divestments, offset against the Munroe Lane lease commencement.

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 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 to Total Comprehensive Income Net of Tax is included in the accompanying results presentation.



Munroe Lane lease commencement

Munroe Lane is now complete with the Auckland Council lease commencing on 17 May 2023. Practical Completion was achieved on 13 July 2023 and the building formally opened on 26 July 2023. The Auckland Council occupy 64% of the completed development.

An independent valuation was commissioned as at 30 September 2023. The capitalisation rate has softened from 6.0% to 6.25% resulting in a valuation reduction from \$126 million to \$120 million, which represents a further development loss of \$5.5 million for the period.

Leasing the balance of the space at Munroe Lane continues to be challenging in the current environment. We have had a number of potential tenants consider Munroe Lane but ultimately elect to either remain in their existing premises or relocate into lower cost accommodation with decisions driven by both price and location. This is despite the clear quality and sustainability benefits of Munroe Lane. Given the current economic environment the challenging conditions will remain as we seek to lease the balance of the space in the short term.

35 Graham Street deferred settlement

The 35 Graham Street settlement date has been extended to 29 November 2024. An additional deposit of \$7.1 million has been received and applied as a debt repayment. The purchase price has increased by \$3 million to \$68 million.

Stoddard Road settled

The sale of Stoddard Road settled on 1 May 2023. The campaign was a success with three competing bids received in the sales campaign. Net divestment proceeds of \$36.35 million were applied as a debt reduction with \$3.0 million held within the facility limit to bolster working capital.

Dividend

The dividend remains subject to quarterly review. However, the dividend will likely remain suspended until the future direction of the company is confirmed.

Outlook

Bruce Cotterill, Chairman, commented “The leasing of the balance of the Munroe Lane development remains our core focus. Thereafter, we will look to sell Munroe Lane. If a sale of Munroe Lane occurs, it will position the company to consider its options which includes a wind up or pivot in a new direction. As previously stated, 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.”

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