

investore

Managed by Stride Investment
Management Limited

Interim Results Presentation

For the 6 months ended 30 September 2021

November 2021



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Highlights

Key highlights	Financial highlights	
\$36.0m acquisition of 4 Carr Road	Profit before other income / (expense) and income tax \$15.4m up \$3.2m or 26% from HY21	Distributable profit ¹ after current income tax \$13.3m down \$0.4m on HY21
\$37.3m acquisition of Countdown Petone	Profit after income tax \$56.9m down \$34.1m or 37% from HY21, due to a lower revaluation movement	\$2.20 NTA ² per share, up \$0.12 or 5.8% from 31 March 2021

1. Distributable profit is a non-GAAP measure and consists of profit/(loss) before income tax, adjusted for determined non-recurring and/or non-cash items (including non-recurring adjustments for incentives payable to anchor tenants for lease extensions) and current tax. Further information, including the calculation of distributable profit and the adjustments to profit before income tax, is set out in note 3.2 to the consolidated interim financial statements.

2. Net Tangible Assets (NTA) as at 30 September 2021.

Portfolio metrics

(as at 30 September 2021)

\$1,148.6m

Portfolio value¹,
net valuation gain of 4.1% over
6 months from 31 March 2021

4.93%

Average portfolio
capitalisation rate

9.5 years

WALT²

99.0%

Portfolio occupancy
(by area)



1. Portfolio value excludes (1) the seismic works to be completed by SPL and rental guarantee provided by SPL (total \$5.6m) in relation to the three properties acquired from SPL and settled on 30 April 2020; and (2) lease liabilities.
2. Weighted average lease term.

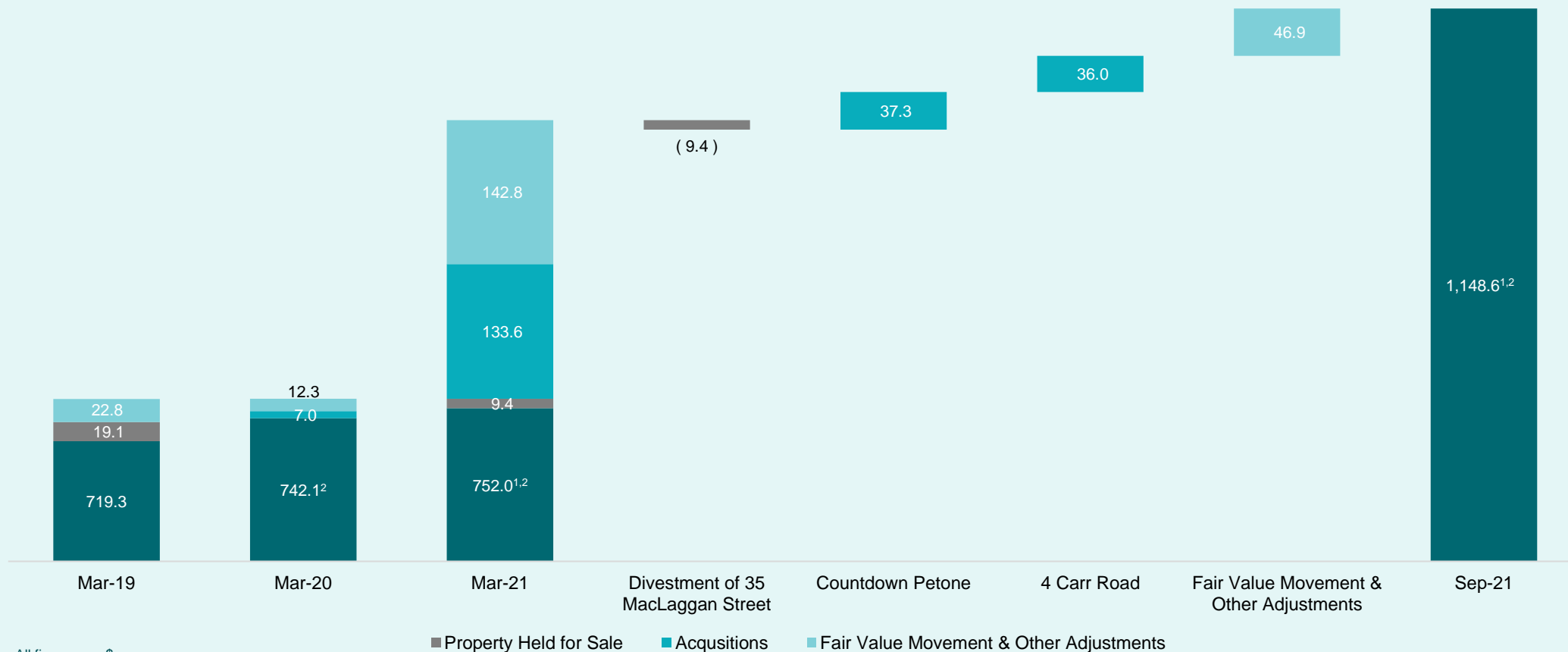
Portfolio

Countdown, Papakura



Targeted growth

Investore has delivered on its strategy of targeted growth during HY22 with \$73.3m of acquisitions completed during HY22



All figures are \$m.

1. Portfolio value excludes the seismic works to be completed by SPL and rental guarantee provided by SPL in relation to the three properties acquired from SPL and settled on 30 April 2020 (HY22 total: \$5.6m; FY21 total: \$7.1m).

2. Portfolio value excludes lease liabilities.

4 Carr Road, Auckland

Investore is pleased to have delivered the strategic acquisition of the property at 4 Carr Road, Mt Roskill, Auckland

4 Carr Road is a high quality, large format retail asset, redeveloped extensively in 2018 and 2019. This property enables Investore to optimise its portfolio, being located beside an existing Investore property at 2 Carr Road, tenanted by Bunnings.

Key Metrics

Key Tenants	Briscoes, Rebel Sport, Shine On, Kreem
Occupancy	100%
NLA	5,332 sqm
Land area	11,432 sqm
WALT	9.8 years
Purchase price	\$36.0m
Capitalisation Rate	4.0%
Settled	13 August 2021



Active portfolio management

Key portfolio activity

- ✓ Portfolio value¹ increased to \$1,148.6m, representing a net valuation gain of \$44.8m or 4.1%
- ✓ 49 rent reviews completed over 21,496 sqm, resulting in a 1.4% increase to previous rentals
- ✓ 89% of rent reviews completed were structured reviews – CPI or fixed
- ✓ Turnover rent remains strong at \$0.45m for six-month period
- ✓ Investore's portfolio comprises 61 hectares of commercial property with an average site coverage of 40.8%, providing future development opportunities

Portfolio metrics

	As at 30 Sep 21	As at 31 Mar 21	As at 30 Sep 20
Number of properties	44	43	43
Number of tenants	140	130	130
Net lettable area (NLA) (sqm)	249,784	246,272	246,191
Net Contract Rental ² (\$m)	58.8	57.1	57.1
WALT ³ (years)	9.5	9.8	10.2
Average portfolio capitalisation rate (%)	4.93	5.23	5.53
Occupancy rate by area	99.0	99.1	99.7
Portfolio value ⁴ (\$m)	1,148.6 ⁵	1,037.9 ⁵	980.3
Total site area (sqm)	611,077	594,660	594,660
Average site coverage (%)	40.8	41.4	41.4
Car parking ratio (bays per 100sqm of NLA)	4.2	4.3	4.3

1. See footnote 1 on page 4.

2. Contract Rental is the amount of rent payable by each tenant, plus other amounts payable to Investore by that tenant under the terms of the relevant lease, annualised for the 12-month period on the basis of the occupancy level of the relevant property as at the relevant date, and assuming no default by the tenant.

3. Weighted Average Lease Term.

4. Excludes lease liabilities.

5. Excludes the seismic works to be completed by SPL and rental guarantee provided by SPL in relation to the three properties acquired from SPL and settled on 30 April 2020 (HY22 total: \$5.6m; FY21 total: \$7.1m).

Long dated lease expiry profile

Investore's portfolio benefits from a long WALT of 9.5 years, with 73% of leases by Contract Rental² expiring in 2030 or beyond

Vacant

Investore is in advanced negotiations to lease the vacant space in FY22

FY22

0.4% Contract Rental expiring across 5 tenants with no major expiries

FY23

2.0% Contract Rental expiring:

- New Zealand Post, Bay Central Shopping Centre (0.8%)
- Other expiries total 1.2% across 9 tenants

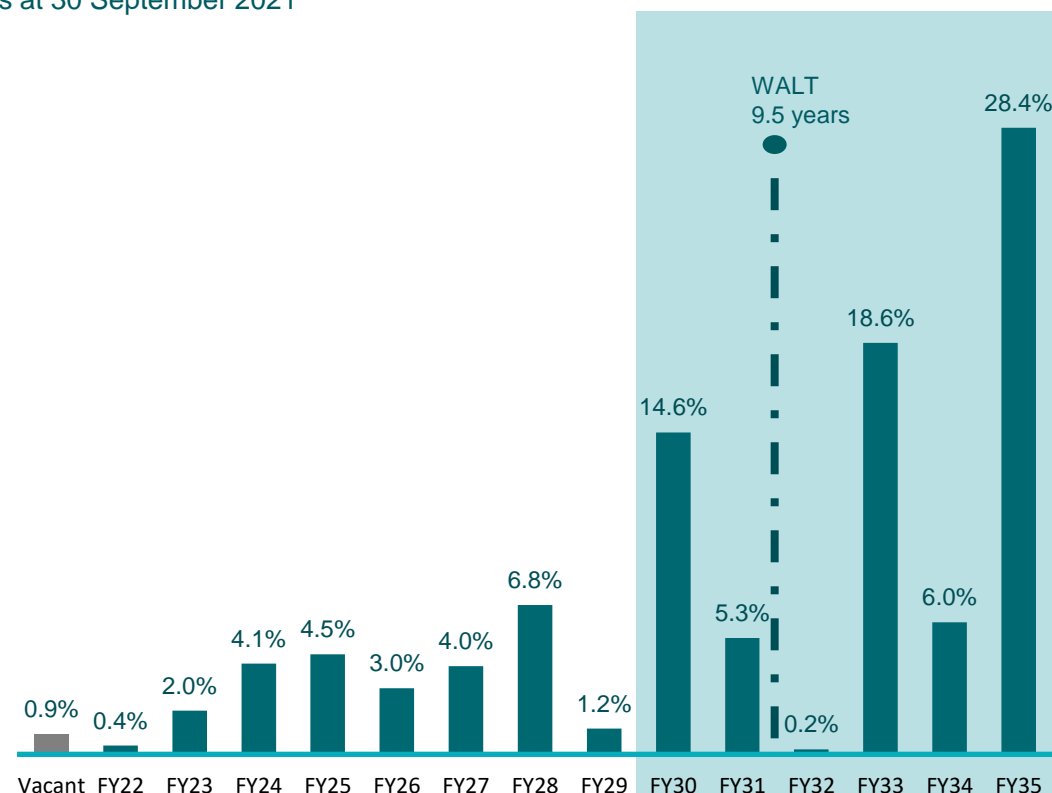
FY24

4.1% Contract Rental expiring:

- Countdown, Cnr Anglesea & Liverpool Streets, Hamilton (2.2%)
- Other expiries total 1.8% across 14 tenants

Lease Expiry Profile¹ by Contract Rental²

As at 30 September 2021

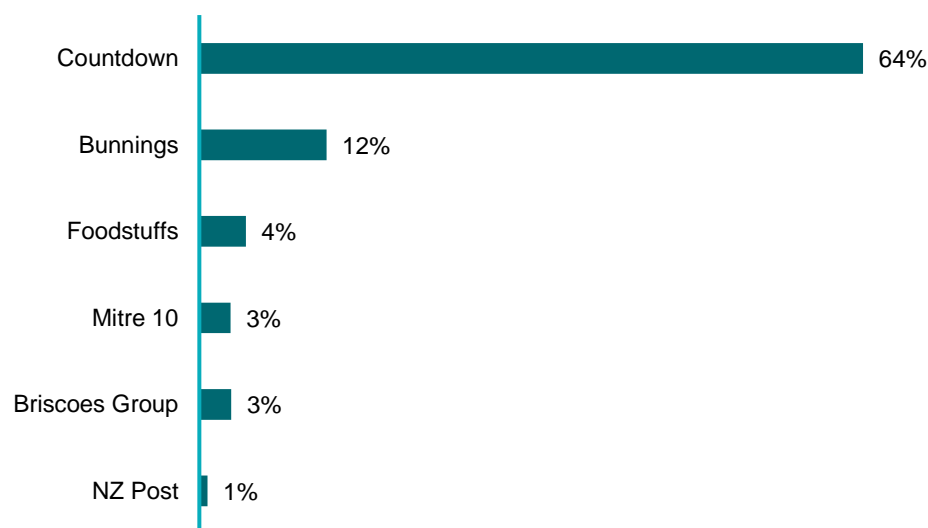


1. Represents the scheduled expiry for each lease, excluding any rights of renewal that may be granted under each lease, for the entire portfolio as at 30 September 2021 as a percentage of Contract Rental.
 2. See footnote 2 on page 8.

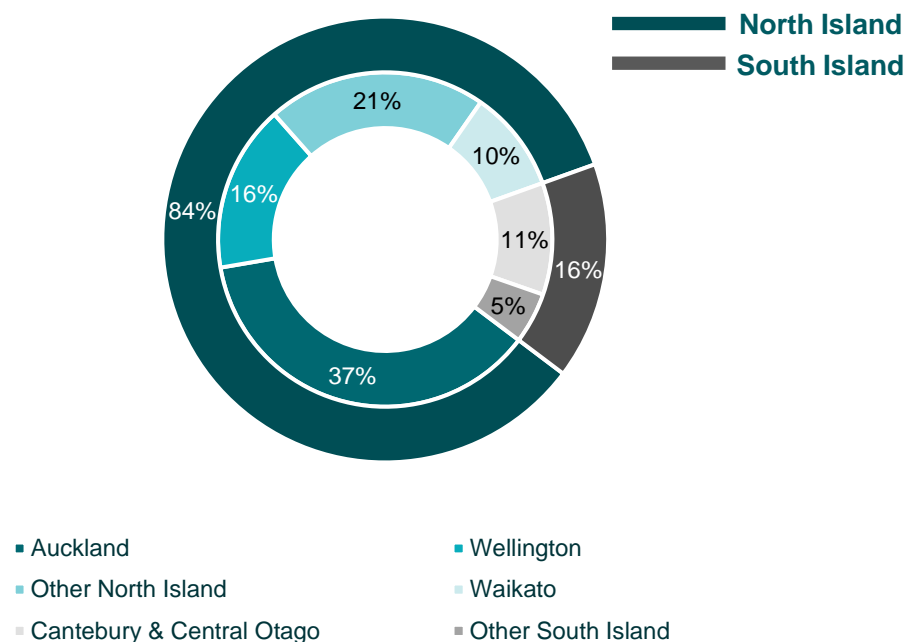
Anchor tenants underpin income

Anchor tenants continue to represent a high proportion (88%) of Investore's total Contract Rental

Anchor tenant classification by Contract Rental¹



Geographic diversification by Contract Rental¹



Numbers in charts may not sum due to rounding

1. See footnote 2 on page 8.

Financial performance

Countdown, Stoke



Financial performance

	30 Sep 21 \$m	30 Sep 20 \$m	Change	
			\$m	%
Net rental income	28.0	27.4	+0.6	+2.3
Corporate expenses	(5.7)	(5.0)	(0.7)	(13.9)
Profit before net finance expense, other income and income tax	22.3	22.4	(0.1)	(0.4)
Net finance expense	(6.9)	(10.2)	+3.3	+32.1
Profit before other income/(expense) and income tax	15.4	12.2	+3.2	+26.2
Other income/(expense) ¹	45.4	83.7	(38.3)	(45.8)
Profit before income tax	60.7	95.9	(35.2)	(36.7)
Income tax expense	(3.8)	(4.8)	+1.1	+21.9
Profit after income tax attributable to shareholders	56.9	91.0	(34.1)	(37.5)

1. Other income/(expense) includes net change in fair value of investment properties.

Values in the table above are calculated based on the numbers in the financial statements for each respective financial period and may not sum due to rounding.

Distributable profit ¹

	30 Sep 21 \$m	30 Sep 20 \$m	Change	
			\$m	%
Profit before income tax	60.7	95.9	(35.2)	(36.7)
Non-recurring, and/or non-cash items, and other adjustments:				
- Net change in fair value of investment properties	(44.8)	(83.7)	+39.0	+46.5
- Gain on disposal of investment property	(0.6)	-	(0.6)	(100.0)
- Spreading of fixed rental increases	-	(0.1)	+0.1	+83.7
- Capitalised lease incentives net of amortisation	0.1	(0.8)	+0.8	+106.8
- Borrowings establishment cost amortisation	0.4	0.4	-	(2.8)
- Other	(0.1)	3.6	(3.6)	(101.5)
Distributable profit before current income tax	15.7	15.2	+0.5	+3.6
Current income tax	(2.4)	(1.5)	(0.9)	(61.1)
Distributable profit after current income tax	13.3	13.7	(0.4)	(2.6)
Adjustments to funds from operations:				
- Maintenance capital expenditure	(0.5)	-	(0.5)	(100.0)
Adjusted Funds From Operations (AFFO)²	12.9	13.7	(0.8)	(6.0)
Weighted average number of shares (millions)	368.1	355.0		
Basic and diluted distributable profit after current income tax per share - weighted (cents)	3.62	3.86		
AFFO basic and diluted distributable profit after current income tax per share - weighted (cents)	3.49	3.86		

1. Distributable Profit – refer footnote 1 on page 3 for definition.

2. AFFO is a non-GAAP measure and is intended as a supplementary measure of operating performance. Cash spent during the period on capital expenditure as part of maintaining a building's grade/quality, but not expensed as part of distributable profit after current income tax, is adjusted to enable the investors to see the cash generating ability of the business.

Values in the table above are calculated based on the numbers in the financial statements for each respective financial period and may not sum due to rounding.

Financial summary

	As at 30 Sep 21	As at 31 Mar 21	Change
Investment property value (\$m)	1,148.6	1,037.9	+110.8
Drawn debt (\$m)	(344.2)	(280.0)	+64.2
Loan to Value Ratio (LVR)	29.8%	27.0%	(2.8%)
Equity (\$m)	808.4	765.7	+42.7
Shares on issue (millions)	368.1	368.1	-
Net Tangible Assets (NTA) per share	\$2.20	\$2.08	+\$0.12
Adjusted NTA² per share	\$2.19	\$2.08	+\$0.11

1. LVR is calculated based on independent valuations, which include seismic works and rental guarantee to be funded by SPL in relation to the three properties acquired from SPL and settled in April 2020. The independent valuations also exclude lease liabilities.
2. Excludes the after-tax fair value of interest rate derivatives.

Capital management

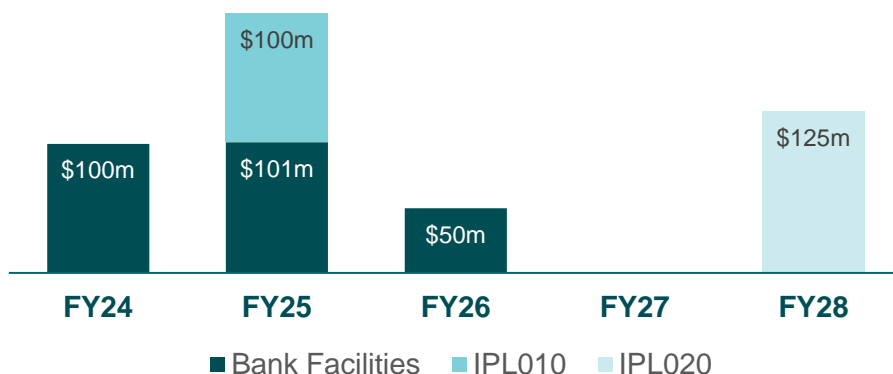
Bay Central Shopping Centre, Tauranga



Proactive capital management

- \$70m of bank facilities refinanced and term extended for a further 12 months to August 2023. No debt now expiring until FY24
- Investore has significant undrawn bank facilities (\$132m or \$101m after committed acquisitions and developments¹)
- Investore is considering the issue of a third bond during FY22

Debt Maturity Profile
As at 30 September 2021



Debt facilities	As at 30 Sep 21	As at 31 Mar 21
Debt facilities limit (ANZ, CCB ² , Westpac, ICBC ³), including \$225m bonds	\$476m	\$476m
Debt facilities drawn	\$344m	\$280m
Weighted average maturity of debt facilities	3.5 years	3.8 years

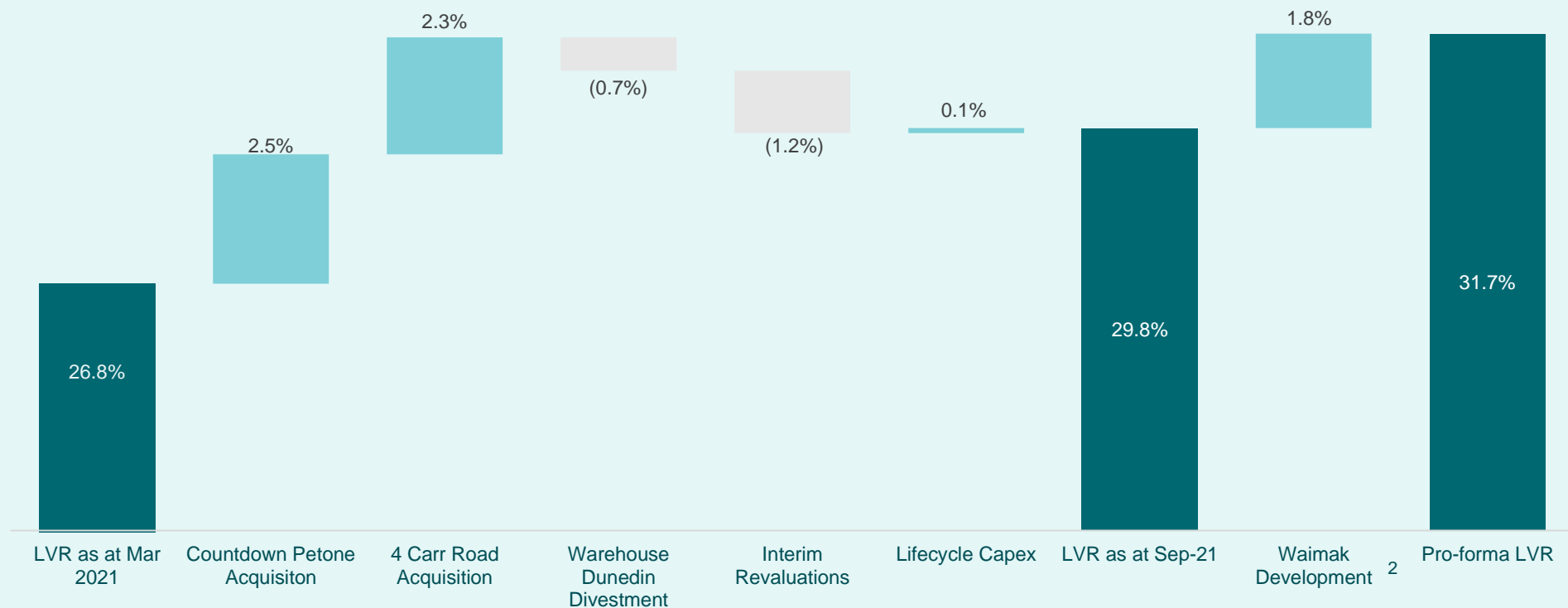
Debt covenants

LVR (Drawn Debt / Property Values) Covenant: ≤ 65%	29.8% ⁴	26.8% ⁴
Interest Cover Ratio (EBIT/Interest and Financing Costs) Covenant: ≥ 1.75x	3.7x	3.1x
WALT ⁵ Covenant: > 6.0 years	9.4 years	9.7 years

1. Committed acquisitions and developments comprise the acquisition of the land at Waimak Junction (which acquisition remains conditional) and the completion of Stage 1 of the development with an estimated total cost (including land) of \$31m.
2. China Construction Bank, New Zealand Branch (CCB).
3. Industrial and Commercial Bank of China Limited, Auckland Branch (ICBC).
4. LVR is calculated based on independent valuations, which include the value of seismic works and rental guarantee to be funded by SPL in relation to the three properties acquired from SPL and settled in April 2020.
5. The unexpired lease term in a property or portfolio, assuming the property or portfolio is fully leased. This is weighted by the income applicable to each lease and a current market rental with nil term for vacant space.

Loan to value ratio¹

Investore has continued to actively manage its debt, maintaining a relatively low loan to value ratio (given the stability of its portfolio)



Numbers may not sum due to rounding.

1. See footnote 4 on page 16.

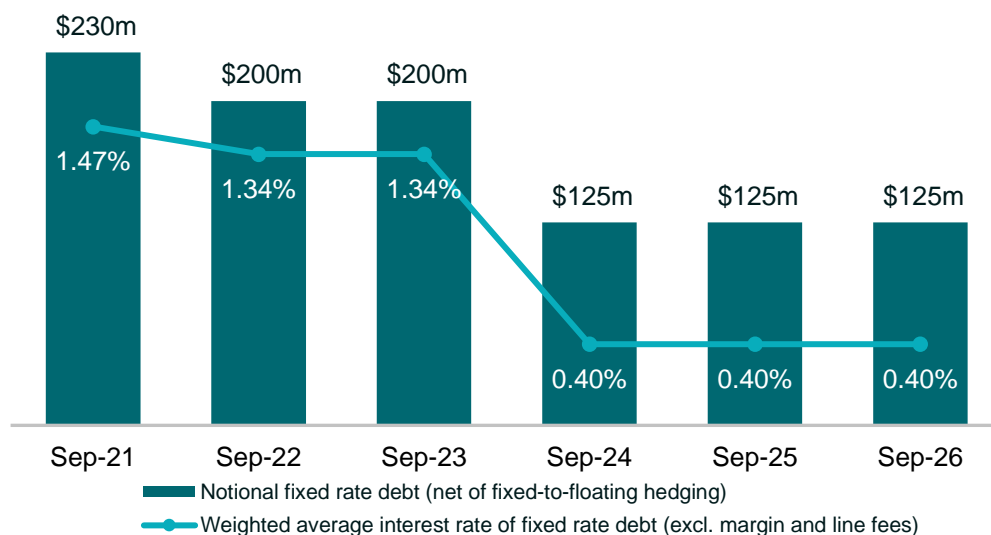
2. Investore has a conditional agreement to acquire 3.5ha of development land at Waimak Junction, Kaiapoi, North Canterbury, for \$10.5m. The total commitment, including the cost of the land and the Stage 1 development, is expected to be \$31m. The agreement to acquire land at Waimak Junction remains conditional on receipt of resource consents.

Hedging and cost of debt

Hedging Update

- 67% drawn debt hedged, including fixed bonds
- Weighted average cost of debt at 3.37%, with \$50m of swaps maturing over the six month period
- The Board will continue to monitor the level of hedging
- Investore is considering the issue of a third bond during FY22 which is expected to lower the weighted average cost of debt and increase the percentage of drawn debt hedged

Fixed rate interest profile



Cost of debt	As at 30 Sep 21	As at 31 Mar 21
Weighted average cost of debt (incl. current interest rate derivatives, bonds and bank margins, and line fees)	3.37%	4.04%
Weighted average fixed interest rate (excl. margins)	1.47%	1.64%
Weighted average fixed interest rate maturity (incl. bonds and active swaps)	4.2 years	3.9 years
% of drawn debt fixed	67%	100%

COVID-19

- Investore has a high proportion of tenants that are classified as “essential businesses” and able to remain open and trading at all COVID-19 Alert Levels
- The recent introduction by the Government of legislation mandating that landlords abate a fair proportion of rent is expected to result in Investore incurring additional rent abatement costs
- Investore has provided for \$1m of rental abatements for the period to 30 September 2021 and expects abatements may be required for up to six weeks following that date for limited tenants in Auckland and Waikato, given the recent reopening of retail of retail in Auckland and Waikato



Looking ahead

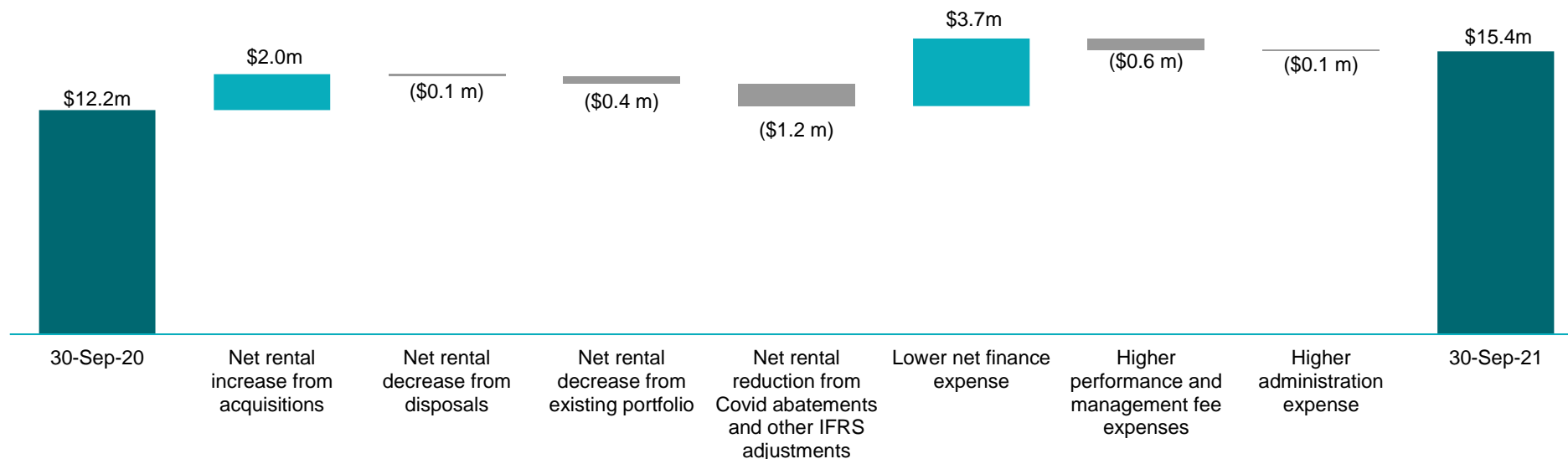
- Investore continues to work with its tenants to negotiate abatement arrangements that ensure both the tenant and Investore maintain profitable, sustainable businesses, whilst seeking to minimise rental abatement costs to Investore
- The Board is considering the issuance of a third listed bond during FY22
- Investore will continue to focus on its growth strategy, which the Board considers benefits shareholders, as seen through the increased dividend guidance announced in August 2021
- Cash dividend guidance for FY22 of 7.90 cents per share, subject to the actual financial impact of COVID-19 restrictions and Government-mandated rent abatements and assuming no further economic deterioration due to COVID-19 restrictions

FY22 cash
dividend guidance
7.90cps

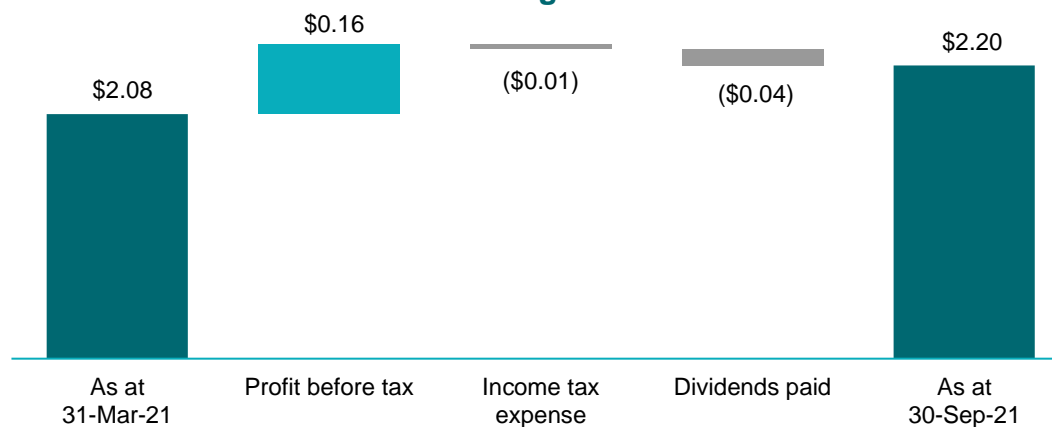


Appendix A

Profit before other income/(expense) and income tax

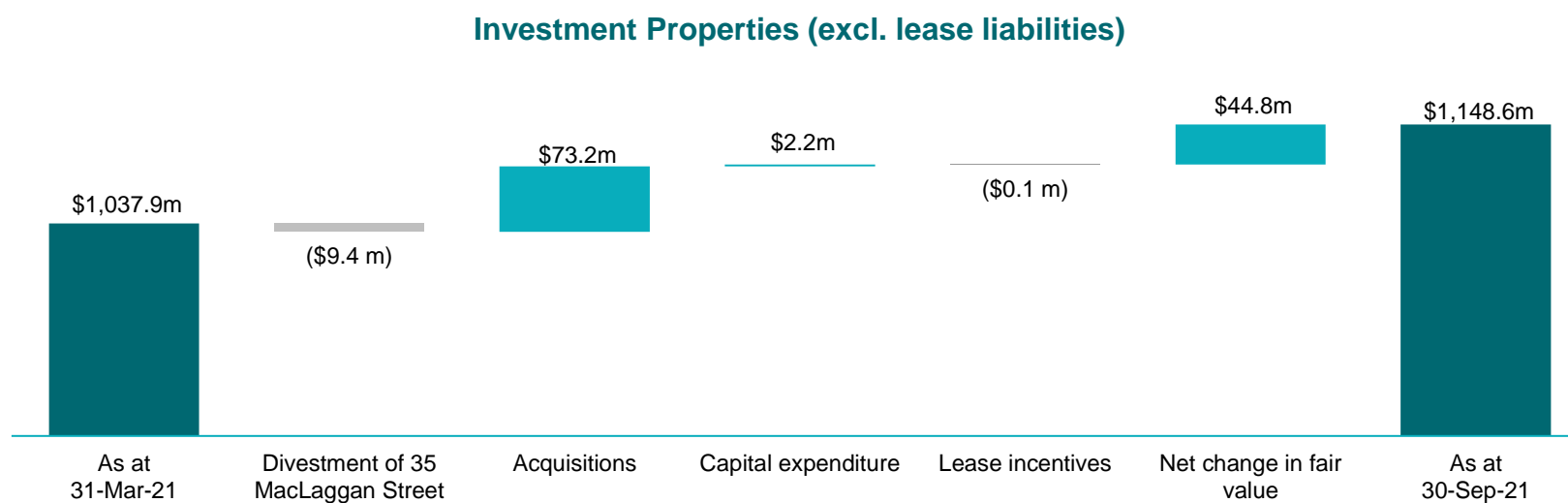
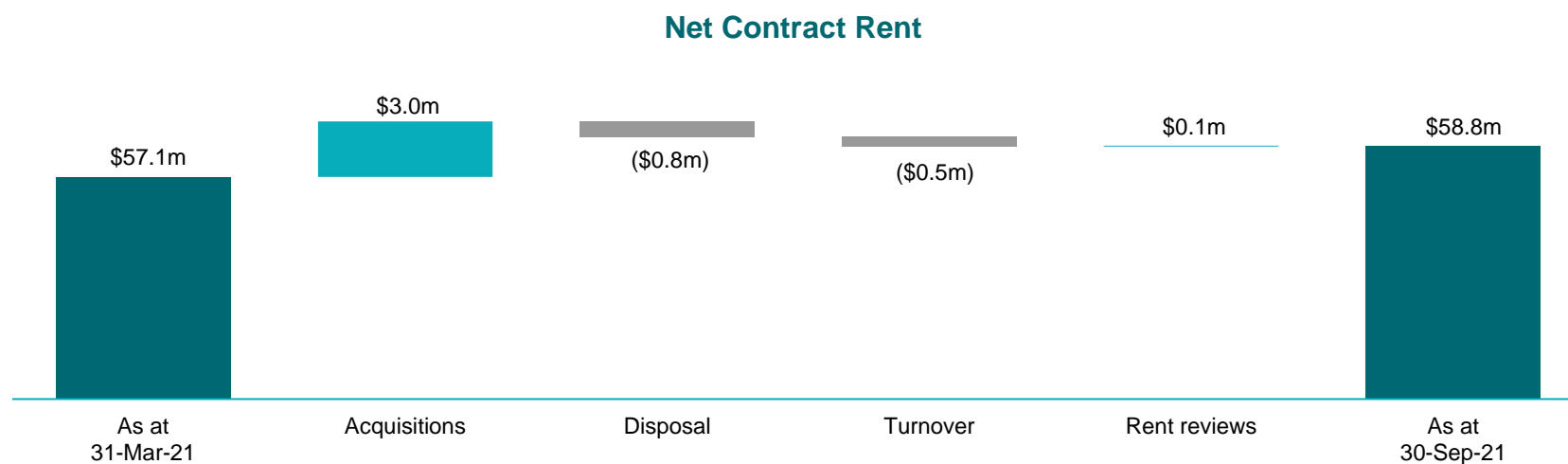


Net Tangible Assets



Values in the tables above are calculated based on the numbers in the financial statements for each respective financial period and may not sum due to rounding.

Appendix B



Values in the tables above are calculated based on the numbers in the financial statements for each respective financial period and may not sum due to rounding.

Thank you



Level 12, 34 Shortland Street
Auckland 1010

PO Box 6320
Victoria Street West,
Auckland 1142, New Zealand

T +64 9 912 2690
W investoreproperty.co.nz

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