



Managed by Stride Investment
Management Limited

Annual Results Presentation

For the year ended 31 March 2023

19 May 2023



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Countdown Newtown, Wellington

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Financial overview

For the 12 months ended 31 March 2023 (FY23)

Profit before other (expense)/
income and income tax

\$35.2m

up \$0.9m or 3% from FY22

Loss after income tax

\$(150.2)m

down from FY22 (\$118.2m profit after
income tax), due to a net investment
property devaluation of \$(185.2)m in FY23

Distributable profit¹ after
current income tax

\$31.0m

up \$1.2m or 4% from FY22

Distributable profit per share

8.44 cents

up from 8.11 cps in FY22

FY23 cash dividend

7.90 cents

per share



1. Distributable profit is a non-GAAP measure and consists of (loss)/profit 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 (loss)/profit before income tax, is set out in note 3.2 to the consolidated financial statements.



Portfolio metrics

as at 31 March 2023

\$1.1bn

Portfolio valuation¹

a net valuation decrease of 14.9% or \$(185.2)m over 12 months to 31 March 2023

5.70%

Average portfolio² capitalisation rate

up 90bp from 31 March 2022

\$28.1m

Total acquisitions

completed during FY23

8.1 years

Weighted average lease term

(WALT)²

99.5%

Portfolio² occupancy³

(by area)

3.3%

Increase on previous rentals from rent reviews across 53% of the portfolio⁴

Capital management

\$75m

Bank facilities extended

4.0%

Weighted average cost of debt

as at 31 March 2023, up 24 basis points from 31 March 2022

36.5%

Loan to value ratio⁵

as at 31 March 2023

1. As at 31 March 2023. Portfolio value excludes lease liabilities.

2. Metrics refer to stabilised investment portfolio, which excludes properties categorised as "Development and Other" in note 2.2 to the consolidated financial statements.

3. Vacant tenancies with current or pending development works are excluded from occupancy statistics. At 31 March 2023, figures excluded 2,947sqm at Bay Central, Tauranga.

4. Increase on previous rental is based on NLA.

5. Calculated based on independent valuations, which exclude lease liabilities.

Portfolio optimisation

Investore completed a number of strategic acquisitions during FY23, together with progressing initiatives to enhance its existing portfolio

As part of its portfolio optimisation strategy, Investore has undertaken strategic acquisitions and portfolio improvement initiatives during FY23:

- Acquired 12,263sqm of freehold land at 3 Averill St, Papakura, for \$18.0m, delivering control and improved development options
- Settled on 3.3ha of development land at 6 & 21 Hakarau Road, Kaiapoi, for \$10.1m. Works are underway to construct a new Countdown supermarket on stage 1 of the development, targeting a 5 Green Star rating, and expected to deliver a yield on cost of 5.5%
- Agreement with Countdown to expand the customer amenity at Countdown Rangiora, including an online room and new pickup bays, delivering a 7.5% per annum return on cost of up to \$1.0m
- As part of the Countdown Rangiora transaction, agreement has been reached to extend the Countdown Morrinsville lease by a further four years to FY29



Portfolio



Active portfolio management

Key portfolio activities

- ✓ 82 rent reviews completed over 130,144sqm resulting in a 3.3% increase on previous rentals
- ✓ Of the 82 rent reviews, 33 CPI rent reviews completed, resulting in a 7.0% uplift on prior rentals
- ✓ 68% of the rent reviews completed were structured reviews – CPI or fixed
- ✓ Strong leasing activity at 91 Johnsonville Road, including a new lease to Mercy Radiology, contributed to a 13% uplift in net market rent at the property
- ✓ Agreement reached to extend Countdown Morrinsville lease by four years

Investment portfolio metrics

	As at 31 Mar 23 ¹	As at 31 Mar 22
Investment portfolio value ² (\$m)	1,033	1,201 ³
Number of properties	44	44
Number of tenants	143	143
Net lettable area (NLA) (sqm)	249,906	249,829
Net Contract Rental ⁴ (\$m)	61.8	60.2
WALT (years)	8.1	9.1
Market capitalisation rate (%)	5.70	4.81
Occupancy rate by area (%)	99.5 ⁵	99.7
Total site area (sqm)	611,077	611,077
Average site coverage (%)	41	41
Net Contract Rental ⁴ (\$/sqm)	247	241

1. See footnote 2 on page 4.

2. Excludes lease liabilities.

3. Excludes the seismic works (\$3.0m) to be completed by SPL in relation to 2 Carr Road, Auckland, acquired from SPL and settled on 30 April 2020.

4. 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 leases, annualised for the 12-month period on the basis of the occupancy level of the relevant property, and assuming no default by the tenant.

5. See footnote 3 on page 4.

Long dated lease expiry profile

Long portfolio WALT of 8.1 years, with 75% of Contract Rental¹ expiring in FY30 or beyond

FY24

4.8% Contract Rental expiring:

- Countdown, Cnr Anglesea & Liverpool Streets, Hamilton (2.3%)
- Other expiries total 2.5% across 23 tenants

FY25

4.8% Contract Rental expiring:

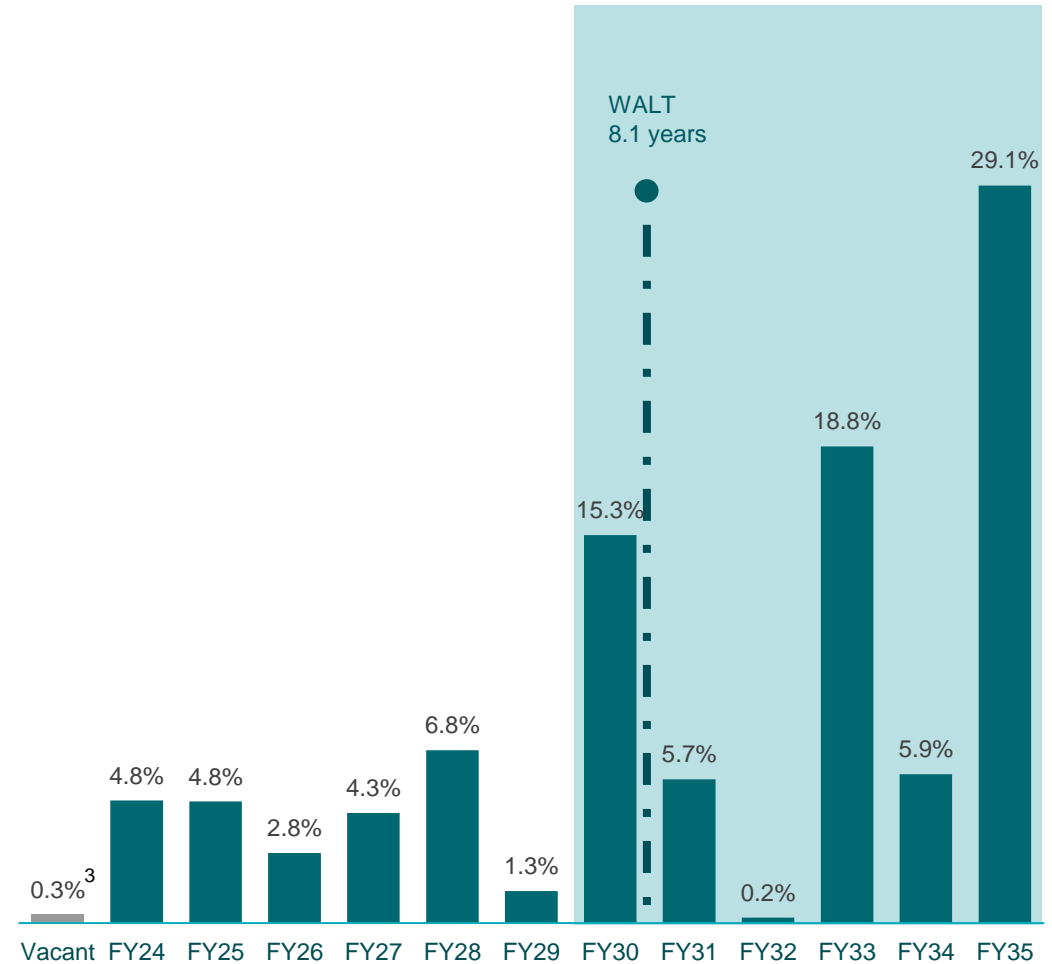
- Countdown leased properties in Upper Hutt (1.2%) and Onehunga (1.0%)
- Countdown Morrinsville (0.8%) has been agreed to be extended by 4 years with expiry now in FY29
- Other expiries total 1.7% across 15 tenants

FY26

- 2.8% Contract Rental expiring across 19 tenants

Lease Expiry Profile² by Contract Rental¹

As at 31 Mar 23



Note: Numbers may not sum due to rounding.

1. See footnote 4 on page 7.

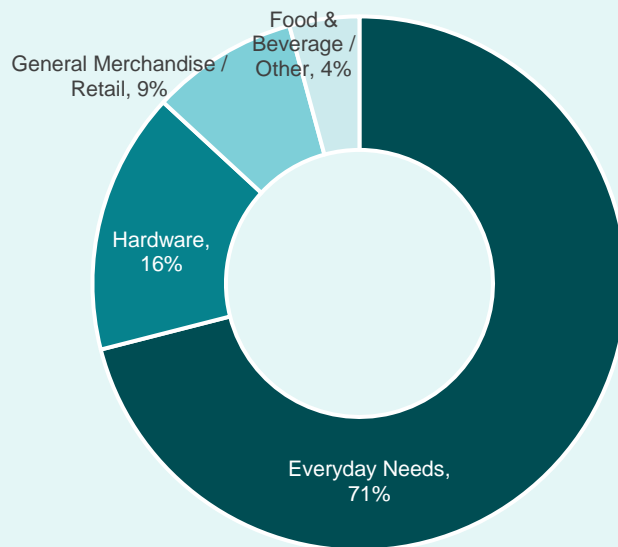
2. Represents the scheduled expiry for each lease, excluding any rights of renewal that may be granted under each lease, for the entire portfolio as at 31 March 2023 as a percentage of Contract Rental.

3. See footnote 3 on page 4.

Key tenants meeting daily needs

Investore's portfolio consists of quality, well-located large format retail properties, such as supermarkets, hardware stores and general merchandise. Investore's portfolio has a high proportion of tenants (71% by Contract Rental¹) serving everyday needs, providing regular, repeat visitation to properties and enhancing the portfolio's resilience

Everyday Needs	Countdown, New World , Pak'nSave, Animates, Unichem Pharmacy, Snap Fitness
Hardware	Bunnings, Mitre 10 MEGA, Resene
General Merchandise / Retail	Briscoes, Rebel Sport, Kitchen Things, Hunting and Fishing, Supercheap Auto, Lighting Direct, Freedom Furniture
Food & Beverage / Other	McDonald's, Burger Fuel, Columbus Coffee, Pizza Hut, Domino's Pizza, Super Liquor, Noodle Canteen, Mercy Radiology

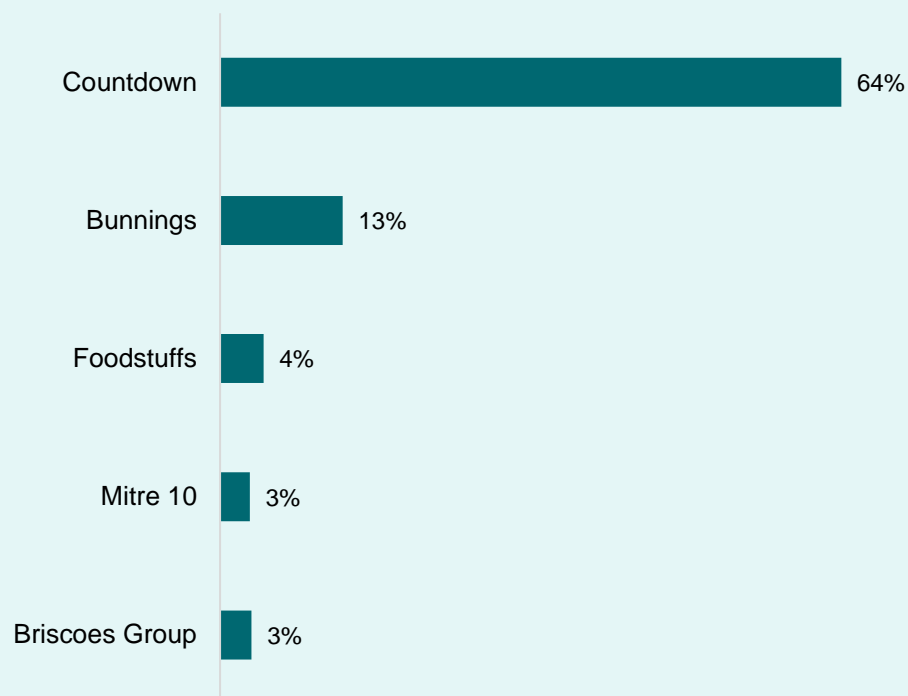


1. See footnote 4 on page 7.

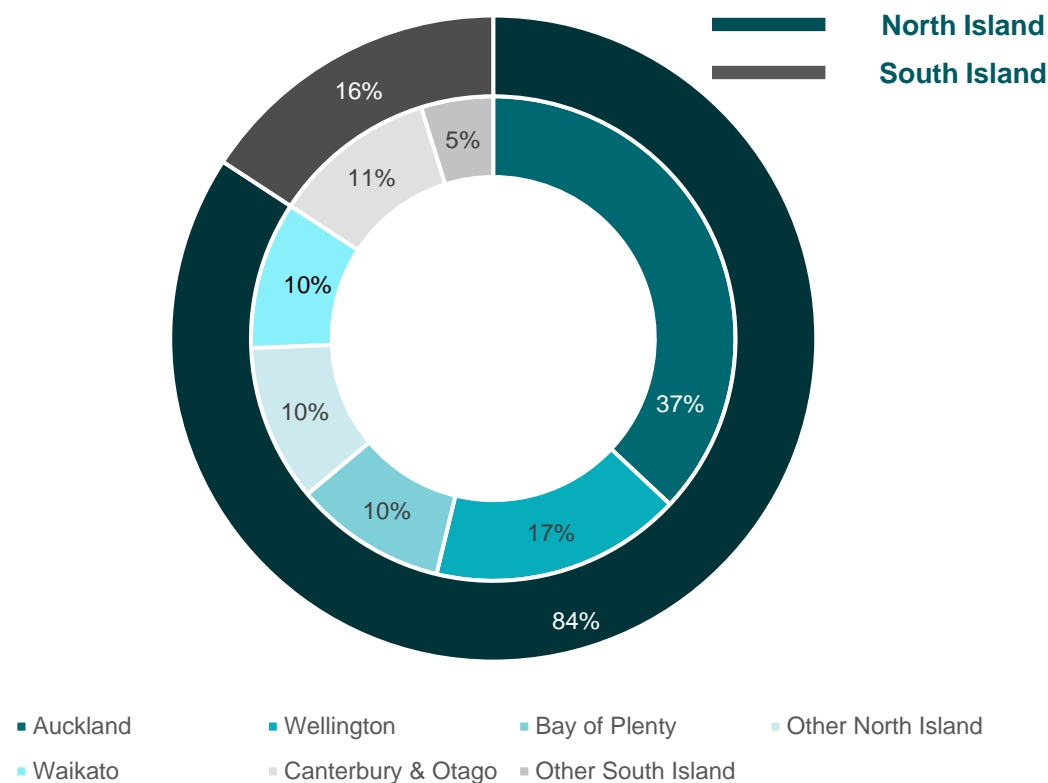
Anchor tenants underpin income

Anchor tenants continue to represent a high proportion (87%) of Investore's total Contract Rental¹, providing Investore with security of income across varying market conditions

Anchor tenant classification by Contract Rental¹
as at 31 March 2023



Geographic diversification by Contract Rental¹
as at 31 March 2023



Note: Numbers may not sum due to rounding.

1. See footnote 4 on page 7.

National portfolio

Waikato (10% of Contract Rental¹)

5 properties
11 tenants
28,458 sqm NLA²
\$89m asset value

Bay of Plenty (10% of Contract Rental¹)

3 properties
30 tenants
36,472 sqm NLA²
\$109m asset value

Auckland (37% of Contract Rental¹)

13 properties
53 tenants
79,440 sqm NLA²
\$390m asset value

Other South Island (5% of Contract Rental¹)

3 properties
5 tenants
10,956 sqm NLA²
\$46m asset value

Other North Island (10% of Contract Rental¹)

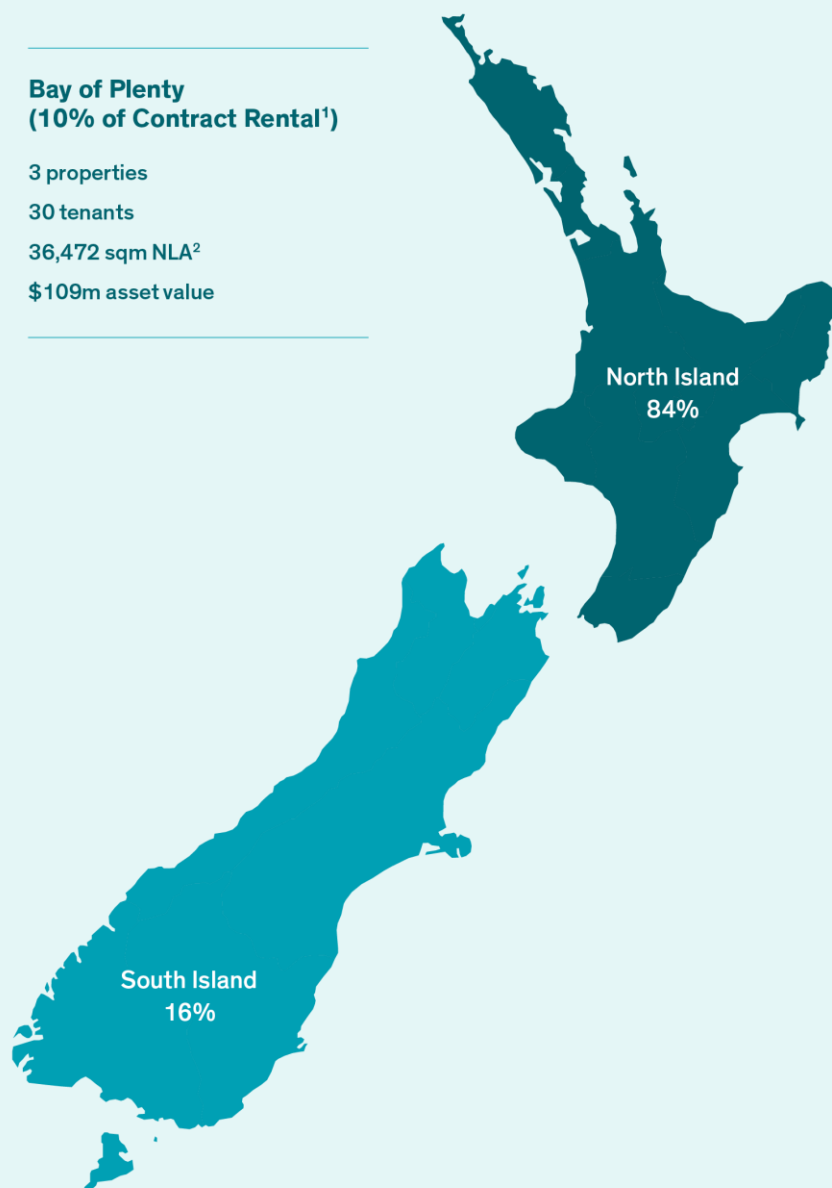
5 properties
10 tenants
34,181 sqm NLA²
\$119m asset value

Canterbury & Otago (11% of Contract Rental¹)

7 properties
9 tenants
25,399 sqm NLA²
\$120m asset value

Wellington (17% of Contract Rental¹)

8 properties
26 tenants
35,000 sqm NLA²
\$161m asset value



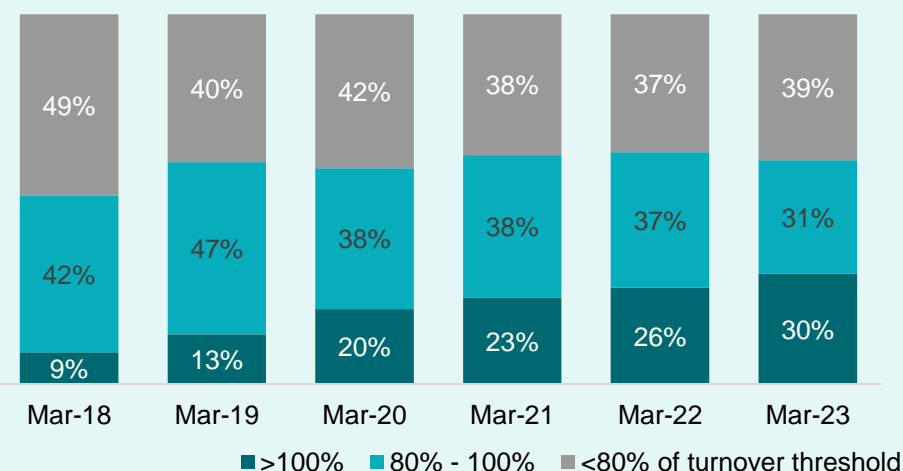
Values refer to stabilised investment portfolio, which excludes properties categorised as "Development and Other" in note 2.2 of the consolidated annual financial statements.

1. See footnote 4 on page 7.
2. Net Lettable Area.

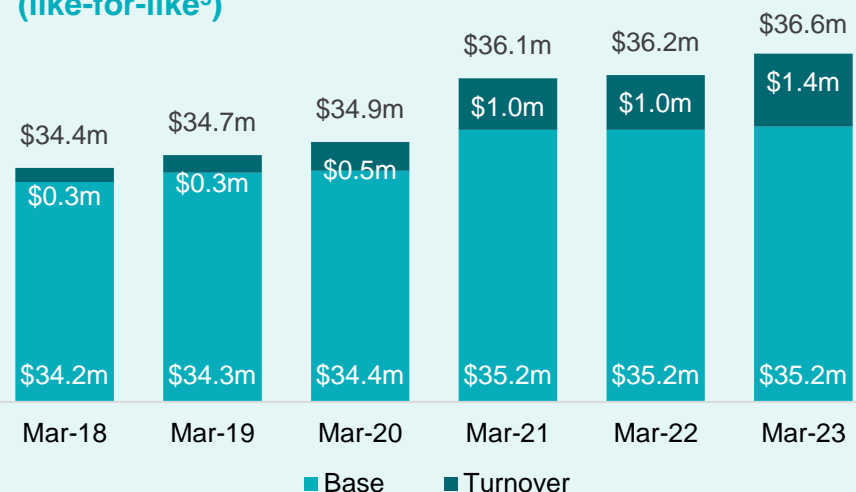
Turnover rental

- The leases for Countdown stores, which make up 64% of the portfolio's Contract Rental¹, include a turnover rental component, where additional rent is paid once store sales, or Moving Annual Turnover (MAT)² exceeds a specified threshold
- There has been a continued increase in stores that are paying turnover rent since 2018, with 30% of stores (weighted by MAT) now paying turnover rent, up from 9% for FY18
- Turnover rent has also continued to increase across the portfolio on a like-for-like basis³, to \$1.4m for FY23, up from \$0.3m in FY18
- Since FY18 the trend is for stores that are just below the turnover threshold (with turnover 80 - 100% of threshold) to steadily move into paying turnover rent. Of the 31% of Countdown stores (weighted by MAT) that are in the 80-100% bracket as at 31 March 2023, 60% of this group are in Auckland and 20% in Wellington
- Historical data suggests that once stores exceed their MAT thresholds, they typically continue to generate turnover rental and do not fall below the threshold again
- If the MAT exceeds the turnover threshold at the relevant review date, the base rent is increased by the average turnover rental paid over the previous three years

Countdown supermarket portfolio turnover mix (weighted by MAT)²



Countdown supermarket base and turnover rent (like-for-like³)



Note: Numbers may not sum due to rounding

1. See footnote 4 on page 7.

2. Moving Annual Turnover (MAT) is determined by calculating the net sales over a 12-month period from April to March, with the calculation being done on a rolling basis.

3. Investore's Countdown supermarket portfolio on a like-for-like basis between 31 March 2018 and 31 March 2023.

Sustainability

Investore has continued to progress its sustainability objectives during FY23 and is presenting a separate sustainability report, including a greenhouse gas emissions inventory, for FY23

Investore has very low scope 1 and 2 emissions (51.3 tCO₂-e for FY23), which primarily come from:

- Air conditioning systems
- Electricity for common areas (primarily lighting for carparks)

Investore has strategies to address these emissions:

- We are developing a plan to replace harmful refrigerants across all properties
- During FY24 we will explore the feasibility of installing solar panels on one or more properties

16 properties owned by Investore achieved a Green Star Performance rating in FY23, with 42% of Investore's portfolio¹ by value now having a green rating

Development of a new Countdown supermarket on land at Hakarau Road, Kaiapoi, in progress, targeting a 5 Green Star rating

Investore is in the process of completing a physical risk assessment of its properties utilising the S&P Global Climonomics platform

1. Metrics refer to stabilised investment portfolio, which excludes properties categorised as "Development and Other" in note 2.2 to the consolidated financial statements.

Financial performance

Countdown Browns Bay, Auckland



Financial performance

			Change	
	31 Mar 23 \$m	31 Mar 22 \$m	\$m	%
Net rental income	60.3	58.3	+2.0	+3.4
Corporate expenses	(8.9)	(10.0)	+1.1	+11.1
Profit before net finance expense, other (expense)/income and income tax	51.4	48.3	+3.1	+6.4
Net finance expense	(16.2)	(14.0)	(2.2)	(15.3)
Profit before other (expense)/income and income tax	35.2	34.3	+0.9	+2.7
Other (expense)/income ¹	(185.3)	91.5	(276.8)	(302.4)
(Loss)/profit before income tax	(150.1)	125.8	(275.9)	(219.3)
Income tax expense	(0.1)	(7.6)	+7.5	+98.3
(Loss)/profit after income tax attributable to shareholders	(150.2)	118.2	(268.4)	(227.1)

1. Other (expense)/income 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 profit¹

	31 Mar 23 \$m	31 Mar 22 \$m	Change	
			\$m	%
(Loss)/profit before income tax	(150.1)	125.8	(275.9)	(219.3)
Non-recurring, and/or non-cash items, and other adjustments:				
- Net change in fair value of investment properties	185.2	(91.0)	+276.3	+303.5
- Spreading of fixed rental increases	0.1	(0.1)	+0.1	+274.5
- Capitalised lease incentives net of amortisation	(0.1)	(0.1)	(0.0)	(53.4)
- Borrowings establishment cost amortisation	0.9	0.9	+0.1	+8.7
- Other	(0.0)	(0.7)	+0.7	+94.4
Distributable profit before current income tax	36.0	34.8	+1.3	+3.6
Current income tax	(5.0)	(4.9)	(0.1)	(2.1)
Distributable profit after current income tax	31.0	29.9	+1.2	+3.9
Adjustments to funds from operations:				
- Maintenance capital expenditure	(2.3)	(1.6)	(0.7)	(46.4)
- Incentives and leasing costs	(0.1)	(2.1)	+2.0	+95.2
Adjusted Funds From Operations (AFFO)²	28.6	26.2	+2.4	+9.3
Weighted average number of shares (millions)	367.7	368.1		
Basic and diluted distributable profit after current income tax per share - weighted (cents)	8.44cps	8.11cps		
AFFO basic and diluted distributable profit after current income tax per share - weighted (cents)	7.78cps	7.11cps		

1. Distributable profit – see 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 31 Mar 23	As at 31 Mar 22	Change
Investment property value (\$m)	1,062.1	1,201.3	(139.2)
Drawn debt (\$m)	(387.6)	(355.0)	+32.6
Loan to Value Ratio (LVR)	36.5%¹	29.5%²	+7.0%
Equity (\$m)	675.0	855.0	(180.0)
Shares on issue (millions)	367.5	368.1	(0.6)
Net Tangible Assets (NTA) per share	\$1.84	\$2.32	(\$0.48)
Adjusted NTA³ per share	\$1.84	\$2.32	(\$0.48)

1. See footnote 5 on page 4.

2. Loan to value ratio (LVR) in March 2022 was calculated based on independent valuations, which included seismic works to be funded by SPL in relation to 2 Carr Road, Auckland, acquired from SPL and settled in April 2020. The independent valuations also exclude lease liabilities.

3. Excludes the after tax fair value of interest rate derivatives.

Capital management

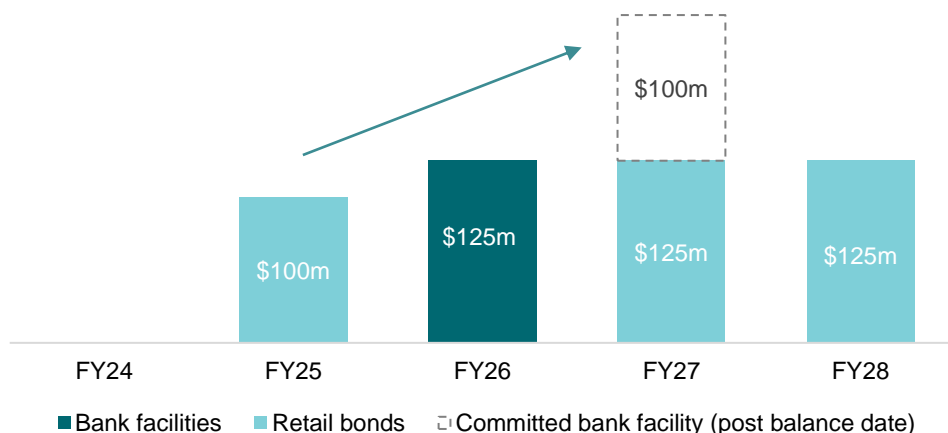
Bunnings, Rotorua



Proactive capital management

- \$75m bank facilities extended to November 2025; no bank debt now maturing until FY26
- WALT bank covenant removed and LVR covenant reduced from 65% to 52.5%
- Post balance date, Investore's banks committed to providing \$100m of bank facilities to provide liquidity for upcoming maturity of IPL010 (fixed rate bonds) in April 2024
- Investore acquired and cancelled 632,398 shares on market for a total cost of \$1.1m under its share buyback programme during FY23. The Board has now resolved to cancel the share buyback programme
- LVR of 36.5% as at 31 March 2023, or 38.1% on a committed basis¹

Debt maturity profile as at 31 March 2023



Debt facilities	As at 31 Mar 23	As at 31 Mar 22
Debt facilities limit (ANZ, CCB, Westpac, ICBC), including \$350m bonds	\$475m	\$475m
Debt facilities drawn	\$388m	\$355m
Weighted average maturity of debt facilities	3.0 years	3.7 years

Debt covenants

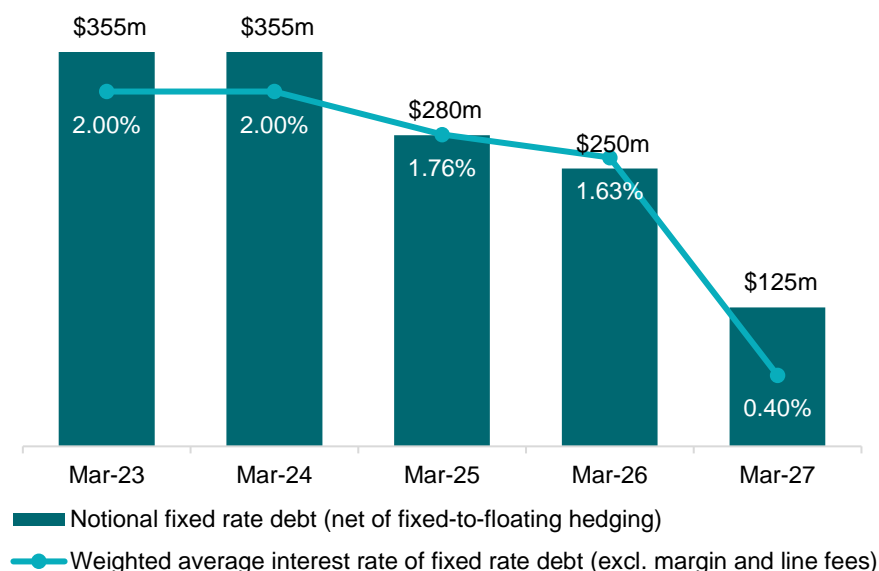
LVR (Drawn Debt / Property Values) Covenant: ≤ 52.5%	36.5% ²	29.5% ³
Interest Cover Ratio (EBIT / Interest and Financing Costs) Covenant: ≥ 1.75x	3.2x	3.7x

1. Current commitments include the development of the Countdown at Hakarau Road, Kaiapoi, and other capital expenditure commitments.
2. See footnote 5 on page 4.
3. Loan to value ratio (LVR) in March 2022 was calculated based on independent valuations, which included seismic works to be funded by SPL in relation to 2 Carr Road, Auckland, acquired from SPL and settled in April 2020. The independent valuations also exclude lease liabilities.

Hedging and cost of debt

- As at 31 March 2023, 92% of drawn debt is hedged or subject to a fixed interest rate
- Investore considers it is well protected against changes in interest rates over the short to medium term due to its strong hedging position
- Weighted average cost of debt increased only 24bps from 31 March 2022, while floating rates increased by ~360bps and the OCR increased by 375bps over same period

Fixed rate interest profile as at 31 Mar 23



Cost of debt	As at 31 Mar 23	As at 31 Mar 22
Weighted average cost of debt (incl. current interest rate derivatives, bonds and bank margins, and line fees)	4.01%	3.77%
Weighted average fixed interest rate (excl. margins)	2.00%	1.96%
Weighted average fixed interest rate maturity (incl. bonds, active and forward starting swaps)	3.3 years	4.0 years
% of drawn debt fixed	92%	100%

Looking ahead

Countdown, Rototuna



Looking ahead

- Investore remains committed to prudent capital management in the current economic environment
- Investore today announces capital management initiatives to manage gearing over the near term:
 - An intention to sell select, non-core assets of \$25m - \$50m, provided appropriate value can be realised, with net proceeds to be used to repay bank debt
 - Dividend Reinvestment Plan (DRP) to be introduced to allow eligible shareholders to reinvest the net proceeds of their dividends into additional Investore shares
- Cash dividend guidance for FY24 of 7.90 cents per share, with the Board continuing to monitor progress on asset sales and market conditions throughout the year

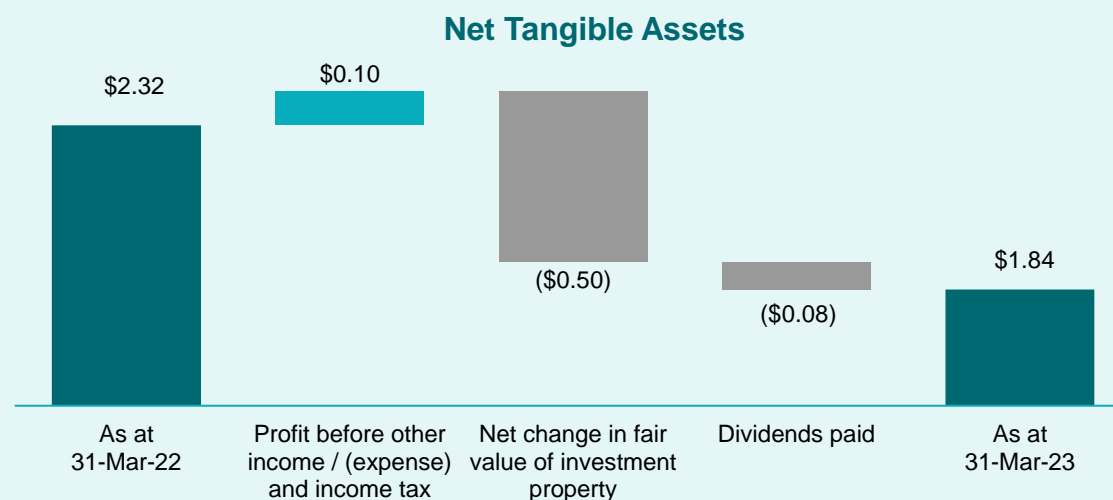
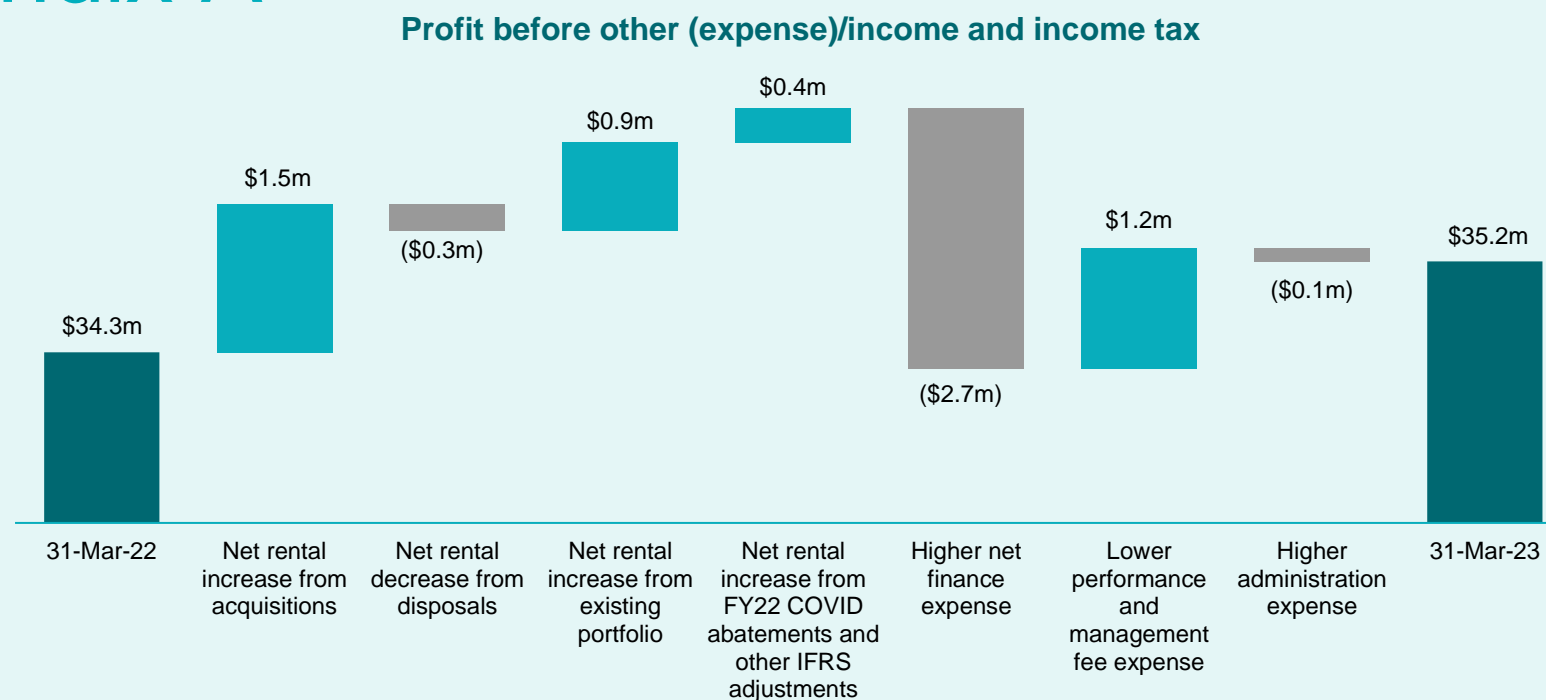


Supplementary Information

4 Carr Road, Auckland

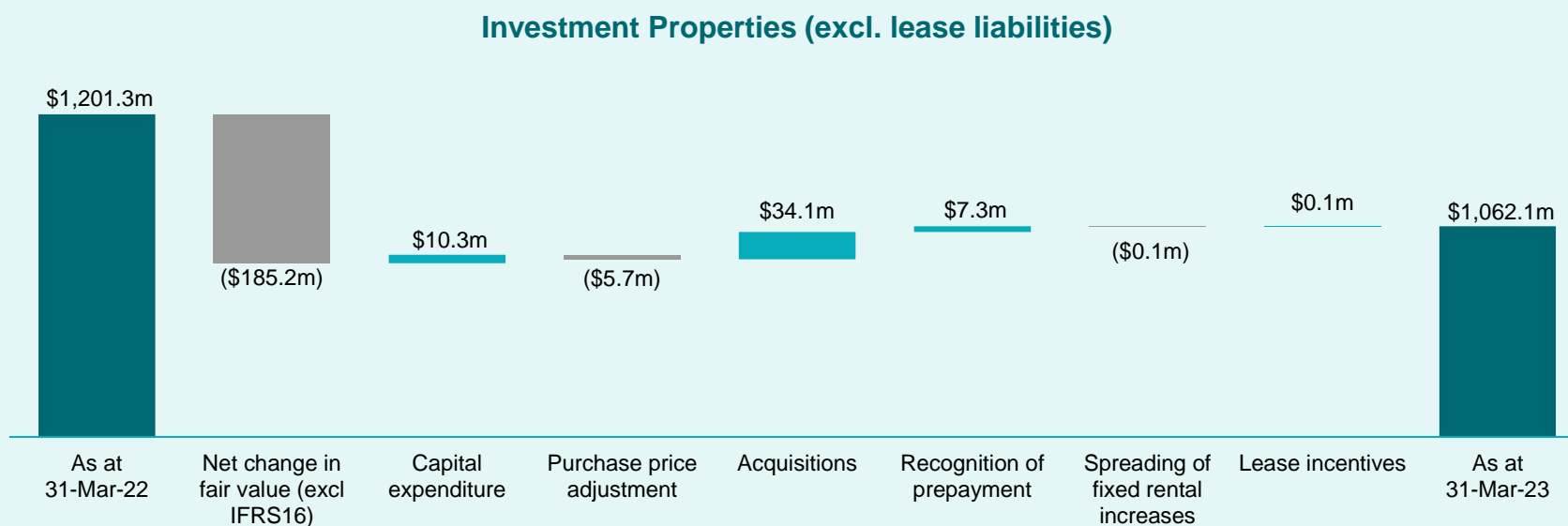


Appendix A



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.

1. See footnote 2 on Page 4

Thank you

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