

investore

Managed by Stride Investment
Management Limited

Interim Results Presentation

For the six months ended 30 September 2023

16 November 2023



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Bay Central Shopping Centre, Tauranga

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Resilience
in operating
earnings

Proactive
leasing to
support
portfolio value

Effective
capital
management



Financial overview

Profit before other expense
and income tax

\$17.6m

consistent with HY23 at \$17.7m

Loss after income tax

\$(66.5)m

due to a net reduction in fair value of
investment properties of \$(82.7)m, down
from HY23 \$(27.7)m loss after income tax

Distributable profit¹ after
current income tax

\$15.3m

consistent with HY23 at \$15.4m

Distributable profit per share

4.18 cents

consistent with HY23 at 4.20cps



1. Distributable profit is a non-GAAP measure and consists of 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 loss before income tax, is set out in note 3.3 to the consolidated interim financial statements.



Portfolio metrics

\$1.0bn

Portfolio valuation¹
down (7.8%) or \$(82.7)m for the
6 months ended 30 Sep 23

6.24%

Average portfolio
capitalisation rate²
up 56bp for the 6 months ended 30 Sep 23

6.35%

Initial yield²
as at 30 Sep 23

7.7 years

Weighted average lease
term (WALT)²
as at 30 Sep 23

99.2%

Portfolio occupancy
(by area)²
as at 30 Sep 23

34%

Countdown stores over
turnover threshold^{2,4}
as at 30 Sep 23

Capital management

\$100m

Additional bank facilities
to cover bond maturity
in Apr 24

40.3%³

Loan to Value Ratio
as at 30 Sep 23

4.3%

Weighted average
cost of debt
as at 30 Sep 23

\$2.5m

FY24 Q1 dividends
reinvested through
DRP⁵

1. As at 30 September 2023. Portfolio value excludes lease liabilities.
2. Metrics refer to the stabilised portfolio, which excludes properties classified as "Development and Other" in note 2.2 and properties classified as assets held for sale in note 2.4 to the consolidated interim financial statements.
3. Loan to Value Ratio (LVR) is calculated based on independent valuations. The independent valuations exclude lease liabilities.
4. Weighted by Moving Annual Turnover (MAT). MAT is determined by calculating the net sales over the 12-month period ending on the relevant reporting date.
5. Investore's dividend reinvestment plan, announced on 28 June 2023.

Portfolio

226 Great South Road, Takanini, Auckland



Active portfolio management

- 29 rent reviews completed over 27,000sqm resulting in a 3.2% increase on prior rentals
- 23 of the rent reviews completed were structured reviews i.e. CPI or fixed. The CPI rent reviews completed resulted in a 7.1% uplift on prior rentals
- Average property market capitalisation rate¹ softened by 56bps to 6.24%, contributing to a net reduction in fair value of \$(82.7)m or (7.8)% over the six months ended 30 Sep 23
- Including Countdown Hamilton (Anglesea) lease extension agreed post balance date, renewals completed represent 77% of all FY24 expiries by Contract Rental²
- A renewal of one of the two ground leases at Countdown Hamilton (Anglesea) has been agreed in principle for a 21 year term. The next ground lease expiry at this property is 2041

Investment portfolio metrics¹

	As at 30 Sep 23	As at 31 Mar 23
Investment portfolio value (\$m)	933	1,033
Number of properties	41	44
Number of tenants	140	143
Net lettable area (NLA) (sqm)	242,387	249,906
Net Contract Rental ² (\$m)	59.3	61.8
WALT (years)	7.7	8.1
Market capitalisation rate (%)	6.24	5.70
Initial yield (%)	6.35	5.98
Occupancy rate by area (%)	99.2	99.5 ³
Total site area (sqm)	602,242	611,077
Average site coverage (%)	40	41
Net rent (\$/sqm)	247	247

1. See footnote 2 on page 5.

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 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. Contract Rental excludes properties classified as "Development and Other" in note 2.2 and properties classified as assets held for sale in note 2.4 to the consolidated interim 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 Shopping Centre, Tauranga.

Portfolio optimisation

Investore benefits from owning 35 Countdown supermarkets, resulting in a strong relationship which fosters collaboration across the portfolio

Investore has agreed to fund online expansion works at Countdown Greenlane, including a new online extension and eight drive-through pick up bays

- Investore will provide a \$1.9m capital contribution towards the works at a 7.5% per annum yield on cost which will go to base rent
- In connection with this contribution, an agreement has also been reached to extend the lease at Countdown Hamilton (Anglesea) for 6 years, with a further 6 year right of renewal
- Valuation of Countdown Hamilton (Anglesea) increased by +\$1.45m / +23% following this renewal

This transaction illustrates how Investore can work with its tenants to deliver mutually beneficial outcomes across its portfolio



Countdown Greenlane, Auckland

Woolworths Hakarau Road, Kaiapoi



Woolworths Hakarau Road, Kaiapoi

Investore is developing a new Woolworths supermarket on this site, due to open in Dec 23

Upon completion the supermarket will have a 12 year lease and will generate a yield on cost of 5.5%, with the total cost of the project being circa \$27.2m (incl. land)

Key sustainability features include:

- Targeting a 5 Green Star rating
- Building designed to reduce water consumption and minimise energy use, with energy-efficient refrigeration and lighting systems
- Low carbon concrete and low embodied carbon materials used where appropriate
- Solar panels and EV chargers being installed

Long dated lease expiry profile

Long portfolio WALT of 7.7 years, with 75% of Contract Rental¹ expiring in FY30 or beyond

FY24

3.3% Contract Rental expiring:

- Countdown Hamilton (Anglesea) (2.3%) lease agreed to be extended by 6 years with expiry now in FY30
- Other expiries total 1.0% across 10 tenancies

FY25

4.6% Contract Rental expiring:

- Countdown leased properties in Upper Hutt (1.2%) and Onehunga (1.0%)
- Other expiries total 2.3% across 15 tenancies

FY26

2.9% Contract Rental expiring across 19 tenancies

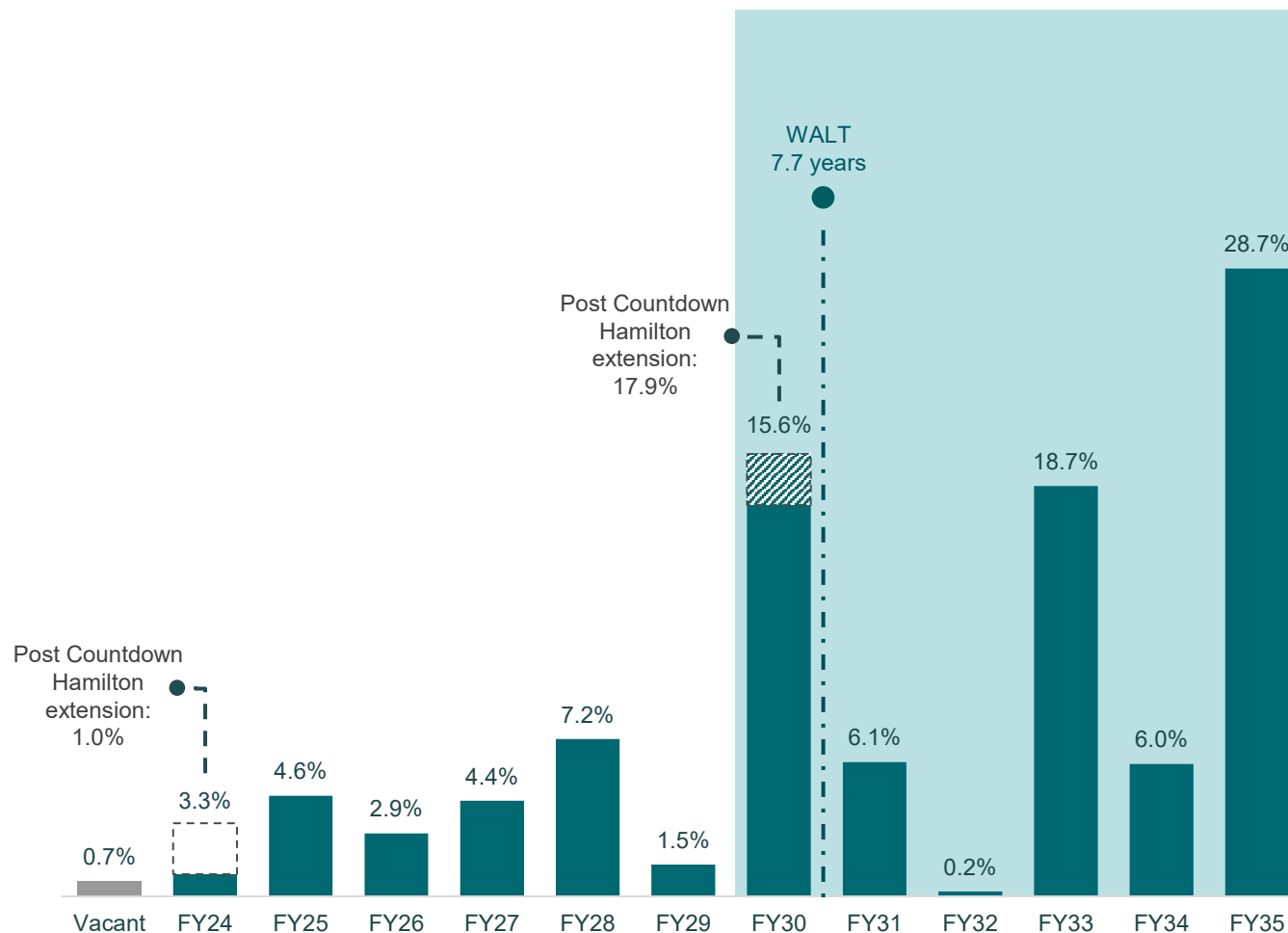
Vacant

0.7% Contract Rental vacant:

- Mt Wellington Shopping Centre (0.5%) under advanced discussions

Lease Expiry Profile² by Contract Rental¹

As at 30 Sep 23



Note: Numbers may not sum due to rounding.

1. 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. Metrics include properties classified as "Development and Other" in note 2.2 and properties classified as assets held for sale in note 2.4 to the consolidated interim financial statements.
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 30 September 2023 as a percentage of Contract Rental.

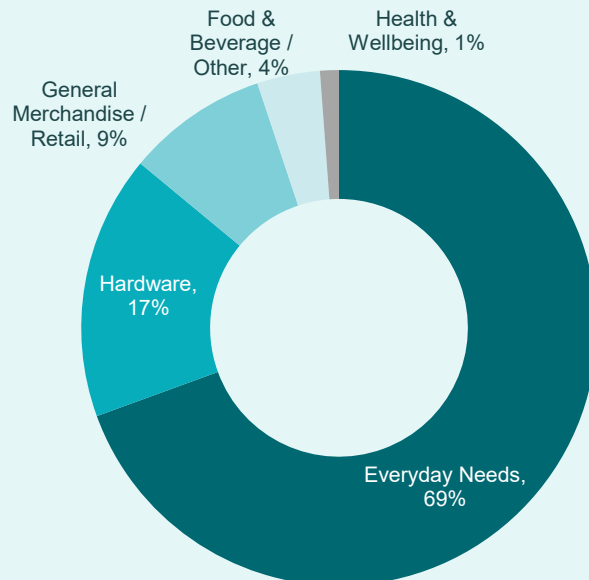
Key tenants meeting daily needs

Investore's portfolio consists of quality, well-located large format retail properties with tenants that attract regular visitation, including supermarkets, hardware stores, general merchandise and health & wellbeing, enhancing the portfolio's resilience

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



Portfolio Tenant Classification by Contract Rental¹

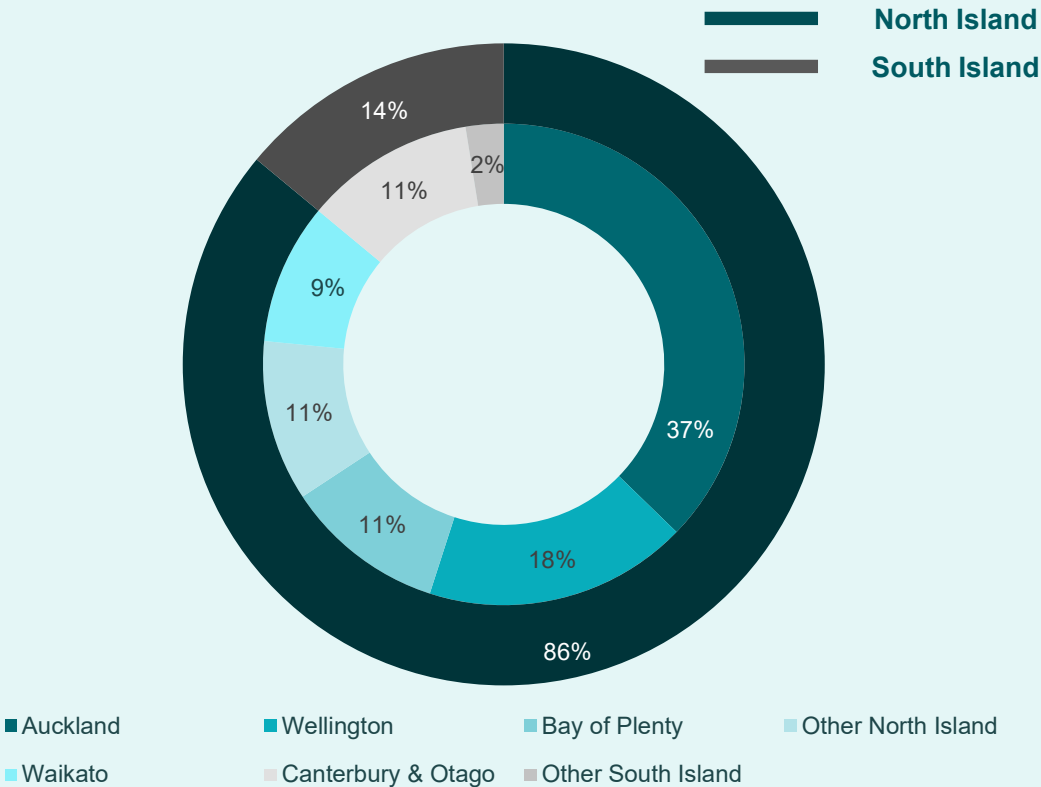


1. See footnote 2 on page 7.

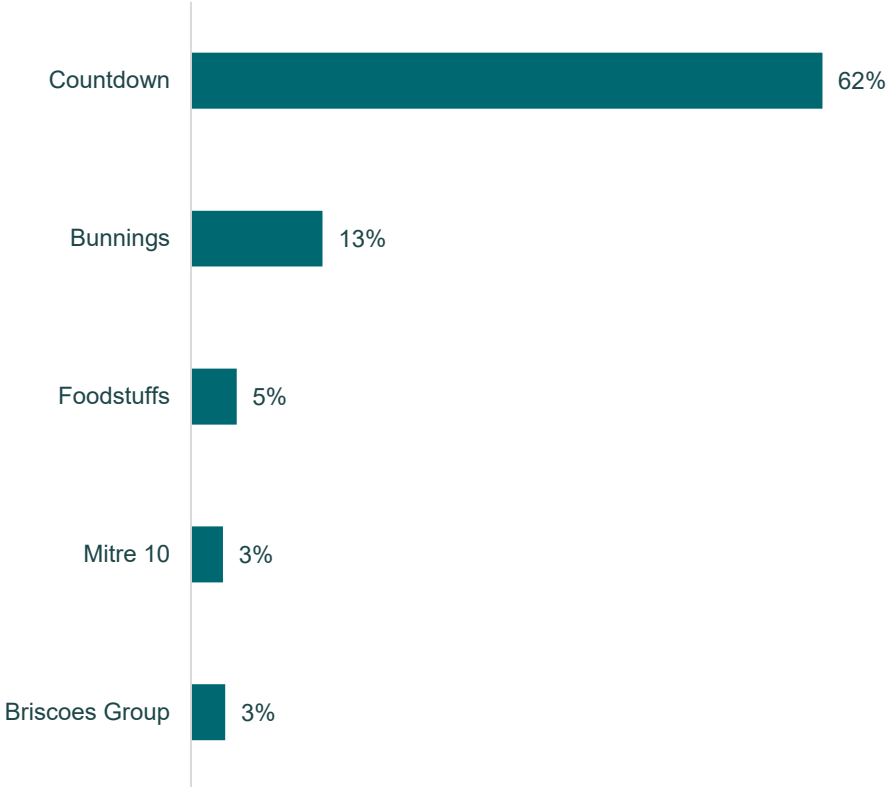
Properties in main centres underpin income

81% of Investore's Contract Rental¹ is earned from properties located in New Zealand's main centres².
Anchor tenants represent 87% of Investore's Contract Rental

Geographic diversification by Contract Rental¹



Anchor tenant classification by Contract Rental¹



1. See footnote 2 on page 7.
2. Main centres consist of Auckland, Hamilton, Tauranga, Wellington, Christchurch and Dunedin.

Note: Numbers may not sum due to rounding.

Sustainability

Sustainability remains a focus for Investore, with a commitment to ensure new developments are green rated, while also looking to reduce the environmental impact of its existing portfolio

Investore has very low scope 1 and 2 emissions (for FY23, 51.3 tCO₂-e), primarily from air conditioning systems and electricity for lighting. Refrigerants from air conditioning have been assessed and planning is underway to replace harmful refrigerants

Investore completes an annual Global Real Estate Sustainability Benchmark (GRESB) assessment; FY23 score increased from 51% to 63%, a positive outcome given Investore's portfolio with many single-tenanted, existing properties

New Woolworths supermarket under development at Hakarau Road, Kaiapoi, targeting a 5 Green Star rating, and incorporating a number of sustainability initiatives

16 properties owned by Investore achieved a Green Star Performance rating in FY23; we continue to monitor the performance of these properties and explore options for more green ratings across the portfolio



Financial performance

Mt Wellington Shopping Centre, Auckland



Financial performance

	30 Sep 23 \$m	30 Sep 22 \$m	Change	
			\$m	%
Net rental income	30.4	30.2	+0.2	+0.5
Corporate expenses	(4.1)	(4.6)	+0.5	+10.1
Profit before net finance expense, other expense and income tax	26.2	25.6	+0.6	+2.4
Net finance expense	(8.6)	(7.9)	(0.7)	(9.0)
Profit before other expense and income tax	17.6	17.7	(0.1)	(0.5)
Other expense ¹	(82.7)	(42.7)	(40.0)	(93.8)
Loss before income tax	(65.1)	(25.0)	(40.1)	(160.6)
Income tax expense	(1.4)	(2.7)	+1.3	+47.2
Loss after income tax attributable to shareholders	(66.5)	(27.7)	(38.9)	(140.3)

1. Other expense includes net reduction in fair value of investment properties.

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

Distributable profit¹

	30 Sep 23 \$m	30 Sep 22 \$m	Change	
			\$m	%
Loss before income tax	(65.1)	(25.0)	(40.1)	(160.6)
Non-recurring, and/or non-cash items, and other adjustments:				
- Net change in fair value of investment properties	82.7	42.7	+40.0	+93.9
- Borrowings establishment cost amortisation	0.5	0.5	+0.0	+7.3
- Other	0.2	(0.1)	+0.2	+339.7
Distributable profit before current income tax	18.3	18.1	+0.2	+0.9
Current income tax	(2.9)	(2.6)	(0.3)	(10.0)
Distributable profit after current income tax	15.3	15.4	(0.1)	(0.6)
Adjustments to funds from operations:				
- Maintenance capital expenditure	(0.9)	(0.8)	(0.1)	(6.0)
Adjusted Funds From Operations (AFFO)²	14.5	14.6	(0.1)	(1.0)
Weighted average number of shares (millions)	367.6	367.9		
Basic and diluted distributable profit after current income tax per share - weighted (cents)	4.18cps	4.20cps		
AFFO basic and diluted distributable profit after current income tax per share - weighted (cents)	3.93cps	3.97cps		

1. Distributable profit – see footnote 1 on page 4 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 consolidated interim financial statements for each respective financial period and may not sum due to rounding.

Financial summary

	As at 30 Sep 23	As at 31 Mar 23	Change
Investment property value (\$m)	993.1	1,062.1	(69.0)
Drawn debt (\$m)	(400.3)	(387.6)	+12.7
Loan to Value Ratio (LVR)¹	40.3%	36.5%	+3.8%
Equity (\$m)	596.7	675.0	(78.3)
Shares on issue (millions)	369.6	367.5	2.1
Net Tangible Assets (NTA) per share	\$1.61	\$1.84	(\$0.23)
Adjusted NTA² per share	\$1.61	\$1.84	(\$0.23)

1. See footnote 3 on page 5.

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

Capital management

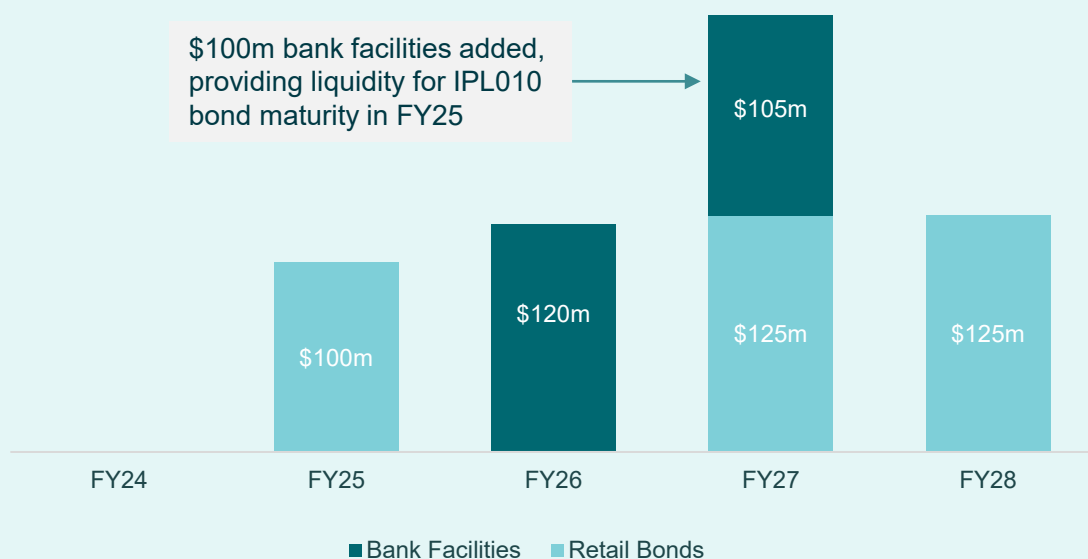
PAK'nSAVE New Plymouth



Proactive capital management

- \$100m bank facilities added to provide liquidity for upcoming maturity of IPL010 bond in Apr 24; no bank debt maturing until FY26
- Dividend reinvestment plan commenced; 35% participation in FY24 Q1 dividend, resulting in \$2.5m reinvested to manage leverage
- 40.3% LVR¹ as at 30 Sep 23, or 40.6% on a committed basis²

Debt maturity profile as at 30 Sep 23



Debt facilities	As at 30 Sep 23	As at 31 Mar 23
Debt facilities limit (ANZ, CCB, ICBC, Westpac), including \$350m bonds	\$575m	\$475m
Debt facilities drawn	\$400m	\$388m
Weighted average maturity of debt facilities	2.6 years	3.0 years

Debt covenants

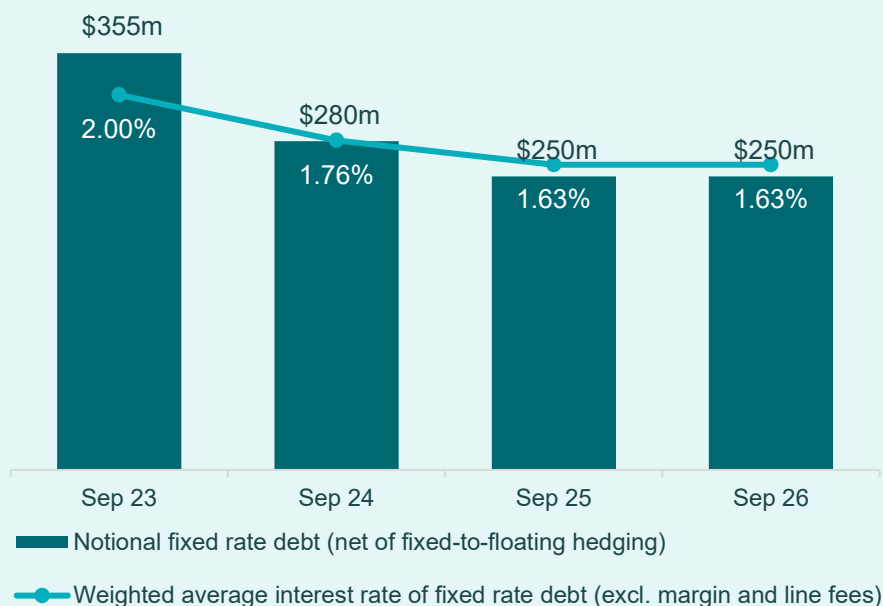
LVR ¹ (Drawn Debt / Property Values) Covenant: ≤ 52.5%	40.3%	36.5%
Interest Cover Ratio (EBIT / Interest and Financing Costs) Covenant: ≥ 1.75x	3.0x	3.2x

1. See footnote 3 on page 5.
2. Commitments include: (1) the development of Woolworths Hakarau Road, Kaiapoi; (2) other capital expenditure commitments; (3) reduced borrowing due to Investore's revised FY24 dividend guidance (refer page 22); and (4) reduced borrowing due to the retained income from Investore's dividend reinvestment plan which is assumed to continue for the balance of the distributions related to FY24 with participation at the same rate as the FY24 Q1 dividend.

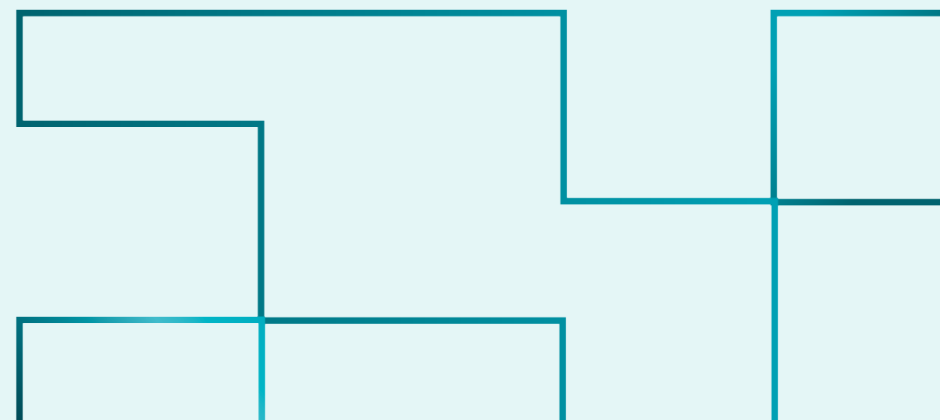
Hedging and cost of debt

- As at 30 Sep 23, 89% of drawn debt is hedged or subject to a fixed interest rate
- Investore continues to benefit from high levels of fixed rate debt at below prevailing market rates
- While the OCR increased by 75bps over HY24, Investore's weighted average cost of debt increased by just 33bps over the same period, as a result of fixed rate exposure

Fixed rate interest profile as at 30 Sep 23



Cost of debt	As at 30 Sep 23	As at 31 Mar 23
Weighted average cost of debt (incl. current interest rate derivatives, bonds and bank margins, and line fees)	4.34%	4.01%
Weighted average fixed interest rate (excl. margins)	2.00%	2.00%
Weighted average fixed interest rate maturity (incl. bonds, active and forward starting swaps)	2.8 years	3.3 years
% of drawn debt fixed	89%	92%



Looking ahead

Mitre 10 MEGA Botany, Auckland



Looking ahead

- Underlying portfolio metrics remain resilient, with a defensive rental income stream from non-discretionary, everyday needs retail tenants
- However, elevated inflation levels and higher interest rates continue to impact investment conditions and investor activity levels, leading to higher property capitalisation rates and lower valuations
- Proposed change to tax deductibility of depreciation on commercial buildings poses further headwinds to after tax earnings in future years
- Investore is continuing to monitor and manage its leverage over the near term through prudent and proactive capital management initiatives, including:
 - An asset sales programme of \$25m-\$50m of non-core assets, provided appropriate value can be realised
 - Continued operation of the dividend reinvestment plan
 - Revised dividend policy and dividend guidance

Revised dividend policy and dividend guidance

- The Board has determined to revise its dividend policy to pay out between **80%-100% of distributable profit** (previously 90%-100%), balancing income returns for investors while retaining additional capital to improve balance sheet resilience
- Investore today declares a cash dividend for Q2 of FY24 of **1.975cps**, consistent with its first quarter cash dividend. The dividend will be payable on 12 Dec 23, and the dividend reinvestment plan will apply to this dividend
- Based on the new dividend policy, the Board revises FY24 full year cash dividend guidance from 7.90cps to **7.20cps**. Distributable profit per share for FY24 is expected to be at least 7.90cps
- The revised FY24 dividend guidance will be reflected in the Q3 and Q4 dividends which will transition to a cash dividend of 1.625cps per quarter, representing **6.50cps** on an annualised basis
- The 6.50cps annualised cash dividend level is expected to be sustainable into FY25 and reflect a payout near the midpoint of the revised dividend policy range¹

1. Assuming proposed changes to tax depreciation come into effect for FY25.

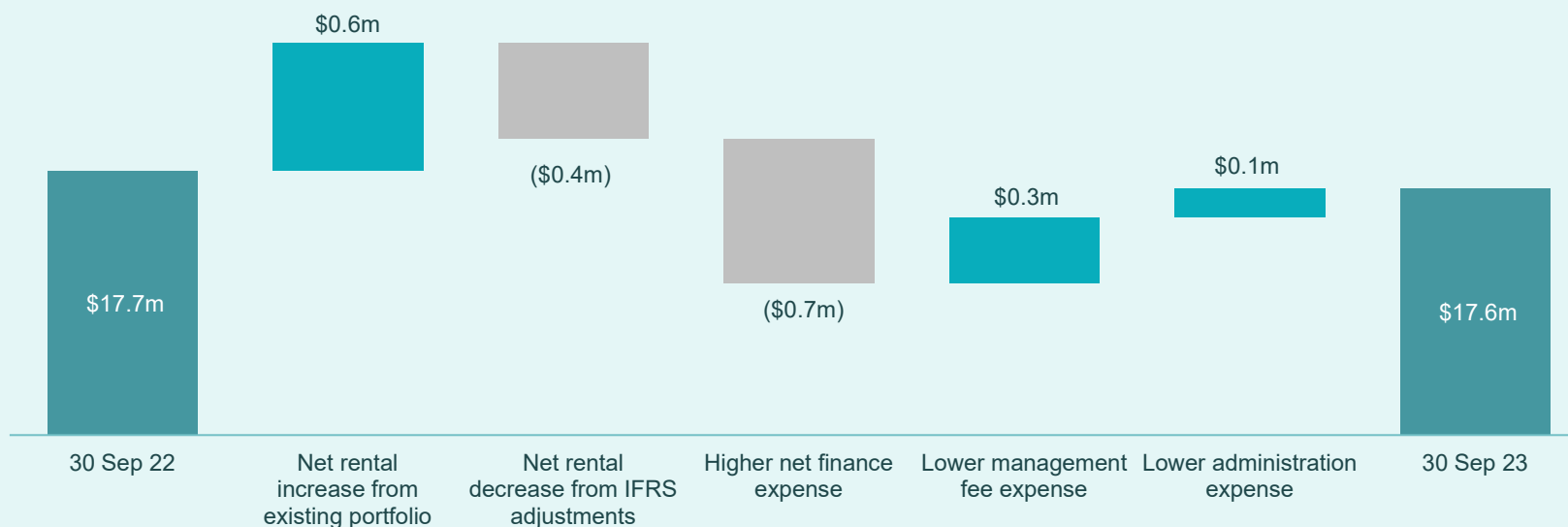
Appendices

Bunnings Te Rapa, Hamilton

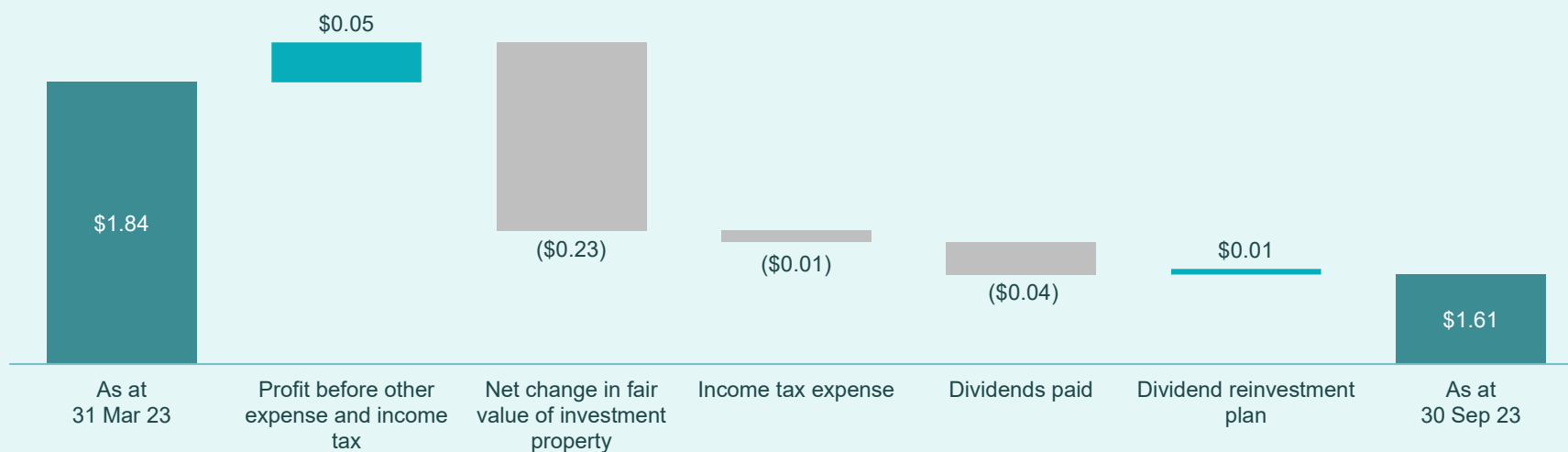


Appendix A

Profit before other expense and income tax

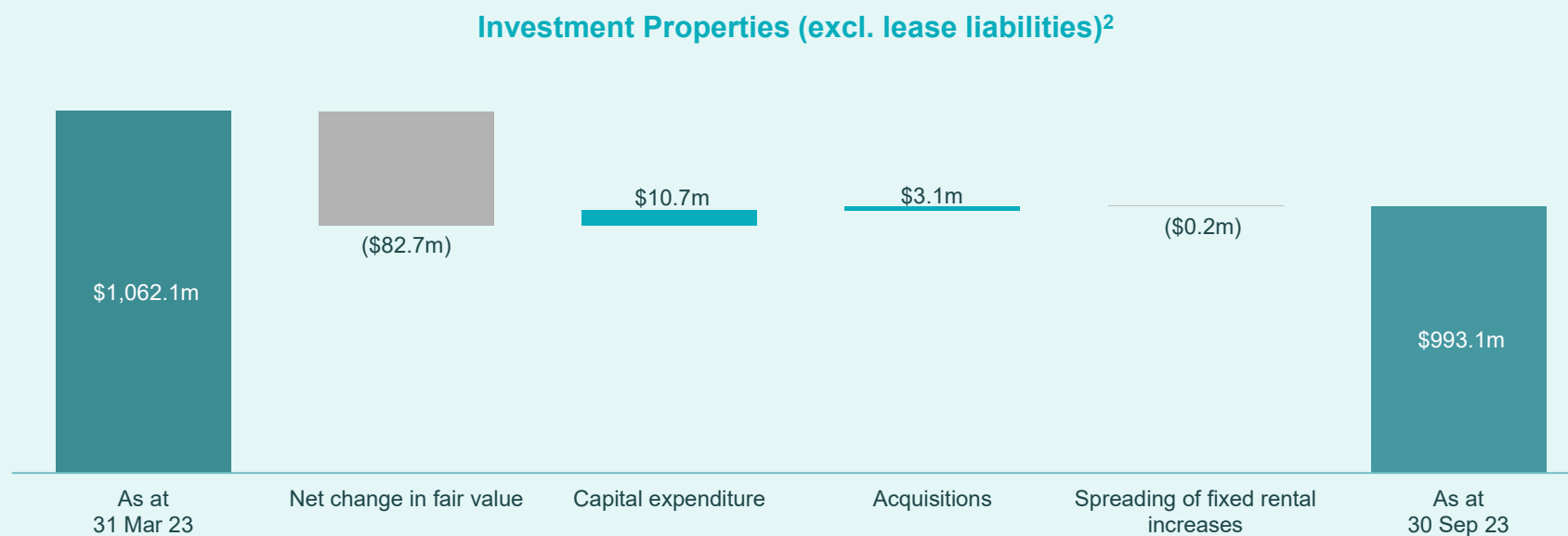
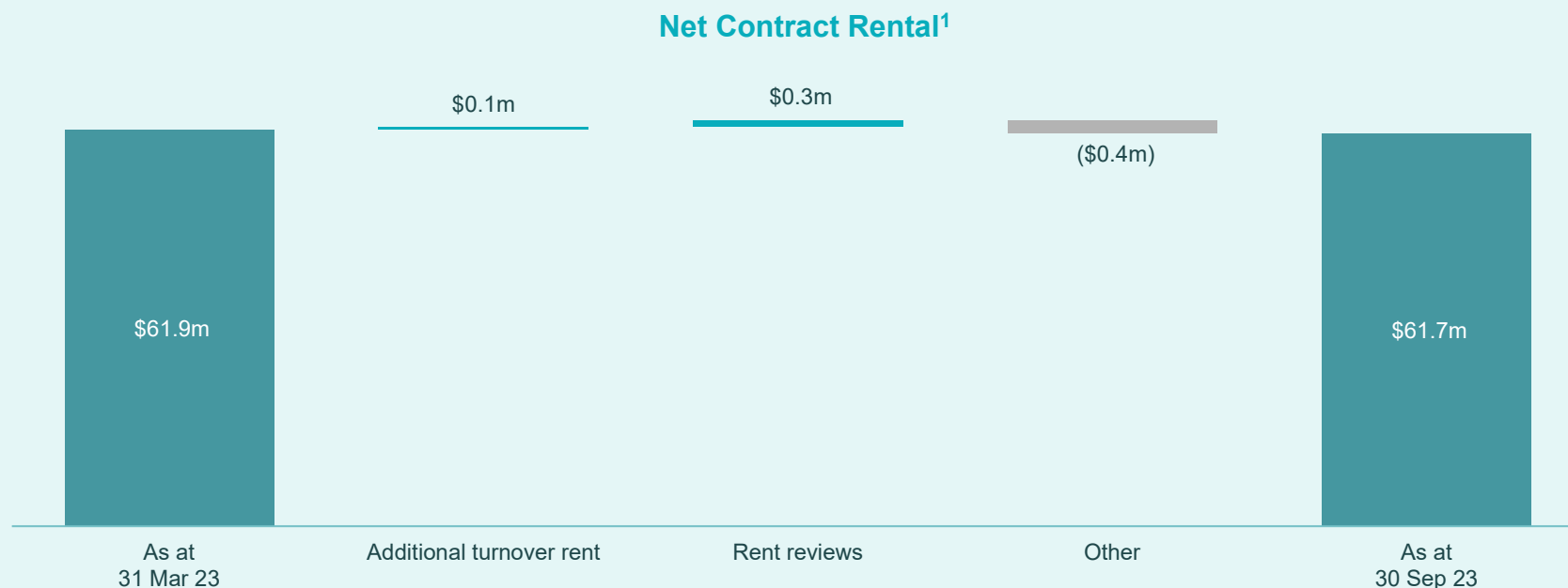


Net Tangible Assets per share



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

Appendix B



1. See footnote 1 page 10.

2. Metrics include properties classified as "Development and Other" in note 2.2 and properties classified as assets held for sale in note 2.4 to the consolidated interim financial statements.

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

Thank you

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Important Notice: The information in this presentation is an overview and does not contain all information necessary to make an investment decision. It is intended to constitute a summary of certain information relating to the performance of Investore for the six months ended 30 September 2023. Please refer to Investore's consolidated interim financial statements for the six months ended 30 September 2023 for further information. The information in this presentation does not purport to be a complete description of Investore. In making an investment decision, investors must rely on their own examination of Investore, including the merits and risks involved. Investors should consult with their own legal, tax, business and/or financial advisors in connection with any acquisition of securities.

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