

Investore Property Limited

Interim Results HY25

Investore Property Limited (Investore) is pleased to announce its interim results for the six months ended 30 September 2024 (HY25).

Financial Summary (for the six months ended 30 September 2024)

- Profit before other expense and income tax of \$17.1m (HY24: \$17.6m)
- Profit after income tax of \$9.7m, an improvement on HY24 loss after income tax of \$(66.5)m as a result of a smaller net reduction in the fair value of investment properties (HY25: \$(3.5)m; HY24: \$(82.7)m)
- Distributable profit (Note 1) after current income tax of \$13.9m (HY24: \$15.3m). The reduction in distributable profit was primarily a result of the removal of the tax deduction for depreciation on commercial buildings which took effect from 1 April 2024
- Distributable profit per share of 3.73 cents (HY24: 4.18 cps)
- Net rental income of \$31.2m (HY24: \$30.4m)

Portfolio Overview (as at 30 September 2024)

- Investore's portfolio is valued at \$1.0bn (Note 2), with an average property market capitalisation rate (Note 3) of 6.38% and an initial yield of 6.63%
- Long weighted average lease term (WALT) of 7.0 years, with 79% of Contract Rental (Note 4) expiring in FY30 or beyond
- High portfolio occupancy of 99.3%
- Net Tangible Assets (NTA) \$1.56, down \$(0.01) from 31 March 2024 NTA of \$1.57

HY25 Highlights

Investore continued to deliver resilient operating earnings during HY25, while at the same time executing on its strategic objectives of targeted growth and portfolio optimisation.

Profit before other expense and income tax of \$17.1m was down \$(0.5)m from HY24 at \$17.6m, primarily as a result of higher finance expenses. Profit after income tax attributable to shareholders of \$9.7m was up from the HY24 loss after income tax of \$(66.5)m due to a smaller net reduction in the fair value of investment properties (HY25: \$(3.5)m; HY24: \$(82.7)m).

During HY25, Investore entered into an unconditional agreement to acquire Bunnings Westgate, Auckland, a recently developed, high quality property, for \$51.0m, payable in cash, and up to a further \$7.0m in shares may be issued as part consideration to the vendor, depending on the value of Investore's net tangible assets at two reference dates (Note 5). The property is fully leased to Bunnings, and the lease has the benefit of a structured rental growth profile, making it an attractive addition to the Investore portfolio.

Bunnings Westgate is the largest Bunnings in New Zealand and Investore considers that Westgate is a desirable location for investment, given its current and forecast rapid population growth.

Investore also entered into two unconditional agreements to sell two regional, non-core supermarket properties during HY25, being Woolworths Invercargill and Pak'nSave New Plymouth, for a combined sale price of \$54.3m, in line with the most recent combined book value of these properties. The sale of Woolworths Invercargill settled on 31 October 2024, with the disposal of Pak'nSave New Plymouth scheduled to settle late November.

On 30 September 2024, Investore refinanced \$225m of bank facilities, which are now classified as green loans in accordance with Investore's Green Finance Framework which was put in place during HY25. Investore now has no bank debt maturing until FY29.

Portfolio Optimisation

- Delivering on Investore's targeted growth strategy of recycling into assets that exhibit strong growth fundamentals over the medium to long term, Investore entered into unconditional agreements to sell two non-core regional properties at Invercargill (sale settled 31 October 2024) and New Plymouth, and an unconditional agreement to acquire Bunnings Westgate
- These transactions increase Investore's exposure to the Auckland market, increasing the percentage of total portfolio value in Auckland from 37.2% to 42.5%, with its regional weighting decreasing correspondingly, and 39% of Contract Rental (Note 4) being derived from the Auckland market on a pro forma basis as at 30 September 2024 and assuming the transactions had completed on that date
- Online expansion works at Woolworths Rangiora have been completed with Woolworths paying additional rental equivalent to 7.5% on Investore's contribution towards the cost of the expansion works

Portfolio Activity (as at 30 September 2024)

- 33 rent reviews completed during HY25, resulting in a 4.6% increase on previous rentals, driven primarily by a market rent review completed at Woolworths Rotorua (+10.6%) and structured reviews i.e. CPI based rent reviews or fixed rate rent reviews. The CPI rent reviews delivered a 4.5% increase on prior rentals
- 5 renewals and 5 new lettings were completed during HY25, including the new tenancy of Bargain Chemist at Mt Wellington Shopping Centre

Proactive Capital Management (as at 30 September 2024)

- Investore refinanced \$225m of bank facilities on 30 September 2024, with these now being classified as green loans in accordance with Investore's Green Finance Framework which was adopted during HY25
- Investore has no bank debt maturing until FY29, with the weighted average maturity of debt facilities as at 30 September 2024 being 3.4 years, up from 2.1 years as at 31 March 2024
- Weighted average fixed interest rate (excluding margins) is 1.76% as at 30 September 2024 (down from 2.0% as at 31 March 2024)

- As at 30 September 2024, 68% of borrowings are fixed, with a weighted average cost of debt of 4.55%, an increase of ~20 basis points from 31 March 2024
- LVR of 41.6% (Note 6) and 41.9% on a committed basis (Note 7)

Dividend

Investore has today declared a dividend for the quarter ended 30 September 2024 of 1.625 cents per share to be paid on 10 December 2024 to all shareholders on the register at the close of business on 22 November 2024 (the record date). This dividend will carry imputation credits of 0.528628 cents per share. A supplementary dividend of 0.239882 cents per share will be paid to non-resident shareholders. The Investore Board has determined the dividend reinvestment plan will apply to this dividend, with a 2% discount being applied when determining the issue price.

Outlook

The underlying metrics of Investore's portfolio of well-located, high quality large format retail properties remain resilient, providing a defensive rental income stream from non-discretionary, everyday needs retail tenants, supported by proactive capital management and a strong hedging outlook. While macroeconomic conditions remain challenging, property transaction activity is starting to show signs of recovery as the cost of capital reduces following the commencement of an interest rate easing cycle by the Reserve Bank of New Zealand.

The Board intends to continue its strategy of targeted growth if appropriate investment opportunities arise. Further divestments may also be considered to recycle into strategic investment opportunities.

The Investore Board reaffirms its FY25 full year cash dividend guidance of 6.50 cents per share, which is expected to be near the mid-point of Investore's dividend policy of paying between 80-100% of distributable profit.

Further information can be found in Investore's consolidated interim financial statements and presentation for HY25 released with this announcement.

Notes:

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/(loss) before income tax, is set out in note 3.3 to the consolidated interim financial statements.
2. As at 30 September 2024. Portfolio value excludes lease liabilities and includes properties classified as assets held for sale in note 2.4 to the consolidated interim financial statements.
3. Unless otherwise stated, all portfolio metrics refer to the stabilised portfolio, which excludes: (1) properties classified as 'Development and Other' in note 2.2 to the consolidated annual financial statements for the year ended 31 March 2024 (FY24); and (2) properties classified as assets held for sale in note 2.4 to the consolidated interim financial statements.
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 lease, 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. Up to a further \$7.0m of Investore shares may be issued as part consideration to the vendor, with shares equal to half of this value being issued if the value of Investore's net tangible assets per share increases by at least 21% as at 31 March 2025, with the remainder being issued if the value of Investore's net tangible assets per share increases by at least 44% as at 30 September 2025, from a base net tangible asset per share of \$1.57 as at 31 March 2024.
6. Loan to Value Ratio (LVR) is calculated based on independent valuations.
7. As at 30 September 2024, taking into account the committed disposals of Pak'nSave New Plymouth and Woolworths Invercargill, the unconditional acquisition of Bunnings Westgate, and various other capital commitments as at 30 September 2024 (see note 2.3 to the consolidated interim financial statements).

Ends

Attachments provided to NZX:

- Investore Property Limited – Interim Results Announcement HY25 – 141124
- Investore Property Limited – Consolidated Interim Financial Statements HY25 – 141124
- Investore Property Limited – Interim Results Presentation HY25 – 141124
- Investore Property Limited – NZX Results Announcement HY25 – 141124
- Investore Property Limited – NZX Distribution Notice FY25 Q2 – 141124

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