

# investore

Managed by Stride Investment  
Management Limited

## Annual Results Presentation

For the year ended 31 March 2024

17 May 2024





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# Financial overview

For the 12 months ended 31 Mar 24 (FY24)

Profit before other expense  
and income tax

**\$35.1m**

in line with FY23 at \$35.2m

Loss after income tax

**\$(67.1)m**

due to a net reduction in fair value of investment properties of \$(98.7)m, which compares with FY23 loss after income tax of \$(150.2)m

Distributable profit<sup>1</sup> after  
current income tax

**\$31.0m**

in line with FY23 at \$31.0m

Distributable profit per share

**8.39 cents**

in line with FY23 at 8.44 cps

FY24 cash dividend

**7.20 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

**\$1.0bn**

Portfolio valuation<sup>1</sup>

a net reduction in fair value of (9.1)% or \$(98.7)m over 12 months to 31 Mar 24

**6.55%**

Initial yield<sup>2</sup>

as at 31 Mar 24

**6.37%**

Average portfolio capitalisation rate<sup>2</sup>

up 67bp from 31 Mar 23

**7.4 years**

Weighted average lease term<sup>2</sup> (WALT)

as at 31 Mar 24

**99.1%**

Portfolio occupancy<sup>2</sup>

(by area) as at 31 Mar 24

**39%**

Woolworths stores over turnover threshold<sup>2,4</sup>

as at 31 Mar 24

## Capital management

**4.3%**

Weighted average cost of debt

as at 31 Mar 24

**40.8%**

Loan to Value Ratio<sup>3</sup>

as at 31 Mar 24

**88%**

Debt hedged or subject to a fixed rate of interest

as at 31 Mar 24

**\$8.2m**

Cash retained from the dividend reinvestment plan (DRP) and reduced dividend<sup>5</sup>

1. As at 31 March 2024. Portfolio value excludes lease liabilities.
2. Metrics refer to the stabilised portfolio, which excludes properties classified as 'Development and Other' in note 2.2 to the consolidated financial statements.
3. Loan to Value Ratio (LVR) is calculated based on independent valuations, which exclude lease liabilities and 507 Pakuranga Road, Auckland, Development asset. See note 2.2 to the consolidated financial statements.
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. Reflects dividends reinvested for Q1 to Q3 of FY24 under the DRP, and reduced dividend for Q3 of FY24.

# Portfolio



Woolworths, Newtown

# Active portfolio management

- 65 rent reviews completed over 96,000sqm resulting in +3.1% increase on prior rentals
- 57 of the rent reviews completed were structured reviews i.e. CPI or fixed. The CPI rent reviews completed delivered +6.2% increase on prior rentals
- 20 renewals and 4 new lettings were completed with a weighted average lease term (WALT) of 7 years
- Average property market capitalisation rate<sup>1</sup> increased by +67bps to 6.37%, contributing to a net reduction in fair value<sup>2</sup> of \$(98.7)m or (9.1)% over the 12 months ended 31 Mar 24
- Development of new Woolworths Waimakariri Junction completed in Nov 23; 5 Green Star Design rating achieved

## Investment portfolio metrics

	As at 31 Mar 24 <sup>1</sup>	As at 31 Mar 23 <sup>4</sup>
Investment portfolio value <sup>2</sup> (\$m)	972	1,033
Number of properties	45	44
Number of tenants	144	143
Net lettable area (NLA) (sqm)	255,898	249,906
Net Contract Rental <sup>3</sup> (\$m)	63.7	61.8
WALT (years)	7.4	8.1
Market capitalisation rate (%)	6.37	5.70
Initial yield (%)	6.55	5.98
Occupancy rate by area (%)	99.1	99.5 <sup>5</sup>
Total site area (sqm)	627,677	611,077
Net rent (\$/sqm)	251	247

1. See footnote 2 on page 4.

2. Portfolio value excludes lease liabilities.

3. 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.

4. Metrics refer to the stabilised portfolio, which excludes properties classified as 'Development and Other' in note 2.2 to the FY23 consolidated financial statements.

5. Vacant tenancies with current or pending development works are excluded from occupancy statistics, and as at 31 March 2023, metric excluded 2,947 sqm at Bay Central Shopping Centre, Tauranga.

# Woolworths Waimakariri Junction

Investore successfully completed the development of the new Woolworths at Waimakariri Junction, Kaiapoi in Nov 23. The total cost of the development was circa \$26.1m (incl. land), and was delivered within budget and on time

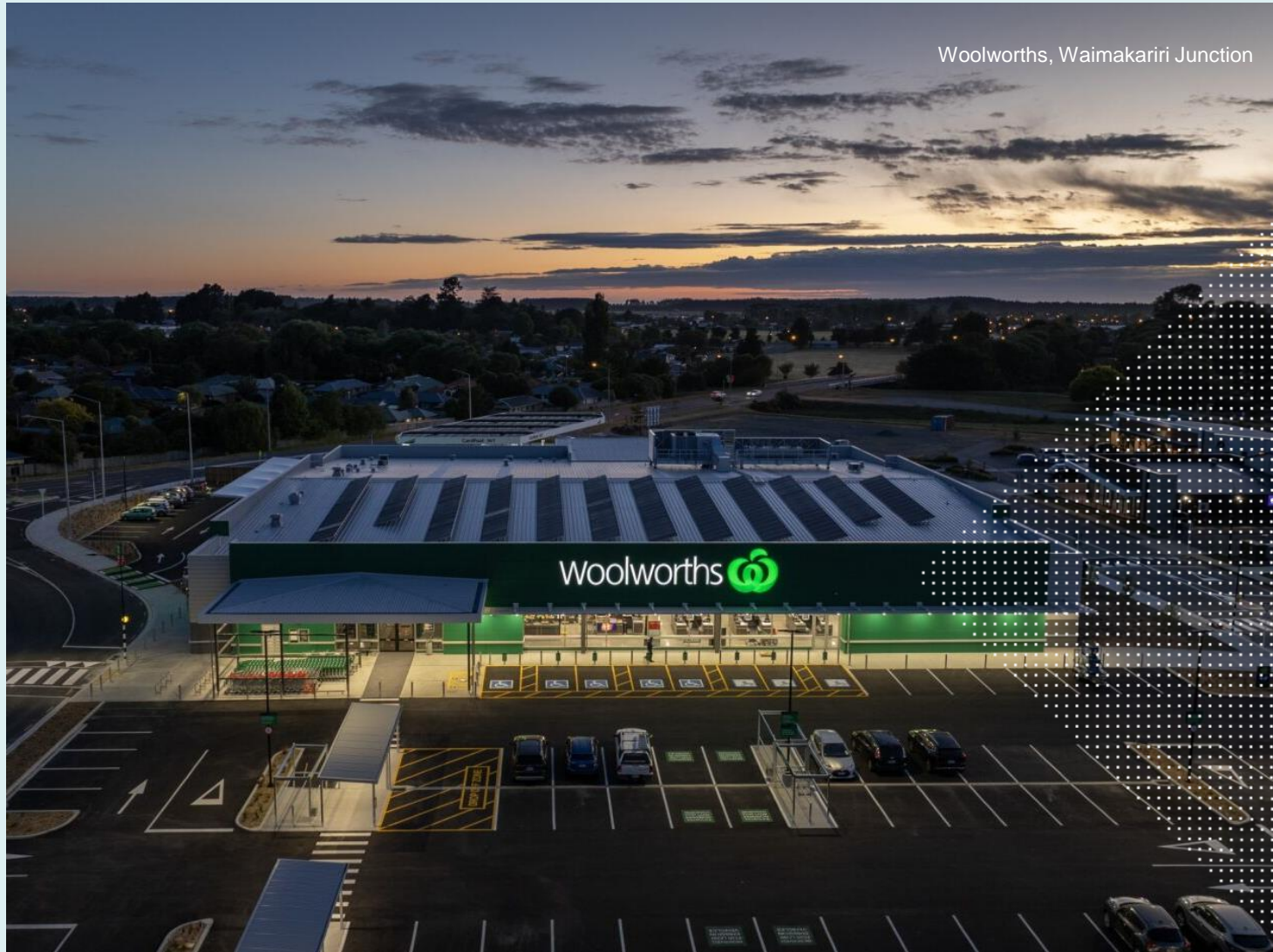
## Key features include:

An initial 12-year lease with Woolworths with additional rights of renewal for a further 23 years if all rights are exercised

8 dedicated parks for 'Direct to Boot'

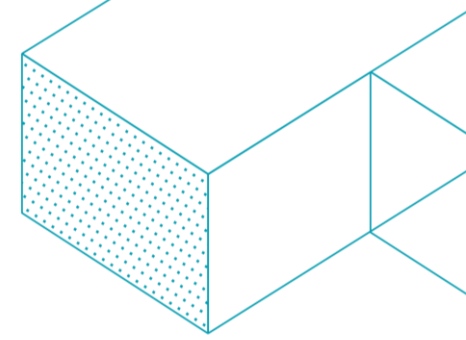
5 Green Star Design rated, targeting a 5 Green Star As Built rating. More information on sustainability features can be found on page 15

The remainder of the site, being 1.8 hectares, will be developed as part of Stage 2 and will provide further large format retail opportunities



# Portfolio optimisation

Investore benefits from owning 36 Woolworths supermarkets, resulting in a strong relationship which fosters collaboration across the portfolio



Woolworths, Greenlane

During FY24, Investore undertook a number of improvement projects in collaboration with Woolworths to enhance the overall portfolio, including:

Agreement to provide \$1.9m capital contribution towards online expansion works at Woolworths Greenlane, including a new online extension and 8 drive-through pick up bays, delivering a 7.5% per annum yield on cost

In connection with the Greenlane arrangement, Woolworths has agreed to extend its lease at Woolworths Hamilton (Anglesea Street) for 6 years, with a further 6 year right of renewal. Valuation increased by \$1.5m / +23%, when compared to the 31 Mar 23 valuation

Investore has also agreed to provide capital contributions in respect of works underway at Woolworths Rangiora and Woolworths Highland Park, to improve online pick up facilities. Woolworths will pay increased rental equivalent to 7.5% and 5.5% per annum (respectively) on the landlord's contributions to cost of the works

These transactions illustrate how Investore can work with its tenants to deliver mutually beneficial outcomes across its portfolio



# Long dated lease expiry profile

Long portfolio WALT<sup>1</sup> of 7.4 years, with 78% of Contract Rental<sup>2</sup> expiring in FY30 or beyond

## FY25

4.4% Contract Rental expiring:

- Woolworths leased properties at Maidstone (1.2%) and Onehunga (1.0%)
- Other expiries total 2.2% across 15 tenancies

## FY26

2.7% Contract Rental expiring:

- Animates at Takanini (0.5%)
- Hunting and Fishing at Bay Central Shopping Centre (0.5%)
- Other expiries total 1.6% across 15 tenancies

## FY27

4.4% Contract Rental expiring:

- Woolworths at Mt Wellington Shopping Centre (2.1%)
- Other expiries total 2.3% across 18 tenancies

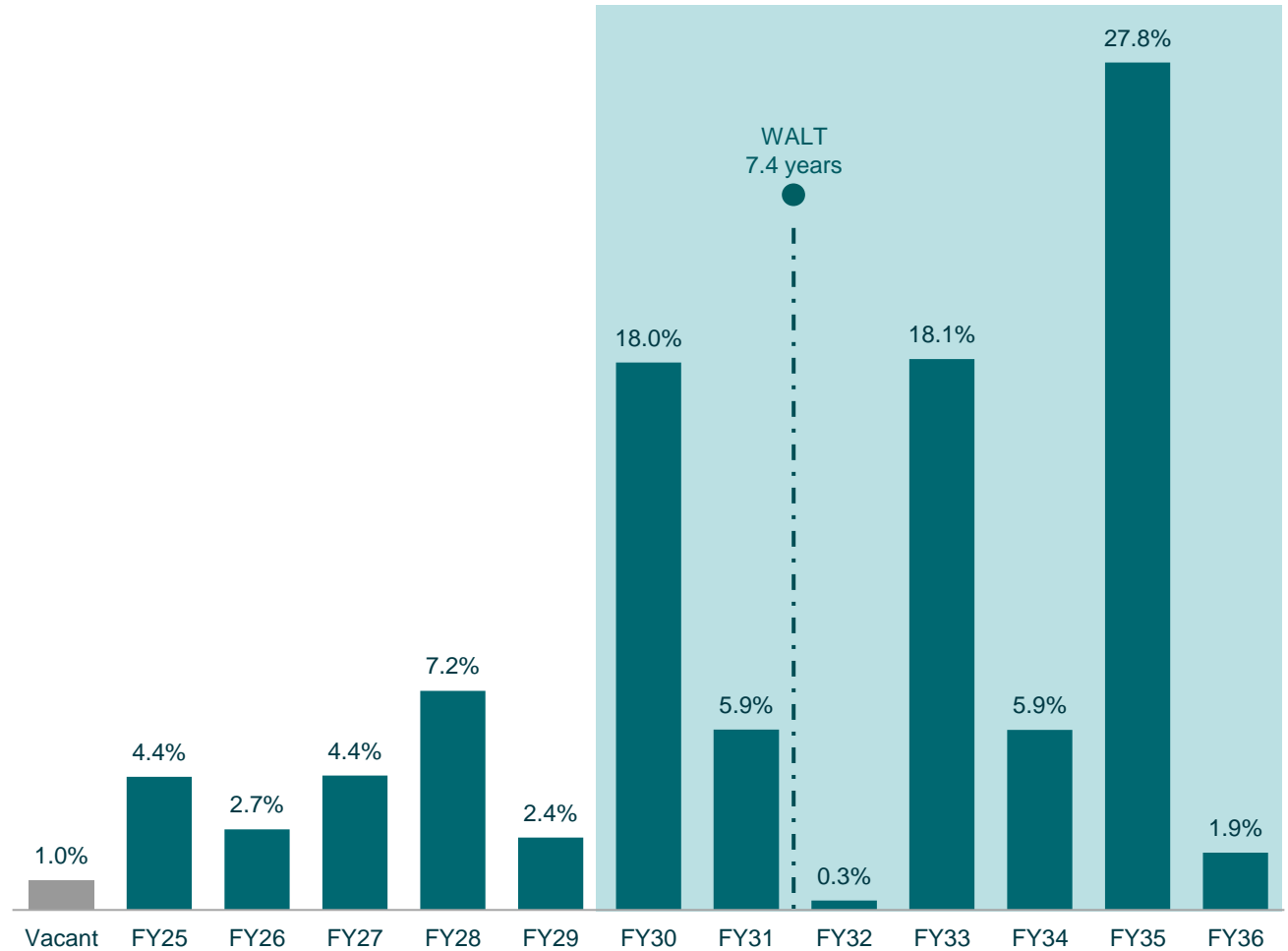
## Vacant

1.0% Contract Rental vacant:

- Post balance date, 8 year lease agreed with Bargain Chemist for space at Mt Wellington Shopping Centre, with expiry in FY32, representing 0.3% of Contract Rental

## Lease Expiry Profile<sup>3</sup> by Contract Rental<sup>2</sup>

As at 31 March 2024



Note: Numbers may not sum due to rounding.

1. Weighted average lease term.

2. See footnote 3 on page 6.

3. 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 2024 as a percentage of Contract Rental.

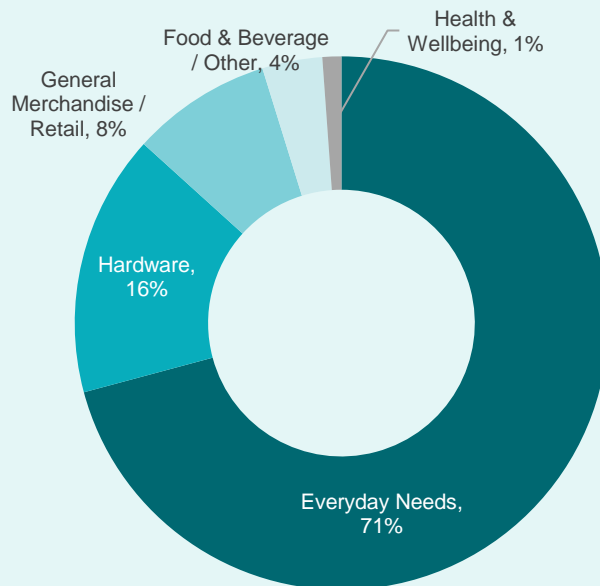
# Key tenants meeting daily needs

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	Woolworths, 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, Affinity Medical Imaging



Portfolio Tenant Classification by Contract Rental<sup>1</sup>

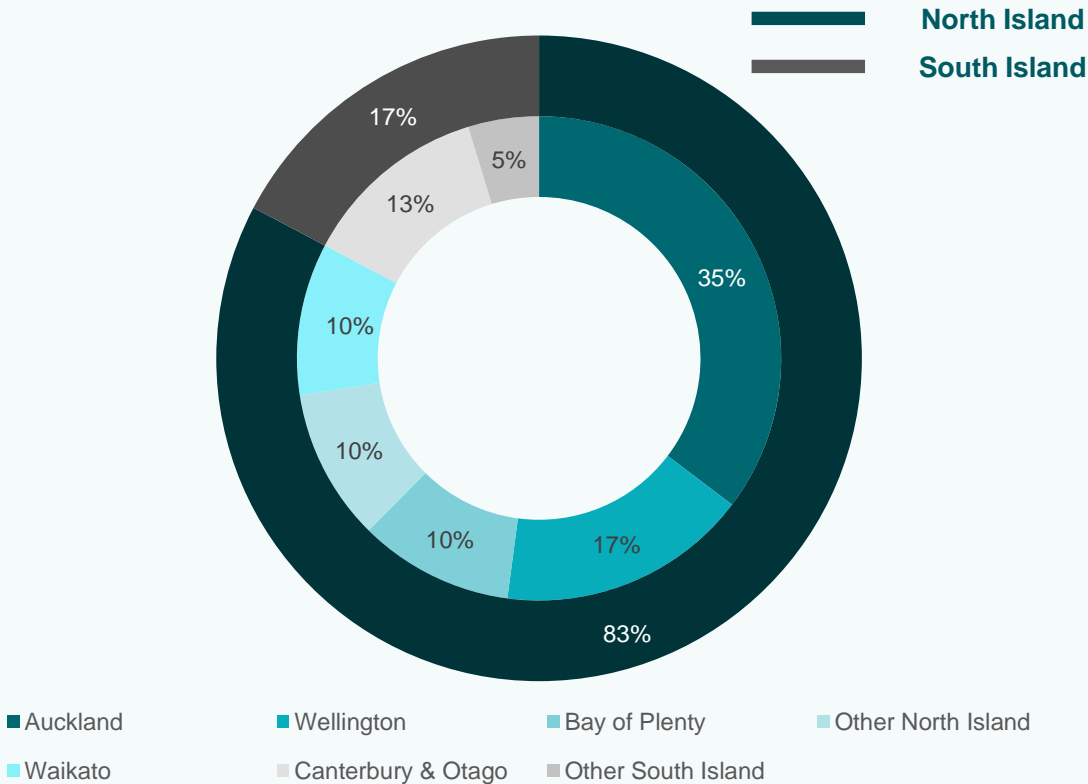


1. See footnote 3 on page 6.

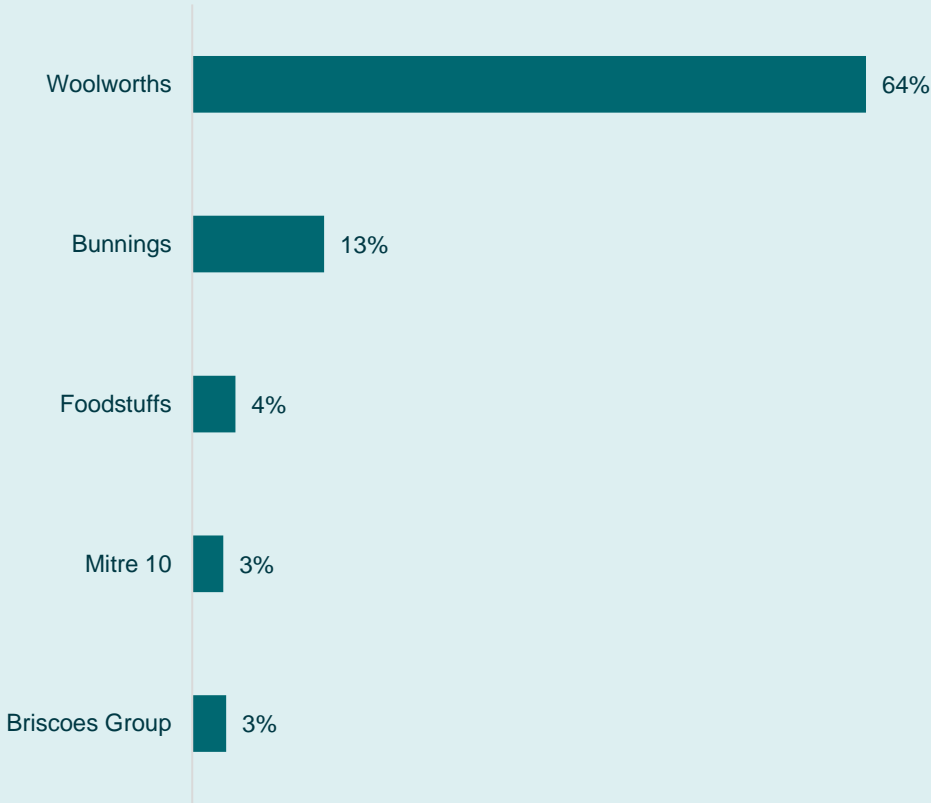
# Geographically Diversified Portfolio

Investore's portfolio is geographically diversified across New Zealand with the majority of the portfolio located in highly populated urban areas such as Auckland, Wellington, Canterbury, Waikato and the Bay of Plenty. Anchor tenants represent 87% of Investore's Contract Rental<sup>1</sup>

Geographic diversification by Contract Rental<sup>1</sup>



Anchor tenant concentration by Contract Rental<sup>1</sup>



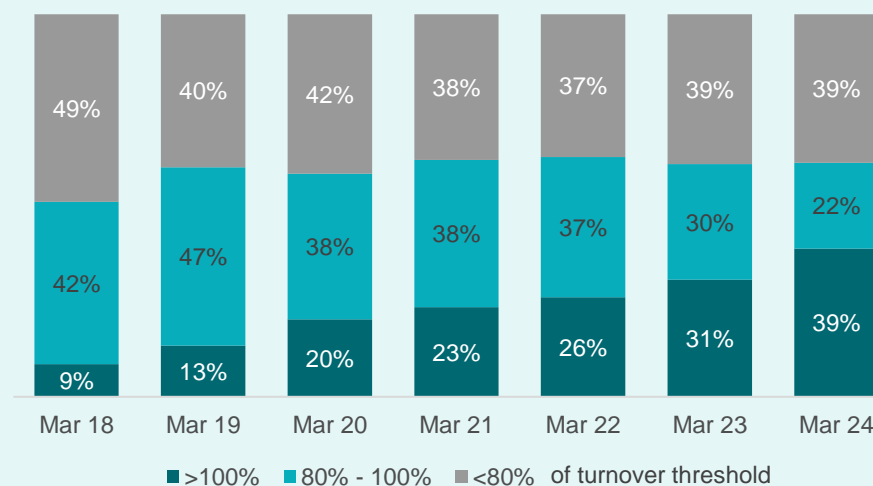
1. See footnote 3 on page 6.

Note: Numbers may not sum due to rounding.

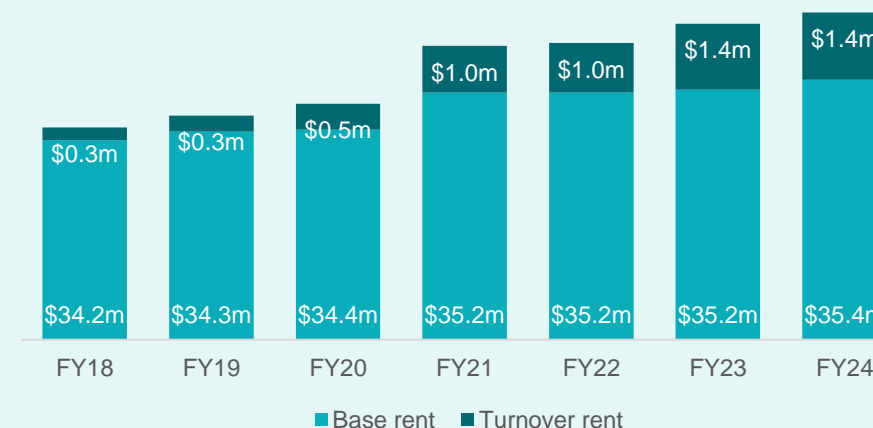
# Turnover Rent

- The leases for Woolworths stores, which make up 64% of the portfolio's Contract Rental<sup>1</sup>, include a turnover rent component, where additional rent is paid once store sales, or Moving Annual Turnover (MAT)<sup>2</sup>, exceed a specified threshold
- There has been a continued increase in stores paying turnover rent, with 39% of stores (weighted by MAT) now paying turnover rent, up from 9% as at 31 Mar 18. As at 31 Mar 24, 12 stores are trading above their turnover rent threshold, up from 10 stores at 31 Mar 23
- Turnover rent has also continued to increase across the portfolio on a like-for-like basis<sup>3</sup>, to \$1.4m for FY24, up from \$0.3m in FY18. Over the past 3 years, turnover rent has grown at a 13% cumulative annual growth rate
- Since FY19 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 22% of stores (weighted by MAT) that are in the 80 - 100% bracket as at 31 Mar 24, 57% are in Auckland and 23% in Wellington
- For most Woolworths leases in the portfolio, turnover rent is crystalised to base rent at each rent review date, with the base rent increase being the average turnover rent paid in the previous three years

Woolworths supermarket portfolio turnover mix (weighted by MAT)<sup>2</sup>



Woolworths supermarket base and turnover rent (like-for-like)<sup>3</sup>



Note: Numbers may not sum due to rounding.

1. See footnote 3 on page 6.

2. MAT is determined by calculating the net sales over a 12-month period from April to March, with the calculation being completed on a rolling basis.

3. Investore's Woolworths supermarket portfolio on a like-for-like basis between 31 March 2018 and 31 March 2024.

# Sustainability



Woolworths, Mt Roskill

# Sustainability

Investore considers that it has very low scope 1 and 2 emissions (for FY24, 25.1 tCO2-e), primarily from refrigerants used in air conditioning systems and electricity for lighting

To reduce refrigerant emissions, Investore has developed a programme to replace air conditioning units that use R22 refrigerant with a low global warming potential alternative. 14 units have been replaced to date, with a further 38 planned for replacement over FY25 and FY26

Investore also has programmes targeted at its scope 3 emissions, which are its biggest emissions:

Solar feasibility completed for standalone supermarket; Investore will now engage with major tenants to progress this initiative

Contribution towards tenant LED lighting upgrades at several properties across the portfolio



# Woolworths Waimakariri Junction

5 Green Star Design rated, targeting 5 Green Star As Built, the “New Zealand excellence” standard



## Operational efficiency

- Solar panels installed
- Energy efficient refrigeration systems
- Heat generated from store fridges is recycled to regulate the overall store temperature
- 100% low energy LED lighting installed
- Low water use plumbing fittings

## Benefits to people

- Durable, low toxicity materials used throughout the development
- Electric vehicle chargers
- 16% of parking spaces reserved for fuel-efficient vehicles
- End of trip facilities installed, including designated bicycle parking, to encourage cycling to the store

## Sustainable construction

- Utilisation of low carbon concrete and low embodied carbon materials where appropriate
- 82% of waste diverted from landfill

# Financial Performance

Mitre 10 MEGA, Botany





# Financial performance

	31 Mar 24 \$m	31 Mar 23 \$m	Change	
			\$m	%
Net rental income	61.2	60.3	+1.0	+1.6
Corporate expenses	(8.1)	(8.9)	+0.7	+8.1
<b>Profit before net finance expense, other expense and income tax</b>	<b>53.1</b>	<b>51.4</b>	<b>+1.7</b>	<b>+3.3</b>
Net finance expense	(18.0)	(16.2)	(1.8)	(11.0)
<b>Profit before other expense and income tax</b>	<b>35.1</b>	<b>35.2</b>	<b>(0.1)</b>	<b>(0.2)</b>
Other expense <sup>1</sup>	(98.8)	(185.3)	+86.5	+46.7
<b>Loss before income tax</b>	<b>(63.6)</b>	<b>(150.1)</b>	<b>+86.4</b>	<b>+57.6</b>
Income tax expense	(3.5)	(0.1)	(3.4)	(2,624.2)
<b>Loss after income tax attributable to shareholders</b>	<b>(67.1)</b>	<b>(150.2)</b>	<b>+83.1</b>	<b>+55.3</b>

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 financial statements for each respective financial period and may not sum due to rounding.

# Distributable profit<sup>1</sup>

	31 Mar 24 \$m	31 Mar 23 \$m	Change	
			\$m	%
<b>Loss before income tax</b>	<b>(63.6)</b>	<b>(150.1)</b>	<b>+86.4</b>	<b>+57.6</b>
<b>Non-recurring, non-cash items, and other adjustments:</b>				
- Net change in fair value of investment properties	98.7	185.2	(86.5)	(46.7)
- Borrowings establishment costs amortisation	1.0	0.9	+0.0	+2.0
- Other	0.3	(0.1)	+0.4	+609.2
<b>Distributable profit before current income tax</b>	<b>36.4</b>	<b>36.0</b>	<b>+0.3</b>	<b>+1.0</b>
Current income tax	(5.4)	(5.0)	(0.4)	(7.3)
<b>Distributable profit after current income tax</b>	<b>31.0</b>	<b>31.0</b>	<b>(0.0)</b>	<b>(0.1)</b>
<b>Adjustments to funds from operations:</b>				
- Maintenance capital expenditure	(3.7)	(2.3)	(1.4)	(59.9)
- Seismic works	(2.3)	-	(2.3)	(100.0)
- Incentives and associated landlord works	(0.4)	(0.1)	(0.3)	(536.7)
<b>Adjusted Funds From Operations (AFFO)<sup>2</sup></b>	<b>24.6</b>	<b>28.6</b>	<b>(4.0)</b>	<b>(14.1)</b>
Weighted average number of shares (millions)	369.3	367.7		
<b>Basic and diluted distributable profit after current income tax per share - weighted (cents)</b>	<b>8.39cps</b>	<b>8.44cps</b>		
<b>AFFO basic and diluted distributable profit after current income tax per share - weighted (cents)</b>	<b>6.65cps</b>	<b>7.78cps</b>		

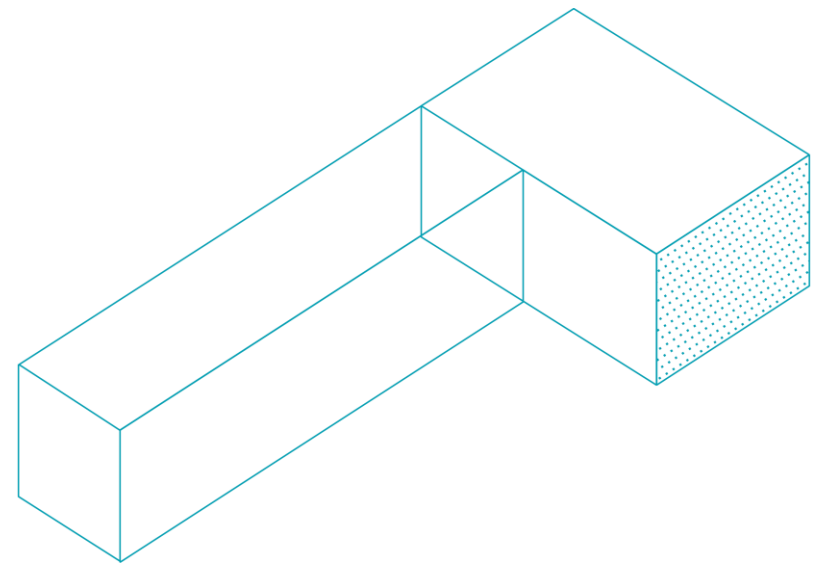
1. See footnote 1 on page 3 for definition.

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 consolidated financial statements for each respective financial period and may not sum due to rounding.

# Financial summary

	As at 31 Mar 24	As at 31 Mar 23	Change
Investment property value (\$m) <sup>1</sup>	989.4	1,062.1	(72.7)
Drawn debt (\$m)	(402.8)	(387.6)	+15.2
<b>Loan to Value Ratio (LVR)<sup>2</sup></b>	<b>40.8%</b>	<b>36.5%</b>	<b>+4.3%</b>
Equity (\$m)	587.1	675.0	(88.0)
Shares on issue (millions)	373.8	367.5	+6.3
<b>Net Tangible Assets (NTA) per share</b>	<b>\$1.57</b>	<b>\$1.84</b>	<b>(\$0.27)</b>
<b>Adjusted NTA<sup>3</sup> per share</b>	<b>\$1.57</b>	<b>\$1.84</b>	<b>(\$0.27)</b>



1. Excludes lease liabilities.
2. See footnote 3 on page 4.
3. Excludes after tax fair value of interest rate derivatives.

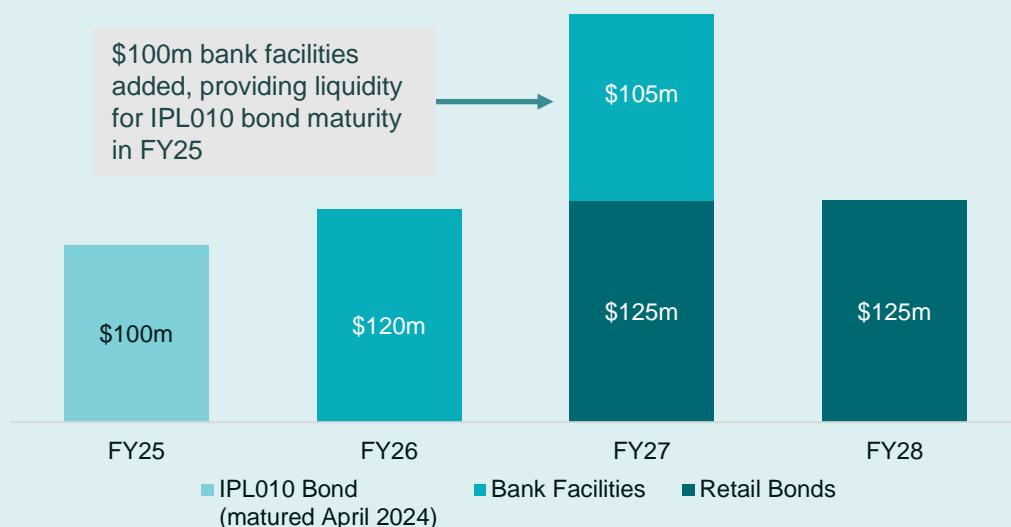
# Capital Management



# Proactive capital management

- \$100m increase in bank facilities to provide liquidity for maturity of IPL010 bond in Apr 24; no debt now maturing until FY26
- Dividend reinvestment plan (DRP) implemented; an average of 34% participation in FY24 Q1-Q3 dividends, resulting in \$6.9m reinvested to manage leverage
- \$1.3m of retained earnings as a result of the dividend reduction in FY24 Q3 dividend
- Bank LVR covenant increased to 55.0%
- 40.8% LVR<sup>1</sup> as at 31 Mar 24, or 41.4% on a committed basis<sup>2</sup>

## Debt maturity profile as at 31 March 2024



Debt facilities	Pro forma <sup>3</sup>	As at 31 Mar 24	As at 31 Mar 23
Debt facilities limit (ANZ, CCB, ICBC, Westpac), including bonds	\$475m	\$575m	\$475m
Debt facilities drawn	\$403m	\$403m	\$388m
Weighted average maturity of debt facilities	2.5 years	2.1 years	3.0 years

## Debt covenants

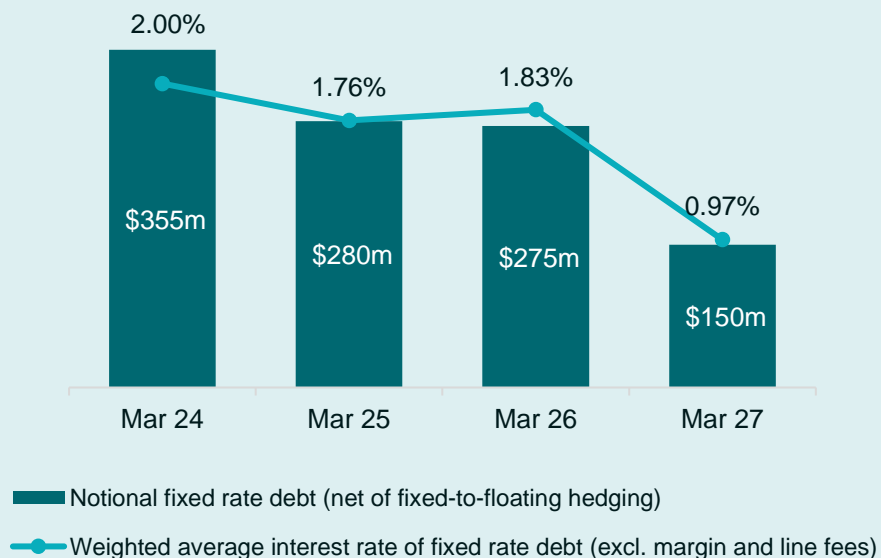
LVR (Drawn Debt / Property Values) Covenant: ≤ FY24: 55.0%, FY23: 52.5%	40.8% <sup>1</sup>	40.8% <sup>1</sup>	36.5% <sup>4</sup>
Interest Cover Ratio (EBIT / Interest and Financing Costs) Covenant: ≥ 1.75x	n/a	2.9x	3.2x

1. See footnote 3 on page 4.
2. Taking into account the reduced Q4 FY24 dividend and capital commitments as at 31 March 2024 (see note 2.4 to the consolidated financial statements).
3. Pro forma for the maturity of the \$100m IPL010 bond which matured on 18 April 2024, repaid with bank debt facilities.
4. Loan to Value Ratio (LVR) is calculated based on independent valuation, which exclude lease liabilities.

# Hedging and cost of debt

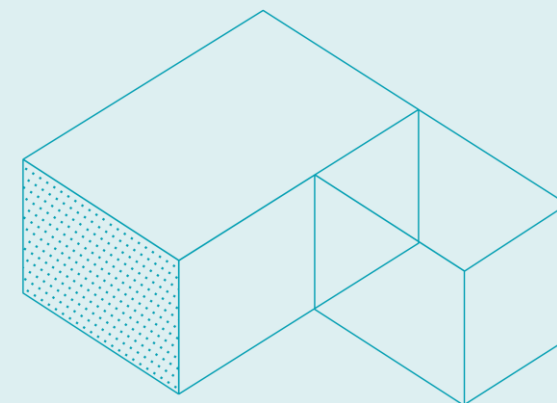
- As at 31 Mar 24, 88% of drawn debt is hedged or subject to a fixed interest rate
- Investore continues to benefit from high levels of fixed rate debt at below prevailing market rates
- Weighted average cost of debt as at 31 Mar 24 was 4.34%, increasing to 4.76% pro forma for the repayment of IPL010 fixed rate bond with bank debt
- \$25m 2-year forward starting swap with effective date of 31 Dec 25 entered into

Fixed rate interest profile as at 31 March 2024



Cost of debt	Pro forma <sup>1</sup>	As at 31 Mar 24	As at 31 Mar 23
Weighted average cost of debt (incl. current interest rate derivatives, bonds and bank margins, and line fees)	4.76%	4.34%	4.01%
Weighted average fixed interest rate (incl. current interest rate derivatives and bonds, excl. margins)	1.76%	2.00%	2.00%
Weighted average fixed interest rate maturity (incl. bonds, active and forward starting swaps)	2.9 years	2.3 years	3.3 years
% of drawn debt fixed	70%	88%	92%

1. See footnote 3 on page 21.



# Looking Ahead

Woolworths, Waimakariri Junction  
(in development)



# Looking ahead

- Current macroeconomic conditions remain soft and higher interest rates have impacted property transaction volumes. However, valuations are stabilising and interest rate cuts are forecast to start occurring later this financial year which creates opportunities
- Recent changes to rules surrounding tax depreciation on commercial buildings has resulted in an additional earnings headwind
- However, underlying portfolio metrics remain resilient, with a defensive rental income stream from non-discretionary, everyday needs retail tenants supported by proactive capital management and a strong hedging outlook
- The Board intends to pursue its strategy for targeted growth if appropriate acquisition and development opportunities present themselves and will also consider strategic divestments, provided appropriate value can be realised
- The Investore Board confirms it currently intends to pay a cash dividend of 6.50 cents per share for FY25, which is expected to be near the mid-point of Investore's revised dividend policy





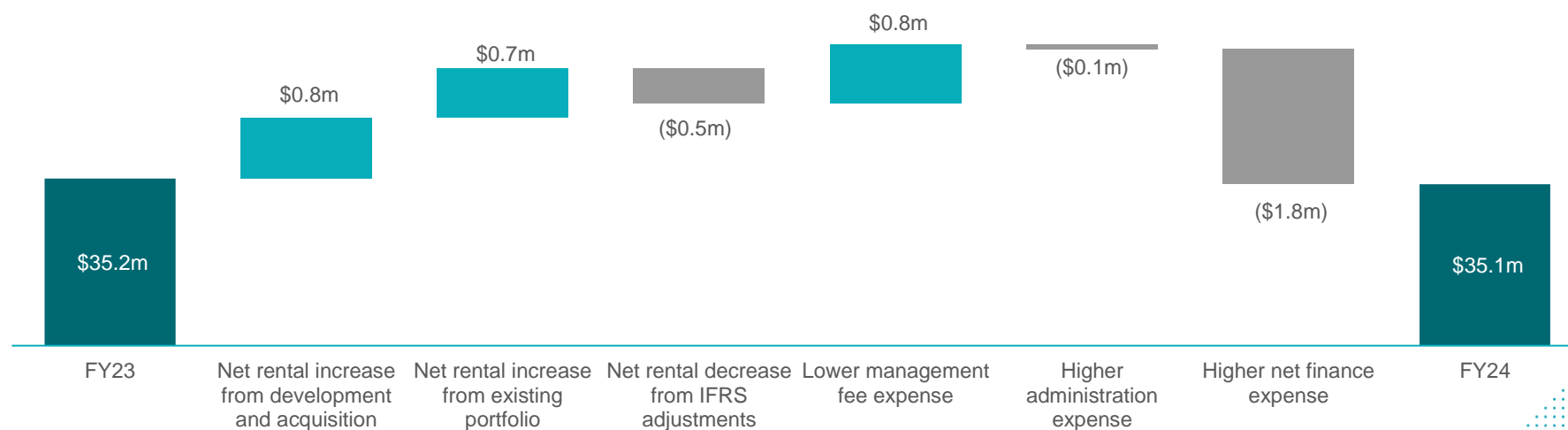
# Appendices



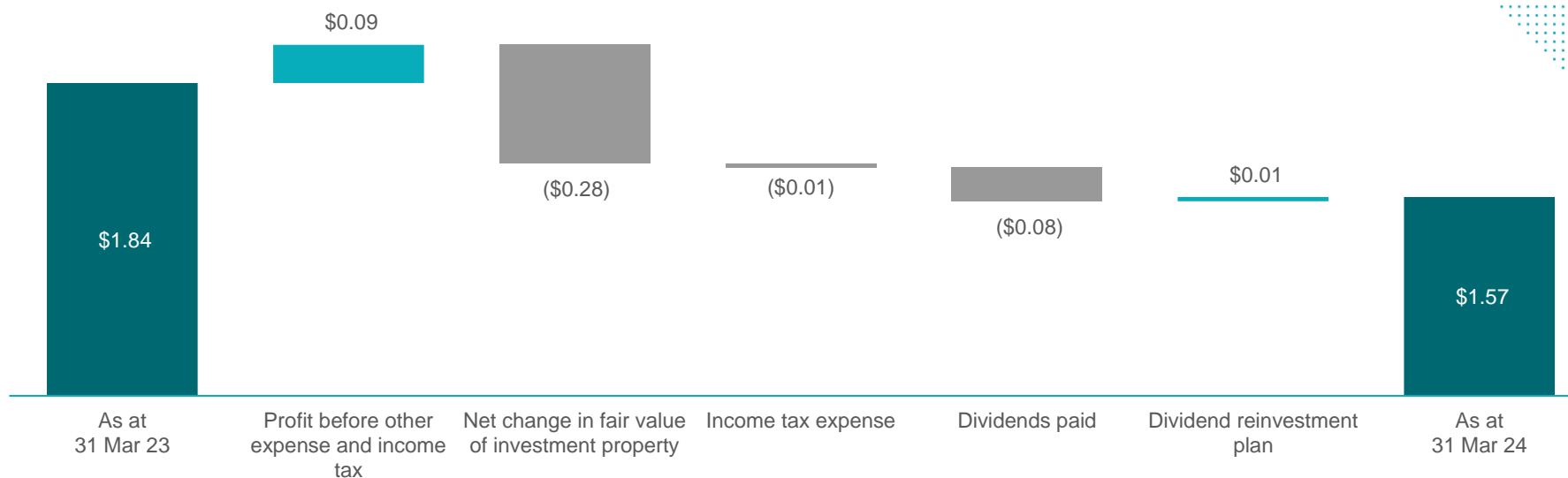
Bunnings,  
Rotorua

# Appendix A

## Profit before other expense and income tax



## Net Tangible Assets



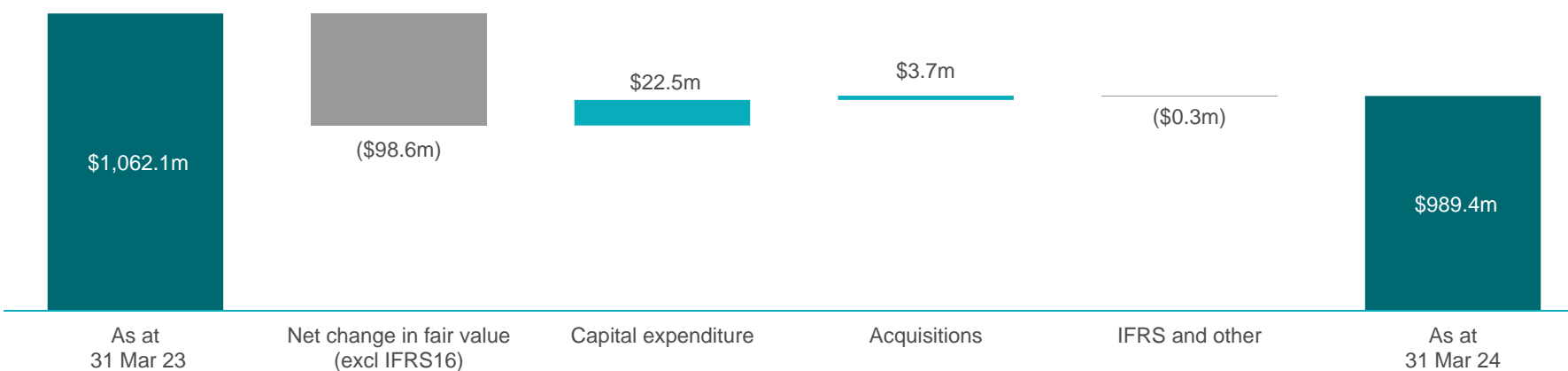
Values in the tables above are calculated based on the numbers in the consolidated financial statements for each respective financial period and may not sum due to rounding.

# Appendix B

## Net Contract Rental<sup>1</sup>



## Investment Properties (excl. lease liabilities)



1. See footnote 3 on page 6.

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

# Thank you

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