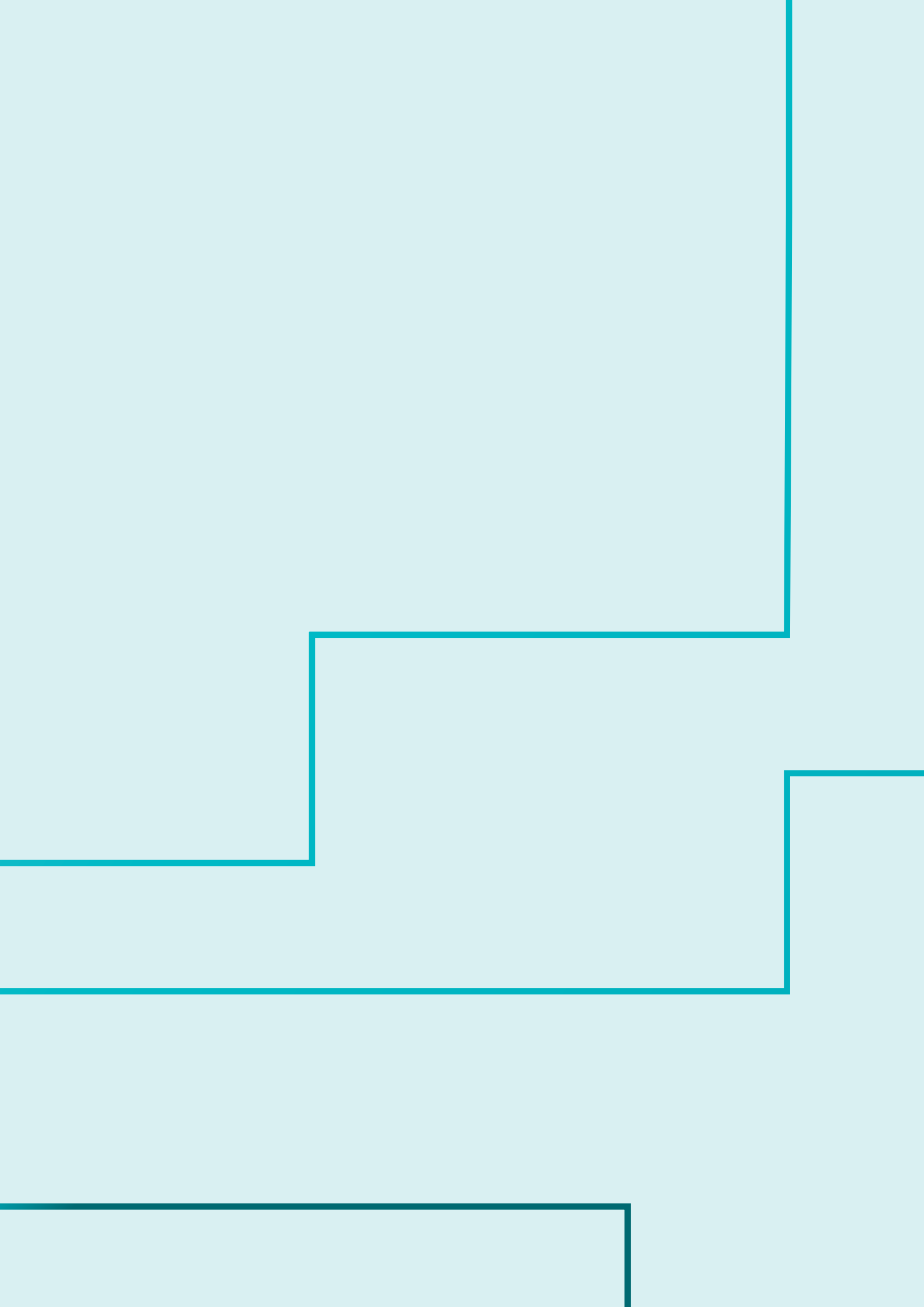


# investore

Managed by Stride Investment  
Management Limited

## Investore Property Limited

Consolidated Interim Financial Statements  
for the six months ended 30 September 2023



# Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2023

	Notes	Unaudited 6 months 30 Sep 23 \$000	Unaudited 6 months 30 Sep 22 \$000
Gross rental income		36,269	35,740
Direct property operating expenses		(5,894)	(5,523)
<b>Net rental income</b>	<b>2.1</b>	<b>30,375</b>	<b>30,217</b>
<b>Less corporate expenses</b>			
Asset management fee expense	4.0	(2,765)	(3,087)
Administration expenses		(1,383)	(1,525)
<b>Total corporate expenses</b>		<b>(4,148)</b>	<b>(4,612)</b>
<b>Profit before net finance expense, other expense and income tax</b>		<b>26,227</b>	<b>25,605</b>
Finance income		88	27
Finance expense		(8,706)	(7,936)
<b>Net finance expense</b>	<b>5.3</b>	<b>(8,618)</b>	<b>(7,909)</b>
<b>Profit before other expense and income tax</b>		<b>17,609</b>	<b>17,696</b>
<b>Other expense</b>			
Net change in fair value of investment properties	2.2	(82,712)	(42,667)
Net change in fair value of derivative financial instruments		(2)	(8)
<b>Loss before income tax</b>		<b>(65,105)</b>	<b>(24,979)</b>
Income tax expense	6.1	(1,428)	(2,704)
<b>Loss after income tax attributable to shareholders</b>		<b>(66,533)</b>	<b>(27,683)</b>
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Movement in cash flow hedges, net of tax		275	302
<b>Total comprehensive loss after tax attributable to shareholders</b>		<b>(66,258)</b>	<b>(27,381)</b>
<b>Basic and diluted earnings per share (cents)</b>	<b>3.1</b>	<b>(18.10)</b>	<b>(7.52)</b>

The attached notes form part of and are to be read in conjunction with these consolidated interim financial statements.

# Consolidated Statement of Changes in Equity

For the six months ended 30 September 2023

	Notes	Cents per share	Number of shares 000	Share capital \$000	Retained earnings \$000	Cash flow hedge reserve \$000	Total \$000
<b>Balance 31 Mar 23 (Audited)</b>			367,503	557,219	117,133	668	675,020
<b>Transactions with shareholders:</b>							
Q4 2023 final dividend		1.975	-	-	(7,258)	-	(7,258)
Q1 2024 interim dividend		1.975	-	-	(7,258)	-	(7,258)
Q1 2024 dividend reinvestment	5.4		2,060	2,465	-	-	2,465
<b>Total transactions with shareholders</b>			2,060	2,465	(14,516)	-	(12,051)
<b>Other comprehensive income:</b>							
Movement in cash flow hedges, net of tax			-	-	-	275	275
<b>Total other comprehensive income</b>			-	-	-	275	275
Loss after income tax			-	-	(66,533)	-	(66,533)
<b>Total comprehensive (loss)/income</b>			-	-	(66,533)	275	(66,258)
<b>Balance 30 Sep 23 (Unaudited)</b>			369,563	559,684	36,084	943	596,711
<b>Balance 31 Mar 22 (Audited)</b>			368,135	558,293	296,383	366	855,042
<b>Transactions with shareholders:</b>							
Q4 2022 final dividend		1.975	-	-	(7,272)	-	(7,272)
Q1 2023 interim dividend		1.975	-	-	(7,262)	-	(7,262)
Share buyback			(632)	(1,074)	-	-	(1,074)
<b>Total transactions with shareholders</b>			(632)	(1,074)	(14,534)	-	(15,608)
<b>Other comprehensive income:</b>							
Movement in cash flow hedges, net of tax			-	-	-	302	302
<b>Total other comprehensive income</b>			-	-	-	302	302
Loss after income tax			-	-	(27,683)	-	(27,683)
<b>Total comprehensive (loss)/income</b>			-	-	(27,683)	302	(27,381)
<b>Balance 30 Sep 22 (Unaudited)</b>			367,503	557,219	254,166	668	812,053

The attached notes form part of and are to be read in conjunction with these consolidated interim financial statements.

# Consolidated Statement of Financial Position

As at 30 September 2023

	Notes	Unaudited 30 Sep 23 \$000	Audited 31 Mar 23 \$000
<b>Current assets</b>			
Cash at bank		5,093	4,802
Trade and other receivables		1,913	608
Prepayments		2,079	909
Other current assets		2,522	1,961
		<b>11,607</b>	<b>8,280</b>
Investment properties classified as held for sale	2.4	27,081	-
		<b>38,688</b>	<b>8,280</b>
<b>Non-current assets</b>			
Investment properties	2.2	974,336	1,070,451
Deposits on investment properties		44	79
Derivative financial instruments	5.2	1,663	1,478
		<b>976,043</b>	<b>1,072,008</b>
<b>Total assets</b>		<b>1,014,731</b>	<b>1,080,288</b>
<b>Current liabilities</b>			
Borrowings	5.1	99,833	-
Trade and other payables	6.2	9,259	8,355
Current tax liability		971	622
Lease liabilities		52	75
Derivative financial instruments	5.2	537	-
		<b>110,652</b>	<b>9,052</b>
Lease liabilities associated with investment properties classified as held for sale	2.4	581	-
		<b>111,233</b>	<b>9,052</b>
<b>Non-current liabilities</b>			
Borrowings	5.1	298,208	385,037
Lease liabilities		7,644	8,242
Deferred tax liability		935	2,219
Derivative financial instruments		-	718
		<b>306,787</b>	<b>396,216</b>
<b>Total liabilities</b>		<b>418,020</b>	<b>405,268</b>
<b>Net assets</b>			
		<b>596,711</b>	<b>675,020</b>
Share capital		559,684	557,219
Retained earnings		36,084	117,133
Reserve		943	668
<b>Equity</b>		<b>596,711</b>	<b>675,020</b>

For and on behalf of the Board of Directors of Investore Property Limited, who authorised these consolidated interim financial statements for issue on 16 November 2023:



**Mike Allen**  
Chair of the Board



**Gráinne Troute**  
Chair of the Audit and  
Risk Committee

The attached notes form part of and are to be read in conjunction with these consolidated interim financial statements.

# Consolidated Statement of Cash Flows

For the six months ended 30 September 2023

	Unaudited 6 months 30 Sep 23 \$000	Unaudited 6 months 30 Sep 22 \$000
<b>Cash flows from operating activities</b>		
Gross rental received	34,106	34,724
Bank interest received	88	27
Direct property operating and corporate expenses	(11,012)	(9,875)
Interest paid	(8,511)	(7,457)
Borrowings establishment costs	(196)	(20)
Income tax paid	(2,468)	(2,524)
<b>Net cash provided by operating activities</b>	<b>12,007</b>	<b>14,875</b>
<b>Cash flows from investing activities</b>		
Capital expenditure on investment properties	(11,219)	(2,517)
Acquisition of investment properties	(1,106)	(32,707)
<b>Net cash applied to investing activities</b>	<b>(12,325)</b>	<b>(35,224)</b>
<b>Cash flows from financing activities</b>		
Drawdown of bank borrowings	12,700	35,600
Dividends paid net of dividends reinvestment	(12,051)	(14,534)
Lease liabilities payments	(40)	(43)
Share buyback	-	(1,074)
<b>Net cash provided by financing activities</b>	<b>609</b>	<b>19,949</b>
<b>Net increase/(decrease) in cash and cash equivalents held</b>	<b>291</b>	<b>(400)</b>
Opening cash and cash equivalents	4,802	7,229
<b>Closing cash and cash equivalents</b>	<b>5,093</b>	<b>6,829</b>
<b>Cash and cash equivalents comprises:</b>		
Cash at bank	4,770	6,829
Cash held for retentions	323	-
<b>Cash and cash equivalents at balance date</b>	<b>5,093</b>	<b>6,829</b>

*The attached notes form part of and are to be read in conjunction with these consolidated interim financial statements.*

# Consolidated Statement of Cash Flows (continued)

For the six months ended 30 September 2023

## Reconciliation of loss after income tax attributable to shareholders to net cash provided by operating activities

	Notes	Unaudited 6 months 30 Sep 23 \$000	Unaudited 6 months 30 Sep 22 \$000
<b>Loss after income tax attributable to shareholders</b>		<b>(66,533)</b>	<b>(27,683)</b>
<b>(Less)/add non-cash items:</b>			
Movement in deferred tax	6.1	(1,389)	58
Net change in fair value of investment properties		82,712	42,667
Spreading of fixed rental increases		150	(12)
Capitalised lease incentives net of amortisation		39	(16)
Movement in loss allowance		1	(25)
Borrowings establishment costs amortisation		500	466
Accrued interest movement in derivative financial instruments		13	30
Net change in fair value of derivative financial instruments		2	8
		<b>15,495</b>	<b>15,493</b>
<b>(Less)/add activities reclassified (to)/from operating activities:</b>			
Movement in working capital items relating to investing activities		(1,509)	889
Movement in borrowings costs classified as operating activities		(196)	(20)
		<b>13,790</b>	<b>16,362</b>
<b>Movement in working capital:</b>			
Increase in trade and other receivables		(1,305)	(1,051)
Increase in prepayments and other current assets		(1,731)	(439)
Increase/(decrease) in trade and other payables		904	(118)
Increase in current tax liability		349	121
<b>Net cash provided by operating activities</b>		<b>12,007</b>	<b>14,875</b>

The attached notes form part of and are to be read in conjunction with these consolidated interim financial statements.

# Notes to the Financial Statements

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# 1.0 General Information

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**This section sets out Investore Property Limited's accounting policies that relate to the unaudited consolidated interim financial statements (financial statements) as a whole.**

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## 1.1 Reporting entity

The financial statements presented are those of Investore Property Limited (the Parent) and its subsidiary Investore Property (Carr Road) Limited (the Subsidiary) (together referred to as Investore). The Parent is domiciled in New Zealand and is registered under the Companies Act 1993. The Parent is also an FMC reporting entity under Part 7 of the Financial Markets Conduct Act 2013.

Investore's principal activity is property investment in New Zealand. Investore is managed by Stride Investment Management Limited (SIML).

The financial statements were approved for issue by the Board of Directors of the Parent (the Board) on 16 November 2023.

## 1.2 Basis of preparation

The financial statements have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013, the NZX Main Board Listing Rules and Generally Accepted Accounting Practice in New Zealand (GAAP). The financial statements comply with New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting* (NZ IAS 34) and International Accounting Standard 34 *Interim Financial Reporting* (IAS 34). Investore is a for-profit entity for the purposes of financial reporting.

The financial statements have been prepared under the historical cost basis except for assets and liabilities stated at fair value as disclosed. The financial statements have been presented in New Zealand dollars and have been rounded to the nearest thousand, unless stated otherwise.

The financial statements do not contain all the disclosures normally included in an annual financial report and should be read in conjunction with the audited 2023 annual consolidated financial statements.

## 1.3 New standards, amendments and interpretations

On 14 December 2022, the External Reporting Board issued the following standards:

- Aotearoa New Zealand Climate Standard 1 Climate-related Disclosures (NZ CS 1);
- Aotearoa New Zealand Climate Standard 2 Adoption of Aotearoa New Zealand Climate Standards (NZ CS 2); and
- Aotearoa New Zealand Climate Standard 3 General Requirements for Climate-related Disclosures (NZ CS 3).

NZ CS 1 contains the climate-related disclosure requirements for each of the four thematic areas (Governance, Strategy, Risk Management and Metrics and Targets) and the assurance requirements for greenhouse gas emissions disclosures. NZ CS 2 provides optional adoption provisions. NZ CS 3 contains the principles, the underlying concepts such as materiality, and the general requirements. These standards have not been early adopted by Investore, however Investore has undertaken significant work in readiness of providing its first climate-related statement for the year ending 31 March 2024.

In May 2023, New Zealand Accounting Standards Board released an amendment to NZ IAS 1 *Presentation of Financial Statements* that is effective for the accounting period that begins on or after 1 January 2024. The amendment applies to the reporting and classification of liabilities containing covenants. This amendment has not been early adopted by Investore and the potential impact is still being assessed.

At the date of approval of the financial statements, there were no relevant standards on issue but not applied.

## 1.4 Significant judgements, estimates and assumptions

The same accounting policies and methods of computation are followed in the financial statements as compared with the most recent annual consolidated financial statements.

In applying Investore's accounting policies, the Board regularly evaluates significant judgements, estimates and assumptions that may have an impact on Investore. The significant judgements, estimates and assumptions made in the preparation of these financial statements were the same as those applied to the consolidated financial statements as at and for the year ended 31 March 2023.

# 1.0 General Information (continued)

## 1.5 Significant events and transactions

The financial position and performance of Investore was affected by the following events and transactions that occurred during the reporting period:

### Bank debt refinancing

In June 2023, Investore increased its bank debt facilities by \$100.0 million. These additional facilities are due to mature on 31 May 2026.

### Dividend reinvestment plan (DRP)

On 28 June 2023, the Parent approved the adoption of a DRP. On 30 August 2023, the Parent approved the implementation of the DRP for the first quarter dividend for the period 1 April 2023 to 30 June 2023, with a 2% discount applied to the volume weighted average price on all of the Parent's shares traded on the NZX during the five trading days commencing on the ex-dividend date.

### Revaluation of investment properties

Investore undertook independent valuations for the majority of the portfolio as at 30 September 2023 which resulted in a net reduction in fair value of investment properties of \$(82.7) million (30 Sep 22: \$(42.7) million net reduction) (refer note 2.2).

## 1.6 Non-GAAP measures

The consolidated statement of comprehensive income includes two non-GAAP measures: Profit before net finance expense, other expense and income tax; and Profit before other expense and income tax. These non-GAAP measures have been presented to assist investors in understanding the different aspects of Investore's financial performance.

Note 3.2 sets out Investore's net tangible assets per share which is a non-GAAP measure and is a common investment metric.

Note 3.3 sets out Investore's calculation of distributable profit and Adjusted Funds From Operations (AFFO) which are both non-GAAP measures. Distributable profit is presented to provide an earnings measure which more closely aligns to Investore's underlying and recurring earnings from its operations. AFFO 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 reflect cash earnings for the period.

These non-GAAP measures do not have a standard meaning prescribed by GAAP and therefore may not be comparable to information presented by other entities.

## 2.0 Property

This section covers property assets, being large format retail properties, which generate Investore's trading performance.

### 2.1 Net rental income

	Unaudited 6 months 30 Sep 23 \$000	Unaudited 6 months 30 Sep 22 \$000
<b>Gross rental income</b>		
Rental income	32,688	31,834
Service charge income recovered from tenants	3,760	3,871
Spreading of fixed rental increases	(150)	12
Capitalised lease incentives	88	131
Lease incentives amortisation	(117)	(108)
<b>Total gross rental income</b>	<b>36,269</b>	<b>35,740</b>
<b>Direct property operating expenses</b>		
Service charge expenses relating to tenants	(4,729)	(4,560)
Movement in loss allowance	(1)	25
Lease incentives amortisation	(10)	(7)
Other non-recoverable property operating expenses	(1,154)	(981)
<b>Total direct property operating expenses</b>	<b>(5,894)</b>	<b>(5,523)</b>
<b>Net rental income</b>	<b>30,375</b>	<b>30,217</b>

Other non-recoverable property operating expenses represent property maintenance and operating expenses not recoverable from tenants and property leasing expenses.

### 2.2 Investment properties

The movement in Investore's investment properties during the six months to 30 September 2023 is as follows:

	Total \$000
<b>Balance at 31 Mar 23 (Audited)</b>	<b>1,070,451</b>
Property acquisitions	3,141
Capital expenditure	10,726
Transfer to investment properties classified as held for sale	(27,081)
Spreading of fixed rental increases	(150)
Capitalised lease incentives net of amortisation	(39)
Net change in fair value	(82,712)
<b>Balance at 30 Sep 23 (Unaudited)</b>	<b>974,336</b>
Comprising:	
Investment properties per valuations or at cost	966,640
Lease liabilities	7,696
<b>Balance at 30 Sep 23 (Unaudited)</b>	<b>974,336</b>

The investment properties, with the exception of 'Other properties', which have been valued at the 31 March 2023 valuation or at cost, were valued either by CVAS (NZ) Limited (CVAS (NZ)), CVAS (WLG) Limited (CVAS (WLG)), Jones Lang LaSalle Limited (JLL), Savills (NZ) Limited (Savills), Bayleys Valuations Limited (Bayleys) or CBRE Limited (CBRE) as indicated. All properties, with the exception of 2 Carr Road, Auckland, were valued using the same valuer for the 31 March 2023 independent valuations.

The development at 6 & 21 Hakarau Road, Kaiapoi, and the property at 507 Pakuranga Road, Auckland, have been valued utilising the residual approach, which is a method that calculates what the property is expected to be worth on completion of the works on the property and deducting all expected costs to complete the works.

In August 2023, Investore acquired title to land adjacent to Investore's property at 507 Pakuranga Road, Auckland, from General Distributors Limited (GDL). Investore is committed to reimburse GDL for the costs of development of a new car park and other related works on this land up to an amount of \$7.5 million (refer note 2.3), and GDL will pay improvements rental on this contribution. As at 30 September 2023, the acquired land was valued at \$2.0 million.

## 2.0 Property (continued)

### 2.2 Investment properties (continued)

Property	Valuer	Unaudited 30 Sep 23 \$000	Audited 31 Mar 23 \$000
<b>Auckland</b>			
24 Anzac Road	JLL	23,750	26,250
326 Great South Road	CVAS (NZ)	31,250	35,500
35A St Johns Road	JLL	21,750	22,500
507 Pakuranga Road	CBRE	17,500	18,300
3 Averill Street	CVAS (NZ)	32,500	36,000
Cnr Church & Selwyn Streets	Bayleys	11,250	12,700
Cnr Te Irirangi Drive & Bishop Dunn Place	Bayleys	37,400	38,900
112 Stoddard Road	CVAS (NZ)	22,000	25,250
226 Great South Road	Bayleys	36,300	40,300
20-26 Neville Street	Bayleys	26,000	27,800
2 Carr Road	JLL	38,500	36,500
4 Carr Road	Savills	26,250	30,000
295 Penrose Road	CBRE	38,000	40,300
<b>Waikato</b>			
66-76 Studholme Street, Morrinsville <sup>1</sup>		-	7,000
Cnr Anglesea & Liverpool Streets, Hamilton	Bayleys	7,850	6,400
Cnr Bridge & Anglesea Streets, Hamilton	Bayleys	18,550	20,500
Cnr Hukanui & Thomas Roads, Hamilton	Bayleys	16,550	17,950
446 Te Rapa Road, Hamilton	Bayleys	33,300	36,800
<b>Bay of Plenty</b>			
230-240 Fenton Street, Rotorua	Bayleys	20,750	22,750
26-48 Old Taupo Road, Rotorua	Bayleys	33,000	35,400
65 Chapel Street, Tauranga	JLL	50,000	50,500
<b>Wellington</b>			
45-49 Jackson Street	Savills	28,000	32,500
47 Bay Road	Bayleys	13,500	14,000
91 Johnsonville Road	CVAS (WLG)	21,000	22,500
13-19 Queen Street, Upper Hutt	JLL	15,000	15,500
14 Russell Street, Upper Hutt	CVAS (NZ)	9,750	12,000
261 High Street, Lower Hutt	CVAS (NZ)	20,250	23,250
Cnr Hanson Street, John Street & Adelaide Road	Savills	26,000	24,500
3 Main Road	Savills	17,500	16,600
<b>Other North Island</b>			
Cnr Butler & Kerikeri Roads, Kerikeri	CVAS (NZ)	18,000	21,250
53 Leach Street, New Plymouth	Bayleys	31,700	33,600
9 Gloucester Street, Napier	CVAS (WLG)	17,500	18,750
Cnr Fernlea Avenue & Roberts Line, Palmerston North	Savills	13,600	15,000
Cnr Tremaine Avenue & Railway Road, Palmerston North	CBRE	29,000	30,500
<b>Canterbury &amp; Otago</b>			
87-97 Hilton Street, Kaiapoi	CVAS (NZ)	12,000	13,000
219 Colombo Street, Christchurch	Bayleys	18,600	19,500
Cnr Victoria & Browne Streets, Timaru	CVAS (NZ)	12,000	14,250
40-50 Ivory Street, Rangiora	CVAS (NZ)	15,500	18,250
Cnr Rolleston & Masefield Drives, Rolleston	CVAS (NZ)	19,500	23,250
24 Brighton Mall, Christchurch	Savills	7,300	7,900
309 Cumberland Street, Dunedin	CVAS (NZ)	22,000	24,000
<b>Other South Island</b>			
Cnr Putaitai Street & Main Road, Nelson <sup>1</sup>		-	11,800
51 Arthur Street, Blenheim <sup>1</sup>		-	10,500
172-186 Tay Street, Invercargill	CBRE	23,000	23,200
<b>Development and Other</b>			
6 & 21 Hakarau Road, Kaiapoi	Savills	22,690	18,764
Other properties		10,800	10,170
<b>Total</b>		<b>966,640</b>	<b>1,062,134</b>

<sup>1</sup> Investment properties classified as held for sale as at 30 September 2023 (refer note 2.4).

## 2.0 Property (continued)

### 2.2 Investment properties (continued)

With regards to these investment properties (excluding properties classified as Development and Other), the valuers took into account the below key metrics:

- occupancy (leased area as a proportion of the total net lettable area) average was 99.2% at balance date;
- average lease term (weighted average lease term) at balance date was 7.7 years;
- discount rates ranged from 5.8% to 11.5%; and
- capital expenditure works including commitments disclosed in note 2.3.

Capitalisation rates (cap rate) ranged from 5.4% to 10.5% for the investment properties valued.

Investore is conscious of the need to identify the impact of climate risk on its business and assets. The independent valuers that valued Investore's investment properties have considered climate risk and environmental factors and the associated impact on the value of a property. The valuers are not climate risk experts but consider market transactional data as part of their valuation assessment and that market values may be impacted by climate risk factors, for example, higher green rated properties or properties with sustainable features or which are less vulnerable to climate risk potentially having higher market values than an equivalent property without such features. Accordingly, valuations can take these factors into account as part of the overall assessment of a property's market value. Apart from the consideration of the factors above, the valuers have made no explicit adjustment in respect of climate risks.

The estimated sensitivity of the fair value of the total investment property portfolio to changes in the cap rate and discount rate, assuming the cap rate or discount rate moved equally on all the properties (excluding properties classified as Development and Other and investment properties classified as held for sale (refer note 2.4)) is provided below. The metrics chosen are those where movements are likely to have the most significant impact on fair value.

	Cap rate %		Discount rate %	
	-0.25	+0.25	-0.25	+0.25
<b>As at 30 Sep 2023 (Unaudited)</b>				
Change \$'000	38,936	(35,934)	32,035	(29,962)
Change %	4	(4)	4	(3)
<b>As at 31 March 2023 (Audited)</b>				
Change \$'000	47,378	(43,398)	38,571	(35,858)
Change %	5	(4)	4	(4)

### 2.3 Capital expenditure commitments contracted for

As at 30 September 2023, Investore has committed to the below capital expenditure works:

- \$5.3 million (31 Mar 23: \$15.3 million) to complete stage 1 development at 6 & 21 Hakarau Road, Kaiapoi;
- \$6.3 million (31 Mar 23: \$8.0 million) towards the redevelopment and store refurbishment at 507 Pakuranga Road, Auckland, including a car park, improved customer access and a dedicated online pick-up area. The total cost of the development is \$8.3 million, including \$7.5 million that Investore has committed to reimburse GDL for the costs incurred by GDL in developing these works and Investore will receive an associated improvements rental on the amount reimbursed to GDL. Of the total development costs, \$2.0 million has been recognised as a payable (refer note 6.2) in the consolidated statement of financial position;
- \$3.0 million towards dedicated online pick-up areas at 326 Great South Road, Auckland (\$1.9 million (31 Mar 23: \$nil)), and 40-50 Ivory Street, Rangiora (\$1.1 million (31 Mar 23: \$1.1 million)); and
- \$3.2 million (31 Mar 23: \$3.6 million) for various other capital expenditure.

Investore has no other material capital commitments as at 30 September 2023.

### 2.4 Investment properties classified as held for sale

During the current period, the Board approved disposing the three properties located at 51 Arthur Street, Blenheim; Corner Putaitai Street & Main Road, Nelson; and 66-76 Studholme Street, Morrinsville. Upon the change in intention from holding the investment properties to disposing of them, Investore reclassified the properties from investment properties to investment properties classified as held for sale at a value of \$26.5 million. An associated right-of-use asset of \$0.6 million for the ground leases at 66-76 Studholme Street, Morrinsville (\$0.1 million), and 51 Arthur Street, Blenheim (\$0.5 million), were also reclassified from investment properties to investment properties classified as held for sale.

Management has assessed the value of 66-76 Studholme Street, Morrinsville, to be \$6.5 million as at 30 September 2023 after considering recent comparable market evidence. The investment properties at 51 Arthur Street, Blenheim, and Corner Putaitai Street & Main Road, Nelson, were independently valued as at 30 September 2023 using the same respective valuer used for the 31 March 2023 valuations.

## 3.0 Investor Returns

This section sets out Investore's earnings per share, net tangible assets per share and how distributable profit is calculated. Distributable profit is a non-GAAP measure and is used by Investore to calculate profit available for distribution to shareholders by way of dividends.

### 3.1 Basic and diluted earnings per share (EPS)

	Unaudited 6 months 30 Sep 23	Unaudited 6 months 30 Sep 22
<b>Loss after income tax attributable to shareholders (\$000)</b>	<b>(66,533)</b>	(27,683)
Weighted average number of shares for purpose of basic and diluted EPS (000)	<b>367,559</b>	367,942
<b>Basic and diluted EPS - weighted (cents)</b>	<b>(18.10)</b>	(7.52)

The movement in the weighted average number of shares in the current period reflects the 2.06 million shares issued under the DRP (refer note 1.5).

### 3.2 Net tangible assets (NTA) per share

	Unaudited 30 Sep 23	Audited 31 Mar 23	Unaudited 30 Sep 22
Number of shares on issue (000)	<b>369,563</b>	367,503	367,503
Total assets (\$000)	<b>1,014,731</b>	1,080,288	1,222,324
Less total liabilities (\$000)	<b>(418,020)</b>	(405,268)	(410,271)
<b>NTA (\$000)</b>	<b>596,711</b>	675,020	812,053
<b>NTA per share (cents)</b>	<b>161</b>	184	221

### 3.3 Distributable profit

Investore's dividend policy is to target a total cash dividend to shareholders that is between 80% to 100% of Investore's distributable profit.

	Unaudited 6 months 30 Sep 23	Unaudited 6 months 30 Sep 22
	\$000	\$000
<b>Loss before income tax</b>	<b>(65,105)</b>	(24,979)
<b>Non-recurring, non-cash and other adjustments:</b>		
Net change in fair value of investment properties	<b>82,712</b>	42,667
Reversal of lease liabilities movement in net change in fair value of investment properties	<b>(40)</b>	(43)
Net change in fair value of derivative financial instruments	<b>2</b>	8
Spreading of fixed rental increases	<b>150</b>	(12)
Capitalised lease incentives net of amortisation	<b>39</b>	(16)
Borrowings establishment costs amortisation	<b>500</b>	466
<b>Distributable profit before current income tax</b>	<b>18,258</b>	18,091
<b>Current income tax</b>	<b>(2,817)</b>	(2,646)
Adjusted for:		
Tax expense on capitalised interest	<b>(93)</b>	-
<b>Distributable profit after current income tax</b>	<b>15,348</b>	15,445
<b>Adjustments to funds from operations</b>		
Maintenance capital expenditure	<b>(854)</b>	(815)
Incentives and associated landlord works	<b>(31)</b>	(20)
<b>Adjusted Funds From Operations (AFFO)</b>	<b>14,463</b>	14,610
Weighted average number of shares for purpose of basic and diluted distributable profit per share (000)	<b>367,559</b>	367,942
<b>Basic and diluted distributable profit after current income tax per share - weighted (cents)</b>	<b>4.18</b>	4.20
<b>AFFO basic and diluted distributable profit after current income tax per share - weighted (cents)</b>	<b>3.93</b>	3.97

## 4.0 Related Party Disclosures

This section sets out the transactions that have occurred during the relevant periods between Investore and SIML, as manager of Investore, and Stride Property Limited (SPL), which owns a cornerstone shareholding in Investore. The shares in each of SIML and SPL are stapled securities and together they comprise the Stride Property Group.

	Unaudited 6 months 30 Sep 23	Unaudited 6 months 30 Sep 22
	\$000	\$000
<b>The following transactions with a related party took place</b>		
<b>SIML</b>		
Asset management fee expense	(2,765)	(3,087)
Building management fee expense	(220)	(220)
Accounting fee expense	(125)	(125)
Leasing fee expense	(64)	(19)
Project management fee expense	(410)	(111)
Other fee expenses	(139)	(89)
<b>Total</b>	<b>(3,723)</b>	<b>(3,651)</b>
<b>SPL</b>		
Dividends paid net of DRP	(2,258)	(2,733)
	<b>Unaudited 30 Sep 23</b>	<b>Audited 31 Mar 23</b>
	<b>\$000</b>	<b>\$000</b>
<b>The following balance was payable to a related party</b>		
SIML	(290)	(258)

Other fee expenses include maintenance, sustainability and share buyback fees related to the share buyback programme that ended in May 2023 (30 Sep 22: maintenance and sustainability fees).

Investore has appointed SIML as its exclusive provider of ongoing real estate investment management services. Investore does not have any employees, and accordingly, there are no senior managers of Investore who have a relevant interest in the shares of Investore.

SIML did not receive a performance fee for the six months ended 30 September 2023 (30 Sep 22: \$nil). The carried forward return for the performance fee calculation for the quarter ending 31 December 2023 is a 47.9% deficit (31 Mar 23: carried forward return for the quarter ended 30 June 2023 44.6% deficit) which has been calculated in accordance with the management agreement.

As at 30 September 2023, 0.4 million (\$0.5 million) shares were issued to SPL under the DRP. SPL's shareholding in the Parent is 18.8%, being 69.6 million shares (31 Mar 23: 18.8%, being 69.2 million shares).

## 5.0 Capital Structure and Funding

Investor's capital structure includes debt and equity, comprising shares and retained earnings as shown in the consolidated statement of financial position. This section sets out Investor's funding exposure to interest rate risk and related financing costs.

### 5.1 Borrowings

	Unaudited 30 Sep 23 \$000	Audited 31 Mar 23 \$000
<b>Current</b>		
Fixed rate bonds	100,000	-
Unamortised borrowings establishment costs	(167)	-
<b>Total current</b>	<b>99,833</b>	<b>-</b>
<b>Non-current</b>		
Bank facility drawn down	50,300	37,600
Fixed rate bonds	250,000	350,000
Unamortised borrowings establishment costs	(2,092)	(2,563)
<b>Total non-current</b>	<b>298,208</b>	<b>385,037</b>
<b>Total net borrowings</b>	<b>398,041</b>	<b>385,037</b>
Weighted average cost of debt (inclusive of interest rate derivatives, bonds, bank margins and line fees) at balance date	4.34%	4.01%

30 Sep 23 (Unaudited)	Issue date	Expiry date	Interest rate	Total amount	Undrawn facility	Drawn amount	Fair value
				\$000	\$000	\$000	\$000
Bank Facility A		30 Nov 2025	Floating	70,000	59,700	10,300	10,300
Bank Facility D		16 Apr 2025	Floating	50,000	50,000	-	-
Bank Facility F		31 May 2026	Floating	40,000	-	40,000	40,000
Bank Facility G		31 May 2026	Floating	65,000	65,000	-	-
Bonds IPL010	18 Apr 2018	18 Apr 2024	4.40%	100,000	-	100,000	98,454
Bonds IPL020	31 Aug 2020	31 Aug 2027	2.40%	125,000	-	125,000	103,193
Bonds IPL030	25 Feb 2022	25 Feb 2027	4.00%	125,000	-	125,000	111,646
				<b>575,000</b>	<b>174,700</b>	<b>400,300</b>	<b>363,593</b>

#### 31 Mar 23 (Audited)

Bank Facility A		30 Nov 2025	Floating	70,000	37,400	32,600	32,600
Bank Facility D		16 Apr 2025	Floating	50,000	45,000	5,000	5,000
Bank Facility F		30 Nov 2025	Floating	5,000	5,000	-	-
Bonds IPL010	18 Apr 2018	18 Apr 2024	4.40%	100,000	-	100,000	97,709
Bonds IPL020	31 Aug 2020	31 Aug 2027	2.40%	125,000	-	125,000	106,155
Bonds IPL030	25 Feb 2022	25 Feb 2027	4.00%	125,000	-	125,000	114,731
				<b>475,000</b>	<b>87,400</b>	<b>387,600</b>	<b>356,195</b>

#### Bank borrowings

Investor's bank borrowings are via syndicated senior secured facilities with ANZ Bank New Zealand Limited, China Construction Bank Corporation, New Zealand Branch, Industrial and Commercial Bank of China Limited, Auckland Branch, and Westpac New Zealand Limited.

During the current period, Investor's banks have provided an additional \$100.0 million of bank facilities to provide liquidity for the IPL010 fixed rate bonds which are due to mature in April 2024.

#### Fixed rate bonds

The fixed rate bonds are quoted on the NZX Debt Market and their fair value is based on their listed market price as at balance date. Interest on the 6 year fixed rate bonds issued in 2018 (IPL010) is payable quarterly in April, July, October and January in equal instalments, whilst interest on the 7 year fixed rate bonds issued in 2020 (IPL020) and the 5 year fixed rate bonds issued in 2022 (IPL030) are payable quarterly in August, November, February and May, also in equal instalments.

#### Security

The bank borrowings and fixed rate bonds are managed through a security agent who holds a first registered mortgage on all the investment properties owned by the Parent and the Subsidiary and a registered first ranking security interest under a General Security Deed over substantially all the assets of the Parent and the Subsidiary.



## 5.0 Capital Structure and Funding (continued)

### 5.2 Derivative financial instruments

	Unaudited 30 Sep 23	Audited 31 Mar 23
	\$000	\$000
Interest rate derivative contracts - fixed rate payer start dates commenced	30,000	30,000
Interest rate derivative contracts - fixed rate receiver	25,000	25,000
<b>Total notional principal value of interest rate derivative contracts</b>	<b>55,000</b>	<b>55,000</b>
Interest rate derivative assets - non-current	1,663	1,478
Interest rate derivative liabilities - current	(537)	-
Interest rate derivative liabilities - non-current	-	(718)
<b>Fair value of interest rate derivative contracts</b>	<b>1,126</b>	<b>760</b>
Fixed interest rates payer	2.84%	2.84%
Fixed interest rate receiver	4.40%	4.40%
Weighted average fixed interest rate (excluding margins)	2.00%	2.00%
Percentage of drawn debt fixed	89%	92%

Investore enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. As all critical terms matched during the period, the economic relationship was 100% effective, with the exception of a \$25 million fixed rate receiver interest rate swap. On 21 March 2018, Investore entered into a \$25 million fixed rate receiver swap for the duration of the fixed rate bonds with the effect of converting a portion of the IPL010 \$100 million fixed rate bonds to floating interest rate. The life to date ineffective portion on the receiver swap, due to the misalignment to the fixed rate bonds as a result of the bonds commencing on 18 April 2018, is a fair value loss of \$0.1 million (31 Mar 23: fair value loss of \$0.1 million).

The fair values of interest rate derivatives are determined from valuations prepared by independent treasury advisors using valuation techniques classified as Level 2 in the fair value hierarchy (31 Mar 23: Level 2). Judgement is involved in determining the fair value by the independent treasury advisors. The fair values are based on the present value of estimated future cash flows based on the terms and maturities of each contract and the current market interest rates as at balance date. Fair values also reflect the current creditworthiness of the derivative counterparties. The valuations were based on market rates at 30 September 2023 of between 5.74%, for the 90-day BKBM, and 5.17%, for the 10-year swap rate (31 Mar 23: 5.23% and 4.30%, respectively). There were no changes to these valuation techniques during the reporting period.

### 5.3 Net finance expense

	Unaudited 6 months 30 Sep 23	Unaudited 6 months 30 Sep 22
	\$000	\$000
<b>Finance income</b>		
Bank interest income	88	27
<b>Total finance income</b>	<b>88</b>	<b>27</b>
<b>Finance expense</b>		
Bank borrowings interest	(2,570)	(1,210)
Bank borrowings interest capitalised	331	-
Fixed rate bonds interest	(6,184)	(6,194)
Lease liabilities interest	(283)	(532)
<b>Total finance expense</b>	<b>(8,706)</b>	<b>(7,936)</b>
<b>Net finance expense</b>	<b>(8,618)</b>	<b>(7,909)</b>

During the current period, \$0.3 million (30 Sep 22: \$nil) of bank borrowings interest expense was capitalised using an average rate of 3.94%.

### 5.4 Share capital

There is only one class of shares, being ordinary shares, and they rank equally with each other. All issued shares are fully paid and have no par value. Investore had 369,563,189 shares on issue as at 30 September 2023 (31 Mar 23: 367,502,635).

In September 2023, 2.06 million ordinary shares were issued in accordance with the DRP (refer note 1.5).

## 6.0 Other

This section contains additional information to assist in understanding the financial performance and position of Investore.

### 6.1 Income tax

	Unaudited 6 months 30 Sep 23	Unaudited 6 months 30 Sep 22
	\$000	\$000
<b>Income tax</b>		
Current tax expense	(2,817)	(2,646)
Deferred tax benefit/(expense)	1,389	(58)
<b>Income tax expense per the consolidated statement of comprehensive income</b>	<b>(1,428)</b>	<b>(2,704)</b>
<b>Loss before income tax</b>	<b>(65,105)</b>	<b>(24,979)</b>
<b>Prima facie income tax using the company tax rate of 28%</b>	<b>18,229</b>	<b>6,994</b>
<b>(Increase)/decrease in income tax due to:</b>		
Net change in fair value of investment properties	(23,159)	(11,947)
Reversal of lease liabilities movement in investment properties	11	12
Movement in fair value of derivative financial instruments	(1)	(2)
Non-taxable income	(50)	29
Other permanent differences	44	-
Depreciation	2,038	2,180
Non-deductible expenses	(17)	123
Expenditure deductible for tax	93	-
Temporary differences	(5)	(21)
Prior year adjustment	-	(14)
<b>Current tax expense</b>	<b>(2,817)</b>	<b>(2,646)</b>
Investment properties depreciation	1,386	94
Other	3	(152)
<b>Deferred tax credited/(charged) to profit or loss</b>	<b>1,389</b>	<b>(58)</b>
<b>Income tax expense per the consolidated statement of comprehensive income</b>	<b>(1,428)</b>	<b>(2,704)</b>

### 6.2 Trade and other payables

	Unaudited 30 Sep 23	Audited 31 Mar 23
	\$000	\$000
<b>Unsecured liabilities</b>		
Trade payables	372	491
Related party payables (refer note 4.0)	290	258
Development and capital expenditure payables and accruals	4,281	3,121
Retention accruals	323	160
Interest expense accruals	1,628	1,709
Other accruals and payables	2,365	2,616
	<b>9,259</b>	<b>8,355</b>

Development and capital expenditure payables and accruals include \$2.0 million commitment to GDL (refer note 2.3).

Other accruals and payables include Goods and Services Tax, tenant deposits, direct property operating expense accruals and other corporate expense accruals.

## 6.0 Other (continued)

### 6.3 Operating segments

Investore is reported as a single operating segment, being large format retail properties. Investore's revenue streams are earned from investment properties owned in New Zealand, with no specific exposure to geographical risk. One tenant, GDL, contributes 64% of Investore's portfolio contract rental as at 30 September 2023 (30 Sep 22: 63%).

### 6.4 Contingent liabilities

Investore has no contingent liabilities at balance date (31 Mar 23: \$nil).

### 6.5 Subsequent events

On 16 November 2023, the Parent declared a cash dividend for the period 1 July 2023 to 30 September 2023 of 1.975 cents per share, to be paid on 12 December 2023 to all shareholders on the Parent's register at the close of business on 24 November 2023. This dividend will carry imputation credits of 0.370516 cents per share. This dividend has not been recognised in the financial statements.

On 16 November 2023, the Parent resolved that the DRP will operate for the second quarter dividend for the period 1 July 2023 to 30 September 2023, with a 2% discount being applied when determining the issue price. The last date for receipt of an application for participation in the DRP in respect of this dividend is 5pm on 27 November 2023.

There have been no other material events subsequent to balance date.

# Independent auditor's review report

To the shareholders of Investore Property Limited



## Report on the consolidated interim financial statements

### Our conclusion

We have reviewed the consolidated interim financial statements of Investore Property Limited (the Company) and its controlled entities (the Group), which comprise the consolidated statement of financial position as at 30 September 2023, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended on that date, and significant accounting policies and other explanatory information.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 30 September 2023, and its financial performance and cash flows for the six months then ended, in accordance with International Accounting Standard 34 *Interim Financial Reporting* (IAS 34) and New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting* (NZ IAS 34).

### Basis for conclusion

We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410 (Revised)). Our responsibilities are further described in the *Auditor's responsibilities for the review of the consolidated interim financial statements* section of our report.

We are independent of the Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements. In addition to our role as auditor, our firm carries out other assurance services for the Group over operating expense statements. The provision of these other services has not impaired our independence.

### Responsibilities of Directors' for the consolidated interim financial statements

The Directors of the Company are responsible, on behalf of the Company, for the preparation and fair presentation of these consolidated interim financial statements in accordance with IAS 34 and NZ IAS 34 and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibilities for the review of the consolidated interim financial statements

Our responsibility is to express a conclusion on the consolidated interim financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the consolidated interim financial statements, taken as a whole, are not prepared in all material respects, in accordance with IAS 34 and NZ IAS 34.

A review of consolidated interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing and International Standards on Auditing (New Zealand) and consequently does not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on these consolidated interim financial statements.

### Who we report to

This report is made solely to the Company's shareholders as a body. Our review work has been undertaken so that we might state those matters which we are required to state to them in our review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders, as a body, for our review procedures, for this report, or for the conclusion we have formed.

The engagement partner on the review resulting in this independent auditor's review report is Philip Taylor.

For and on behalf of:

A handwritten signature in black ink that reads 'PricewaterhouseCoopers'.

Chartered Accountants  
16 November 2023

Auckland

# Corporate Directory

## **Board of Directors**

Mike Allen (Chair)  
Gráinne Troute  
Adrian Walker  
Tim Storey (SIML-appointed Director)  
Ross Buckley (SIML-appointed Director)

## **Share Registrar**

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## **Legal Adviser**

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## **Manager**

Stride Investment Management Limited  
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## **Bankers**

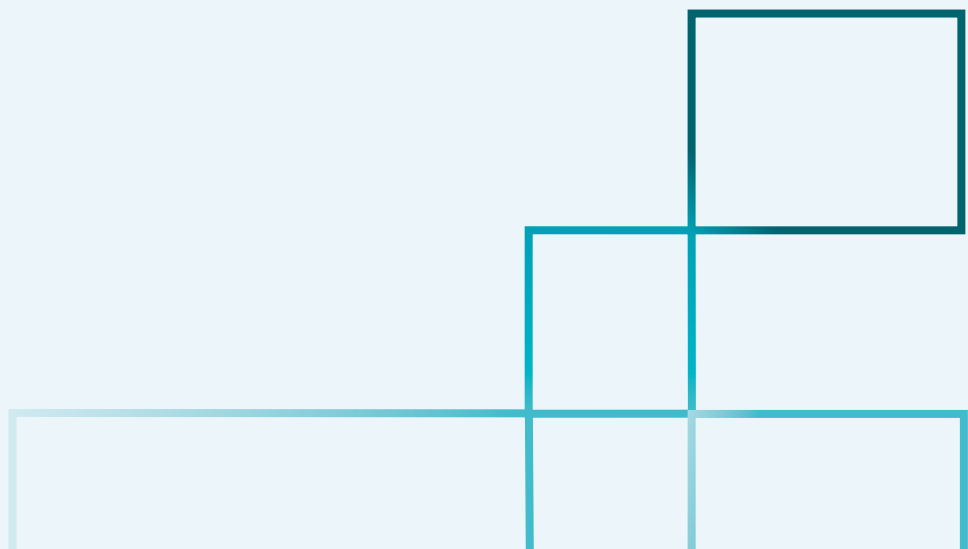
ANZ Bank New Zealand Limited  
China Construction Bank Corporation, New Zealand Branch  
Industrial and Commercial Bank of China Limited, Auckland Branch  
Westpac New Zealand Limited

## **Auditor**

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## **Bond Supervisor**

Public Trust  
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