

The background features large, 3D geometric shapes in various shades of teal and blue. In the top left, there is a dark teal block with the 'investore' logo and its management details. On the right side, there are several lighter blue and teal blocks of different sizes and orientations, creating a sense of depth and architectural structure.

investore

Managed by Stride Investment
Management Limited

Interim Results Presentation

For the six months ended
30 September 2022

16 November 2022

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4 Carr Road, Mt Roskill, Auckland



1. Overview

172 Tay Street, Invercargill



Overview

For the six months ended
30 September 2022 (HY23)

Profit before other expense
and income tax

\$17.7m

up 15% from HY22

Loss after income tax
attributable to shareholders

\$(27.7)m

as a result of a net investment property
devaluation of \$(42.7)m

Distributable profit¹ after
current income tax

\$15.4m

up 16% from HY22

As at 30 September 2022

Investment properties²

\$1.2bn

net decline of 3.4% for the six months
ended 30 September 2022

Average property market
capitalisation rate

5.0%

increase of 20bp over the six months
ended 30 September 2022

Property acquisitions³ of

\$28.1m

32.6%

Loan to Value Ratio⁴

3.93%

Weighted average cost of
debt

increase of 16bp compared to
31 March 2022, compared with increase of
~225bp in floating rates

\$75m

Bank facilities extended

3.8 years

Weighted average fixed
interest rate maturity

91%

of drawn debt fixed

\$250m

or 70% of current fixed rate
debt not maturing until 2027

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 3.3 to the consolidated interim financial statements.
2. As at 30 September 2022. Portfolio value excludes (1) the seismic works (\$3.0m) to be completed by Stride Property Limited (SPL) in relation to 2 Carr Road, Auckland, acquired from SPL and settled on 30 April 2020; and (2) lease liabilities.
3. Property acquisitions in HY23 comprise (1) land at Waimak Junction, Kaiapoi, for \$10.1m; and (2) the lessor's interest in land at 3 Averill Street, Papakura, Auckland for \$18.0m.
4. Loan to Value Ratio (LVR) is calculated based on independent valuations, which include seismic works to be funded by SPL in relation to 2 Carr Road, Auckland, acquired from SPL and settled in April 2020. The independent valuations also exclude lease liabilities.

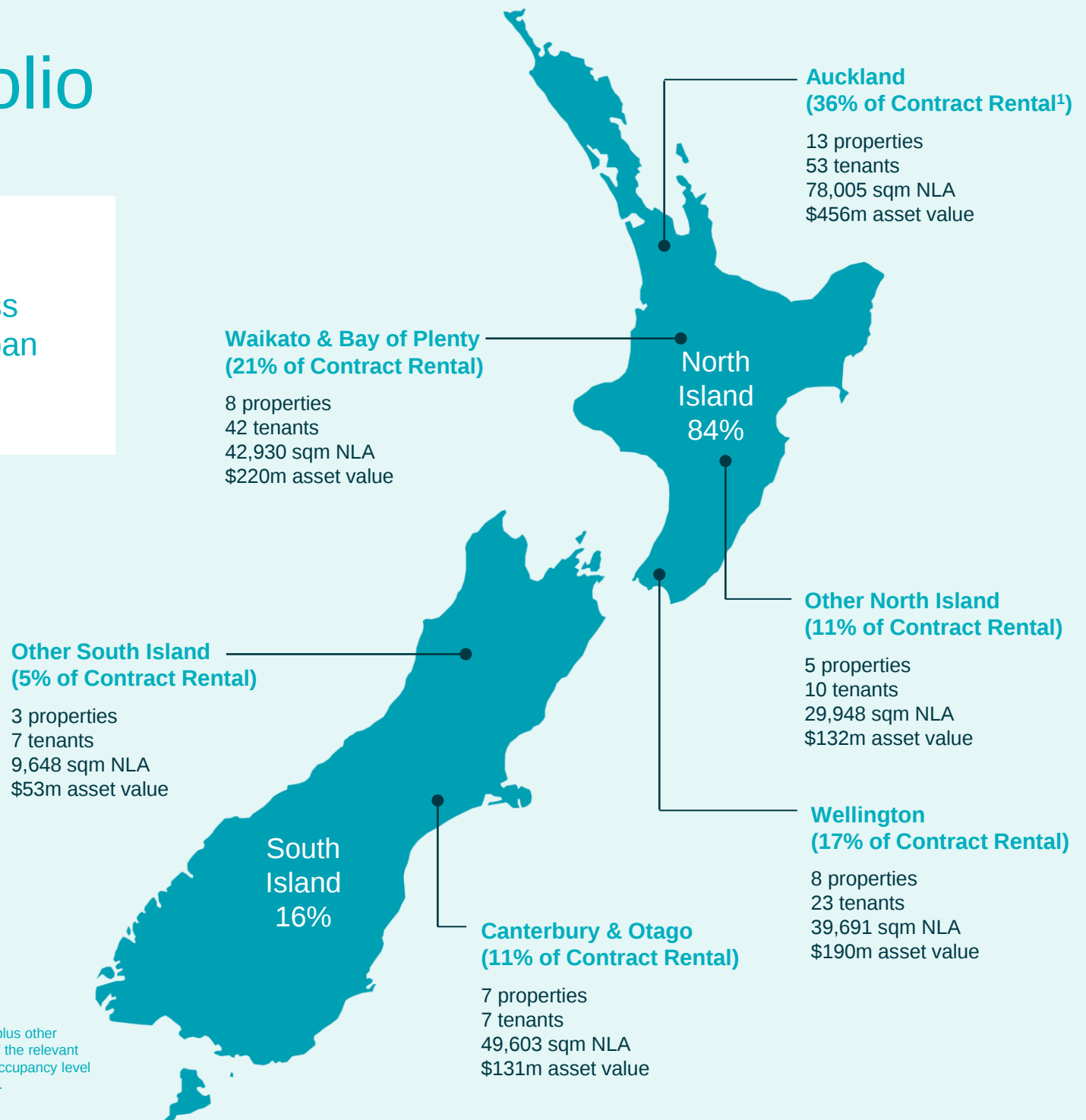
2. Portfolio

45 – 49 Jackson Street, Petone, Wellington



National portfolio

Investore's portfolio is geographically diversified across the country, with a focus on urban centres and growth corridors



Values above are calculated based on the numbers in the consolidated interim financial statements and may not sum due to rounding. Excludes properties classified as 'Other' in the consolidated interim financial statements.

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 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.

Targeted growth - acquisitions

3 Averill Street, Papakura, Auckland

Auckland freehold land

- Investore acquired the balance of the freehold land (12,263 sqm) at its existing property located at 3 Averill St, Papakura, for \$18m in August 2022
- The acquisition provides Investore with control of the landholding, broadening future development options
- Consolidation of the entire freehold for the property delivered a +\$5.25m (+15%) net valuation uplift on the 31 March 2022 valuation

Waimak Junction development land

- In September, Investore settled on the previously announced acquisition of 3.3ha of development land at Waimak Junction, Kaiapoi, at a price of \$10.1m (reduced from the previously announced price of \$10.5m)
- Stage 1 of the development will include a new Countdown supermarket, targeting a 5 star Green Star rating, with the balance of the land held for future retail development. Stage 1 is due to be completed by late 2023, and is targeting a yield on cost of 5.5%



Turnover rent

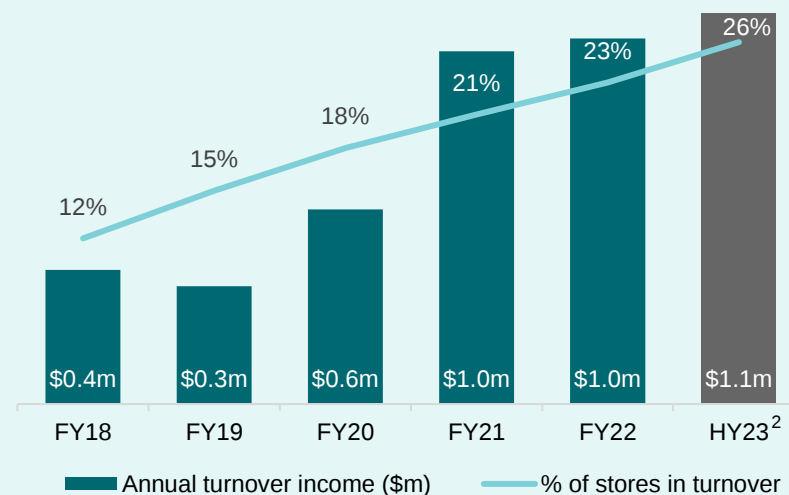
The proportion of Countdown stores with sales over turnover thresholds has doubled since March 2018, with 26% of the Countdown portfolio now paying turnover rent

- Countdown leases (which comprise 63% of portfolio Contract Rental¹) generally contain a five yearly review of base rent and MAT relative to thresholds. When MAT is higher than the turnover threshold at the review date, the base rent is increased by the three-year average turnover rental paid
- All the Countdown-anchored portfolio is subject to a 'review event' over the next three financial years:
 - 78% of stores have a turnover rent review event, which will result in an uplift in base rental if store turnover is above the MAT threshold
 - 11% of stores (which are currently below the turnover threshold) have a fixed uplift of between 3 – 5% over the next 18 months
 - 11% of stores have an expiry event
- For example, in FY25, 48% of the Countdown portfolio has a rent review event: 17% of the Countdown portfolio is over turnover threshold and generating turnover income; 20% of the Countdown portfolio is between 80 – 100% of turnover threshold; and 11% is less than 80% of turnover threshold

1. See footnote 1 on page 6.

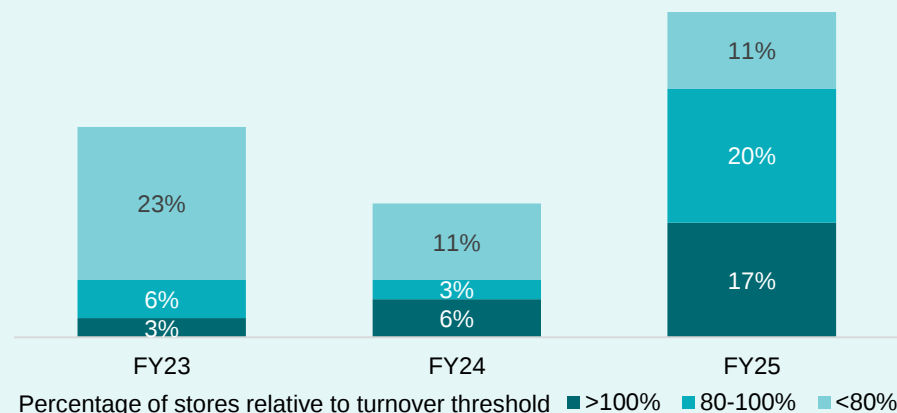
2. Turnover income and turnover thresholds are as at and for the 12 months to 30 September 2022 and are based on unaudited sales figures.

Turnover income and percentage of stores above turnover threshold



Countdown rent review by financial year

As at 30 September 2022¹



Active portfolio management

Key portfolio activities

- 41 rent reviews completed over 41,752 sqm (17% of the portfolio), resulting in a 4.4% increase on previous rentals
- 54% of the rent reviews completed were structured reviews – CPI or fixed
- Average property market capitalisation rate softened by 20bp to 5.0%, leading to a net valuation loss of \$(42.7)m or (3.4)% over the six months to 30 September 2022
- Market rentals for the portfolio were up 3% for the six months to September
- Investore's portfolio comprises 61.1 hectares of commercial property with an average site coverage of 41%, providing future development opportunities

Portfolio metrics¹

	As at 30 Sep 22	As at 31 Mar 22
Number of properties	44	44
Number of tenants	142	143
Net lettable area (NLA) (sqm)	249,829	249,829
Net Contract Rental ² (\$m)	60.5	60.2
WALT (years)	8.5	9.1
Market capitalisation rate (%)	5.0	4.8
Occupancy rate by area (%)	99.5	99.7
Portfolio value ³ (\$m)	1,180.5	1,201.3
Total site area (sqm)	611,077	611,077
Average site coverage (%)	41	41
Car parking ratio (bays per 100sqm of NLA)	4.2	4.2

1. Excludes "Other" properties as described in note 2.2 to the consolidated interim financial statements.

2. See footnote 1 on page 6.

3. Portfolio value excludes (1) the seismic works to be completed by SPL (Sep 22: \$3.0m; Mar 22: \$3.0m) in relation to 2 Carr Road acquired from SPL and settled on 30 April 2020; and (2) lease liabilities.

Long lease expiry profile

Long portfolio WALT of 8.5 years, with 74% of Contract Rental¹ expiring in FY30 and beyond

Occupancy is 99.7% by Contract Rental as at 30 September 2022

FY23

1.9% Contract Rental expiring:

- Bay Central Shopping Centre, Tauranga (1.7%)
- Other expiries total 0.2% across seven tenants

Post balance date, 0.3% of Contract Rental has been renewed at a +2.9% spread to previous rentals, leaving 1.6% expiring in FY23

For the remaining FY23 expiries, the Contract Rental is 6% under rented compared to market rentals as at 30 September 2022

FY24

4.2% Contract Rental expiring:

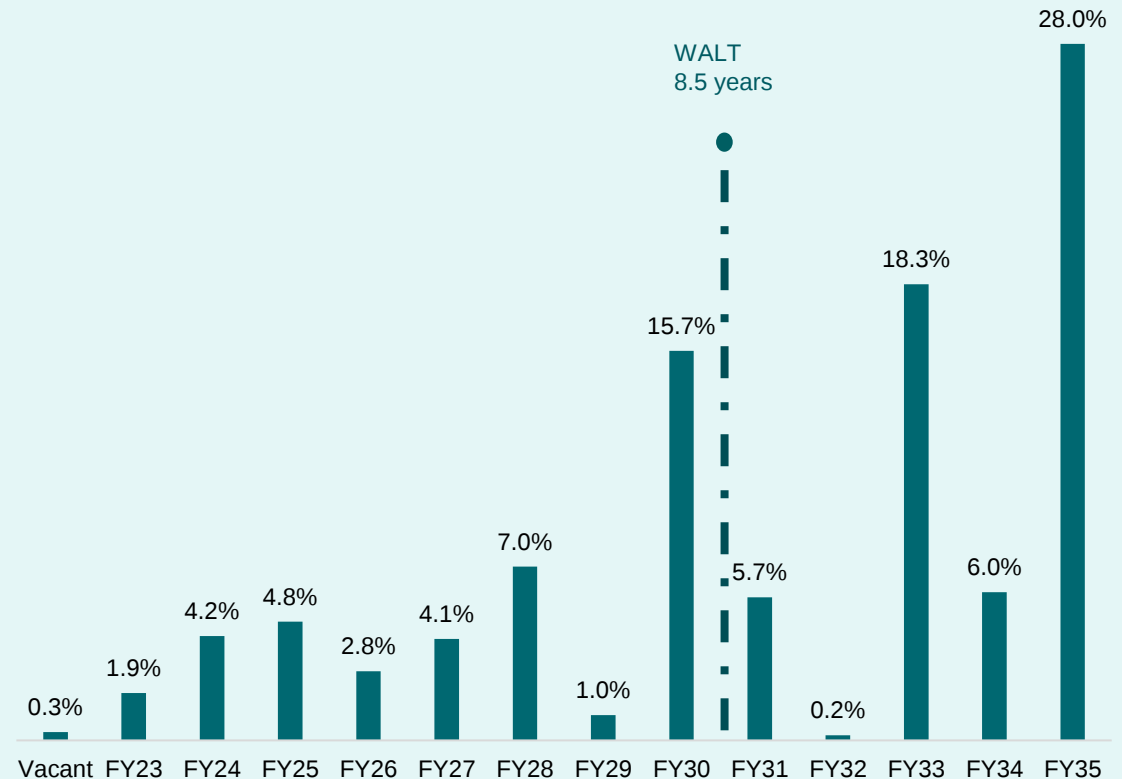
- Countdown, Cnr Anglesea & Liverpool Streets, Hamilton (2.3%)
- Other expiries total 1.9% across 15 tenants

FY25

4.8% Contract Rental expiring:

- Countdown leased properties in Upper Hutt (1.3%), Onehunga (1.0%) and Morrinsville (0.8%)
- Other expiries total 1.7% across 15 tenants

Lease Expiry Profile² by Contract Rental
As at 30 September 2022



1. See footnote 1 on page 6.

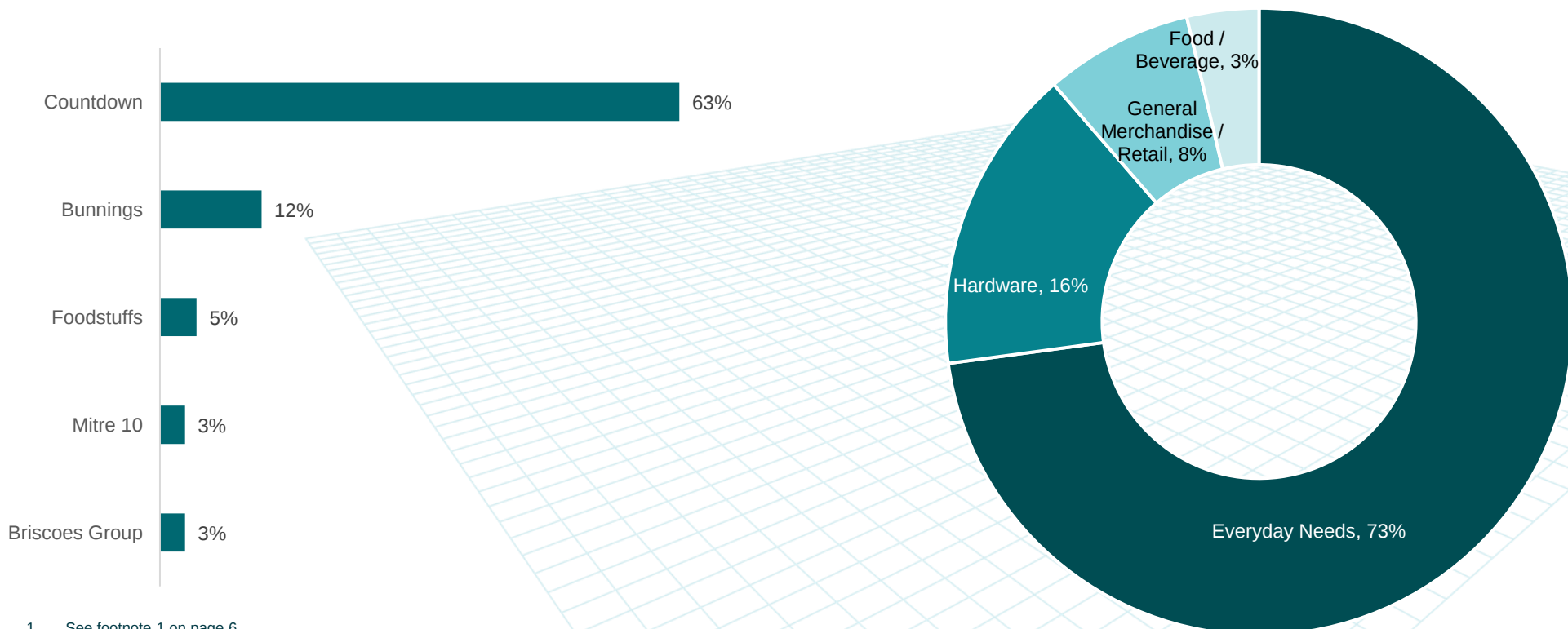
2. Represents the scheduled expiry for each lease, excluding any rights of renewal that may be granted under each lease, for the entire portfolio as at 30 September 2022 as a percentage of Contract Rental.

Values in the chart may not sum due to rounding.

Resilient tenants underpin income

Investore has a high concentration of anchor tenants (86% of Contract Rental¹) and tenants that operate in the “Everyday Needs” category (73% of Contract Rental), resulting in a resilient income stream in varying market conditions

Anchor tenant classification by Contract Rental



3. Interim Financial Performance

446 Te Rapa Rd, Hamilton



Interim financial performance



	30 Sep 22 \$m	30 Sep 21 \$m	Change	
			\$m	%
Net rental income	30.2	28.0	+2.2	+7.8
Total corporate expenses	(4.6)	(5.7)	+1.1	+19.4
Profit before net finance expense, other (expense)/income and income tax	25.6	22.3	+3.3	+14.8
Net finance expense	(7.9)	(6.9)	(1.0)	(14.0)
Profit before other (expense)/income and income tax	17.7	15.4	+2.3	+15.2
Other (expense)/income ¹	(42.7)	45.4	(88.0)	(194.1)
(Loss)/profit before income tax	(25.0)	60.7	(85.7)	(141.1)
Income tax expense	(2.7)	(3.8)	+1.1	+28.4
(Loss)/profit after income tax attributable to shareholders	(27.7)	56.9	(84.6)	(148.6)

1. Other (expense)/income includes net change in fair value of investment properties.

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

Distributable profit¹

	30 Sep 22 \$m	30 Sep 21 \$m	Change	
			\$m	%
(Loss)/profit before income tax	(25.0)	60.7	(85.7)	(141.1)
Non-recurring, non-cash items and other adjustments:				
- Net change in fair value of investment properties	42.7	(44.8)	+87.4	+195.3
- Gain on disposal of investment property	-	(0.6)	+0.6	+100.0
- Borrowings establishment costs amortisation	0.5	0.4	+0.1	+33.1
Distributable profit before current income tax	18.1	15.7	+2.4	+15.2
Current tax expense	(2.6)	(2.4)	(0.3)	(11.8)
Distributable profit after current income tax	15.4	13.3	+2.1	+15.8
Adjustments to funds from operations:				
- Maintenance capital expenditure	(0.8)	(0.5)	(0.4)	(76.9)
Adjusted Funds From Operations (AFFO)²	14.6	12.9	+1.7	+13.6
Weighted average number of shares (millions)	367.9	368.1		
Basic and diluted distributable profit after current income tax per share - weighted (cents)	4.20	3.62		
AFFO basic and diluted distributable profit after current income tax per share - weighted (cents)	3.97	3.49		

1. Distributable Profit – refer 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 22	As at 31 Mar 22	Change
Investment property value ¹ (\$m)	1,197.0	1,201.3	(4.3)
Total borrowings (\$m)	(390.6)	(355.0)	+35.6
Loan to Value Ratio (LVR)	32.6%²	29.5%²	(3.1)
Equity (\$m)	812.1	855.0	(43.0)
Shares on issue (millions)	367.5	368.1	(632)
Net Tangible Assets (NTA) per share	\$2.21	\$2.32	(0.11)
Adjusted NTA³ per share	\$2.21	\$2.32	(0.11)

1. Portfolio value excludes (1) the seismic works to be completed by SPL (Sep 22: \$3.0m; Mar 22: \$3.0m) in relation to 2 Carr Road, Auckland, acquired from SPL and settled on 30 April 2020; and (2) lease liabilities.
2. LVR is calculated based on independent valuations, which include seismic works to be funded by SPL in relation to 2 Carr Road, Auckland.
3. Excludes the after-tax fair value of interest rate derivatives.

Share buyback

Investore acquired and cancelled 632,398 shares on market for a cost of \$1.1m during HY23

4. Capital Management

24 Anzac Road, Browns Bay, Auckland

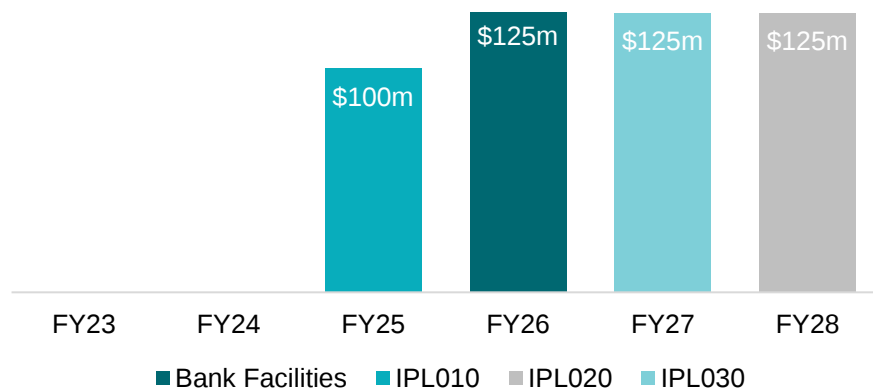


Proactive capital management

Highlights

- \$75m bank facilities extended to November 2025. No debt maturing until FY25
- WALT bank covenant removed and LVR covenant reduced from 65% to 52.5%

Debt maturity profile as at 30 September 2022



Debt facilities	As at 30 Sep 22	As at 31 Mar 22
Debt facilities limit (ANZ, CCB ¹ , Westpac, ICBC ²), including \$350m bonds	\$475m	\$475m
Debt facilities drawn	\$391m	\$355m
Weighted average maturity of debt facilities	3.5 years	3.7 years

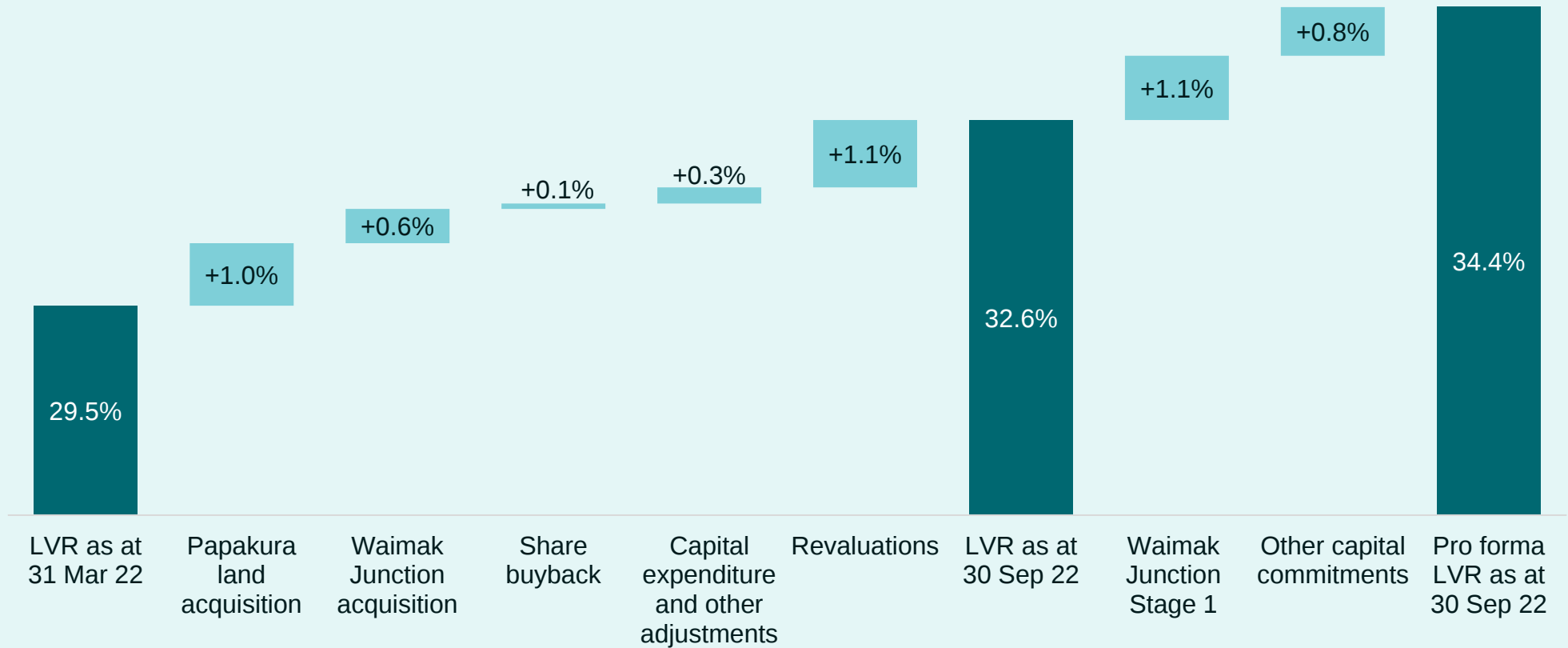
Debt covenants

LVR ³ (Drawn Debt / Property Values) Covenant: ≤ 52.5%; Long term Board policy target: 30% - 40%	32.6%	29.5%
Interest Cover Ratio (EBIT/Interest and Financing Costs) Covenant: ≥ 1.75x	3.6x	3.7x

1. China Construction Bank Corporation, New Zealand Branch (CCB).
 2. Industrial and Commercial Bank of China Limited, Auckland Branch (ICBC).
 3. See footnote 4 on page 4.

Loan to value ratio¹

Investore has continued to actively manage its debt, maintaining a relatively low loan to value ratio



Numbers may not sum due to rounding.

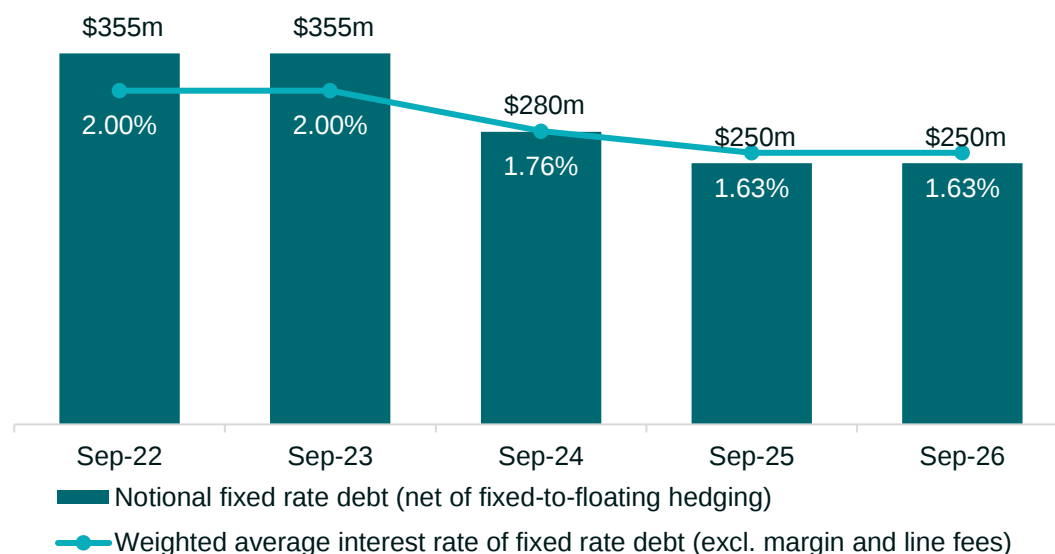
1. See footnote 4 on page 4.

Hedging and cost of debt

Highlights

- 91% of drawn debt is fixed. Investore considers it is well protected against changes in interest rates over the short to medium term
- Cost of debt increased only 16bps from 31 March 2022, while floating rates increased by ~225bps over same period

Fixed rate interest profile as at 30 September 2022



Cost of debt	As at 30 Sep 22	As at 31 Mar 22
Weighted average cost of debt (incl. current interest rate derivatives, bonds and bank margins, and line fees)	3.93%	3.77%
Weighted average fixed interest rate (excl. margins and line fees)	2.00%	1.96%
Weighted average fixed interest rate maturity (incl. bonds and interest rate swaps)	3.8 years	4.0 years
% of drawn debt fixed	91%	100%

5. Sustainability

Cnr Te Irirangi Drive & Bishop Dunn Place, Botany, Auckland



Sustainability

Investore continues to focus on ensuring its portfolio remains sustainable for the future

Focus Category	Work completed to date	FY23 work in progress
Greenhouse gas emissions	• Scope 1 and 2 emissions collected and subject to limited assurance • Collection of Scope 3 emissions commenced	• Undertake lifecycle carbon assessment for Waimak Junction Countdown development • Commence property by property decarbonisation assessment
Green ratings	• Commenced process of obtaining Green Star Performance rating for two groups of properties	• Complete Green Star Performance Ratings for standalone supermarkets and hardware stores • Targeting 5 star Green Star rating for Waimak Junction Countdown development • Challenge remains obtaining green ratings for Investore properties where no benchmark rating exists, particularly property such as supermarkets with other retail outlets attached
Climate risks and opportunities	• Preliminary climate risk assessment completed	• Begin process of quantifying climate risks and opportunities • Undertake physical risk assessments for selection of properties • Set internal price of carbon
Sustainability benchmarking	• Investore completed its first Global Real Estate Sustainability Benchmark (GRESB) assessment in 2022	• Targeting 70 GRESB points for FY23, with the aim of being in the top quartile of comparator companies over time

6. Looking ahead

20-24 Neville Street, Warkworth, Auckland



Looking ahead

- High portfolio concentration of “Everyday Needs” tenants underpins a resilient income stream in varying market conditions
- Proactive capital management remains a key focus in volatile market conditions
- Explore opportunities to recycle selected assets into higher growth investment and value add initiatives
- Share buyback programme remains on pause
- Cash dividend guidance for FY23 of 7.90 cents per share, with the Board continuing to monitor market conditions for the remainder of FY23



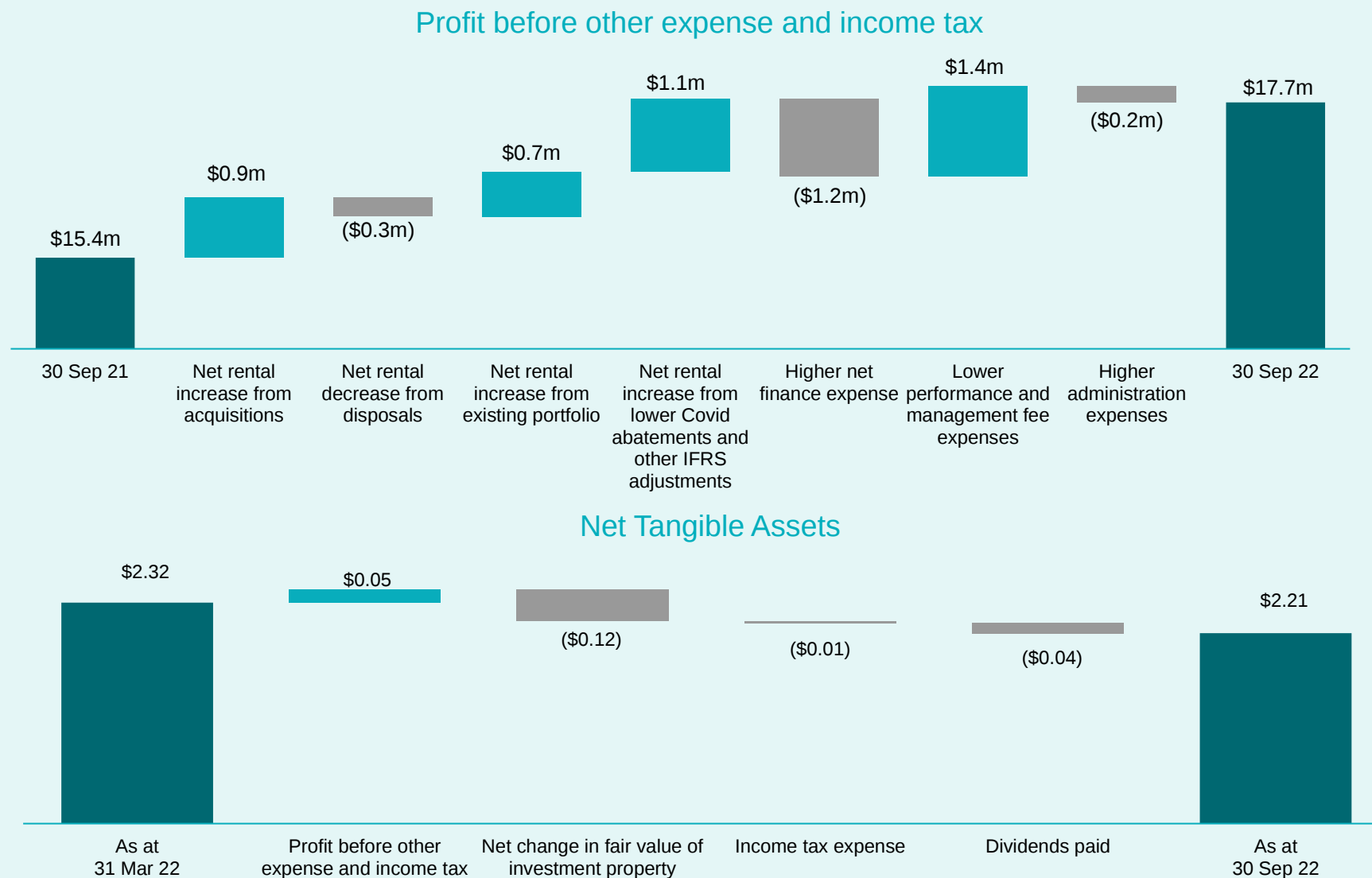
FY23 cash
dividend guidance
7.90 cps

7. Appendices

4 Carr Road, Mt Roskill, Auckland

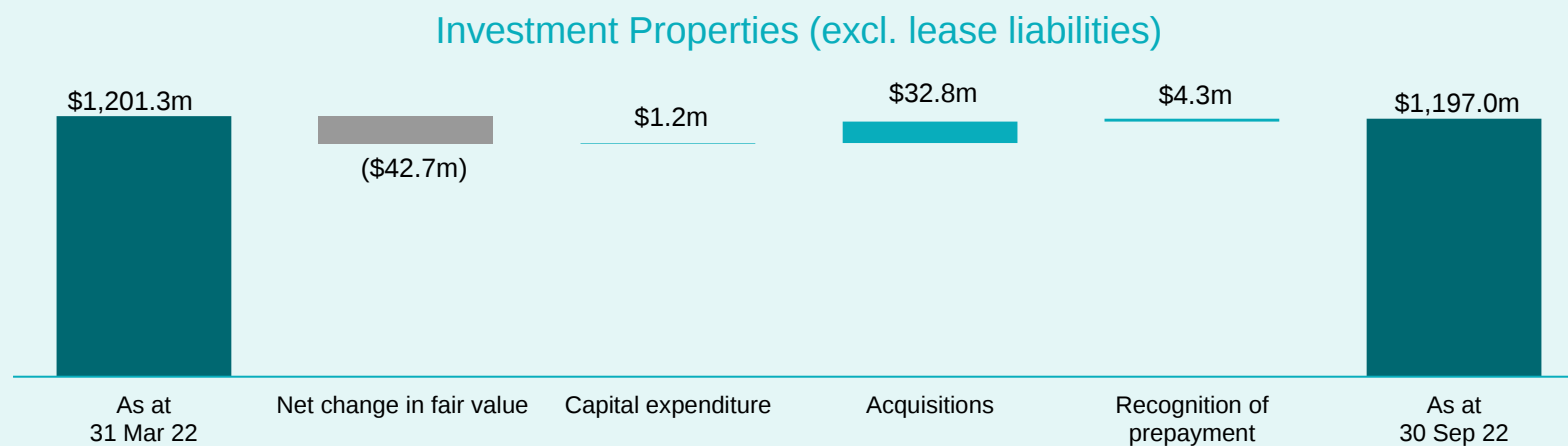


Appendix A



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



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



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 2022. Please refer to Investore's Consolidated Interim Financial Statements for the six months ended 30 September 2022 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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