

Investore Property Limited

Valuation, Acquisition and Business Update

Investore Property Limited (Investore) is pleased to provide an update to the market on:

- Portfolio valuation as at 31 March 2020
- Update on acquisition of three large format retail properties from Stride Property Limited (SPL)
- Bank refinancing completed
- Trading update and dividend confirmation

Portfolio Valuation as at 31 March 2020

Investore reports a net increase of \$7.4 million (+1.0%) in the fair value of its property portfolio for the financial year ended 31 March 2020 (FY20), with the portfolio independently valued at \$761.4 million in aggregate as at 31 March 2020 (excluding land lease liability). These valuations remain subject to external audit and will be confirmed in Investore's audited financial statements for the year ended 31 March 2020. The independent valuers engaged by Investore have included material valuation uncertainty clauses in their reports, understood to be consistent with market practice as a result of COVID-19. These clauses highlight that less certainty, and consequently a higher degree of caution, should be attached to the valuations as a result of the COVID-19 pandemic (Note 1). Investore notes that it had received draft valuations of its portfolio in early March, and these valuations were subsequently withdrawn by the valuers due to the impact of COVID-19. The revised valuations, as announced above, reflect changes in the value of individual properties of between 0% and -7.5% from the original draft valuations.

Investore occupies a unique position in the New Zealand publicly listed property sector, with its singular focus on quality large format retail properties. The resilience of Investore's portfolio in the economic climate created by COVID-19 has led to the valuations remaining relatively robust.

The average portfolio capitalisation rate has remained stable at 6.06%, in line with the comparable rate as at 31 March 2019 of 6.04%.

Investore Fund Manager, Fabio Pagano, said "Although COVID-19 has created significant uncertainty in the market prompting valuers to reassess a number of their assumptions, including for rental growth, downtime and ongoing trading conditions, overall we are still seeing relatively strong values for the Investore portfolio. This portfolio has benefited from its focus on large format retail properties that cater to everyday needs, with 78% of Contract Rental (Note 2) derived from supermarkets. A significant proportion of Investore's tenants are permitted to remain open and trading at all COVID-19 Alert Levels."

Acquisition Update

Investore's acquisition of three large format retail properties from SPL which was announced in November 2019 is now unconditional, following receipt of consent from the Overseas Investment Office on Friday 24 April 2020.

Investore expects to settle this acquisition on 30 April 2020. The purchase price for these assets is \$140.75 million. In preparation for the acquisition, Investore has received updated independent valuations of the properties to be acquired which show a decline in value of \$7.0 million or -5% from that

received at the time of entry into the sale and purchase agreement. This movement is primarily due to the impact of COVID-19, and is consistent with the valuation change seen in Investore's other properties between the initial draft and revised valuations, reflecting the impacts of COVID-19.

On settlement of the acquisition, Investore's pro forma LVR is expected to be approximately 41.8% (as at 31 March 2020) (Note 3), which is well within the Board's stated maximum of 48% and Investore's bank and bond covenant limits of 65%.

Bank Refinancing Completed

Investore is also pleased to confirm that it has refinanced \$101 million of debt facilities which were due to mature in June 2021. This facility has now been extended for a further 3 years to 30 June 2024. In addition, Investore has secured a new \$50 million, 5 year facility with its banking group. Investore currently has \$420 million of total debt facilities available, including bank facilities and bonds, with \$238 million drawn as at 31 March 2020 leaving \$182 million of undrawn headroom available. Following settlement of the acquisition of the three properties from SPL, Investore will have \$46 million of undrawn headroom available (calculated on a pro forma basis as at 31 March 2020, as if the new facility and extended facility had been in place and the acquisition had settled as at that date).

Trading Update and Dividend Confirmation

Further to the market update on 27 March 2020, Investore advises that after including the properties to be acquired on 30 April 2020, over 80% of Investore's tenants by gross rental comprise "Essential Businesses" as currently defined on the Government's covid19.govt.nz website, and accordingly are permitted to remain open and trading. In addition, Investore expects that a number of additional tenants will reopen for trade during Alert Level 3 and is working to assist its tenants to reopen where possible.

The Board reconfirms that it currently expects the total cash dividend for FY20 to be maintained at 7.60 cents per share (assuming no further deterioration in economic conditions due to COVID-19).

Notes:

1. Due to COVID-19, Investore's 31 March 2020 valuations have been reported on the basis of 'material market uncertainty', meaning less certainty and a higher degree of caution should be applied. The opinion of value has been determined at the valuation date based on a certain set of assumptions, however these could change in a short period of time due to subsequent events.
2. As at 31 March 2020, before taking into account the acquisition of the three properties from SPL which is expected to settle on 30 April 2020. 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 as at 31 March 2020, annualised for the 12 month period on the basis of the occupancy level for the relevant property as at 31 March 2020, and assuming no default by the tenant.
3. Based on drawn facilities as at 31 March 2020 of \$238 million plus the amount required to settle the SPL acquisition; as a proportion of the 31 March 2020 portfolio valuation of \$761.4 million (excluding land lease liability) adjusted for the \$133.75 million value on settlement of the acquisition of the three SPL properties.

Ends

For further information please contact:

Mike Allen, Chairman, Investore Property Limited

Mobile: 021 606 134 - Email: mike.allen@investoreproperty.co.nz

Philip Littlewood, Chief Executive Officer, Stride Investment Management Limited as manager of Investore

Mobile: 021 230 3026 - Email: philip.littlewood@strideproperty.co.nz

Jennifer Whooley, Chief Financial Officer, Stride Investment Management Limited as manager of Investore

Mobile: 021 536 406 - Email: jennifer.whooley@strideproperty.co.nz

Louise Hill, General Manager Corporate Services, Stride Investment Management Limited as manager of Investore

Mobile: 0275 580 033- Email: louise.hill@strideproperty.co.nz