

Investore Property Limited

FY25 Annual Results

Investore Property Limited (Investore) is pleased to announce its financial results for the year ended 31 March 2025 (FY25). Investore's portfolio continued to deliver resilient operating earnings over FY25, and this, together with a positive revaluation outcome, resulted in profit after income tax of \$38.4 million, up \$105.5 million from FY24. Investore has also executed on its strategies of portfolio optimisation and targeted growth through various transactions, recycling capital into assets that exhibit strong rental and capital growth characteristics over the medium to long term.

Investore divested two non-core, regionally located properties, Pak'nSave New Plymouth and Woolworths Invercargill, for a combined sales price above book value, as at 31 March 2024, and recycled capital from the sale of these properties to acquire Bunnings Westgate in Auckland. Bunnings Westgate has a structured rental growth profile and the passing yield on acquisition was 6.2%. Bunnings Westgate experienced strong valuation gains with the valuation (Note 1) as at 31 March 2025 increasing by 6.1% or \$3.1 million from the initial purchase price, following an improvement in transaction activity over the start of 2025.

Capitalising on these improving market conditions, Investore also divested Woolworths Mount Roskill, Auckland, for a premium to book value of \$2.5 million or 1.1% (gross of disposal costs) in early 2025. Investore intends to continue to progress its strategy of targeted growth and will look to recycle the proceeds from this sale into other high quality strategic investment opportunities.

The Investore portfolio is valued (Note 2) at \$1.0 billion as at 31 March 2025, representing a net gain in fair value of \$12.2 million or 1.3% over the 12 months to 31 March 2025. The portfolio valuation movement reflects a stabilising average portfolio (Note 3) capitalisation rate of 6.3% as at 31 March 2025 (31 March 2024: 6.4%).

Investore remains committed to a proactive approach to capital management to maintain a flexible balance sheet for growth, which during FY25 included the refinance of \$225 million of bank debt facilities resulting in lower debt funding costs and the operation of the dividend reinvestment plan (DRP). Investore also adopted a Green Finance Framework, classifying its \$225 million of bank debt facilities as green loan facilities. Post balance date, Investore has introduced two new lenders to its banking syndicate, Commonwealth Bank of Australia and Bank of China, diversifying Investore's funding risk and further improving its weighted average cost of debt.

Investore today declares a final cash dividend for the fourth quarter of FY25 of 1.625 cents per share, bringing the total cash dividend for FY25 to 6.50 cents per share, in line with FY25 guidance. This dividend will carry imputation credits of 0.457615 cents per share. A supplementary dividend of 0.207657 cents per share will be paid to non-resident shareholders. The Investore Board has resolved to suspend the DRP for the fourth quarter dividend declared today.

FY25 Highlights

Financial Performance

- Net rental income of \$62.3m, up \$1.0m from FY24 at \$61.2m
- Profit before other income/(expense) and income tax of \$35.2m, broadly in line with FY24 at \$35.1m
- Profit after income tax of \$38.4m, \$105.5 million higher than FY24 (\$67.1m loss after income tax) primarily due to the movement in the net change in fair value of the portfolio
- Distributable profit (Note 4) after current income tax of \$28.4m, down \$(2.6)m from FY24 at \$31.0m, of which \$2.3m relates to the removal of the tax deduction for depreciation on commercial buildings
- Distributable profit (Note 4) per share of 7.58 cents (FY24: 8.39 cents per share)
- FY25 cash dividend of 6.50 cents per share
- Net Tangible Assets (NTA) per share as at 31 March 2025 of \$1.60, an increase of \$0.03 from 31 March 2024 where NTA per share was \$1.57

Portfolio Overview

- Portfolio value (Note 2) of \$1.0bn, representing a net gain in fair value of \$12.2m or 1.3% over the 12 months to 31 March 2025
- 6.3% average portfolio (Note 3) market capitalisation rate, down (6) basis points from 31 March 2024 reflecting stabilising portfolio valuations
- Weighted average lease term (Note 3) of 6.8 years
- 84% of Contract Rental (Note 5) expiring in FY30 or beyond, with an average of 3.8% per annum of Contract Rental (Note 5) expiring prior to FY30
- 99.0% occupancy rate by area (Note 3)
- 6.53% initial yield (Note 3) as at 31 March 2025
- 59 rent review transactions completed, delivering an increase of 4.2% on prior rentals. Of these 59 rent reviews, 24 were CPI-linked reviews, delivering a 7.8% increase on previous rentals for those leases. In addition to these rent reviews, turnover rent was crystallised into base rent across six Woolworths stores which resulted in a 13.3% uplift on the prior base rentals for those leases. This crystallisation has the benefit of converting a variable income stream into a fixed income stream

Optimising the Portfolio

- During FY25, Investore continued to enhance its existing portfolio through funding capital works in conjunction with several Woolworths-led store refurbishments, improving customer amenity and benefitting Investore through additional rental income and increased property value, and in some instances an increase in lease tenure
- There has been a continued increase in Woolworths stores paying turnover rent since 31 March 2019, with 37% of stores (weighted by MAT (Note 6)) now paying turnover rent, up from 13% as at 31 March 2019
- Total rental income from Woolworths, comprising base rent and turnover rent, has continued to increase across the portfolio on a like-for-like basis (Note 7) to \$39.1m for FY25, up from \$36.8m in FY19, partly as a result of higher turnover at stores driving higher turnover rent

Capital Management

- \$225m bank facilities refinanced, all bank debt now classified as green loan facilities
- Investore introduced two new lenders to Investore's banking syndicate, Commonwealth Bank of Australia and Bank of China, following a post balance date refinance, enhancing funding diversification, extending the tenure of all facilities and further improving its weighted average cost of debt
- 4.1% weighted average cost of debt as at 31 March 2025, decreasing to 4.0% on a pro forma basis as if the post balance date refinance had occurred on that date
- Weighted average maturity of debt facilities of 2.9 years as at 31 March 2025, increasing to 3.3 years on a pro forma basis as if the post balance date refinance had occurred on that date
- 38.5% loan to value ratio (LVR) (Note 8) as at 31 March 2025
- 74% debt hedged or subject to a fixed rate of interest as at 31 March 2025
- \$4.2m reinvested from the DRP (Note 9)
- \$100m IPL010 fixed rate bonds matured in April 2024 and were repaid using bank facilities

Sustainability and Climate Disclosures

- Investore considers that it has low scope 1 and 2 emissions, primarily from refrigerants used in air conditioning systems and electricity for lighting. Investore has been focussing on reducing its scope 1 and 2 emissions, including the replacement of air conditioning units using R22 refrigerant with a low global warming alternative and is on target to remove all R22 units by the end of FY27
- Woolworths-tenanted supermarket developed by Investore at Waimakariri Junction achieved a 5 Green Star Design & As Built rating
- Investore plans to explore options to further focus on reduction of scope 3 emissions, which will involve more collaboration with tenants
- Investore will release a separate Sustainability Report, including Climate Disclosures reporting against the Aotearoa New Zealand Climate Standards. A copy of this report can be found on Investore's website www.investoreproperty.co.nz/investor-centre, from 28 May 2025

Outlook

- While macroeconomic conditions have been challenging, sentiment is improving and Investore's underlying portfolio metrics remain resilient, with a defensive rental income stream predominantly from non-discretionary, 'everyday needs' retail tenants supported by proactive capital management and a strong hedging outlook
- The commercial property market is showing clear signs of improvement. Transactional activity has increased, valuations have stabilised and the cost of capital has reduced
- The Investore Board remains of the view that the current point in the cycle is a good time to secure assets that exhibit strong rental and capital growth characteristics over the medium to long term to help further reposition Investore's portfolio and pursue its targeted growth strategy
- The Investore Board confirms it currently intends to pay a cash dividend of 6.50 cents per share for FY26

Notes:

1. *Independent valuation includes the value of the rental guarantee receivable.*
2. *Portfolio value excludes lease liabilities and the value of the rental guarantee receivable in relation to Bunnings Westgate.*
3. *Portfolio metrics: (1) exclude properties categorised as 'Development and Other' in note 2.2 to the consolidated financial statements; (2) exclude lease liabilities; and (3) for FY25, metrics include the value of the rental guarantee receivable in relation to Bunnings Westgate.*
4. *Distributable profit is a non-GAAP measure and consists of profit/(loss) before income tax, adjusted for determined non-recurring and/or non-cash items (including non-recurring adjustments for incentives payable to anchor tenants for lease extensions) and current tax. Further information, including the calculation of distributable profit and the adjustments to profit/(loss) before income tax, is set out in note 3.2 to the consolidated financial statements.*
5. *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 as at 31 March 2025 and assuming no default by the tenant.*
6. *Moving Annual Turnover (MAT) is determined by calculating the net sales over a 12 month period from April to March, the calculation being completed on a rolling basis.*
7. *Investore's Woolworths supermarket portfolio on a like-for-like basis which excludes disposed properties and includes properties acquired or developed between 1 April 2018 and 31 March 2025, as if they were acquired, developed or disposed as at 1 April 2018. The timing of rental income has been amended to reflect when rental income was earned according to the respective leases.*
8. *LVR is calculated based on independent valuations, which exclude lease liabilities. See note 2.2 to the consolidated financial statements.*
9. *Reflects dividends reinvested for Q2 and Q3 of FY25 under the DRP.*

Ends

Attachments provided to NZX:

- Investore Property Limited – FY25 Results Announcement – 160525
- Investore Property Limited – FY25 Annual Report – 160525
- Investore Property Limited – FY25 Annual Results Presentation – 160525
- Investore Property Limited – NZX Results Announcement – 160525
- Investore Property Limited – NZX Distribution Notice – 160525

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