

## Investore Property Limited

### FY22 Results

Investore Property Limited (Investore) is pleased to announce its financial results for the twelve months ended 31 March 2022 (FY22). Investore's focus during FY22 has been on pursuing its strategy of targeted growth and taking a proactive and prudent approach to capital management.

This focus on targeted growth has resulted in Investore completing \$73.8m of acquisitions, with a further acquisition of development land at Waimak Junction, Kaiapoi, for \$10.5m remaining conditional as at 31 March 2022.

These transactions enabled the Investore Board to increase the dividend guidance during FY22, increasing guidance from 7.60 cents per share to 7.90 cents per share. Investore today announces a cash dividend for the quarter ended 31 March 2022 of 1.975 cents per share, taking the total cash dividend for FY22 to 7.90 cents per share.

The market for large format retail properties has remained strong during FY22. Evidencing this demand, Investore's portfolio was independently valued at \$1.2bn as at 31 March 2022 (Note 1), a net valuation increase of \$91m or 8.2% over the 12 months from 31 March 2021. This increase has been driven primarily by capitalisation rate compression which evidences the continued desirability of Investore's large format retail portfolio.

As a result of key capital management transactions, including the issue of a third tranche of listed bonds in February 2022 at a 4.00% per annum fixed interest rate, 100% of Investore's debt was hedged or subject to a fixed rate of interest as at 31 March 2022, with a weighted average interest rate of 3.77%, down from 4.04% as at 31 March 2021.

### Highlights for FY22 include

#### Financial Performance Highlights

- Net rental income of \$58.3m (FY21: \$55.8m), up \$2.5m
- Profit before other income/(expense) and income tax of \$34.3m (FY21: \$29.9m), up \$4.3m
- Profit after income tax of \$118.2m (FY21: \$161.3m), down \$43.1m, primarily due to a lower revaluation movement
- Distributable profit (Note 2) after current income tax of \$29.9m (FY21: \$29.1m), up \$0.8m
- COVID-19 rent abatements resulted in a reduction in distributable profit of \$0.7m (compared with the provision at 30 September 2021 of \$1.0m), representing 1.0% of gross rent for FY22
- NTA per share \$2.32 as at 31 March 2022 (FY21: \$2.08), up \$0.24 from 31 March 2021
- Annual cash dividend of 7.90cps (FY21: 7.60cps), in line with guidance. 1.975cps cash dividend declared for quarter ended 31 March 2022

#### Portfolio Overview

- Weighted average lease term (WALT) 9.1 years

- 99.7% occupancy rate by area
- 76 rent reviews completed over 100,533 sqm (40% of the portfolio), resulting in a 2.9% increase to previous rentals
- 88% of rent reviews completed were structured reviews – CPI or fixed
- 73% of leases by Contract Rental (Note 3) expiring in FY30 and beyond
- Investore's portfolio comprises 61 hectares of commercial property with an average site coverage of 41%, providing future development opportunities

## Targeted Growth

- Portfolio valuation (Note 1) of \$1.2bn, representing a \$91m or 8.2% net revaluation gain since 31 March 2021
- 4.81% average property market capitalisation rate
- Acquisition of Countdown-anchored property at Petone, Wellington, for \$37.3m in May 2021
- Acquisition of 4 Carr Road, Mt Roskill, Auckland, for \$36.0m in August 2021. This property is adjacent to Investore's existing property at 2 Carr Road and together the properties comprise 3.85ha of land in a desirable urban location
- Conditional agreement to acquire land at Waimak Junction, Kaiapoi, North Canterbury, for \$10.5m. This property provides a strong development pipeline with the first stage of the development, comprising construction of a Countdown supermarket together with associated infrastructure, expected to commence in July 2022
- Collaboration with key tenants to undertake capital projects at several Countdown and Bunnings operated assets, leading to increased customer visitation and driving income growth through rentalised returns or increased asset values

## Rental Growth

- Since listing, Investore has delivered a like-for-like portfolio rental cumulative annual growth rate (CAGR) of 1.7% p.a. from IPO (Note 4) to March 2022 (2.0% p.a. to March 2021)
- Post IPO transaction activity has been growth-oriented, with a 2.7% rental growth CAGR across assets acquired post IPO and held for a complete financial period for FY22. The rental growth CAGR across assets divested after IPO would be 0.6% p.a. (IPO to March 2022)

## Proactive Capital Management

- \$125m 5 year senior secured listed bonds issued in February 2022 at a fixed 4.00% p.a. interest rate, representing an issue margin of 1.15% p.a., the lowest ever for an unrated New Zealand issuer at the time
- 3.77% weighted average cost of debt as at 31 March 2022, down from 4.04% as at 31 March 2021
- 100% debt hedged or subject to a fixed rate of interest
- \$70m bank facilities extended to August 2023, with no debt facilities maturing until FY24
- Loan to Value Ratio (LVR) 29.5% (Note 5), compared to 26.8% as at 31 March 2021
- LVR policy reviewed, reducing target LVR to between 30% and 40% on a long term basis

## Year Ahead

- Continued focus on strategy of targeted growth to enhance the portfolio and maximise returns
- Grow Investore's portfolio and income through improving and developing the existing portfolio
- Prudent management of developments to deliver returns for shareholders
- Cash dividend guidance for FY23 of 7.90 cents per share

## Notes:

1. Portfolio value excludes (1) 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.
2. 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 before income tax, is set out in note 3.2 to the Consolidated Financial Statements.
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 lease, annualised for the 12-month period on the basis of the occupancy level of the relevant property as at 31 March 2022, and assuming no default by the tenant.
4. IPO is defined as the date from which Investore acquired its IPO portfolio of 39 properties (including the SCA portfolio acquired after the date of the IPO) (IPO Portfolio). Portfolio rent is calculated as the rolling 12 month portfolio rent based on the IPO Portfolio and excluding divestments since the IPO.
5. 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.

## Ends

### Attachments provided to NZX:

- Investore Property Limited – FY22 Results Announcement - 180522
- Investore Property Limited – FY22 Annual Report - 180522
- Investore Property Limited – FY22 Annual Results Presentation – 180522
- Investore Property Limited – NZX Results Announcement – 180522
- Investore Property Limited – NZX Distribution Notice – 180522
- Investore Property Limited - Shareholders Communications Notice - 180522
- Investore Property Limited - Bondholders Communications Notice - 180522

### For further information please contact:

Mike Allen, Chairman, Investore Property Limited

Mobile: 021 606 134 - Email: [mike.allen@investoreproperty.co.nz](mailto: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](mailto:philip.littlewood@strideproperty.co.nz)

Fabio Pagano, Fund Manager, Stride Investment Management Limited as manager of Investore

Mobile: 027 406 6079 - Email: [fabio.pagano@strideproperty.co.nz](mailto:fabio.pagano@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](mailto: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](mailto:louise.hill@strideproperty.co.nz)