

## Investore Property Limited – FY18 Annual Results

Investore Property Limited (Investore) has released its Annual Report and Annual Results presentation for the twelve months ended 31 March 2018 (FY18).

### Key Points:

- Profit before other income and income tax of \$26.8m up \$1.0m on forecast
- Profit after income tax of \$46.2m up \$27.0m on forecast
- Distributable profit<sup>1</sup> after current income tax of \$20.5m up \$0.1m on forecast
- Annual cash dividend 7.46cps for year ended 31 March 2018 (FY18)
- Total portfolio value \$738.3m
- Net Tangible Assets (NTA) backing per share of \$1.64
- Occupancy at 99.9%
- Loan to value ratio (LVR) 41.6%
- The Board has reviewed the LVR target and has set a policy of a maximum 48% LVR ratio
- \$100m six year bond offer launched March 2018, issued 18 April 2018

### Financial Performance Highlights: (Prospective Financial Information forecast figures in brackets)

- Net rental income of \$44.5m (\$44.0m) up \$0.6m
- Corporate expenses of \$5.8m (\$5.5m) up \$0.3m
- Profit before other income and income tax of \$26.8m (\$25.8m) up \$1.0m
- Profit after income tax of \$46.2m (\$19.2m) up \$27.0m
- Distributable profit before current income tax of \$26.0m (\$25.4m) up \$0.6m
- Distributable profit after current income tax of \$20.5m (\$20.4m) up \$0.1m
- Annual cash dividend 7.46cps for FY18
- 1.88cps cash dividend for quarter ended 31 March 2018

### Portfolio Highlights: (Prior year FY17 figures in brackets)

- Total portfolio value \$738.3m (\$660.4m), a net valuation gain<sup>2</sup> of 3.3%.
- Weighted average lease term (WALT) 13.1 years (14.3 years)
- FY19 expiries at 2.9%, FY20 expiries at 1.1% of portfolio contract rental<sup>3</sup>
- Occupancy at 99.9% (99.8%)
- NTA backing per share of \$1.64 (\$1.55)

### Transactions:

- Acquisition of adjoining properties at 6 & 8 and 12 Heaton Street, Timaru for \$1.4m
- Three Bunnings operated properties in Hamilton, Rotorua and Palmerston North acquired for \$78.5m at an initial yield of 6.13% from Stride Property Limited
- Fresh Choice, Queenstown, and Countdown, Hornby, Christchurch disposed of for \$32.6m (before disposal costs) in aggregate, 11.3% premium to aggregate book value

## Capital Management: (Prior year FY17 figure in brackets)

- LVR 41.6% (39.5%)
- \$100m six year fixed rate bond offer launched March 2018, issued 18 April 2018
- Further debt refinancing planned to occur during FY19

## Governance:

- Gráinne Troute, third Independent Director, appointed 19 April 2018

## Execution of Strategy:

### Completion of Investore's two foundational phases

#### Portfolio establishment

- Investore listed on NZX as a specialised large format retail portfolio, \$185m capital raised

#### Portfolio optimisation and capital management

- Acquisition of three Bunnings operated properties in Hamilton, Rotorua and Palmerston North for \$78.5m
- Acquisition of adjoining properties at 6 & 8 and 12 Heaton Street, Timaru
- Disposal of two properties provides balance sheet capacity for future initiatives
- Mitre 10 Mega, corner Te Irirangi Drive & Bishop Dunn Place, Auckland, development commenced subsequent to balance date
- Bond issuance programme increases tenor of financing and diversifies funding sources

## Delivery of performance:

- Aggregate distributable profit after current tax for FY17 and FY18 +1.5% higher than forecast
- Net Tangible Assets up \$45.6m on forecast

## Outlook:

- Acquisition and development of adjacent properties for complementary services
- Selective transactions to enhance portfolio returns and diversification
- Targeting annual cash dividend for FY19 of 7.46cps

## Notes:

- 1 Distributable profit is a non-GAAP financial measure adopted by Investore to assist Investore and its investors in assessing Investore's profit available for distribution. It is defined as net profit/(loss) before income tax adjusted for 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 after income tax, is set out in note 6 to the annual financial statements for the year ended 31 March 2018.
- 2 The valuation of all properties disposed of during the 12 months from 1 April 2017 have been disregarded in this calculation. As at 31 March 2017, the portfolio was valued at \$660.4m.
- 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 as at 31 March 2018, annualised for the 12 month period on the basis of the occupancy level for the relevant property as at 31 March 2018, and assuming no default by the tenant.

Ends

Attachments provided to NZX:

- Investore Property – FY18 Annual Report - 280518
- Investore Property – FY18 Annual Results Presentation – 280518
- Investore Property Limited - Shareholders Communications Notice - 280518
- Investore Property Limited - Bondholders Communications Notice - 280518
- Investore Property – NZX Appendix 1 – 280518
- Investore Property – NZX Appendix 7 – 280518

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