



Managed by Stride Investment
Management Limited

Annual Results Presentation

For the year ended 31 March 2019

21 May 2019

Agenda and Contents

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*Stride Investment Management Limited (SIML)

Highlights

Countdown & specialty tenants
Cnr Fernlea Avenue & Roberts Line
Kelvin Grove, Palmerston North



Highlights

FY18 figures in brackets

Financial Performance

- Net rental income of \$47.4m (\$44.2m), **up \$3.3m**
- Corporate expenses of \$6.0m (\$5.4m), **up \$0.6m**, largely due to a performance fee of \$0.5m payable to SIML for the quarter ended 31 March 2019
- Profit before other income/(expense) and income tax of \$27.0m (\$26.8m), **up \$0.2m**
- Profit after income tax of \$38.6m (\$46.2m), **down \$7.6m**, due largely to lower revaluation movement as compared to FY18
- Distributable profit¹ after current income tax of \$20.9m (\$20.5m), **up \$0.4m**
- Annual cash dividend of 7.60cps (7.46cps), **up 0.14cps on FY18 and initial FY19 forecast**. 1.935cps cash dividend for quarter ended 31 March 2019

| | |
|-------------------|-----------------------------|
| Net rental income | \$47.4m up \$3.3m |
|-------------------|-----------------------------|

| | |
|---|-----------------------------|
| Profit before other income/(expense) and income tax | \$27.0m up \$0.2m |
|---|-----------------------------|

| | |
|--|-----------------------------|
| Distributable profit ¹ after current income tax | \$20.9m up \$0.4m |
|--|-----------------------------|

| | |
|-------------------------------|------------------------------|
| Annual cash dividend for FY19 | 7.60cps up 0.14cps |
|-------------------------------|------------------------------|

1. Distributable profit is a non-GAAP financial measure adopted by Investore Property Limited (Investore) to assist Investore and its investors in assessing Investore's profit available for distribution. It is defined as 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 Financial Statements in the Annual Report for the year ended 31 March 2019.

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

Highlights (continued)

As at 31 March 2018 figures in brackets

Portfolio

- WALT² 12.4 years (13.1 years), with two significant lease renewals
- Total property portfolio³ **net valuation gain of \$17.2m or 2.3%**
- Portfolio market capitalisation rate strengthened to 6.05% (6.19%)
- Occupancy at 99.9% (99.9%)
- Net Tangible Assets (NTA) backing per share of \$1.70 (\$1.64)
- Countdown Dunedin South divestment for \$19.328m at 5.6% premium to 31 March 2018 book value

Capital Management

- \$100m six year fixed rate listed inaugural bond issue April 2018
- \$70m bank debt refinanced, term extended to 2022
- Purchased 1.7m shares through share buyback programme
- Loan to value ratio (LVR) 41.8% (41.6%)

Management and Governance

- Fabio Pagano, new Investore Fund Manager appointed
- Independent Director Gráinne Troute elected 27 June 2018
- Director Kate Healy stepping down as a Director from 22 May 2019

| | |
|-------------------|-------------------|
| WALT ² | 12.4 years |
|-------------------|-------------------|

| | |
|--|--|
| Property portfolio ³ value | \$761.2m net gain of \$17.2m |
|--|--|

| | |
|-------------------------------|--------------|
| Market capitalisation rate | 6.05% |
|-------------------------------|--------------|

| | |
|-----------|--------------|
| Occupancy | 99.9% |
|-----------|--------------|

| | |
|---------------------|---------------|
| Capital refinancing | \$170m |
|---------------------|---------------|

2. Weighted Average Lease Term (WALT).

3. Includes the property at 323 Andersons Bay Road, Dunedin, disclosed as investment property classified as held for sale in the 2019 financial statements and the fair value of \$19.046m reflects the sales price net of disposal costs. Settlement occurred post balance date on 1 April 2019.

Strategic Principles

Investore's strategy is to invest in quality, large format retail properties throughout New Zealand, and actively manage shareholders' capital, to maximise distributions and total returns over the medium to long term

Investore's strength is this singular focus — it is the only NZX listed company concentrated on the large format retail property asset class

With Investore's tenant's focus on non-discretionary retail, Investore is well positioned to optimise returns, providing a secure income stream for our investors

1. Active Portfolio Management

Focus on owning properties with long lease terms and high occupancy, with nationally recognised quality tenant brands, and maintaining strong and enduring tenant relationships that support the portfolio

2. Targeted Growth

Considered acquisitions and developments which deliver growth, while continuing to enhance geographical and/or tenant portfolio diversification, and where appropriate, consider disposals to maintain balance sheet capacity and optionality

3. Continued Optimisation of the Portfolio

Development of existing properties to meet the needs of tenants and the surrounding catchment, which may include acquiring sites adjacent to existing assets, to provide development options for the future

4. Proactive Capital Management

Proactive capital management to maintain a healthy and flexible balance sheet for growth, while preserving sustainable returns to investors

Financial Performance



Financial Performance

| | 2019 Actual \$m | 2018 Actual \$m | Change | |
|---|-----------------------|-----------------------|--------------|---------------|
| | | | \$m | % |
| Net rental income | 47.4 | 44.2 | +3.3 | +7.4 |
| Corporate expenses | (6.0) | (5.4) | (0.6) | (10.9) |
| Profit before net finance expense, other income/(expense) and income tax | 41.4 | 38.7 | +2.7 | +6.9 |
| Net finance expense | (14.4) | (11.9) | (2.5) | (20.7) |
| Profit before other income/(expense) and income tax | 27.0 | 26.8 | +0.2 | +0.8 |
| Other income/(expense) ⁴ | 17.1 | 26.1 | (9.0) | (34.3) |
| Profit before income tax | 44.1 | 52.9 | (8.7) | (16.5) |
| Income tax expense | (5.5) | (6.7) | +1.1 | +17.0 |
| Profit after income tax attributable to shareholders | 38.6 | 46.2 | (7.6) | (16.5) |

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

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

Distributable Profit⁵

| | 2019 Actual \$m | 2018 Actual \$m | Change | |
|--|-----------------------|-----------------------|-------------|-------------|
| | | | \$m | % |
| Profit before income tax | 44.1 | 52.9 | (8.7) | (16.5) |
| Non-recurring and non-cash adjustments: | | | | |
| - Net change in fair value of investment properties | (17.2) | (23.1) | +5.9 | +25.6 |
| - Gain on disposal of investment properties | 0.0 | (2.9) | +2.9 | +100.0 |
| - Net change in fair value of derivative financial instruments | 0.1 | 0.0 | +0.1 | +331.6 |
| - Spreading of fixed rental increases | (1.3) | (1.0) | (0.3) | (30.6) |
| - Borrowings establishment costs amortisation | 0.6 | 0.3 | +0.3 | +134.4 |
| Distributable profit before current income tax | 26.3 | 26.0 | +0.2 | +0.9 |
| Current tax expense | (5.3) | (5.5) | +0.1 | +2.6 |
| Distributable profit after current income tax | 20.9 | 20.5 | +0.4 | +1.8 |
| Adjustments to funds from operations: | | | | |
| - Maintenance capital expenditure | (1.3) | (2.0) | +0.8 | +38.3 |
| Adjusted Funds From Operations (AFFO) | 19.7 | 18.5 | +1.1 | +6.2 |
| Weighted average number of shares (millions) | 260.9 | 261.8 | | |
| Basic and diluted distributable profit after current income tax per share - weighted (cents) | 8.01 | 7.85 | | |
| AFFO basic and diluted distributable profit after current income tax per share - weighted (cents) | 7.53 | 7.07 | | |

5. Distributable Profit – refer footnote 1 on page 3 for definition.

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

Financial Summary

| | As at 31 Mar 2019 Actual | As at 31 Mar 2018 Actual | Change |
|--|--------------------------------|--------------------------------|----------------|
| Investment Property value (\$m) | 761.2 ⁶ | 738.3 | +22.8 |
| Drawn debt (\$m) | 318.5 | 307.4 | +11.1 |
| Loan to value ratio | 41.8% | 41.6% | +0.2% |
| Equity (\$m) | 443.2 | 429.1 | +14.2 |
| Shares on issue (millions) | 260.1 | 261.8 | (1.7) |
| Net Tangible Assets (NTA) per share | \$1.70 | \$1.64 | +\$0.06 |
| Adjusted NTA⁷ per share | \$1.71 | \$1.64 | +\$0.07 |

6. Refer to footnote 3 on page 4.

7. Excludes the after tax fair value of interest rate derivatives.

Proactive Capital Management

Countdown
326 Great South Road
Greenlane, Auckland



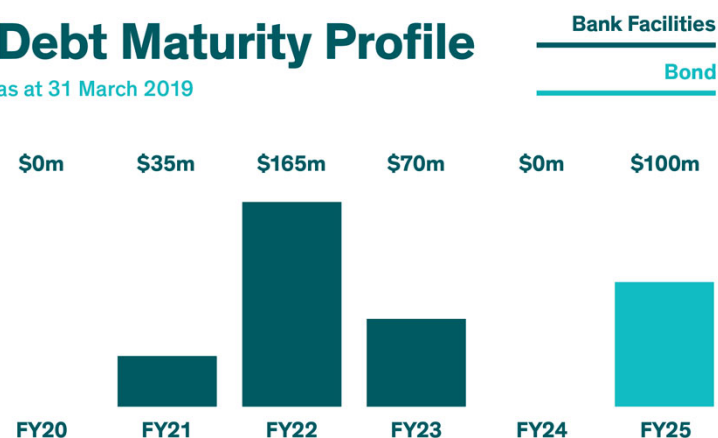
Proactive Capital Management

Key transactions

- Inaugural listed bond issue 18 April 2018 - \$100m of six year fixed rate bonds, resulting in increased weighted average tenor of debt facilities and increased diversification of funding sources
- \$70m bank facility refinanced August 2018, increasing average tenor of total debt facilities to 3.1 years as at 31 March 2019. Next debt facility maturing is \$35m in June 2020
- Following settlement of the Countdown Dunedin South sale on 1 April 2019, LVR reduced to 40.4%
- Considering further capital management initiatives where market conditions are conducive, such as a second bond issue

Debt Maturity Profile

as at 31 March 2019



| | As at 31 Mar 2019 | As at 31 Mar 2018 |
|--|-------------------------|-------------------------|
| Debt facilities | | |
| Banking facility limit (ANZ, BNZ, CBA, Westpac), plus \$100m bond ⁸ | \$370m | \$370m |
| Debt facilities drawn | \$319m | \$307m |
| Weighted maturity of debt facilities | 3.1 years | 2.2 years |

Debt covenants

| | | |
|--|-----------------------|---------------|
| LVR (Drawn Debt / Property Values) Covenant: ≤ 65% | 41.8% | 41.6% |
| Interest Cover Ratio (EBIT/Interest and Financing Costs) Covenant: ≥ 1.75x | 2.9x | 3.2x |
| WALT ⁹ Covenant: > 6.0 years | 12.4 years | 13.1 years |

Investor's policy is a maximum LVR of 48%

8. \$100m of Investor's bank facilities were repaid and cancelled following the \$100m bond issuance on 18 April 2018.

9. The unexpired leased term in a property or portfolio, assuming the property or portfolio is fully leased. This is weighted by the income applicable to each lease and a current market rental with nil term for vacant space.

Proactive Capital Management (continued)

Key transactions – hedging

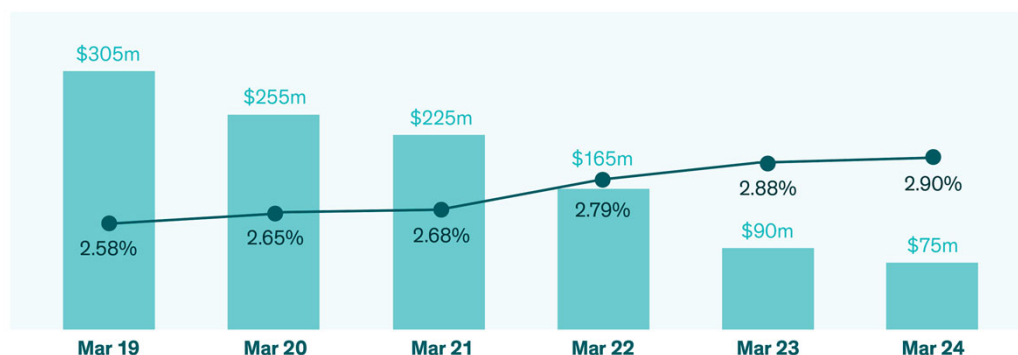
- \$25m six year fixed-to-floating interest rate swap entered into, commenced 18 April 2018
- \$20m swaps cancelled on 2 April 2019

Fixed Rate Interest Profile

as at 31 March 2019

Notional fixed rate debt
(net of fixed-to-floating hedging)

Weighted average interest rate of fixed rate
debt (excluding margin and line fees)



| Cost of debt | As at 31 Mar 2019 | As at 31 Mar 2018 |
|--|-------------------------|-------------------------|
| Weighted average cost of debt (incl. current interest rate derivatives, bond and bank margins, and line fees) | 4.38% | 4.25% |
| Weighted average fixed interest rate (excl. margins) | 2.58% | 2.48% |
| Weighted average fixed interest rate maturity (incl. bond, active and forward starting swaps) | 3.0 years | 3.3 years |
| % of drawn debt fixed | 96% | 75% |

Share Buyback

- On-market share buyback programme of up to 5% of ordinary shares, announced on 1 August 2018
- Investore acquired 1.7m shares over 25 active buying days, at an average cost of \$1.53 per share (\$2.6m cost)
- Investore's share price increased 13.1% from \$1.37 to \$1.55 from the announcement of a potential share buyback in November 2017 to 11 February 2019 (when the buyback was last paused for the third quarter dividend announcement)
- Share buyback programme has now been concluded

Portfolio Overview

PAK'nSAVE
53 Leach Street
New Plymouth



Portfolio Overview

Key transactions

- Mitre 10 Mega, Botany, Auckland, development completed increasing property value to \$34.1m, up 11% from 31 March 2018, and generating additional \$0.3m p.a. net rental
- Completed divestment of Countdown Dunedin South for \$19.328m at a 5.6% premium to 31 March 2018 valuation, settled 1 April 2019
- Lease renewals of Countdown Rotorua¹² and Countdown Hamilton¹³, delivering 10 and 5 year leases respectively
- Portfolio occupancy 99.9%
- Further refurbishments completed at Countdown stores in Greenlane Auckland, Lower Hutt and Upper Hutt in FY19, with a total of 10 store refurbishments completed across Investore-owned Countdown stores in the last two years

Total property portfolio

| | As at 31 Mar 2019 ¹⁰ | As at 31 Mar 2018 |
|--|---------------------------------------|-------------------------|
| Number of properties | 40 | 40 |
| Number of tenants | 78 | 78 |
| Net Contract Rental ¹¹ (\$m) | 47.6 | 46.9 |
| Portfolio value (\$m) | 761.2 | 738.3 |
| Net lettable area (NLA) (sqm) | 209,980 | 209,980 |
| Total land area (sqm) | 512,705 | 512,705 |
| Occupancy rate (% by area) | 99.9 | 99.9 |
| WALT (years) | 12.4 | 13.1 |
| Market capitalisation rate (%) | 6.05 | 6.19 |
| Car parking ratio (bays per 100sqm of NLA) | 3.9 | 3.9 |

10. Includes the property at 323 Andersons Bay Road, Dunedin, disclosed as investment property classified as held for sale in the 2019 financial statements. Settlement occurred post balance date on 1 April 2019.

11. 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 2019, annualised for the 12 month period on the basis of the occupancy level for the relevant property as at 31 March 2019, and assuming no default by the tenant.

12. 230-240 Fenton Street, Rotorua.

13. Cnr Anglesea and Liverpool Streets, Hamilton.

Sustainability

Investore aligns its sustainability objectives with that of SIML, its Manager, for whom sustainability has been a key focus for FY19

Through its refurbishment programme and other development works, Investore has taken the opportunity to:

- Install new energy efficient heating, ventilation and air conditioning systems (HVAC)
- Install LED lighting
- Support Countdown Rototuna, Hamilton, in a trial launched in November 2018, where electric vehicle charging stations were installed and made available free of charge for shoppers at the store



Countdown Lower Hutt, Wellington

Investore partners with its tenants on a variety of projects. This successful formula of working alongside our tenants has been a particular feature of Investore's approach and strategy, and is one that is valued by our tenants

During FY19, Countdown Lower Hutt was refurbished with Investore repainting the exterior of the store and upgrading car parking amenities

Properties that were refurbished in FY19 produced a combined weighted average net valuation increase of +6.8%



Countdown Lower Hutt

261 High Street, Wellington

| | |
|---|------------|
| Tenant | Countdown |
| Occupancy | 100% |
| NLA | 5,078sqm |
| Land area | 9,974sqm |
| Car parking ratio (bays per 100sqm of NLA) | 5.1 |
| WALT | 15.9 years |
| Valuation | \$18.5m |
| Market cap rate | 6.25% |

Capital Expenditure

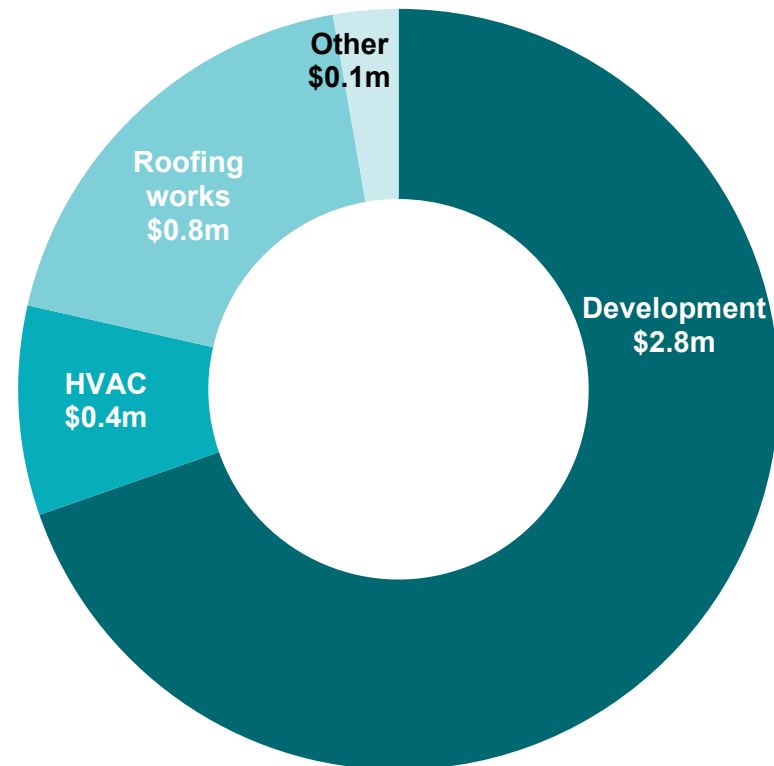
Over the past year, Investore has undertaken a number of capital projects to upgrade and improve assets, supporting tenant works

\$4.1m incurred in FY19 on capital projects, or 0.5% of the portfolio value, including:

- HVAC units upgraded to modern energy efficient systems
- Landscaping and car parking upgrades to enhance customer amenities
- Mitre 10 Mega, Botany, Auckland, \$2.8m development completed in December 2018

Investore continues to invest in maintaining its portfolio through scheduled maintenance each year

Capital expenditure by type
for the year to 31 March 2019



Lease Expiry Profile

83% of portfolio Contract Rental¹⁵ has an expiry of greater than 10 years from 31 March 2019

FY20

- 1.1% of Contract Rental expiring
- Major expiry - Animates at 226 Great South Road, Auckland, equating to 0.7% of Contract Rental

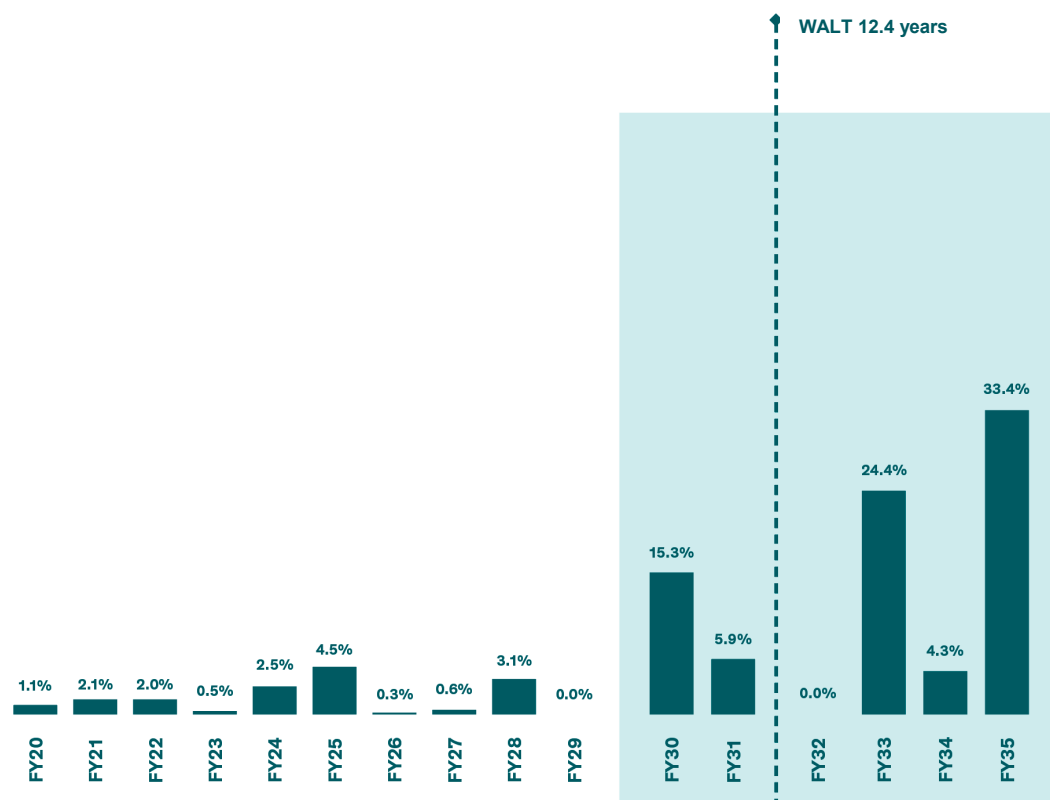
FY21

- 2.1% of Contract Rental expiring
- Major expiry - The Warehouse at 91 Johnsonville Road, Wellington, equating to 1.2% of Contract Rental

FY22

- 2.0% of Contract Rental expiring
- Major expiry - The Warehouse at 35 MacLaggan Street, Dunedin, equating to 1.8% of Contract Rental

Lease Expiry Profile¹⁴ by Contract Rental¹⁵
as at 31 March 2019



14. 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 31 March 2019, as a percentage of Contract Rental.

15. Contract Rental – refer footnote 11 on page 14 for definition.

Numbers in the above chart may not add due to rounding.

Portfolio Occupancy

As at 31 March 2019

| Property | Occupancy ¹⁶ (%) | Vacancy (sqm) | Total area (sqm) |
|--|--------------------------------|------------------|---------------------|
| 3 - 7 Mill Lane, Warkworth | 98.0 | 76 | 3,815 |
| Cnr Hanson Street, John Street & Adelaide Road, Wellington | 98.7 | 64 | 4,881 |
| Other properties | 100.0 | 0 | 201,284 |
| Total | 99.9 | 140 | 209,980 |

Post balance date

Investore has secured a specialty tenant for the vacant 76sqm tenancy at 3 - 7 Mill Lane, Warkworth, on a 2 + 2 year lease, commencing June 2019

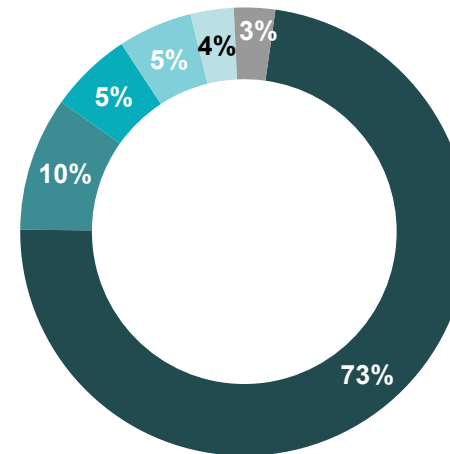
16. Calculated as the leased area as a portion of the lettable area.

Portfolio Diversification

Tenant diversification by gross Contract Rental¹⁷

As at 31 March 2019

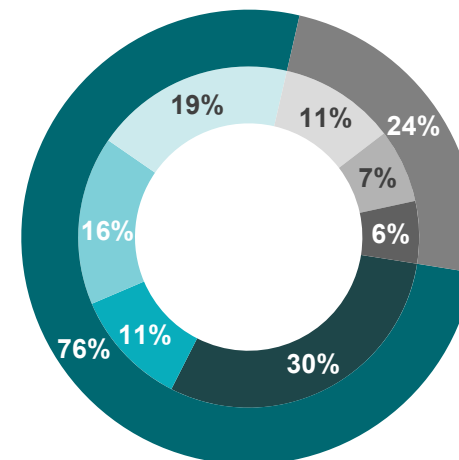
| | |
|------------------------------------|-----|
| ■ General Distributors (Countdown) | 73% |
| ■ Bunnings | 10% |
| ■ Foodstuffs | 5% |
| ■ Specialty | 5% |
| ■ Mitre 10 | 4% |
| ■ The Warehouse | 3% |



Geographic diversification by net Contract Rental¹⁷

As at 31 March 2019

| | | |
|----------------------|-----|---------------------|
| ■ Auckland | 30% | North Island 76% |
| ■ Waikato | 11% | |
| ■ Wellington | 16% | |
| ■ Other North Island | 19% | |
| ■ Canterbury | 11% | South Island 24% |
| ■ Otago | 7% | |
| ■ Other South Island | 6% | |



17. Contract Rental – refer footnote 11 page 14 for definition.

Countdown Takanini, Auckland

Investor's retail properties provide consumers with access to a diverse range of tenants that are anchored by strong national retailers with long leases

Investor's Countdown Takanini, Auckland, property is the largest in the portfolio by value and by number of tenants.

Tenanted by national retailers, this convenience-based property includes:

- Countdown supermarket
- 11 specialty tenants, including Animates, McDonald's, Amcal Pharmacy, Westpac Bank, Snap Fitness and Resene
- 256 on-grade car parking bays
- Convenient main road access



Countdown Takanini

226 Great South Road, Auckland

| | |
|--------------------------|-----------|
| Tenancies | 12 |
| Anchor tenant | Countdown |
| Occupancy | 100% |
| NLA | 7,384sqm |
| Land Area | 21,827sqm |
| Car parking ratio | 4.8 |
| (bays per 100sqm of NLA) | |
| WALT | 9.2 years |
| Valuation | \$39.7m |
| Market cap rate | 6.00% |

Year Ahead and Conclusion

Bunnings
446 Te Rapa Road
Hamilton



Investore's focus for the year ahead

- 1.** Disciplined and considered investments to target growth opportunities
- 2.** Continued proactive capital management
- 3.** Partnering with tenants in the execution of the FY20 store refurbishment programme
- 4.** Evolve Investore's sustainability strategy

Outlook

- Target properties and tenants that focus on non-discretionary and convenience retail
- Consider further capital management initiatives which may include a second bond issue
- Continued focus on Countdown property refurbishments, aligned with Countdown's refurbishment programme

Conclusion

Capital initiatives reduce risk and enhance returns

- Proactive bank refinancing to manage refinancing risk
- Inaugural listed bond issue improved debt maturity profile and diversified funding sources
- Share buyback programme was an efficient use of balance sheet capacity

Delivering Performance

- Net rental income growth from a solid portfolio
- Active leasing renewals across key properties
- Strong portfolio metrics including 99.9% occupancy and 12.4 years WALT as at 31 March 2019
- FY20 annual cash dividend guidance 7.60 cps

Proactive debt
refinancing

\$170m

Strong portfolio
metrics

99.9%
Occupancy

12.4 years
WALT

Annual cash
dividend guidance
for FY20

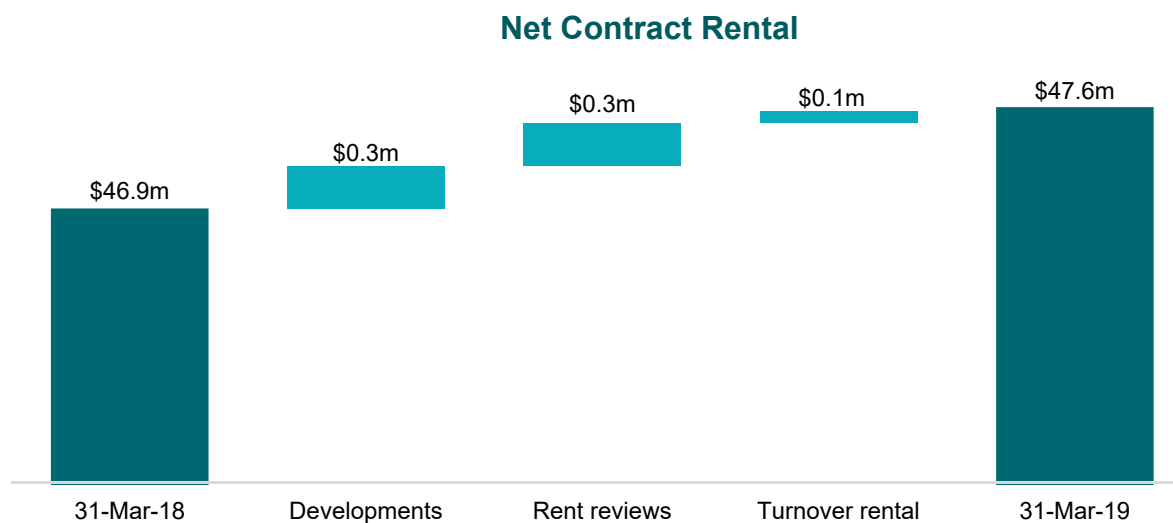
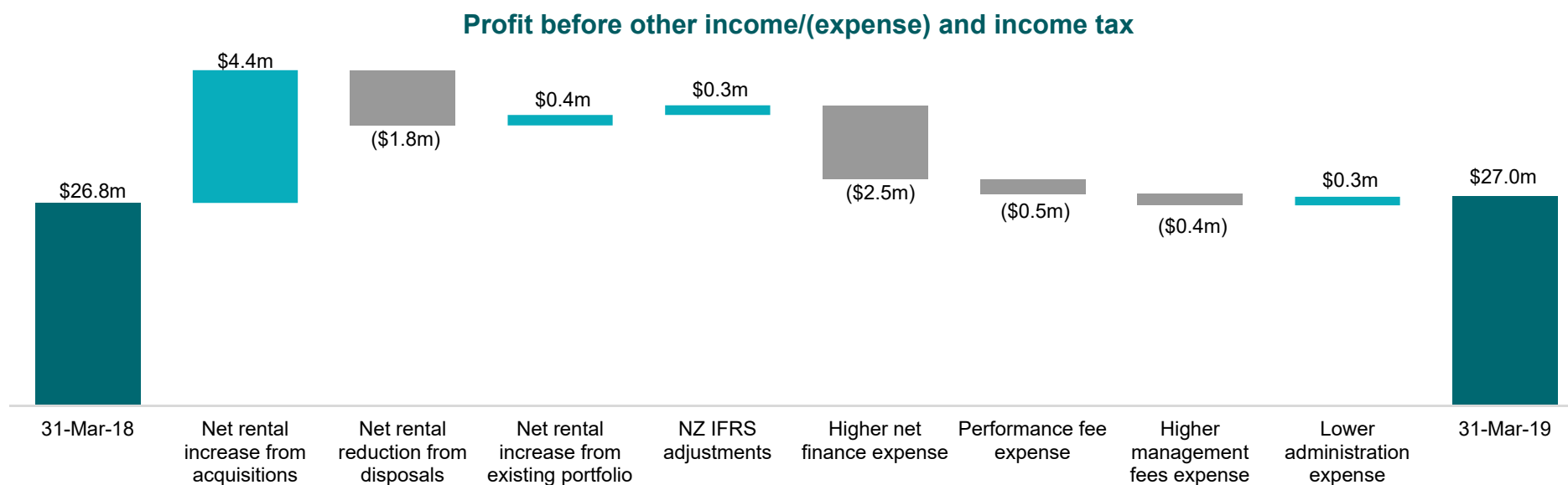
7.60cps

Appendices

Mitre 10 Mega
Cnr Te Irirangi Drive & Bishop Dunn Place Botany,
Auckland

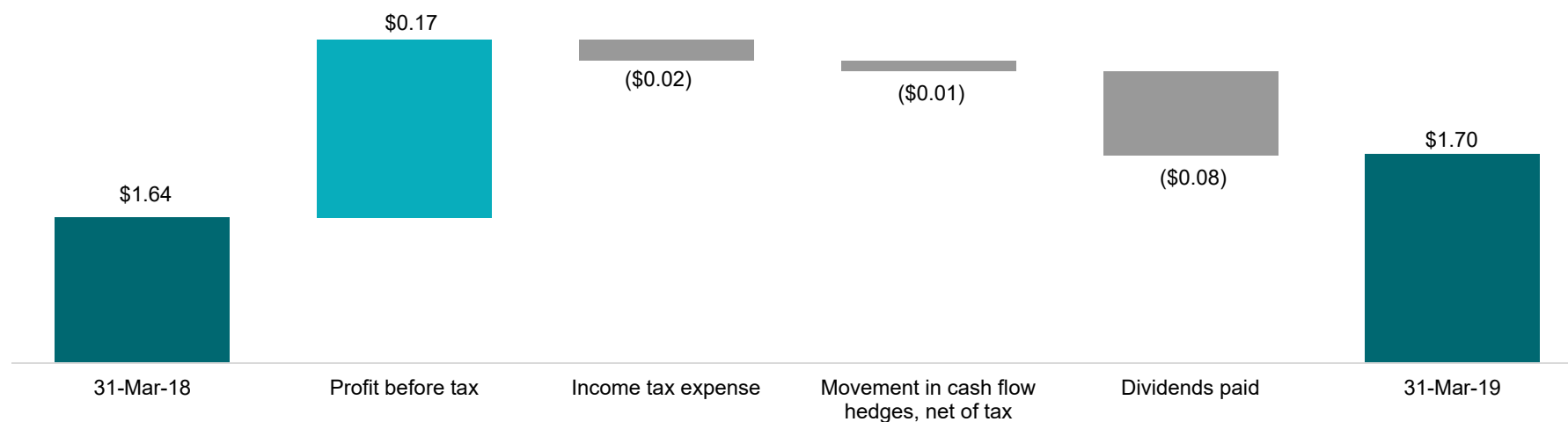


Appendix 1



Appendix 2

NTA per share



Investment properties



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 year ended 31 March 2019. Please refer to Investore's Annual Report 2019 for further information in relation to the year ended 31 March 2019. 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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Thank you

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