

investore

Managed by Stride Investment
Management Limited

Interim Results Update

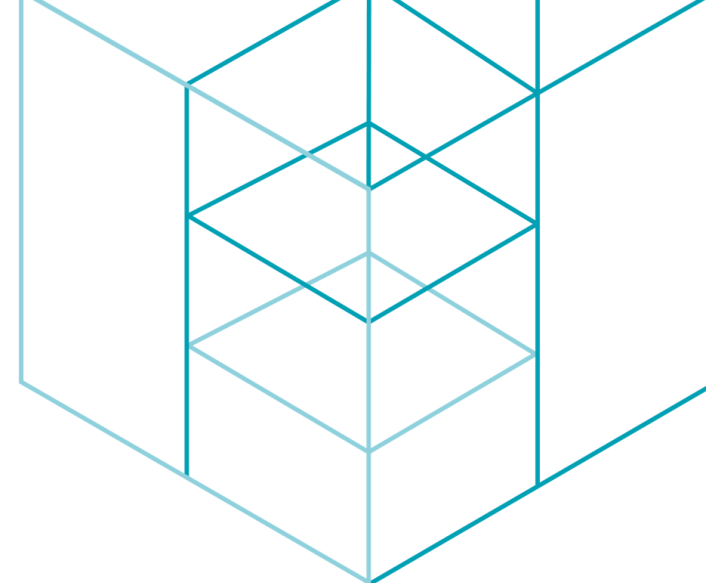
For the six months ended
30 September 2020

17 November 2020





Contents

Countdown, Rotorua



Highlights	03
Delivering on our strategy	04
Update on COVID-19	05
Portfolio highlights	06
Financial performance	11
Capital management	15
Looking forward	19

Highlights

 <p>Financial highlights</p>	<p>Profit after income tax</p> <p>\$91.0m up \$80.1m from HY20</p>	<p>Distributable profit¹ after current tax</p> <p>\$13.7m up \$4.0m on HY20</p>	<p>7.60cps Cash dividend guidance² for FY21</p>
 <p>Portfolio performance</p>	<p>\$980.3m portfolio value³, representing a net valuation gain of 9.4%⁴</p>	<p>10.2 years WALT</p>	<p>\$1.93 NTA per share, up \$0.20 or 11.6% from 31 March 2020</p>
 <p>Capital management</p>	<p>28.3% Loan to Value Ratio⁵ as at 30 September 2020</p>	<p>\$105m equity raise in April-May 2020</p>	<p>\$125m listed bond issuance in August 2020</p>

- 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 Interim Financial Statements.
- Assuming no further deterioration in economic conditions due to COVID-19.
- Portfolio value excludes: (1) \$7.0 million of seismic works to be completed by Stride Property Limited (SPL) on the three large format retail properties acquired from SPL on 30 April 2020, and the balance of the rental guarantee of \$0.4 million from SPL; and (2) lease liabilities. The valuation of the property at 35 MacLaggan Street, Dunedin, remains subject to 'material valuation uncertainty' due to the expiry of the tenant lease in July 2021; see note 2.2 to the Interim Financial Statements.
- Compared to Investore's property portfolio as at 31 March 2020, and including the three properties acquired from SPL as if those properties had been acquired as at that date, based on the purchase price for those three properties excluding (1) the \$7.0 million of seismic works to be completed by SPL on the properties, and (2) the rental guarantee of \$0.5 million from SPL.
- LVR is calculated based on independent valuations, which include seismic works and rental underwrites to be funded by SPL in relation to the three properties acquired from SPL and settled in April 2020. The independent valuations also exclude lease liabilities.

Delivering on our strategy

Active portfolio management	<ul style="list-style-type: none"> • Weighted average lease term (WALT) 10.2 years • 99.7% occupancy by area¹ • 57 lease extensions and renewals completed, including COVID-19 related deals, with a weighted average lease extension of seven months across all COVID-19 deals • 72% of leases by Contract Rental² expiring in 2030 or beyond
Targeted growth	<ul style="list-style-type: none"> • Portfolio valuation³ of \$980.3m, representing a 9.4% net revaluation gain⁴ from 31 March 2020 • Portfolio market capitalisation rate of 5.53%, a 55 basis point compression from 31 March 2020⁵ • 6-month shareholder return to 30 September 2020 of 36.2% (or 24.6% in the nine months since 31 December 2019), outperforming gross S&P/NZX 50 and gross All Real Estate index by 16.3% and 15.4% respectively (or 22.3% and 28.3% respectively in the nine months since 31 December 2019)
Continued portfolio optimisation	<ul style="list-style-type: none"> • Acquired property adjacent to existing Investore-owned Countdown Papakura in March 2020 for \$1.2m, with works now completed on expansion of carpark and improved customer access to the property • Investore collaborated with Countdown on redevelopment of the Rotorua supermarket, including full internal store refurbishment, parking amenity, and new energy efficient heating and ventilation systems, resulting in an overall improved asset
Proactive capital management	<ul style="list-style-type: none"> • \$105m new equity raised in April and May 2020, with net proceeds used to repay bank debt • \$125m 7-year listed bonds issued in August 2020 at a 2.4% interest rate • New \$50m, 5-year facility secured and \$101m existing facility extended for three additional years, with additional 3-year \$30m facility agreed post-balance date, introducing ICBC⁶ to the banking group • Loan to Value Ratio (LVR) 28.3%⁶, compared to 31.3% as at 31 March 2020

1. Post balance date The Warehouse has vacated the premises at 91 Johnsonville Road, Johnsonville, upon expiry of the lease, reducing the portfolio occupancy rate by area to 99.1%.

2. 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 for the relevant property as at 30 September 2020, and assuming no default by the tenant.

3. See footnote 3 on page 3.

4. See footnote 4 on page 3.

5. Compared to Investore's property portfolio as at 31 March 2020, and including the three properties acquired from SPL as if those properties had been acquired as at that date, based on independent valuations of those three properties obtained in preparation for the acquisition in April 2020.

6. Industrial and Commercial Bank of China Limited, Auckland Branch (ICBC).

7. See footnote 5 on page 3.

Update on COVID-19

Investore's portfolio continues to demonstrate resilience given the high proportion of tenants that are essential businesses

- Investore has worked with its tenants to support them through the impact of COVID-19 throughout the year
- Investore's approach in assisting tenants has been focussed on providing rental support through a combination of abatements and deferrals, often in return for granting extensions to lease terms, resulting in a weighted average lease extension of seven months being achieved across COVID-19 arrangements
- Investore expects¹ reduced gross rent receivable for FY21 to be approximately \$1m, compared with the previous forecast of \$1m-\$2m
- Balanced against the reduced gross rent receivable for FY21, Investore will benefit from the reintroduced building depreciation deduction claims for property owners with commercial properties at a level of 2% of diminishing value a year, starting in April 2020. This is estimated to provide a reduction in current tax of approximately \$2.2m for FY21

Countdown, Rotorua



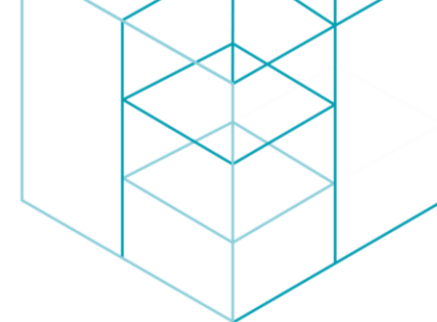
1. Assuming no further deterioration in economic conditions due to COVID-19 and no significant further restrictions on activity.

Portfolio highlights

Pak'nSave, New Plymouth



Active portfolio management



Key portfolio activities

- ✓ 28 rent reviews completed over 19,000 sqm resulting in a 2.2% increase to previous rentals
- ✓ 92% of the rent reviews completed were structured reviews – CPI or fixed
- ✓ Increase in turnover rent, up \$0.3m to \$0.7m during the year to 30 September 2020, based on unaudited sales
- ✓ Countdown exercised 6-year right of renewal at Mt Wellington Shopping Centre, improving the overall property's WALT from 2.7 years to 5.1 years
- ✓ 4 new lettings completed during the period, achieving an average of 4.9 years tenure
- ✓ Portfolio value¹ increased to \$980.3m, representing a net valuation gain of \$83.7m or 9.4%²
- ✓ Investore's portfolio comprises 59 hectares of commercial property with an average site coverage of 41.4%, providing future development opportunities

Portfolio metrics

	As at 30 Sep 20	Adjusted ³ 31 Mar 20	As at 31 Mar 20
Number of properties	43	43	40
Number of tenants	130	130	78
Net lettable area (NLA) (sqm)	246,191	246,176	208,125
Net Contract Rental ⁴ (\$m)	57.1	56.2	47.5
WALT (years)	10.2	10.4	11.5
Market capitalisation rate (%)	5.53	6.08	6.06
Occupancy rate by area	99.7	99.7	99.7
Portfolio value ⁵ (\$m)	980.3 ⁶	895.2 ⁷	761.4
Total site area (sqm)	594,660	593,456	507,411
Average site coverage (%)	41.4	41.5	41.0
Car parking ratio (bays per 100sqm of NLA)	4.3	4.3	3.9

1. See footnote 3 on page 3.

2. See footnote 4 on page 3.

3. As at 31 March 2020, as if the acquisition of the three properties from SPL on 30 April 2020 had settled as at that date.

4. See footnote 2 on page 4.

5. Excludes lease liabilities.

6. Excludes the \$7.0m of seismic works to be completed by SPL on the three properties acquired from SPL on 30 April 2020, and the value of the rental guarantee provided by SPL in relation to certain tenancies that form part of those properties.

7. Valuation assumes that the seismic works to be undertaken by SPL, at a value of \$7.0m, have been completed.

Long dated lease expiry profile

Long portfolio WALT of 10.2 years and 72% of Contract Rental² expiring in 2030 or beyond

FY21

- 1.7% of Contract Rental expiring with major expiry, The Warehouse, 91 Johnsonville Road, Wellington (1.0%) vacant post balance date
- Other expiries total 0.7% across 5 tenants

FY22

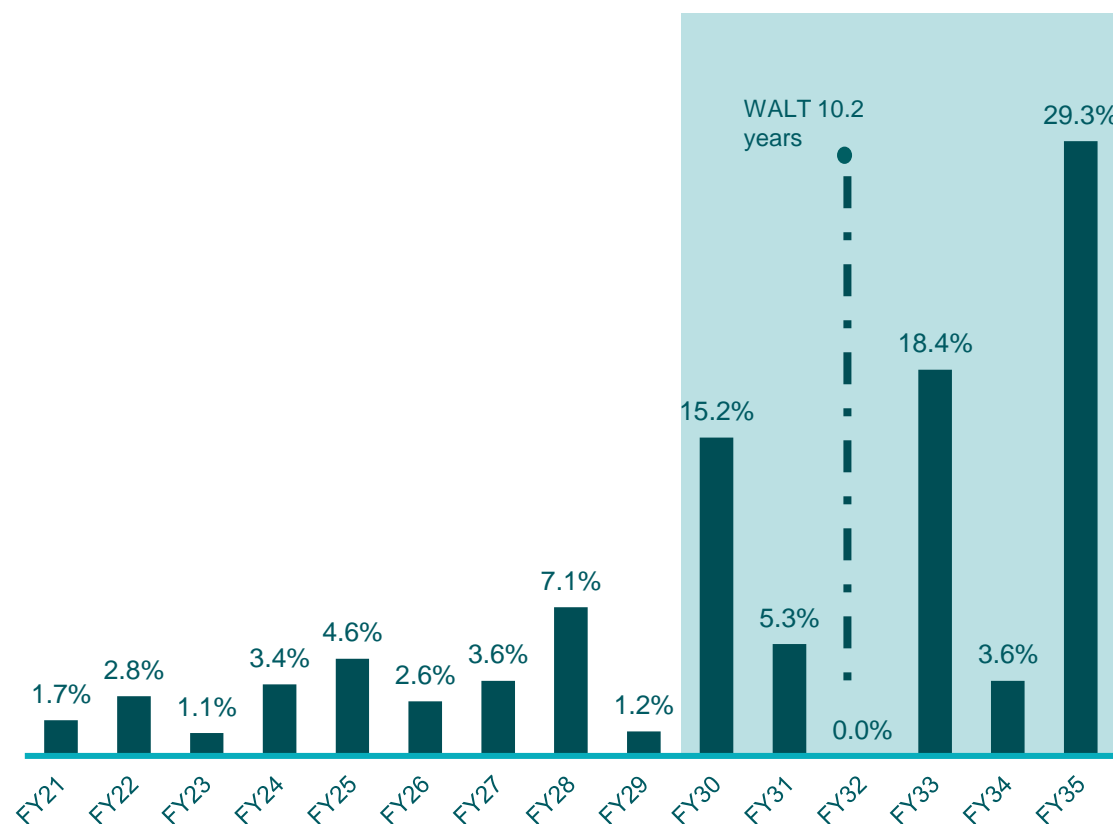
- 2.8% of Contract Rental expiring, with major expiries:
 - The Warehouse, 35 MacLaggan Street, Dunedin (1.5%)
 - NZ Post, Bay Central Shopping Centre, Tauranga (0.8%)

FY23

- 1.1% of Contract Rental expiring across 10 tenants with no major expiries

Lease Expiry Profile¹ by Contract Rental²

As at 30 Sep 20



1. 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 30 September 2020 as a percentage of Contract Rental.
 2. See footnote 2 on page 4.

Optimisation of the portfolio

Countdown, Rotorua

Countdown Rotorua 230-240 Fenton Street, Rotorua

Tenant	Countdown
Occupancy	100%
NLA	5,172 sqm
Land area	16,442 sqm
Car parking ratio (bays per 100sqm of NLA)	5.8
WALT	9.9 years
Valuation	\$22.8m
Val./NLA (per sqm)	\$4,408
Market cap rate	5.0%

Case Study

- Investore worked with its largest tenant, Countdown, to upgrade its Rotorua property
- Countdown redeveloped the store with a new bakery, fresh food area, checkouts, LED lighting and service offering to meet customer demand
- Investore funded a broad range of further upgrades, including seismic strengthening, major internal works, new entry portal, car parking amenity and energy efficient HVAC system
- The property's capitalisation rate has compressed 125bps since 31 March 2020, a favourable movement compared to the average portfolio compression of 55bps from 31 March 2020



Optimisation of the portfolio

Countdown, Papakura



Countdown Papakura, 3 Averill Street, Auckland

Tenants	Countdown, Stampede Tavern
Occupancy	100%
NLA	5,435 sqm
Land area	14,688 sqm
Car parking ratio (bays per 100sqm of NLA)	4.5
WALT	13.7 years
Valuation	\$17.5m
Val./NLA (per sqm)	\$3,220
Market cap rate	7.6%
Total project cost	\$1.8m

Case Study

- Investore acquired land adjoining this site in March 2020 for \$1.2 million to enable the improvement of customer amenity for the property
- Completed works included the demolition of existing poor quality buildings, the expansion of the car park, and improved access points and overall amenity of the property
- Investore undertook the works for \$0.6 million with an associated return on cost from the tenant at 6.5%

Financial performance

Bunnings, Mt Roskill



Financial performance

			Change	
	Unaudited 30 Sep 20 \$m	Unaudited 30 Sep 19 \$m	\$m	%
Net rental income	27.4	24.1	+3.3	+13.7
Corporate expenses	(5.0)	(4.0)	(1.0)	(24.5)
Profit before net finance expense, other income and income tax	22.4	20.1	+2.3	+11.6
Net finance expense	(10.2)	(7.2)	(3.0)	(41.9)
Profit before other income/(expense) and income tax	12.2	12.9	(0.7)	(5.4)
Other income/(expense) ¹	83.7	0.9	+82.8	+9262.2
Profit before income tax	95.9	13.8	+82.1	+596.9
Income tax expense	(4.8)	(2.8)	(2.0)	(73.5)
Profit after income tax attributable to shareholders	91.0	11.0	+80.1	+729.8

1. 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 profit¹

	Unaudited 30 Sep 20 \$m	Unaudited 30 Sep 19 \$m	Change	
			\$m	%
Profit before income tax	95.9	13.8	+82.1	+596.9
Non-recurring, and/or non-cash items, and other adjustments:				
- Net change in fair value of investment properties	(83.7)	(0.9)	(82.9)	(9351.9)
- Loss on rental guarantee	0.1	-	+0.1	+100.0
- Reversal of lease liabilities movement in investment properties	-	(0.1)	+0.1	+81.2
- Spreading of fixed rental increases	(0.1)	(0.6)	+0.5	+79.8
- Capitalised lease incentives	(0.8)	-	(0.8)	(4100.0)
- Lease incentives amortisation	0.1	-	+0.1	+2900.0
- Borrowings establishment cost amortisation	0.4	0.3	+0.1	+42.3
- Swap break expenses	3.6	-	+3.5	+9502.7
Distributable profit before current income tax	15.2	12.4	+2.8	+22.3
Current income tax	(1.5)	(2.7)	+1.2	+44.8
Distributable profit after current income tax	13.7	9.7	+4.0	+40.7
Adjustments to funds from operations:				
- Maintenance capital expenditure	-	(0.9)	+0.9	+100.0
Adjusted Funds From Operations (AFFO)²	13.7	8.9	+4.8	+54.7
Weighted average number of shares (millions)	355.0	260.1		
Basic and diluted distributable profit after current income tax per share - weighted (cents)	3.86	3.74		
AFFO basic and diluted distributable profit after current income tax per share - weighted (cents)	3.86	3.40		

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

2. AFFO is a non-GAAP measure and is intended as a supplementary measure of operating performance. Cash spent during the period on capital expenditure as part of maintaining a building's grade/quality, but not expensed as part of distributable profit after current income tax, is adjusted to enable the investors to see the cash generating ability of the business.

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

	Unaudited As at 30 Sep 20	Audited As at 31 Mar 20	Change
Investment property value (\$m)	980.3	761.4	+218.9
Drawn debt (\$m)	(280.0)	(238.4)	(41.6)
Loan to Value Ratio (LVR)	28.3%¹	31.3%	(3.0%)
Equity (\$m)	709.3	526.7	+182.6
Shares on issue (millions)	368.1	304.5	+63.6
Net Tangible Assets (NTA) per share	\$1.93	\$1.73	+\$0.20
Adjusted NTA² per share	\$1.93	\$1.74	+\$0.19

1. LVR is calculated based on independent valuations, which include seismic works and rental underwrites to be funded by SPL in relation to the three properties acquired from SPL and settled in April 2020. The independent valuations also exclude lease liabilities.
2. Excludes the after tax fair value of interest rate derivatives.

Capital management

Mitre 10 Mega Botany, Auckland



Proactive capital management

Key debt transactions

- \$50m new 5-year bank facility secured June 2020
- \$101m of bank facilities extended to June 2024
- \$125m 7-year listed bonds issued August 2020 with fixed 2.40% interest rate
- \$99m bank facility cancelled following the bond issue
- \$30m new 3-year bank facility secured post-balance date with the introduction of ICBC¹ into the syndicate

Equity transaction

- \$105m equity capital raised in April and May 2020

Debt facilities	As at 30 Sep 20	As at 31 Mar 20
Banking facility limit (ANZ, BNZ, CBA, CCB, Westpac), plus \$225m bonds	\$446m	\$370m
Debt facilities drawn	\$280m	\$238m
Weighted average maturity of debt facilities	4.4 years	2.2 years

Debt covenants

LVR (Drawn Debt / Property Values) Covenant: ≤ 65%; internal policy max: 48%	28.3% ²	31.3%
Interest Cover Ratio (EBIT/Interest and Financing Costs) Covenant: ≥ 1.75x	2.6x	2.7x
WALT ³ Covenant: > 6.0 years	10.2 years	11.4 years

1. See footnote 6 on page 4.

2. See footnote 5 on page 3.

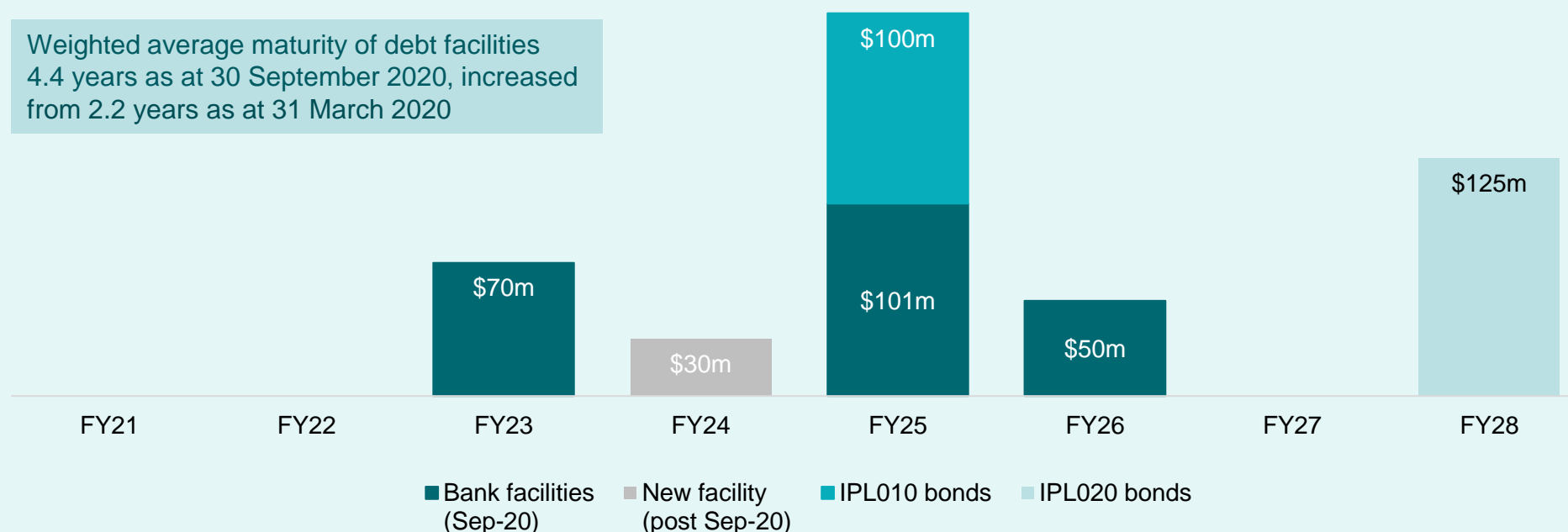
3. The unexpired lease term in a property or portfolio, assuming the property or portfolio is fully leased. This is weighted by the income applicable to each lease and a current market rental with nil term for vacant space.

Improved debt profile

Following new \$30m facility with ICBC (post-balance date), total debt facilities are \$476m with \$280m drawn, leaving \$196m undrawn¹ and available to fund future growth

Debt maturity profile

Weighted average maturity of debt facilities 4.4 years as at 30 September 2020, increased from 2.2 years as at 31 March 2020



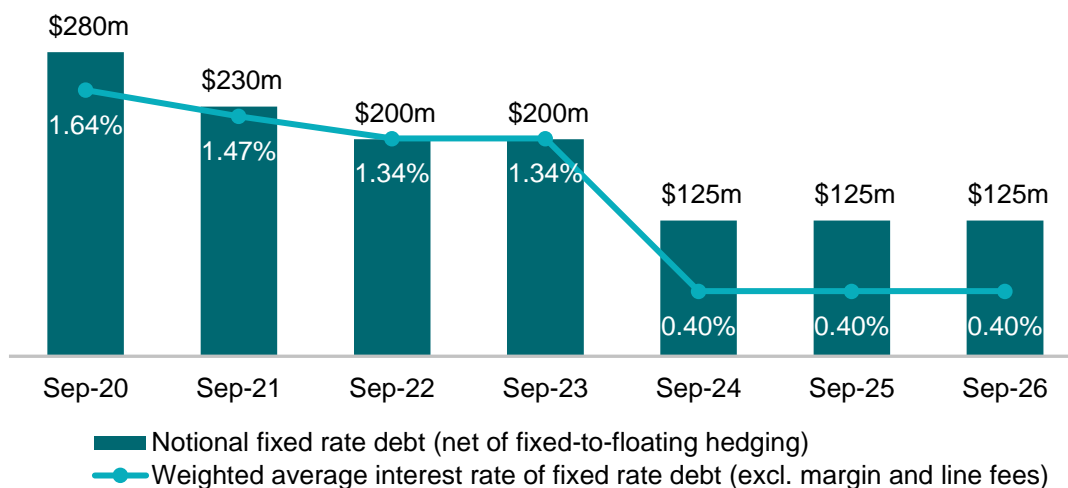
1. As at 30 September 2020, as if the new facility from ICBC had been in place as at that date.

Hedging and cost of debt

Hedging Update

- 100% of drawn debt hedged, including fixed bonds
- Weighted average cost of debt at 3.95%, expected to fall as interest rate swaps mature - a tailwind to earnings
- \$125m 7-year bonds issued August 2020 (fixed 2.4% interest rate including margin)
- \$30m swaps expired and \$40m swaps cancelled following the bond issuance
- No new hedging entered into given “lower for longer” interest rate environment

Fixed rate interest profile



Cost of debt	As at 30 Sep 2020	As at 31 Mar 2020
Weighted average cost of debt (incl. current interest rate derivatives, bonds and bank margins, and line fees)	3.95%	4.63%
Weighted average fixed interest rate (excl. margins)	1.64%	2.64%
Weighted average fixed interest rate maturity (incl. bonds, active and forward starting swaps)	4.4 years	2.4 years
% of drawn debt fixed	100%	94%

Looking forward

Bay Central Shopping Centre, Tauranga



Looking forward

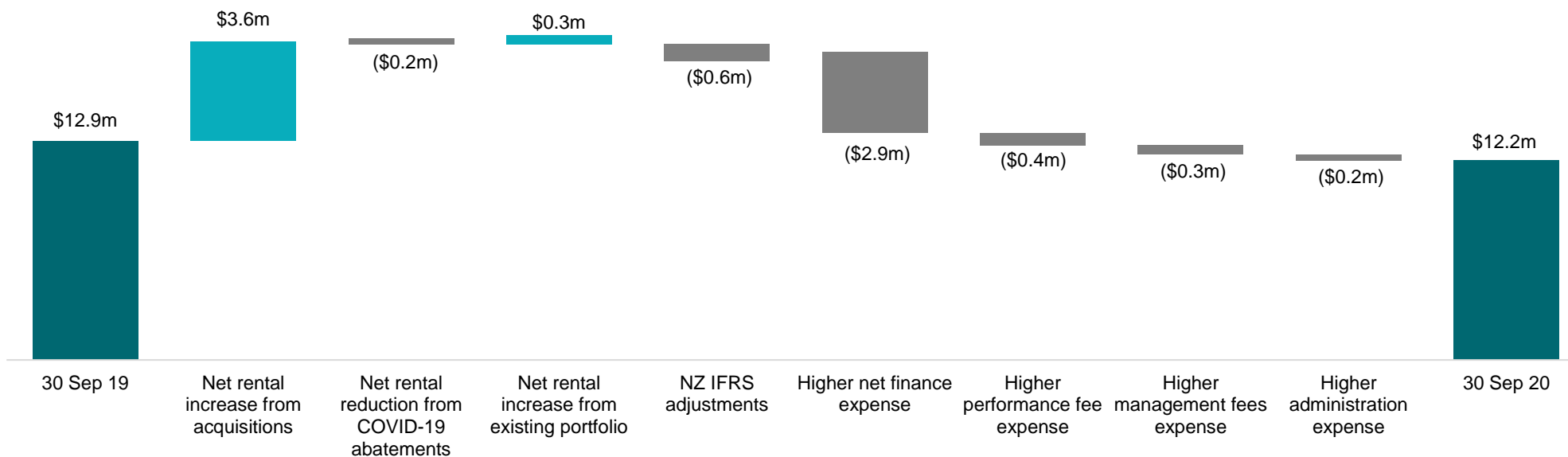
Countdown, Rotorua

- Focus is on targeted growth to enhance the portfolio and maximise returns to investors over the medium to long term
- Growth includes potential acquisitions, as well as development of the existing portfolio, including refurbishment of stores
- Investore will continue to seek to minimise the impact of COVID-19 on Investore's business
- Dividend guidance for FY21 at 7.60cps, assuming no further deterioration in economic conditions due to COVID-19

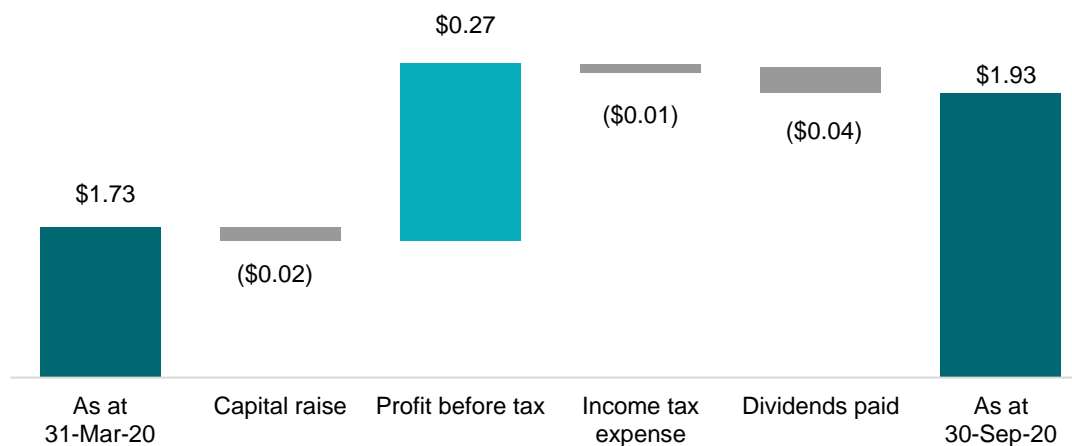


Appendix A

Profit before other income/(expense) and income tax

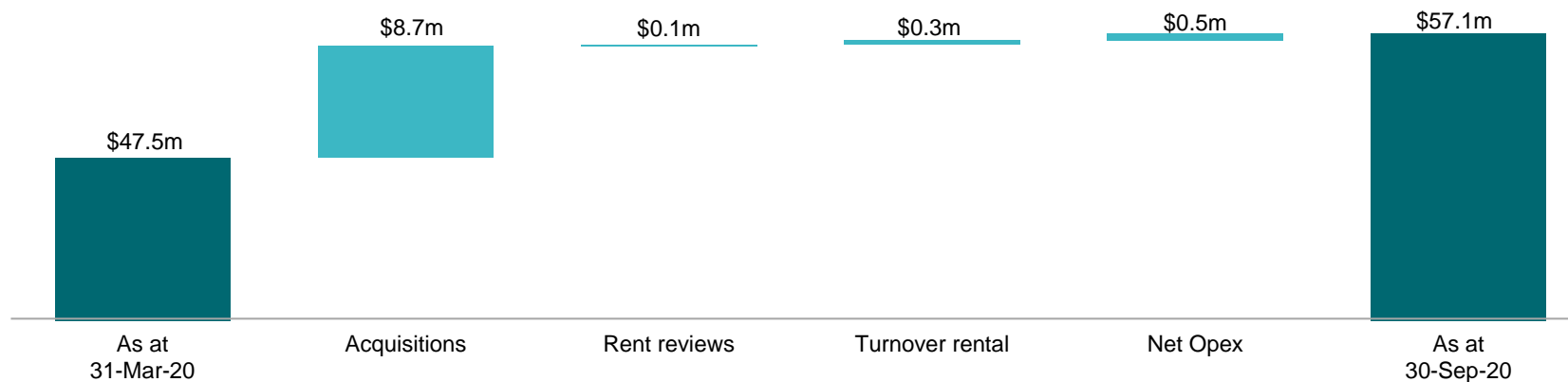


Net Tangible Assets

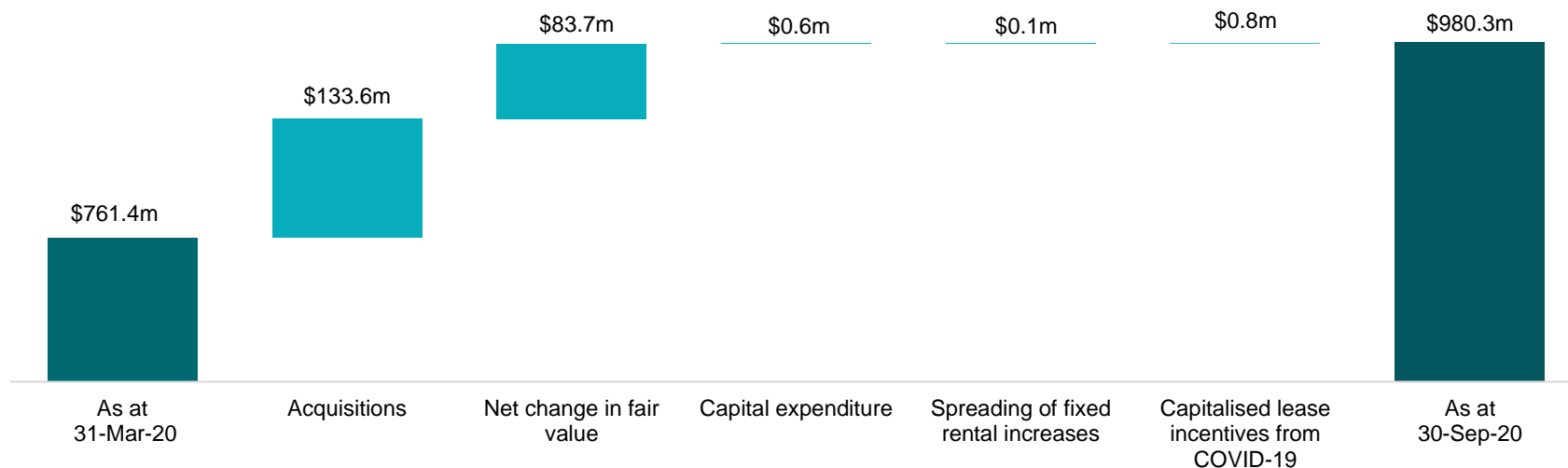


Appendix B

Net Contract Rental



Investment Properties (excl. lease liabilities)



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.

Thank you



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 six months ended 30 September 2020. Please refer to Investore's Annual Report 2020 for further information in relation to the year ended 31 March 2020. 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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