

## Investore Property Limited

### Interim Results HY22

Investore Property Limited (Investore) is pleased to announce its interim results for the six months ended 30 September 2021 (HY22).

Investore's focus during HY22 has been on pursuing its strategy of targeted growth, with \$83.8 million of acquisitions (note 1), contributing to the growth in Investore's portfolio value (note 2), with the portfolio now valued at \$1.15 billion as at 30 September 2021.

Investore delivered profit before other income / (expense) in HY22 of \$15.4 million, up \$3.2 million from HY21. Profit after income tax was \$56.9 million, which is \$34.1 million lower than in HY21 due to a lower net revaluation movement (HY22: \$44.8 million; HY21: \$83.7 million).

Investore has today declared a dividend for the quarter ended 30 September 2021 of 1.975 cents per share to be paid on 1 December 2021 to all shareholders on the register at the close of business on 24 November 2021 (the record date). This dividend will carry imputation credits of 0.307375 cents per share. A supplementary dividend of 0.139481 cents per share will be paid to non-resident shareholders.

The Board confirms guidance for an annual cash dividend of 7.90 cents per share to shareholders for FY22, subject to the actual financial impact of COVID-19 restrictions and Government-mandated rent abatements and assuming no further economic deterioration due to COVID-19 restrictions.

#### Highlights for HY22 include:

##### Financial Performance (for six months ended 30 September 2021):

- Profit before other income/(expense) and income tax of \$15.4 million, up \$3.2 million from HY21
- Profit after income tax of \$56.9 million, down \$34.1 million from HY21 due to a lower revaluation movement compared with HY21 (HY22: \$44.8 million; HY21: \$83.7 million)
- Distributable profit (note 3) after current tax of \$13.3 million, down \$0.4 million from HY21

##### Portfolio (as at 30 September 2021):

- Portfolio valuation (note 2) of \$1.15 billion, representing a net valuation gain of \$44.8 million or 4.1% for the six months to 30 September 2021
- Average portfolio market capitalisation rate of 4.93%
- Weighted average lease term (WALT) of 9.5 years
- 99.0% portfolio occupancy by area
- 73% of leases by Contract Rental (note 4) expiring in 2030 or beyond

### **Targeted Growth:**

- Acquired the high quality, large format retail property at 4 Carr Road, Auckland, for \$36 million in August 2021. This property is adjacent to the existing property at 2 Carr Road owned by Investore and tenanted by Bunnings, and provides opportunities for Investore to optimise its portfolio
- Acquired Countdown, Petone, in May 2021 for \$37.3 million
- Investore has a conditional agreement to acquire development land at Waimak Junction, Kaiapoi, for \$10.5 million. This acquisition remains conditional on receipt of resource consents required for the development

### **Proactive Capital Management:**

- \$70 million of bank facilities refinanced and term extended for a further 12 months to August 2023, with no debt now expiring until FY24
- Loan to Value Ratio (LVR) as at 30 September 2021 is 29.8% (note 5), compared to 26.8% as at 31 March 2021
- Undrawn bank facilities of \$132 million (or \$101 million after committed acquisitions and developments (note 6))

### **Impact of COVID-19 Restrictions:**

- The recent introduction by the Government of legislation mandating that landlords abate a fair proportion of rent is expected to result in Investore incurring additional rent abatement costs
- Investore has provided for \$1 million of rental abatements for the period to 30 September 2021 and expects abatements may be required for up to six weeks following that date for limited tenants in Auckland and Waikato, given the recent reopening of retail in Auckland and Waikato
- Investore will work with its tenants to negotiate abatement arrangements in relation to COVID-19 that ensure both the tenant and Investore maintain profitable, sustainable businesses, whilst seeking to minimise rental abatement costs to Investore

Looking forward to the remainder of FY22, the Investore Board expects to continue its strategy of targeted growth as opportunities arise and will ensure a disciplined focus is maintained on managing and minimising the impacts of COVID-19 on the Investore business. The Investore Board is also considering a further listed bond issue during FY22, consistent with Investore's strategy of proactively managing capital, to extend the tenor of Investore's debt, lower the weighted average cost of debt and increase the percentage of drawn debt hedged.

### **Notes:**

1. Includes the acquisition of the property at Waimak Junction, Kaiapoi, for \$10.5 million, which acquisition remains conditional.
2. Portfolio value excludes: (1) the seismic works to be completed by SPL and the rental guarantee provided by SPL (total \$5.6 million) in relation to the three large format retail properties acquired from SPL on 30 April 2020; and (2) lease liabilities.

3. Distributable profit is a non-GAAP measure and consists of net 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 Interim Financial Statements.
4. 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 2021, and assuming no default by the tenant.
5. 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.
6. Committed acquisitions and developments include the acquisition of the land at Waimak Junction (which acquisition remains conditional) and the completion of Stage 1 of the development with an estimated total cost (including land) of \$31 million.

## Ends

Attachments provided to NZX:

- Investore Property Limited - Interim Results Announcement 161121
- Investore Property Limited - Interim Report HY22 161121
- Investore Property Limited - Interim Results Presentation HY22 161121
- Investore Property Limited - NZX Results Announcement HY22 161121
- Investore Property Limited - NZX Distribution Notice FY22 Q2 - 161121

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