

# Annual Results

For the year ended  
31 March 2017

**investore**

Managed by Stride Investment  
Management Limited

# Agenda & Contents

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# Highlights



# Highlights

(Prospective Financial Information forecasted figures in brackets)

## NZX Main Board Listing

- Investore listed and commenced trading on the NZX Main Board on 12 July 2016
- Raised \$185m new equity capital

## Financial Performance

- Net rental income of \$35.0m (\$34.9m)
- Corporate expenses of \$4.7m (\$4.8m)
- Profit before other expenses and income tax of \$17.1m (\$17.2m)
- Profit after income tax of \$28.5m (\$11.5m)
- Distributable profit<sup>1</sup> before income tax of \$21.2m (\$20.7m)
- Distributable profit after income tax of \$17.6m (\$17.2m)
- 5.35cps cash dividend for the year ended 31 March 2017 (FY17)
  - 2.06cps cash dividend for the quarter ended 31 March 2017 (0.5404cps imputation credits)
- Targeting annual cash dividend of 7.46cps for FY18
- Loan to value ratio (LVR) 39.5% (41.4%)

**NZX Listing**  
**12 July 2016**

**5.35cps**  
**Cash dividend for FY17**  
**4.3% up on forecast**

**Targeting annual cash**  
**dividend for FY18**  
**7.46cps**

<sup>1</sup> 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 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 net profit after income tax, is set out in note 6 to the annual financial statements for the year ended 31 March 2017.

# Highlights

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## Portfolio

- Total portfolio value of \$660.4m
- Net Tangible Assets (NTA) backing per share of \$1.55
- FY18 lease expiries at 0.6% of the portfolio contract rental<sup>1</sup>
- FY19 lease expiries at 3.0% of the portfolio contract rental
- Occupancy at 99.8%
- Weighted average lease term (WALT) 14.3 years

## Acquisitions

- Six properties from Stride Property Group for \$87.0m
- Tranche 1 of the SCA Portfolio (six properties) on 12 July 2016 for \$128.2m
- Tranche 2 of the SCA Portfolio (eight properties) on 28 September 2016 for \$139.2m

**NTA  
per share  
\$1.55**

**FY18  
Lease expiries  
0.6%**

**FY19  
Lease expiries  
3.0%**

<sup>1</sup> 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 2017, annualised for the 12 month period on the basis of the occupancy level for the relevant property as at 31 March 2017, and assuming no default by the tenant.

# Financial Performance



# Financial Performance

	2017 Actual (\$ millions)	2017 Prospective Base Case (\$ millions)	Change	
			\$ millions	%
Net rental income	35.0	34.9	0.1	0.4
Corporate expenses	(4.7)	(4.8)	0.1	2.3
<b>Profit before net finance expenses, other income/(expenses) and income tax</b>	<b>30.4</b>	<b>30.1</b>	<b>0.2</b>	<b>0.8</b>
Net finance expenses	(13.3)	(12.9)	(0.4)	(3.3)
<b>Profit before other income/(expenses) and income tax</b>	<b>17.1</b>	<b>17.2</b>	<b>(0.2)</b>	<b>(1.0)</b>
Other income/(expenses) <sup>1</sup>	13.7	(1.2)	15.0	1,210.9
<b>Profit before income tax</b>	<b>30.8</b>	<b>16.0</b>	<b>14.8</b>	<b>92.4</b>
Income tax expense	(2.3)	(4.5)	2.2	49.7
<b>Profit after income tax attributable to shareholders</b>	<b>28.5</b>	<b>11.5</b>	<b>17.0</b>	<b>147.8</b>

<sup>1</sup> Other income/(expenses) includes net change in fair value of investment properties: 2017 Actual \$13.7m and 2017 Prospective Base Case (\$1.2m).

On 10 June 2016, Investore issued a Product Disclosure Statement and published information on the online register maintained by the Companies Office and the Registrar of Financial Service Providers (together the "Disclosure Information") in connection with the IPO. The above table is a comparison of the prospective financial information included in the Disclosure Information to Investore's actual results for the year ended 31 March 2017.

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

# Distributable Profit

	2017 Actual (\$ millions)	2017 Prospective Base Case (\$ millions)	Change	
			\$ millions	%
<b>Profit before income tax</b>	30.8	16.0	14.8	92.4
<b>Non-recurring and non-cash adjustments:</b>				
- Net change in fair value of investment properties	(13.7)	1.2	(15.0)	(1,210.9)
- Swap break cost	3.7	2.7	1.0	37.8
- Amortisation of stepped rentals	(0.9)	(0.5)	(0.4)	(88.5)
- One-off transaction costs	0.9	0.9	0.0	3.5
- Refinancing cost amortisation	0.5	0.4	0.1	16.1
<b>Distributable profit<sup>1</sup> before income tax</b>	<b>21.2</b>	<b>20.7</b>	<b>0.5</b>	<b>2.4</b>
<b>Less current tax expense</b>	(3.6)	(3.5)	(0.0)	(1.2)
<b>Distributable profit after income tax</b>	<b>17.6</b>	<b>17.2</b>	<b>0.5</b>	<b>2.6</b>
<b>Adjustment to funds from operations:</b>				
- Maintenance capital expenditure	(1.4)			
<b>Adjusted Funds From Operations (AFFO)</b>	<b>16.3</b>			
<b>Weighted average number of shares (millions)</b>	<b>188.6</b>			
<b>Basic and diluted distributable profit after income tax per share – weighted (\$)</b>	<b>0.09</b>			
<b>AFFO basic and diluted distributable profit after income tax per share - weighted (\$)</b>	<b>0.08</b>			

<sup>1</sup> Distributable profit is a non-GAAP financial measure adopted by Investore to assist Investore and investors in assessing Investore's profit available for distribution. It is defined as a net profit/ (loss) before income tax adjusted for non-recurring and/or non-cash items and current tax. Further information, including the calculation of distributable profit and the adjustments to net profit before income tax, is set out in note 6 to the annual financial statements for the year ended 31 March 2017.

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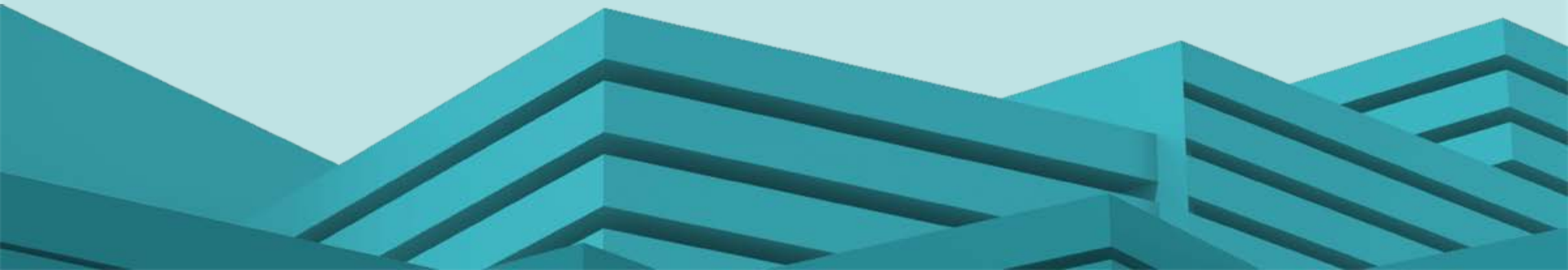
# Financial Summary

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	As at 31 Mar 2017
Property value (\$ millions)	660.4
Bank debt drawn (\$ millions)	261.0
Bank loan to value ratio	39.5%
Equity (\$ millions)	382.2
Shares on issue (millions)	261.8
NTA per share	\$1.55
Adjusted NTA <sup>1</sup> per share	\$1.54

<sup>1</sup> Excludes the after tax fair value of interest rate derivatives.

# Capital Management



# Capital Management

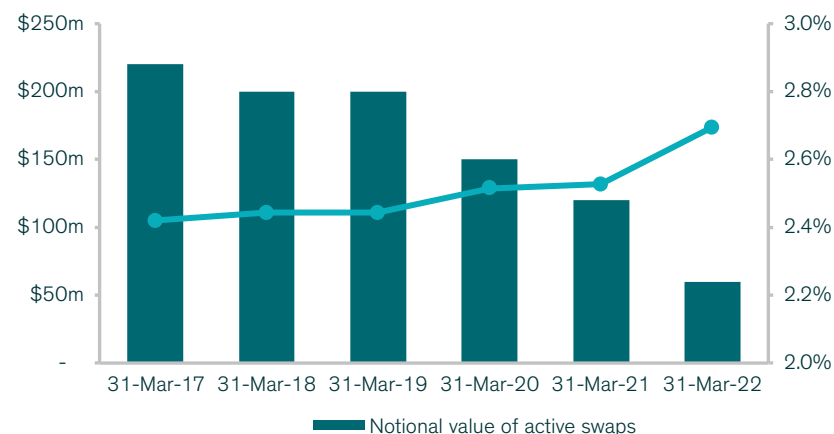
	As at 31 Mar 2017
Bank facility limit (ANZ, BNZ, CBA, Westpac)	\$370m
Bank debt drawn	\$261m
Weighted average cost of debt (incl. margins & line fees)	4.40%
Weighted average interest rate on current swaps (excl. margins & line fees)	2.42%
Weighted maturity of facility	3.2 years
Weighted average hedging duration (incl. forward starting swaps)	3.8 years
% of drawn debt hedged	84%

## Key Transactions:

- Capital raising of \$185m
- Refinance of bank facility

	Covenant	As at 31 Mar 2017
Loan to Value Ratio (Bank Debt / Property Values)	≤ 65%	39.5%
Interest Cover Ratio (EBIT / Interest and Financing Costs) <sup>1</sup>	≥ 1.75x	3.4
Fully Leased Unexpired Term <sup>2</sup>	> 6.0 years	14.3 years

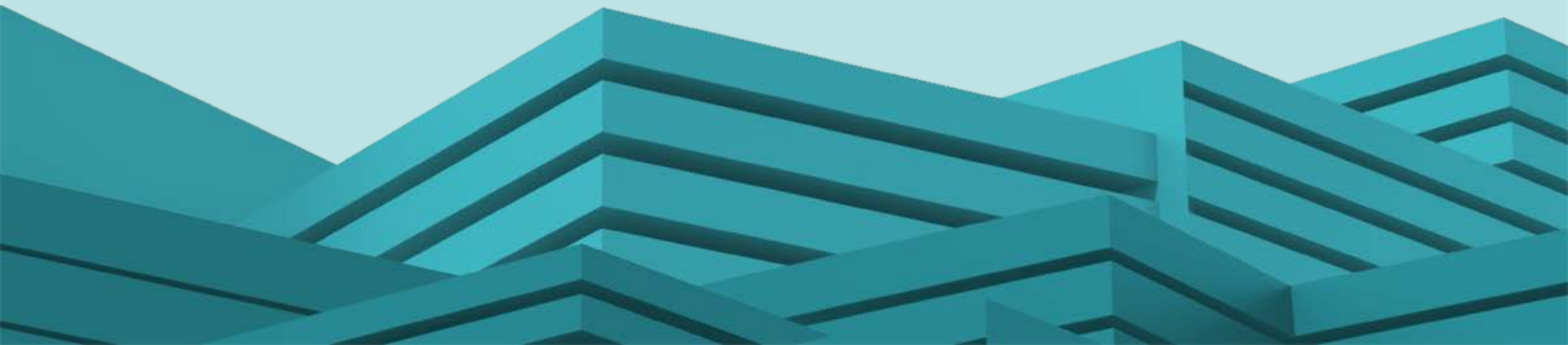
Hedging profile



<sup>1</sup> Investore received a waiver from its banking group to exclude the cost of \$3.7m for breaking the interest rate swaps from this ratio on the 30 September 2016 and 31 March 2017 calculation dates. This calculation relates to the period 12 July 2016 to 31 March 2017.

<sup>2</sup> 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.

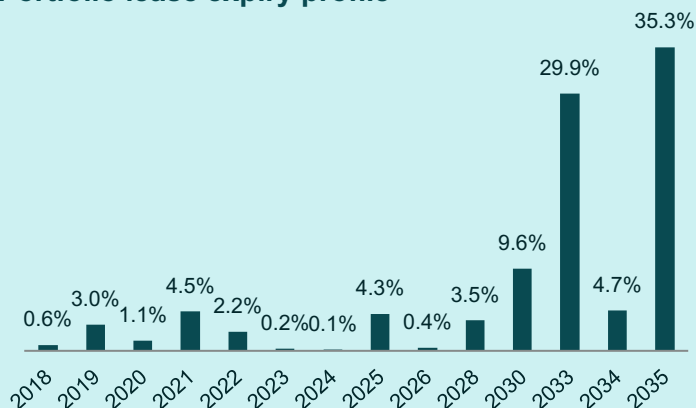
# Portfolio Overview



# Portfolio Summary

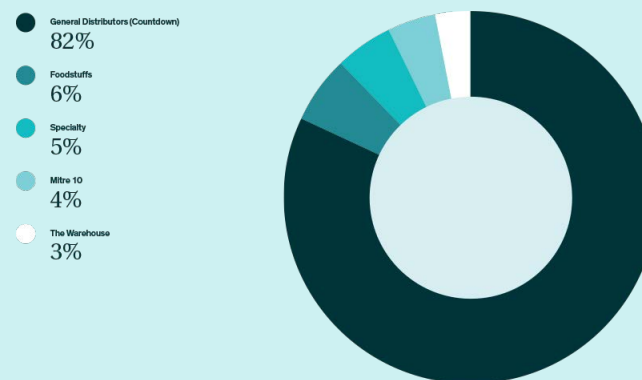
Overview	As at 31 Mar 2017
Properties	39
Tenants	73
Net Lettable Area (m <sup>2</sup> )	174,327
Occupancy Rate (by area)	99.8%
WALT (years)	14.3
Portfolio Value	\$660.4m

## Portfolio lease expiry profile<sup>1</sup>

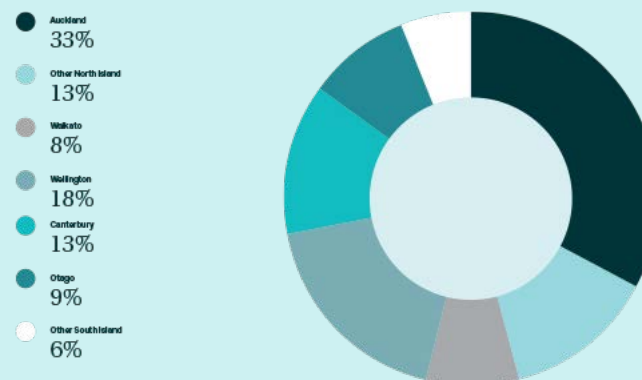


<sup>1</sup> Based on contract rental being the amount of rent payable by each tenant, plus other amounts payable to Investore by that tenant under the terms of the relevant lease as at 31 March 2017, annualised for the 12 month period on the basis of the occupancy level for the relevant property as at 31 March 2017, and assuming no default by the tenant.

## Tenant diversification of Investore Portfolio (based on Contract Rental) As at 31 March 2017



## Geographic diversification of Investore Portfolio (based on Contract Rental) As at 31 March 2017



# Remaining Lease Expiries FY18 & FY19

## FY18

Property	Tenant	Net Lettable Area (m <sup>2</sup> )	% of Contract Rental
226 Great South Road	Various (four)	717	0.65
		<b>717</b>	<b>0.65</b>

As at 30 September 2016, 4.33% of contract rental expiries remained in FY18. The predominant reason for the reduction is the new 12 year lease for Mitre 10, corner Te Irirangi Drive & Bishop Dunn Place, Auckland.

## FY19

Property	Tenant	Net Lettable Area (m <sup>2</sup> )	% of Contract Rental
Corner Anglesea & Liverpool Streets	Countdown	5,265	2.01
Balance		1,294	1.00
		<b>6,559</b>	<b>3.01</b>

As at 30 September 2016, 2.87% of contract rental expiries remain in FY19.

# Portfolio Occupancy 99.8% (by area)

Property	2017 Occupancy (%)	2017 Vacancy (m <sup>2</sup> )	2017 Total Area (m <sup>2</sup> )
3-7 Mill Lane, Warkworth	98.0	76	3,815
Corner Hanson St, John St & Adelaide Road, Wellington	98.7	64	4,881
172 Tay Street, Invercargill	97.6	126	5,162
Other	100.0	0	160,469
<b>Total Investment Properties</b>	<b>99.8</b>	<b>266</b>	<b>174,327</b>

Totals in the table above may not sum accurately due to rounding.

# Development Project

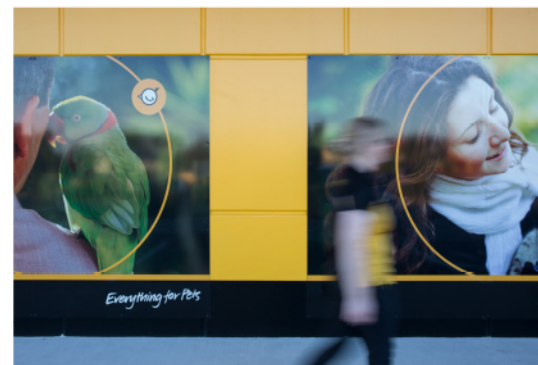




# Development Project

## Animates, Tay Street, Invercargill

- \$2.2m project completed in February 2017
- 820m<sup>2</sup> development consists of two retail tenancies, Animates and a medical facility



# Acquisitions



# Acquisitions

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## SCA Portfolio

- Nationwide portfolio of 14 large format retail properties in strong catchment areas with exposure to the non-discretionary take-home food, packaged liquor and groceries sector
- High quality tenant in General Distributors Limited, the operator of Countdown supermarkets in New Zealand and an ultimate subsidiary of Woolworths Limited
- Average property age of five years
- Delivers dependable income streams due to the long lease terms and the creditworthiness of the tenant
- Limited ongoing incentives and associated re-leasing costs
- High creditworthy tenant and long-term WALT supports higher leverage at a lower cost of capital
- Settled six properties on 12 July 2016, and eight properties on 28 September 2016

# Strategy Overview



# Investment Philosophy and Strategy

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<b>Investment Philosophy</b>	<ul style="list-style-type: none"><li>▪ Large format retail properties have a specific, differentiating set of attributes that can provide a reliable income return to shareholders. These attributes are:<ul style="list-style-type: none"><li>– Quality tenants, including significant national retailers, offering rental income stability</li><li>– Long WALTs</li><li>– Buildings requiring low maintenance and capital expenditure requirements over the building life</li></ul></li></ul>
<b>Investment Strategy</b>	<ul style="list-style-type: none"><li>▪ Invest in quality large format retail properties that maximise distributions and total returns to shareholders over the medium to long term</li><li>▪ Actively manage the properties to increase their values and income growth prospects</li><li>▪ Grow rental income by attracting and retaining quality retail tenants on long leases</li><li>▪ Source investment opportunities through SIML's investment pipeline and market coverage to acquire additional large format retail property and to enhance Investore shareholder returns by optimising Investore's capital structure with a long term target LVR of approximately 48%</li><li>▪ Regularly review and rebalance the portfolio to ensure progress and performance are consistent with Investore's investment objective</li><li>▪ Actively manage the portfolio's WALT to offset the natural expiry of time</li><li>▪ Source opportunities to redevelop and/or expand properties to meet current and prospective tenant requirements</li></ul>

# Conclusion



# Conclusion

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## Execution of Strategy

- Successful NZX Main Board listing on 12 July 2016
- Settlement of six SCA properties on 12 July 2016 and eight SCA properties on 28 September 2016, for \$267.4m in total
- Cash dividend 5.35cps for FY17 4.3% up on forecast
- Targeting annual cash dividend for FY18 of 7.46cps
- Actively looking for future acquisitions to compliment the portfolio in a highly competitive market

**Listing on NZX  
12 July 2016**

**Settled on  
SCA portfolio  
\$267.4m**

**5.35cps  
Cash dividend for FY17  
4.3% up on forecast**



# Appendices





# Appendix 1

## Valuation Summary

Address	31 Mar 17 Valuation	Revaluation Movement <sup>1</sup>	Revaluation Movement <sup>1</sup>	Market Cap Rate 2017	Market Cap Rate 2016
	\$m	%	\$m	%	%
24 Anzac Road, Auckland	21.94	5.8	1.20	5.75	6.00
326 Great South Road, Auckland	30.28	4.1	1.20	5.75	6.00
35a St Johns Road, Auckland	21.40	0.1	0.01	6.00	6.13
507 Pakuranga Road, Auckland	17.60	(0.2)	(0.04)	6.00	6.00
3 Averill Street, Auckland	16.60	1.0	0.16	7.00	7.00
Cnr Church & Selwyn Streets, Auckland	10.50	3.8	0.38	6.25	6.25
66 Studholme Street, Morrinsville	6.50	(0.2)	(0.01)	6.25	6.25
47 Bay Road, Wellington	10.90	(5.4)	(0.62)	6.50	6.25
91 Johnsonville Road, Wellington	20.00	(4.1)	(0.85)	6.75	6.50
64 Gorge Road, Queenstown	9.90	(4.0)	(0.41)	5.75	5.75
14 Russell Street, Upper Hutt	9.10	0.9	0.08	6.88	6.63
261 High Street, Lower Hutt	16.80	(2.5)	(0.43)	6.50	6.13
51 Arthur Street, Blenheim	11.20	(2.8)	(0.32)	6.50	6.25
87 - 97 Hilton Street, Kaiapoi	12.00	(1.8)	(0.22)	6.50	6.25
219 Colombo Street, Christchurch	18.50	0.4	0.07	6.13	6.00
Cnr Victoria & Browne Streets, Timaru	8.96	2.3	0.20	6.25	6.25
13 - 19 Queen Street, Upper Hutt	9.00	(8.3)	(0.79)	6.75	6.63
309 Cumberland Street, Dunedin	18.80	1.4	0.25	6.25	6.25
172 Tay Street, Invercargill	21.10	4.7	0.85	6.50	6.50
Cnr Anglesea & Liverpool Streets, Hamilton	6.20	(1.8)	(0.11)	9.50	9.50
230 - 240 Fenton Street, Rotorua	15.00	5.6	0.79	7.25	7.63
78 Courtenay Street, New Plymouth	26.00	4.0	0.99	6.25	6.50

# Appendix 1 continued

## Valuation Summary

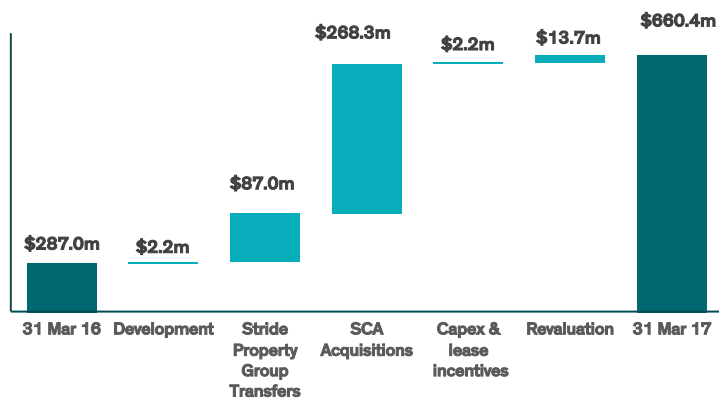
Address	31 Mar 17 Valuation	Revaluation Movement <sup>1</sup>	Revaluation Movement <sup>1</sup>	Market Cap Rate 2017	Market Cap Rate 2016
	\$m	%	\$m	%	%
9 Gloucester Street, Napier	15.50	5.0	0.74	6.13	6.25
Cnr Te Irirangi Drive & Bishop Dunn Place, Auckland	28.70	66.8	11.49	5.25	7.50
35 MacLaggan Street, Dunedin	10.25	1.2	0.11	8.00	8.25
Cnr Fernlea Avenue & Roberts Line, Palmerston North	13.00	(0.5)	(0.06)	6.75	6.75
Cnr Hanson Street, John Street & Adelaide Road, Wellington	24.70	2.9	0.70	6.25	6.25
Cnr Hukanui & Thomas Roads, Hamilton	15.50	1.5	0.23	6.50	6.50
226 Great South Road, Auckland	37.50	(0.7)	(0.28)	6.25	6.13
3 - 7 Mill Lane, Warkworth	20.80	(1.3)	(0.27)	6.00	6.00
Cnr Bridge & Anglesea Streets, Hamilton	18.50	(0.7)	(0.13)	6.13	6.13
323 Andersons Bay Road, Dunedin	17.40	(0.9)	(0.16)	6.75	6.75
17 Chappie Place, Christchurch	19.40	(0.5)	(0.09)	6.50	6.50
Cnr Butler & Kerikeri Roads, Kerikeri	17.30	0.2	0.04	6.63	6.63
Cnr Putaitai Street & Main Road, Nelson	11.90	(3.0)	(0.36)	6.63	6.50
40 - 50 Ivory Street, Rangiora	15.20	(1.8)	(0.28)	6.75	6.75
Cnr Rolleston & Masefield Drives, Rolleston	17.20	1.3	0.21	6.63	6.75
112 Stoddard Road, Auckland	23.10	(2.4)	(0.56)	6.00	6.00
3 Main Road, Wellington	16.20	0.1	0.01	6.50	6.50
<b>TOTAL</b>	<b>660.43</b>	<b>2.1</b>	<b>13.72</b>	<b>6.36</b>	<b>6.44</b>

<sup>1</sup> Revaluation movement includes capital expenditure, capitalised lease incentives and fixed rental income.

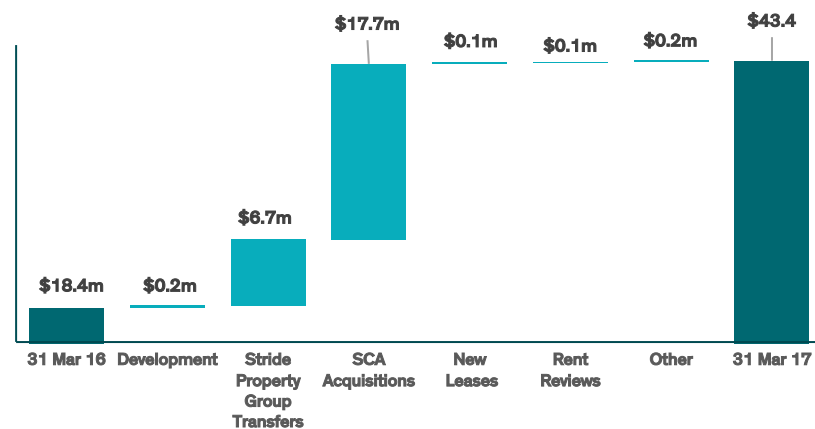
Totals in the table may not sum accurately due to rounding

# Appendix 2

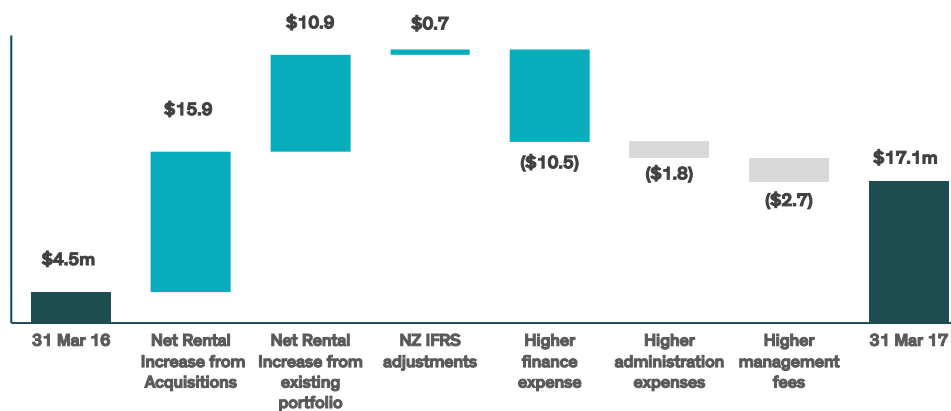
Investment Properties



Net Contract Rental



Profit before Other Income and Income Tax



# 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 year ended 31 March 2017. Please refer to Investore's Annual Report 2017 for further information in relation to the year ended 31 March 2017. 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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