



# investore

Managed by Stride Investment  
Management Limited

## Interim Report

For The Six Months Ended  
30 September 2019



Investore has been designated as a “Non-Standard” (NS) issuer by NZX Limited (NZX). A copy of the waivers granted by NZX from NZX Listing Rules (October 2017) 3.3.5 to 3.3.15 and 3.4.3 in respect of Investore’s “NS” designation can be found at [nzx.com/companies/IPL/documents](http://nzx.com/companies/IPL/documents). Until such time as these waivers are reissued by NZX (or 30 June 2020 if these waivers are not reissued by that date), Investore will continue to rely on them under NZX Regulation Decision dated 19 November 2018 regarding the continuing application of waivers granted under the previous NZX Main Board Listing Rules.

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# Highlights

for the six months ended 30 September 2019 (HY20)

Profit after  
income tax

**\$11.0m**



Up \$1.0m  
on HY19

Distributable  
profit after current  
income tax<sup>1</sup>

**\$9.7m**



Down \$1.1m  
on HY19

Cash dividend  
guidance for FY20

**7.60cps**

Portfolio value<sup>2</sup> as  
at 30 September  
2019

**\$750.6m**



Down \$10.5m  
from 31 March 2019

due to divestment  
of Countdown  
Dunedin South  
(\$19.0 million net  
sale price after  
disposal costs),  
partially offset by  
the acquisition of  
Countdown New  
Brighton (\$5.75  
million acquisition  
price) and gross  
valuation gain of  
\$2.3 million  
(or 0.3%)

**11.9yrs**

weighted average  
lease term (WALT)

as at 30 September 2019

**40.6%**

loan to value ratio

as at 30 September 2019

**\$1.70**

net tangible  
assets per share

as at 30 September 2019

(\$1.70 as at 31 March 2019)

**\$35m**

bank refinancing

duration extended to 2021

Sale of  
Countdown  
Dunedin South  
settled on  
1 April 2019, at  
5.6% premium  
to book value  
as at 31 March  
2018

Countdown  
New Brighton,  
Christchurch,  
purchased for  
\$5.75 million,  
and lease  
extended, with  
maturity in 2028

1. 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 3.3 to the interim financial statements for the period ended 30 September 2019.

2. Excludes land lease liability of \$7.6 million.

# Chair and Manager's Overview

Dear Investors,

For the six months to 30 September 2019 (HY20), Investore Property Limited (Investore) has delivered a sound performance, focussed on its four key strategic principles and areas of focus designed to deliver shareholder returns, as set out on the opposite page.

Our efforts on developing each of these strategic principles supports our commitment to maximise and deliver attractive and stable returns to our investors and this is reflected in the interim results.

## Financial Commentary

The Board and Stride Investment Management Limited (SIML or the Manager) are pleased to deliver the results for HY20, which reflect stable growth across key metrics, the result of the diligent execution of our strategy as articulated in our annual report for the year ended 31 March 2019, and continued active portfolio management. Our portfolio continues to deliver reliable earnings for investors, with a focus on large format retail assets and leading national retail tenants providing everyday needs.

For HY20, distributable profit after current income tax at \$9.7 million (HY19: \$10.8 million) was lower than the comparable period. This is largely due to \$1 million in performance fees incurred to the Manager for HY20, as a result of shareholder returns of 53.6% over the two year measurement period to 30 September 2019, which is in excess of the threshold required for a performance fee to be earned<sup>1</sup>.

Profit before income tax at \$13.8 million and profit after income tax at \$11.0 million were both higher than HY19 (\$13.1 million and \$10.0 million respectively). These results are driven primarily by two factors:

- Gross rental income remaining largely consistent with that of HY19 (\$27.3 million for HY20; \$27.4 million for HY19), notwithstanding the sale of Countdown Dunedin South on 1 April 2019. Rental income has benefited from increased improvement rental and an increase in turnover rents compared to HY19, which largely compensated for the lost rental from the sale of Countdown Dunedin South.
- An increase in the fair value of investment properties of \$0.9 million for HY20, which contrasts with a (\$0.9m) reduction in fair value of investment properties for HY19.

The strong underlying rental income and the improvement in fair value of investment properties were driven largely by the Manager's active management of the Investore portfolio, which is described further in the following section. The increase in improvement rents and turnover rents is, in part at least, driven by the refurbishment programme that Investore has been executing in conjunction with its tenants.

The Board is pleased to continue to work with SIML on delivering its strategic objectives, and believes that this focus is delivering benefits to shareholders.

1. The performance fee is calculated and payable on a quarterly basis as 10% of the actual increase in shareholder returns (being share price, as adjusted for dividends, and other changes in capital structure) that exceeds 2.5% in any quarter and capped at 3.75%, adjusted for any carried forward surplus/deficit returns over a rolling 24-month period. For further information on the current quarterly performance fee, refer to note 4.0 to the interim financial statements for the period ending 30 September 2019, and for more information on the background to the performance fee structure, refer to the Product Disclosure Statement dated 10 June 2016 at [investoreproperty.co.nz/documents/Product\\_Disclosure\\_Statement\\_100616.pdf](http://investoreproperty.co.nz/documents/Product_Disclosure_Statement_100616.pdf).

2. Weighted Average Lease Term.

## Our Strategy

## Delivered Through

### 1. Active portfolio management

We focus on owning properties with long lease terms and high occupancy, with nationally recognised quality tenants, and we maintain strong and enduring relationships with our tenants to support our portfolio

- 11.9 years WALT<sup>2</sup>
- All major lease expiries for FY20 renewed
- Alignment of Investore's capital expenditure programme with that of its major tenants

### 2. Targeted growth

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

- Purchase of a Countdown operated store in the coastal suburb of New Brighton, Christchurch, for \$5.75 million, at an initial yield of 7.2%
- Settlement of the divestment of the Countdown operated Dunedin South property, for \$19.0 million (net of transaction costs), delivering a 5.6% premium to the property's book value as at 31 March 2018

### 3. Continued optimisation of the portfolio

We will look to develop 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

- Investore is working with Countdown to develop new customer pickup bays across its portfolio to support Countdown's expanding online operations
- Partnership with Tesla agreed for the installation of supercharger charging stations

### 4. Proactive capital management

We will proactively manage capital to maintain a healthy and flexible balance sheet for growth, while preserving sustainable returns to investors

- \$35 million bank debt refinanced, extending the tenor to June 2021
- No debt maturing until FY22
- Share buyback programme concluded, at an average cost of \$1.53 per share, compared to share price as at 30 September 2019 of \$1.90 and net tangible assets per share as at 30 September 2019 of \$1.70

## Strategic Principles

This section outlines the performance of Investore over the six months in review by reference to each of the four strategic principles outlined by the Board in the Annual Report for the year ended 31 March 2019.

### Strategic Principle 1 - Active Portfolio Management

Underlying Investore's HY20 performance has been an emphasis on active portfolio management, provided day-to-day by SIML as Manager, with the Investore portfolio managed so as to increase value and income growth prospects. Some tangible examples of this are:

- Ensuring positive working relationships with Investore's tenants, which continues to support a strong portfolio occupancy metric of 99.7%.
- SIML actively works to align Investore's capital expenditure programme with that of its major tenants, which can promote renewed or extended lease arrangements, with refurbished assets generally outperforming the balance of the portfolio.
- For the half year period, refurbishments and capital expenditure programmes have been commenced on Countdown operated properties at Rolleston, Kerikeri and Browns Bay, with others planned for the second half of the financial year.
- SIML works to proactively manage lease expiries so as to reduce risk to Investore, and improve the value of investment properties. There are no major lease expiries for the remainder of the financial year.



Mitre 10, Botany



Bunnings, Hamilton

### Strategic Principle 2 - Targeted Growth

In November 2017, Investore commenced a divestment programme of up to three properties, the driver of which was a portfolio optimisation strategy of selective transactions to deliver diversification within the portfolio and provide a platform for growth. During HY20, Investore settled on the third transaction, which was the sale of the Countdown operated property at Dunedin South, for \$19.3 million (gross of transaction costs), delivering a 5.6% premium to the property's book value as at 31 March 2018, and being the third sale, completed the divestment programme.

As part of Investore's targeted growth strategy, SIML restructured its internal resource to set up a dedicated Investore team, concentrating solely on the Investore portfolio and supporting the four strategic principles. Over the past 10 months, the

SIML team have actively sought to identify future quality development and investment prospects through its opportunities pipeline, which fit the strategic investment profile and mandate of Investore, with the goal to preserve and grow returns for investors.

During HY20, Investore acquired a Countdown operated store in the coastal suburb of New Brighton, Christchurch for \$5.75 million, at an initial yield of 7.2%, with an extension to the lease being agreed, with maturity now in 2028. The store services a catchment of approximately 30,000 people, with Christchurch City Council planning to revitalise the New Brighton waterfront through a regeneration project over the next few years. This property and the surrounding area is expected to benefit from the associated upgrade works.



### Strategic Principle 3 - Continued Optimisation of the Portfolio

Investore seeks future quality development and investment opportunities, aligned with a strategy of considered and disciplined investment.

During the six months in review Investore has been working with its major tenant, Countdown, to develop new customer pickup bays to support Countdown's expanding online operations. This will be an ongoing programme, as we progressively roll out more convenient bays across the Countdown stores within the Investore portfolio.



During the period in review, Investore also entered into a Supercharger Partnership with American automotive and energy company Tesla, for the installation of three dedicated charging stations for the new Tesla Model 3 in the Wellington area by the end of the calendar year. Countdown Johnsonville was an obvious choice, due to its strategic location near a major arterial route. The superchargers will ensure a 45-minute charge time for each vehicle, providing the optimal window within which users of this service can visit Investore's Countdown and The Warehouse operated stores in Johnsonville.

### Strategic Principle 4 - Proactive Capital Management

Investore completed two key initiatives during HY20 to ensure ongoing proactive capital management, a key focus for the Investore Board:

- During HY20, Investore concluded the share buyback programme, which was undertaken over 25 active buying days, at an average cost of \$1.53 per share. The Board felt that acquiring shares at a discount to net tangible assets was an appropriate use of shareholder funds.
- Investore refinanced \$35 million of its \$270 million of banking facilities with effect from 30 September 2019. As a result, there is no debt maturing until June 2021. Investore's total borrowings, comprising bank debt and the listed bonds issued in April 2018, has a weighted average interest rate at 30 September 2019 of 4.31%, which is slightly lower than as at 31 March 2019 (4.38%).

### Dividend

Investore's dividend policy, as declared by the Board, is to target a cash dividend to shareholders that is between 95% and 100% of distributable profit<sup>1</sup>.

The Board reconfirms annual cash dividend guidance of 7.60 cents per share to shareholders for FY20. The second quarterly cash dividend of 1.90 cents per share is due to be paid on 27 November 2019.

### Governance

The Board is progressing with its search for a new independent Director, to replace Kate Healy, who stood down effective from 22 May 2019. The independent majority representation on the Investore Board is an important governance feature for Investore. As a Board, we believe that a high standard of governance by a skilled, qualified and diverse team of Directors is essential for sustaining the long-term performance of the company and ultimately providing value for our investors.

### Continuing to Deliver Enduring Returns

Investore's strategy continues to be 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 confirms that the focus for the 2020 financial year is firmly on targeting yield growth, executed in a disciplined manner, aimed at enhancing returns to shareholders.

On behalf of the Board of Directors and the Manager, Stride Investment Management Limited, we would like to thank our investors, both shareholders and bondholders, for their ongoing support of Investore.



**Mike Allen**  
Chair of Investore  
Property Limited



**Philip Littlewood**  
Chief Executive of  
Stride Investment  
Management Limited

Overview	As at 30 September 2019
Number of Properties	40
Number of Tenants	78
Net Lettable Area (sqm)	208,116
Net Contract Rental <sup>2</sup> (\$m)	46.8
WALT <sup>3</sup> (years)	11.9
Occupancy Rate (% by area)	99.7
Portfolio Value <sup>4</sup> (\$m)	750.6
Major Retailers	Countdown, The Warehouse, Mitre 10, Bunnings, Animates

1. 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 3.3 to the interim financial statements for the period ended 30 September 2019.

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 as at 30 September 2019, annualised for the 12 month period on the basis of occupancy level for the relevant property as at 30 September 2019, and assuming no default by the tenant.

3. Weighted Average Lease Term.

4. Excludes land lease liability of \$7.6 million.

# Interim Financial Statements





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## Statement of Comprehensive Income

For the six months ended 30 September 2019

	Notes	Unaudited 6 months 30 Sep 19 \$000	Unaudited 6 months 30 Sep 18 \$000
Gross rental income		27,326	27,420
Direct property operating expenses		(3,229)	(3,378)
<b>Net rental income</b>	<b>2.1</b>	<b>24,097</b>	24,042
<b>Less corporate expenses</b>			
Management fees expense	<b>4.0</b>	(2,045)	(2,030)
Performance fee expense		(1,008)	-
Administration expenses		(983)	(782)
<b>Total corporate expenses</b>		<b>(4,036)</b>	(2,812)
<b>Profit before net finance expense, other income/(expense) and income tax</b>		<b>20,061</b>	21,230
Finance income		36	59
Finance expense		(7,233)	(7,307)
<b>Net finance expense</b>	<b>5.3</b>	<b>(7,197)</b>	(7,248)
<b>Profit before other income/(expense) and income tax</b>		<b>12,864</b>	13,982
<b>Other income/(expense)</b>			
Net change in fair value of investment properties	<b>2.2</b>	886	(923)
Net change in fair value of derivative financial instruments		8	24
<b>Profit before income tax</b>		<b>13,758</b>	13,083
Income tax expense	<b>6.1</b>	(2,787)	(3,115)
<b>Profit after income tax attributable to shareholders</b>		<b>10,971</b>	9,968
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Movement in cash flow hedges, net of tax		(1,112)	(938)
<b>Total comprehensive income after tax attributable to shareholders</b>		<b>9,859</b>	9,030
<b>Basic and diluted earnings per share (cents)</b>	<b>3.1</b>	<b>4.22</b>	3.81

The attached notes form part of and are to be read in conjunction with these financial statements.



# Statement of Changes in Equity

For the six months ended 30 September 2019

Notes	Cents per share	Number of shares 000	Share capital \$000	Retained earnings \$000	Cash flow hedge reserve \$000	Total \$000
<b>Balance 31 Mar 19 (Audited)</b>						
		260,076	379,609	65,830	(2,230)	443,209
<b>Transactions with shareholders:</b>						
Q4 2019 final dividend	1.935	–	–	(5,033)	–	(5,033)
Q1 2020 interim dividend	1.900	–	–	(4,941)	–	(4,941)
<b>Total transactions with shareholders</b>		–	–	(9,974)	–	(9,974)
<b>Other comprehensive income:</b>						
Movement in cash flow hedges, net of tax	5.5	–	–	–	(1,112)	(1,112)
<b>Total other comprehensive income</b>		–	–	–	(1,112)	(1,112)
Profit after income tax		–	–	10,971	–	10,971
<b>Total comprehensive income</b>		–	–	10,971	(1,112)	9,859
<b>Balance 30 Sep 19 (Unaudited)</b>		260,076	379,609	66,827	(3,342)	443,094
<b>Balance 31 Mar 18 (Audited)</b>						
		261,772	382,247	46,944	(133)	429,058
<b>Transactions with shareholders:</b>						
Q4 2018 final dividend	1.880	–	–	(4,921)	–	(4,921)
Q1 2019 interim dividend	1.865	–	–	(4,871)	–	(4,871)
Share buyback		(1,471)	(2,293)	–	–	(2,293)
<b>Total transactions with shareholders</b>		(1,471)	(2,293)	(9,792)	–	(12,085)
<b>Other comprehensive income:</b>						
Movement in cash flow hedges, net of tax	5.5	–	–	–	(938)	(938)
<b>Total other comprehensive income</b>		–	–	–	(938)	(938)
Profit after income tax		–	–	9,968	–	9,968
<b>Total comprehensive income</b>		–	–	9,968	(938)	9,030
<b>Balance 30 Sep 18 (Unaudited)</b>		260,301	379,954	47,120	(1,071)	426,003

The attached notes form part of and are to be read in conjunction with these financial statements.

# Statement of Financial Position

As at 30 September 2019

Notes	Unaudited 30 Sep 19 \$000	Audited 31 Mar 19 \$000
<b>Current assets</b>		
Cash and cash equivalents	1,730	5,111
Trade and other receivables	115	415
Prepayments	444	53
Other current assets	1,087	1,011
	3,376	6,590
Investment property classified as held for sale	–	19,046
	3,376	25,636
<b>Non-current assets</b>		
Investment properties	2.2 758,259	742,125
Derivative financial instruments	5.2 2,162	1,320
Deferred tax asset	1,098	796
	761,519	744,241
<b>Total assets</b>	764,895	769,877
<b>Current liabilities</b>		
Trade and other payables	3,569	4,193
Current tax liability	597	1,306
Lease liability	208	–
Derivative financial instruments	5.2 388	90
	4,762	5,589
<b>Non-current liabilities</b>		
Borrowings	5.1 303,036	316,631
Lease liability	7,426	–
Derivative financial instruments	5.2 6,577	4,448
	317,039	321,079
<b>Total liabilities</b>	321,801	326,668
<b>Net assets</b>	443,094	443,209
Share capital	379,609	379,609
Retained earnings	66,827	65,830
Reserve	5.5 (3,342)	(2,230)
<b>Equity</b>	443,094	443,209

For and on behalf of the Board of Directors, dated 13 November 2019:

  
Mike Allen  
Chair of the Board

  
Gráinne Trout  
Chair of the Audit and Risk Committee

The attached notes form part of and are to be read in conjunction with these financial statements.

## Statement of Cash Flows

For the six months ended 30 September 2019

	Unaudited 6 months 30 Sep 19 \$000	Unaudited 6 months 30 Sep 18 \$000
<b>Cash flows from operating activities</b>		
Gross rent received	26,679	26,502
Interest received	36	59
Interest paid	(7,594)	(6,272)
Operating expenses	(7,210)	(6,494)
Income tax paid	(3,369)	(1,329)
<b>Net cash provided by operating activities</b>	<b>8,542</b>	<b>12,466</b>
<b>Cash flows from investing activities</b>		
Capital expenditure on investment properties	(1,233)	(3,857)
Acquisition of investment properties	(5,776)	–
Proceeds from disposal of investment properties	19,046	–
<b>Net cash provided by/(applied to) investing activities</b>	<b>12,037</b>	<b>(3,857)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(9,974)	(9,792)
Refinancing of bank borrowings	(18)	(105)
Lease liability payment	(138)	–
Drawdown of bank borrowings	5,200	5,600
Repayment of bank borrowings	(19,030)	–
Repayment of bank borrowings from bonds proceeds	–	(100,000)
Net proceeds from issuance of fixed rate bonds	–	98,568
Share buyback costs	–	(2,293)
<b>Net cash applied to financing activities</b>	<b>(23,960)</b>	<b>(8,022)</b>
<b>Net (decrease)/increase in cash and cash equivalents held</b>	<b>(3,381)</b>	<b>587</b>
Opening cash and cash equivalents	5,111	2,199
<b>Closing cash and cash equivalents</b>	<b>1,730</b>	<b>2,786</b>

The attached notes form part of and are to be read in conjunction with these financial statements.

## Statement of Cash Flows (continued)

For the six months ended 30 September 2019

### Reconciliation of profit after income tax attributable to shareholders to net cash flows from operating activities

	Notes	Unaudited 6 months 30 Sep 19 \$000	Unaudited 6 months 30 Sep 18 \$000
<b>Profit after income tax attributable to shareholders</b>		<b>10,971</b>	<b>9,968</b>
<b>Add/(less) non-cash items:</b>			
Movement in deferred tax	6.1	127	298
Net change in fair value of investment properties		(886)	923
Spreading of fixed rental increases		(608)	(694)
Capitalised lease incentives		(20)	(8)
Lease incentives amortisation		2	1
Movement in loss allowance		18	(24)
Borrowings establishment cost amortisation		253	334
Accrued interest movement in derivative financial instruments		53	(44)
Net change in fair value of derivative financial instruments		(8)	(24)
		<b>9,902</b>	<b>10,730</b>
<b>Add activity classified as investing activity:</b>			
Movement in working capital items relating to investing activities		158	1,747
		<b>10,060</b>	<b>12,477</b>
<b>Movement in working capital:</b>			
Decrease/(increase) in trade and other receivables		282	(59)
Increase in prepayments and other current assets		(467)	(584)
Decrease in trade and other payables		(624)	(867)
(Decrease)/increase in tax payable		(709)	1,499
<b>Net cash provided by operating activities</b>		<b>8,542</b>	<b>12,466</b>

The attached notes form part of and are to be read in conjunction with these financial statements.



# Notes to the Financial Statements

For the six months ended 30 September 2019

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## 1.0 General Information

This section sets out Investore's accounting policies that relate to the unaudited interim financial statements (financial statements) as a whole. Where an accounting policy is specific to a note, the policy is described within the note to which it relates.

### 1.1 Reporting entity

The financial statements presented are those of Investore Property Limited (Investore). Investore is domiciled in New Zealand and is registered under the Companies Act 1993. Investore is also an FMC reporting entity under Part 7 of the Financial Markets Conduct Act 2013.

Investore's principal activity is property investment in New Zealand. Investore is managed by Stride Investment Management Limited (SIML).

The financial statements were approved for issue by the Board of Directors (the Board) on 13 November 2019.

### 1.2 Basis of preparation

The financial statements have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013 and the NZX Main Board Listing Rules.

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP), New Zealand International Accounting Standard 34 (NZ IAS 34) *Interim Financial Reporting* and International Accounting Standard 34 (IAS 34) *Interim Financial Reporting*.

The financial statements have been prepared under the historical cost basis except for assets and liabilities stated at fair value as disclosed.

The financial statements have been presented in New Zealand dollars and have been rounded to the nearest thousand, unless stated otherwise.

The financial statements do not contain all the disclosures normally included in an annual financial report, and should be read in conjunction with the audited 2019 annual financial statements.

### 1.3 Adoption of new standard – NZ IFRS 16 Leases

Investore has adopted NZ IFRS 16 Leases from 1 April 2019 which has replaced the previous guidance in NZ IAS 17 Leases and requires a lessee to recognise a lease liability reflecting future lease payments and a right-of-use asset applying the fair value model given the ground lease is held solely for the purpose of holding the related investment property building.

As a lessor, there are no changes to Investore's current accounting treatment and disclosure of leases. However, Investore is committed under eleven (31 Mar 19: eleven) operating leases where Investore is the lessee. There are seven leases at the corner of Anglesea and Liverpool Streets, Hamilton, one at 3 Averill Street, Auckland, one at 70 Studholme Street, Morrinsville, one at 51 Arthur Street, Blenheim, and one at the corner of Bridge and Anglesea Streets, Hamilton.

As a lessee, Investore has applied NZ IFRS 16 using the simplified retrospective approach. Under this approach, Investore has recognised a lease liability of \$7,772,000 as at 1 April 2019, representing the present value of the remaining lease cash flows with the right-of-use asset embedded in the fair value of the underlying investment property. The prior period comparatives have not been restated, as permitted under the specific transitional provisions in the standard.

### New accounting policy from 1 April 2019

Investore leases various property under non-cancellable operating lease agreements. At the inception of a contract, Investore assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right-of-use assets are measured on initial recognition as the initial lease liability, plus any initial indirect costs incurred, less any lease incentives received. Right-of-use assets that meet the definition of investment property are presented within investment property. Investore applies the fair value model to investment property, including right-of-use assets that meet the definition of investment property.

Investment property is adjusted for cash flows relating to lease liabilities already recognised separately on the statement of financial position and also reflected in the investment property valuations.

Lease liabilities are measured based on the present value of the fixed and variable lease payments, less any cash lease incentives receivable. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant rate of interest on the remaining balance of the liability for each period.

## 1.0 General Information (continued)

### 1.3 Adoption of new standard – NZ IFRS 16 Leases (continued)

#### Adjustments recognised on adoption of NZ IFRS 16

On adoption of NZ IFRS 16, Investore has recognised a right-of-use asset within the fair value of investment property and a corresponding lease liability within interest bearing liabilities in relation to leases which had previously been classified as operating leases under the principles of NZ IAS 17 *Leases*. The liabilities were measured at the present value of the remaining lease payments, discounted at a rate of 5.88%, being the estimated incremental borrowing rate applied to the lease liability as at 1 April 2019.

A reconciliation between the operating lease commitments disclosed as at 31 March 2019 and the lease liabilities recognised on adoption of NZ IFRS 16 on 1 April 2019 is provided below.

	Unaudited \$000
Operating lease commitments disclosed as at 31 March 2019	1,793
Operating lease commitments from next review to final lease expiry	26,652
Discounted using the lessee's incremental borrowing rate at the date of initial application	(20,673)
<b>Lease liability recognised as at 1 April 2019</b>	<b>7,772</b>
Of which were:	
Current lease liabilities	277
Non-current lease liabilities	7,495
	<b>7,772</b>

In applying NZ IFRS 16 for the first time, Investore has used the practical expedient permitted by the standard of the use of a single discount rate to a portfolio of leases with reasonably similar characteristics.

The commitments shown as at 31 March 2019 reflected amounts payable under current signed lease contracts up until the next rent review, at which time the terms of the leases may be renegotiated.

### 1.4 Significant accounting policies, estimates and judgements

The same accounting policies and methods of computation are followed in the financial statements as compared with the most recent annual financial statements, other than the adoption of NZ IFRS 16 as described in note 1.3.

### 1.5 Significant events and transactions

The financial position and performance of Investore was affected by the following events and transactions that occurred during the reporting period:

#### Sale of 323 Andersons Bay Road, Dunedin

On 1 April 2019, Investore disposed of the property at 323 Andersons Bay Road, Dunedin, for \$19.328 million gross of transaction costs.

#### Acquisition of 24 Brighton Mall, Christchurch

On 23 August 2019, Investore acquired the property at 24 Brighton Mall, Christchurch, for \$5.75 million excluding transaction costs.

## 2.0 Property

This section covers property assets, being large format retail properties, which generate Investore's trading performance.

### 2.1 Net Rental Income

	Unaudited 6 months 30 Sep 19 \$000	Unaudited 6 months 30 Sep 18 \$000
<b>Gross rental income</b>		
Rental income and service charge income recovered from tenants	26,700	26,719
Spreading of fixed rental increases	608	694
Capitalised lease incentives	20	8
Lease incentives amortisation	(2)	(1)
<b>Total gross rental income</b>	<b>27,326</b>	<b>27,420</b>
<b>Direct property operating expenses</b>		
Service charge expenses to tenants	(2,191)	(1,965)
Movement in loss allowance	(18)	24
Other non-recoverable property operating expenses	(1,020)	(1,437)
<b>Total direct property operating expenses</b>	<b>(3,229)</b>	<b>(3,378)</b>
<b>Net rental income</b>	<b>24,097</b>	<b>24,042</b>

Other non-recoverable property operating expenses represents property maintenance and operating expenses not recoverable from tenants and property leasing costs.



## 2.0 Property (continued)

### 2.2 Investment Properties

	Unaudited 30 Sep 19 \$000	Unaudited 31 Mar 19 \$000
<b>Opening balance</b>	<b>742,125</b>	738,330
Initial add back of land lease liability	<b>7,772</b>	–
Property acquisitions	<b>5,776</b>	–
Net change in fair value	<b>886</b>	17,206
Subsequent capital expenditure	<b>1,074</b>	4,145
Spreading of fixed rental increases	<b>608</b>	1,318
Capitalised lease incentives	<b>20</b>	11
Lease incentives amortisation	<b>(2)</b>	(1)
Transfer to investment property classified as held for sale	–	(19,046)
Transfer from work in progress	–	162
<b>Closing balance</b>	<b>758,259</b>	742,125
Comprising:		
Investment property at valuation	<b>750,625</b>	742,125
Add back land lease liability	<b>7,634</b>	–
<b>Total</b>	<b>758,259</b>	742,125

The net change in fair value of \$886,000 (31 Mar 19: \$17,206,000) includes (\$138,000) (31 Mar 19: N/A) in relation to the change in value of the lease liability.

## 2.0 Property (continued)

### 2.2 Investment Properties (continued)

All investment properties were valued by independent valuers as at 31 March 2019. The Board has reviewed the fair value of the investment properties as at 30 September 2019 on an asset by asset basis after considering recent comparable transactional evidence of market sales and leasing activity and is satisfied that there has been no significant change to the overall carrying value, other than the following investment properties, which were subject to an independent valuation due to capital expenditure works or leasing activity undertaken during the period.

	Valuer	Unaudited 30 Sep 19 \$000	Audited 31 Mar 19 \$000
Cnr Butler & Kerikeri Roads, Kerikeri	Colliers	<b>19,000</b>	18,900
Cnr Te Irirangi Drive & Bishop Dunn Place, Auckland	CBRE	<b>35,000</b>	34,100
Cnr Tremaine Avenue & Railway Road, Palmerston North	Colliers Wellington	<b>27,350</b>	26,050

The above investment properties were valued by CIVAS Limited (Colliers), CBRE Limited (CBRE) or Colliers Wellington Limited (Colliers Wellington) as indicated. The valuations are dated effective 30 September 2019.

With regard to these investment properties, the valuers took into account:

- occupancy (leased area as a proportion of the total net lettable area) (100% at balance date);
- average lease term (weighted average lease term (WALT) at balance date is 11.35 years);
- discount rates (ranged from 5.00% to 8.00%); and
- capital expenditure works of \$160,000 at corner Butler & Kerikeri Roads, Kerikeri, in relation to the retaining wall, \$441,000 at corner Te Irirangi Drive & Bishop Dunn Place, Auckland, relating to the Mitre 10 development and \$358,000 at corner Tremaine Avenue & Railway Road, Palmerston North, relating to the lighting and air conditioning upgrades.

Capitalisation rates ranged from 5.00% to 5.88% for the investment properties valued.

In addition to the above, 24 Brighton Mall, Christchurch, was valued as at 20 August 2019 by Colliers at \$6,200,000 in support of the acquisition of the property on 23 August 2019 for \$5,750,000.

### 2.3 Capital expenditure commitments contracted for

As at 30 September 2019, Investore had committed to \$2,399,705 (31 Mar 19: \$2,440,930) in total for various capital expenditure works to be undertaken on investment properties in this financial year.

Subsequent to balance date, Investore has not committed to any further capital expenditure works (31 Mar 19: \$62,275).

## 3.0 Investor Returns

This section sets out Investore's earnings per share and how distributable profit is calculated. Distributable profit is a non-GAAP measurement and is used by Investore to calculate profit available for distribution to shareholders by way of dividends.

### 3.1 Basic and diluted earnings per share

	Unaudited 6 months 30 Sep 19 \$000	Unaudited 6 months 30 Sep 18 \$000
<b>Profit after income tax attributable to shareholders</b>	<b>10,971</b>	9,968
Weighted average number of shares for purpose of basic and diluted earnings per share	<b>260,076</b>	261,571
<b>Basic and diluted earnings per share – weighted (cents)</b>	<b>4.22</b>	3.81

### 3.2 Net tangible assets per share

	Unaudited 30 Sep 19 \$000	Audited 31 Mar 19 \$000	Unaudited 30 Sep 18 \$000
<b>Net tangible assets</b>	<b>443,094</b>	443,209	426,003
Closing shares on issue	<b>260,076</b>	260,076	260,301
<b>Net tangible assets per share</b>	<b>\$1.70</b>	\$1.70	\$1.64

## 3.0 Investor Returns (continued)

### 3.3 Distributable profit

#### Accounting Policy

Investore's dividend policy is to target a cash dividend to shareholders that is between 95% and 100% of its distributable profit. 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.

	Unaudited 6 months 30 Sep 19 \$000	Unaudited 6 months 30 Sep 18 \$000
<b>Profit before income tax</b>	<b>13,758</b>	13,083
<b>Non-recurring and/or non-cash adjustments:</b>		
Net change in fair value of investment properties	<b>(886)</b>	923
Reversal of the land lease liability movement in investment properties	<b>(138)</b>	–
Net change in fair value of derivative financial instruments	<b>(8)</b>	(24)
Loss on breaking swaps (note 5.2)	<b>37</b>	–
Spreading of fixed rental increases	<b>(608)</b>	(694)
Capitalised lease incentives	<b>(20)</b>	(8)
Lease incentives amortisation	<b>2</b>	1
Borrowings establishment cost amortisation	<b>253</b>	334
<b>Distributable profit before current income tax</b>	<b>12,390</b>	13,615
Current tax expense	<b>(2,660)</b>	(2,817)
<b>Distributable profit after current income tax</b>	<b>9,730</b>	10,798
<b>Adjustments to funds from operations:</b>		
Maintenance capital expenditure	<b>(879)</b>	(360)
<b>Adjusted Funds From Operations (AFFO)</b>	<b>8,851</b>	10,438
Weighted average number of shares for purpose of basic and diluted distributable profit per share (000)	<b>260,076</b>	261,571
<b>Basic and diluted distributable profit after current income tax per share - weighted (cents)</b>	<b>3.74</b>	<b>4.13</b>
<b>AFFO basic and diluted distributable profit after current income tax per share - weighted (cents)</b>	<b>3.40</b>	<b>3.99</b>



## 4.0 Related Party Disclosures

This section sets out the transactions that have occurred during the relevant periods between Investore and SIML, as manager of Investore, and Stride Property Limited (SPL), which owns a cornerstone shareholding in Investore. The shares in each of SIML and SPL are Stapled Securities and together they comprise the Stride Property Group.

	Unaudited 6 months 30 Sep 19 \$000	Unaudited 6 months 30 Sep 18 \$000
<b>The following transactions with a related party took place</b>		
<b>SIML</b>		
Asset management fee expense	(2,045)	(2,030)
Performance fee expense	(1,008)	–
Building management fee expense	(201)	(205)
Accounting fee expense	(125)	(125)
Disposal fee expense	(97)	–
Leasing fee expense	(45)	(11)
Project management fee expense	(42)	(78)
Maintenance fee expense	(11)	(13)
<b>SPL</b>		
Dividends paid	(1,986)	(1,945)
	<b>Unaudited 30 Sep 19 \$000</b>	<b>Audited 31 Mar 19 \$000</b>
<b>The following balance was payable to a related party</b>		
<b>SIML</b>	(502)	(541)

Investore has appointed SIML as its exclusive provider of ongoing real estate investment management services. Investore does not have any employees, accordingly, there are no senior managers of Investore who have a relevant interest in the shares of Investore.

The performance fee expense is calculated and payable on a quarterly basis as 10% of the actual increase in shareholder returns (being share price, adjusted for dividends, and other changes in capital structure), which is above 2.5% and under 3.75% in a quarter. Where shareholder returns exceed 3.75% in a quarter, no payment is due for the actual amount of the increase above 3.75% but the amount of the increase above 3.75% is carried forward and added to the calculation of shareholder returns in the next seven quarters. However, if shareholder returns are less than 2.5% in a quarter, the deficit is carried forward and subtracted from the calculation of shareholder returns in the next seven quarters. SIML received a performance fee of \$523,110 for the quarter ended 30 June 2019 and is due to receive a performance fee of \$484,808 for the quarter ended 30 September 2019. The carried forward return for the performance fee calculation for the quarter ended 31 December 2019 is 16.73% (31 Mar 19: carried forward return 7.98%) which has been calculated in accordance with the management agreement.

As at 30 September 2019, SPL has a cornerstone shareholding in Investore of 19.9%, being 51,791,786 shares (31 Mar 19: 19.9% and 51,791,786 shares). SPL is not subject to any escrow arrangements that prevent it from selling or otherwise disposing of any shares that it holds.

## 5.0 Capital Structure and Funding

Investore's capital structure includes debt and equity, comprising shares and retained earnings as shown in the statement of financial position. This section sets out how Investore manages its capital structure, funding exposure to interest rate risk and related financing costs.

### 5.1 Borrowings

	Unaudited 30 Sep 19 \$000	Audited 31 Mar 19 \$000
<b>Non-current</b>		
Bank facility drawn down	204,700	218,530
Fixed rate bonds	100,000	100,000
Unamortised borrowings establishment costs	(1,664)	(1,899)
<b>Total net borrowings</b>	<b>303,036</b>	<b>316,631</b>
<b>Total bank facility available</b>	<b>270,000</b>	<b>270,000</b>
Bank facility drawn down	204,700	218,530
Undrawn bank facility available	65,300	51,470
Facility A	70,000	70,000
Facility B	165,000	165,000
Facility C	35,000	35,000
<b>Total bank facility available</b>	<b>270,000</b>	<b>270,000</b>
<b>Bank facility expiry dates</b>		
Facility A	31 Aug 2022	31 Aug 2022
Facility B	9 Jun 2021	9 Jun 2021
Facility C	9 Jun 2021	9 Jun 2020
Weighted average interest rate for debt (inclusive of current interest rate derivatives, bonds, margins and line fees) at balance date	4.31%	4.38%
Interest rate on the bank facility (excluding margin) at balance date	2.44%	2.54%

#### Bank borrowings

Investore's bank borrowings are via syndicated senior secured facilities with ANZ Bank New Zealand Limited, Bank of New Zealand, Commonwealth Bank of Australia and Westpac New Zealand Limited.

Effective from 30 September 2019, Investore refinanced Facility C for \$35 million by extending the tenor to 9 June 2021.

#### Fixed rate bonds

On 18 April 2018, Investore issued \$100 million of fixed rate bonds with a six-year term, expiring on 18 April 2024, paying an interest rate of 4.40%.

The bonds are quoted on the NZX Debt Market and their fair value was \$107,285,575 (31 Mar 19: \$103,266,143) based on their listed market price as at balance date. Interest is payable quarterly in April, July, October and January in equal instalments.

## 5.0 Capital Structure and Funding (continued)

### 5.1 Borrowings (continued)

#### Security

The bank borrowings and fixed rate bonds are managed through a security agent who holds a first registered mortgage on all the investment properties owned by Investore and a registered first ranking security interest under a General Security Deed over substantially all the assets of Investore.

### 5.2 Derivative financial instruments

	Unaudited 30 Sep 19 \$000	Audited 31 Mar 19 \$000
Notional value of interest rate swaps – fixed rate payer	180,000	230,000
Notional value of interest rate swaps – fixed rate receiver	25,000	25,000
	205,000	255,000
Fixed interest rates payer ranges	2.27% – 3.01%	2.19% – 3.01%
Fixed interest rate receiver	4.40%	4.40%
Weighted average fixed interest rate (excluding margins)	2.65%	2.58%
Percentage of drawn debt fixed	84%	96%

Investore enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. Investore has not hedged 100% of its floating rate borrowings, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. As all critical terms matched during the period, the economic relationship was 100% effective, with the exception of the \$25 million fixed rate receiver interest rate swap.

On 21 March 2018, Investore entered into a \$25 million forward start fixed rate receiver swap for the duration of the fixed rate bonds with the effect of converting a portion of the \$100 million fixed rate bonds to floating interest rate. The life to date ineffective portion on the receiver swap, due to the misalignment to the fixed rate bonds as a result of the bonds commencing on 18 April 2018, is a fair value loss of \$41,858 (31 Mar 19: fair value loss of \$50,320), resulting in a fair value gain movement of \$8,462 (31 Mar 19: fair value loss of \$88,134) being recognised in the current period in the statement of comprehensive income.

On 2 April 2019, Investore closed out interest rate swaps with a notional value of \$20 million for a cost of \$37,100.

The fair values of interest rate derivatives are determined from valuations prepared by independent treasury advisors using valuation techniques classified as Level 2 in the fair value hierarchy (31 Mar 19: Level 2). These are based on the present value of estimated future cash flows based on the terms and maturities of each contract and the current market interest rates as at balance date. Fair values also reflect the current creditworthiness of the derivative counterparties. The valuations were based on market rates at 30 September 2019 of between 1.19%, for the 90-day BKB, and 1.24%, for the 10-year swap rate (31 Mar 19: 1.85% and 2.16%, respectively). There were no changes to these valuation techniques during the reporting period.

As at 30 September 2019, the fair value of the interest rate derivatives was a liability of \$4,803,174, including an accrued interest liability of \$102,632 (31 Mar 19: liability of \$3,217,393, including an accrued interest liability of \$49,696).

Gains and losses recognised in the cash flow hedge reserve in equity on interest rate derivative contracts as at 30 September 2019 will be reclassified in the same period in which the hedged forecast cash flows affect profit or loss, until the repayment of the underlying borrowings.

## 5.0 Capital Structure and Funding (continued)

### 5.3 Net finance expense

	Unaudited 6 months 30 Sep 19 \$000	Unaudited 6 months 30 Sep 18 \$000
<b>Finance income</b>		
Bank interest income	33	28
Other finance income	3	31
<b>Total finance income</b>	36	59
<b>Finance expense</b>		
Bank borrowings interest	(4,780)	(5,140)
Fixed rate bonds interest	(2,239)	(2,167)
Lease liability interest	(214)	–
<b>Total finance expense</b>	(7,233)	(7,307)
<b>Net finance expense</b>	(7,197)	(7,248)

### 5.4 Share capital

There is only one class of shares, being ordinary shares, and they rank equally with each other. All issued shares are fully paid and have no par value. Investore has 260,075,613 shares on issue as at 30 September 2019 (31 Mar 19: 260,075,613).

On 1 August 2018, Investore announced an on-market share buyback programme to purchase up to 5% of its ordinary shares over a 12-month period. During the prior financial year, Investore acquired and cancelled 1,696,220 ordinary shares on market at an average price of \$1.53 for a total consideration of \$2,599,984. On 21 May 2019, Investore announced the buyback programme had been concluded.

Ordinarily, all directors of a company that has its shares quoted on the NZX Main Board would be elected by shareholders by way of ordinary resolution, but NZX has issued a waiver to Investore which permits SIML to have the right to appoint two directors to the Investore Board. Tim Storey and John Harvey have been appointed to the Board by SIML under this right. NZX has also issued a waiver to allow the directors appointed by SIML to vote on resolutions of the Board to the extent that those directors are restricted from voting on the grounds that they are "interested" (as defined in the Companies Act 1993) in the matter solely due to being directors of SIML but for no other reason. An issuer which does not comply with all of the requirements of the NZX Listing Rules may be granted listing with the designation 'Non-Standard' or 'NS'. A term of the waiver granted to Investore to permit SIML to have the right to appoint two directors was that Investore would be given a Non-Standard Designation upon its listing and the quotation of its shares.

Under Investore's Constitution, if SIML has (or is deemed to have) appointed two directors to the Board, the chair of the Board must be a director elected by shareholders not associated with SIML and otherwise be independent of SIML and, provided the chair is independent of SIML, holds a casting vote in respect of the resolutions of the Board where there is an equality of votes.

On 22 May 2019, independent Director Kate Healy, resigned from the Investore Board. The Board is progressing a formal process to identify a new independent Director for the Board, as the independent majority representation on the Board is an important governance feature for the company.

## 5.0 Capital Structure and Funding (continued)

### 5.5 Reserve

	Unaudited 30 Sep 19 \$000	Audited 31 Mar 19 \$000
<b>Cash flow hedge reserve</b>		
<b>Opening balance</b>	(2,230)	(133)
Movement in fair value of interest rate derivatives	(1,533)	(3,035)
Tax on fair value movement	429	850
Transferred to profit or loss	(8)	88
<b>Closing balance</b>	<b>(3,342)</b>	<b>(2,230)</b>

## 6.0 Other

This section contains additional information to assist in understanding the financial performance and position of Investore.

### 6.1 Income tax

	Unaudited 6 months 30 Sep 19 \$000	Unaudited 6 months 30 Sep 18 \$000
<b>Profit before income tax</b>	<b>13,758</b>	13,083
<b>Prima facie income tax using the company tax rate of 28%</b>	<b>(3,852)</b>	(3,663)
<b>Decrease/(increase) in income tax due to:</b>		
Net change in fair value of investment properties	248	(258)
Non-taxable income	274	196
Depreciation	852	924
Depreciation recovered on disposal of investment properties	(53)	–
Movement in fair value of derivative financial instruments	2	6
Non-deductible expenses	(97)	(1)
Temporary differences	(34)	(21)
<b>Current tax expense</b>	<b>(2,660)</b>	(2,817)
Investment property depreciation	(160)	(308)
Other	33	10
<b>Deferred tax charged to profit or loss</b>	<b>(127)</b>	(298)
<b>Income tax expense per the statement of comprehensive income</b>	<b>(2,787)</b>	(3,115)

## 6.0 Other (continued)

### 6.2 Operating segments

Investore is reported as a single operating segment, being large format retail properties. Investore's revenue streams are earned from investment properties owned in New Zealand, with no specific exposure to geographical risk. One tenant, General Distributors Limited (Countdown), contributes 73% of Investore's portfolio contract rental as at 30 September 2019 (30 Sep 18: 73%).

### 6.3 Contingent liabilities

Investore has no contingent liabilities at balance date (31 Mar 19: \$nil).

### 6.4 Subsequent events

On 13 November 2019, Investore declared a cash dividend for the period 1 July 2019 to 30 September 2019 of 1.90 cents per share, to be paid on 27 November 2019 to all shareholders on Investore's register at the close of business on 20 November 2019. This dividend will carry imputation credits of 0.518761 cents per share. This dividend has not been recognised in the financial statements.

There have been no other material events subsequent to balance date.



## Report on the interim financial statements

We have reviewed the accompanying interim financial statements of Investore Property Limited ("the Company") on pages 13 to 31, which comprise the statement of financial position as at 30 September 2019, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the six month period ended on that date, and a summary of significant accounting policies and selected explanatory notes.

## Directors' responsibility for the interim financial statements

The Directors of Investore Property Limited are responsible on behalf of the Company for the preparation and fair presentation of these interim financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting* (IAS 34) and New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting* (NZ IAS 34) and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of interim financial statements that are free from material misstatement, whether due to fraud or error.

## Our responsibility

Our responsibility is to express a conclusion on the accompanying interim financial statements based on our review. We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410). NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements, taken as a whole, are not prepared in all material respects, in accordance with IAS 34 and NZ IAS 34. As the auditor of the Company, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review of interim financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. Accordingly, we do not express an audit opinion on these interim financial statements.

We are independent of the Company. Our firm carries out other services for the Company in the areas of operating expense audits and performing agreed procedures in respect of proxy vote at the 2019 Annual Shareholder Meeting. The provision of these other services has not impaired our independence.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these interim financial statements of the Company do not present fairly, in all material respects, the financial position of the Company as at 30 September 2019, and its financial performance and cash flows for the six month period then ended, in accordance with IAS 34 and NZ IAS 34.

## Who we report to

This report is made solely to the Company's shareholders, as a body. Our review work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in our review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our review procedures, for this report, or for the conclusion we have formed.

For and on behalf of:



Chartered Accountants, Auckland  
13 November 2019

# Corporate Directory

## Board of Directors

Mike Allen (Chair)  
Gráinne Trouté  
Tim Storey (SIML appointed Director)  
John Harvey (SIML appointed Director)

## Registered Office

Level 12, 34 Shortland Street, Auckland 1010  
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Auckland 1141  
New Zealand  
**W** investoreproperty.co.nz

## Share Registrar

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**F** +64 9 488 8787  
**E** enquiry@computershare.co.nz

## Legal Adviser

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48 Shortland Street, Auckland 1010  
PO Box 4199, Auckland 1140

## Bankers

ANZ Bank New Zealand Limited  
Bank of New Zealand  
Commonwealth Bank of Australia  
Westpac New Zealand Limited

## Auditor

PricewaterhouseCoopers  
PricewaterhouseCoopers Tower  
Level 22, 188 Quay Street  
Private Bag 92162, Auckland 1142

## Bond Supervisor

Public Trust  
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## Manager

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