

Investore Property Limited

FY21 Results

Investore Property Limited (Investore) is pleased to announce its financial results for the twelve months ended 31 March 2021 (FY21).

Investore reports profit after income tax for FY21 of \$161.3m, up \$132.6m from FY20 (\$28.6m), largely attributed to the \$139.3m net valuation gain across Investore's portfolio for the 12 months ended 31 March 2021 (Note 1).

Investore performed strongly during FY21, a year that presented a number of opportunities and challenges for Investore. Investore's financial position is a testament to the opportunities taken by Investore during FY21, and the company is in an excellent position to continue to pursue its growth strategy.

Investore is also pleased to announce today the acquisition of a parcel of development land at Waimak Junction, Kaiapoi, North Canterbury, which further delivers on Investore's growth strategy. Investore has agreed a purchase price of \$10.5m for this 3.5ha parcel of land and has reached agreement in principle with Woolworths NZ to construct a new Countdown supermarket on part of the land. The remaining 1.6 ha will be held for future development. The total commitment associated with this acquisition is expected to be \$31m, including the cost of the land and the expected cost of the stage 1 development. The total yield on cost for stage 1 is expected to be 5.2%.

The total commitment associated with the acquisition of the Waimak Junction land, together with the unconditional acquisition of Countdown Petone announced on 10 May 2021, is \$68.5m, which Investore will fund through available debt facilities. Investore's loan to value ratio (LVR) as at 31 March 2021 is 26.8% (Note 2), and taking this \$68.5m commitment into account, as if the expenditure had occurred at 31 March 2021, Investore's pro forma LVR would be 31.2% and it would have undrawn debt facilities of \$128m. This level of available debt facilities enables Investore to continue to pursue its growth strategy during FY22.

Investore's strategy is based on four principles – active portfolio management, targeted growth, continued optimisation of the portfolio, and proactive capital management.

Highlights for FY21 include

Financial Performance Highlights

- Net rental income of \$55.8m (FY20: \$48.1m), up \$7.7m
- Profit before other income/(expense) and income tax of \$29.9m (FY20: \$26.7m), up \$3.2m
- Profit after income tax of \$161.3m (FY20: \$28.6m), up \$132.6m, due primarily to higher revaluation movement as compared to FY20
- Distributable profit (Note 3) after current income tax of \$29.1m (FY20: \$21.1m), up \$8.0m
- NTA per share \$2.08 as at 31 March 2021, up \$0.35 or 20.2% from 31 March 2020

- Annual cash dividend of 7.60cps (FY20: 7.60cps), in line with guidance. 1.90cps cash dividend declared for quarter ended 31 March 2021

Active Portfolio Management

- Weighted average lease term (WALT) 9.8 years
- 99.1% occupancy by area
- 59 lease extensions and renewals completed, including COVID-19 related deals, with a weighted average lease extension of 16 months
- 72% of leases by Contract Rental (Note 4) expiring in 2030 or beyond

Targeted Growth

- Portfolio valuation (Note 5) of \$1.038bn, representing a \$139.3m or 15.5% net revaluation gain (Note 1) since 31 March 2020
- Post-balance date Investore has entered into an unconditional agreement to acquire a Countdown-anchored property at Petone, Wellington, for \$37.3m, with settlement expected 21 May 2021
- Post-balance date, Investore has entered into a conditional agreement to acquire a 3.5 ha parcel of land at Waimak Junction, Kaiapoi, North Canterbury, for \$10.5m. Investore has reached agreement in principle with Woolworths NZ to construct a new Countdown supermarket on part of the land. The total commitment, including the cost of the land and the Stage 1 development, is expected to be \$31m

Portfolio Optimisation

- Portfolio average market capitalisation rate of 5.23%, representing 85 basis point compression since 31 March 2020 (Note 6)
- Property acquired adjacent to existing Investore-owned Countdown Papakura in March 2020 for \$1.2m, with works now complete on expansion of Countdown carpark and improved customer access to the property
- Tesla EV supercharger stations installed at Johnsonville Countdown, becoming operational in May 2021 and enabling Tesla vehicles to be recharged in approximately 30 minutes

Proactive Capital Management

- \$105m new equity raised in April and May 2020, with net proceeds used to repay bank debt and provide funding flexibility for future growth, such as the post balance date acquisitions at Petone and Waimak Junction
- \$125m 7-year listed bonds issued in August 2020 at a fixed 2.4% interest rate
- \$80m new bank facilities secured and \$101m of bank facilities extended to June 2024
- Loan to Value Ratio (LVR) 26.8% (Note 2), compared to 31.3% as at 31 March 2020

Update on business impacts from 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 gross rent receivable for FY21 has reduced by \$0.9m as a result of COVID-19 deals
- Investore has achieved a weighted average lease extension of seven months across all COVID-19 arrangements
- Balanced against the reduced gross rent receivable for FY21, Investore has benefited from 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 has provided a reduction in current tax of \$2.2m for FY21, more than offsetting the rent reduction related to COVID-19 deals

Year Ahead

- Continued focus on targeted growth to enhance the portfolio and maximise returns
- Ensure disciplined delivery of development opportunity at Waimak Junction
- Continue refurbishment projects across the portfolio with Countdown and other key tenants
- Cash dividend guidance for FY22 of 7.60 cents per share. The Board will continue to review dividend guidance as and when acquisitions occur

Notes:

1. 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.
2. 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.
3. Distributable profit is a non-GAAP measure adopted by Investore to assist Investore and its investors in assessing Investore's profit available for distribution. It is defined as profit/(loss) before income tax adjusted for determined non-recurring and/or non-cash items (including non-recurring adjustments for incentives payable to anchor tenants for lease extensions) and current tax. Further information, including the calculation of distributable profit and the adjustments to profit after income tax, is set out in note 3.2 to the annual financial statements for the year ended 31 March 2021.
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 31 March 2021, and assuming no default by the tenant.
5. As at 31 March 2021. Portfolio value includes 35 MacLaggan Street, Dunedin, which is classified as property held for sale, and excludes (1) the seismic works and rental underwrites (total \$7.1m) to be completed by SPL in relation to the three properties acquired from SPL and settled on 30 April 2020; and (2) lease liabilities.
6. 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.

Ends

Attachments provided to NZX:

- Investore Property Limited – FY21 Annual Report - 180521
- Investore Property Limited – FY21 Annual Results Presentation – 180521
- Investore Property Limited – NZX Results Announcement – 180521
- Investore Property Limited – NZX Distribution Notice – 180521
- Investore Property Limited - Shareholders Communications Notice - 180521
- Investore Property Limited - Bondholders Communications Notice - 180521

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