

Investore Property Limited – FY19 Annual Results

Investore Property Limited (Investore) is pleased to announce its financial results for the twelve-month period ended 31 March 2019 (FY19).

During FY19, Investore has continued with its commitment to deliver stable and enduring returns to shareholders and this has been achieved through the company's strategic principles of active portfolio management, targeted growth, continued optimisation of the portfolio and proactive capital management.

In addition to the release of Investore's FY19 Annual Results, the Board also announces:

- Independent Director Kate Healy has advised the company that she will be stepping down from the Investore Board of Directors with effect from 22 May 2019, in order to explore other opportunities in Australia where she now resides. The Board extends its gratitude to Kate for her valuable contribution to the company since the time of its listing on the NZX. Her legal and property skills and commercial acumen have assisted Investore as it has grown into the successful company it is today. The Board wishes Kate all the best for the future. The Board will commence a formal process to identify a new independent Director for the Board, as the independent majority representation on the Investore Board is an important governance feature of the company.
- The Board has also determined to conclude the share buyback programme which was announced on 1 August 2018. The share buyback was paused from 11 February 2019, pending the third quarter dividend announcement and no further shares have been acquired since that time. The Board is satisfied with the share buyback programme, considering it an efficient use of balance sheet capacity.

Highlights for FY19 include

Financial Performance Highlights (Prior year FY18 figures in brackets)

- Net rental income of \$47.4m (\$44.2m), up \$3.3m
- Corporate expenses of \$6.0m (\$5.4m), up \$0.6m, largely due to a performance fee of \$0.5m payable to Stride Investment Management Limited for the quarter ended 31 March 2019
- Profit before other income/(expense) and income tax of \$27.0m (\$26.8m), up \$0.2m
- Profit after income tax of \$38.6m (\$46.2m), down \$7.6m, due largely to lower revaluation movement as compared to FY18
- Distributable profit (Note 1) after current income tax of \$20.9m (\$20.5m), up \$0.4m
- Annual cash dividend of 7.60cps (7.46cps), up 0.14cps on FY18 and initial FY19 forecast. 1.935cps cash dividend for quarter ended 31 March 2019

Portfolio Highlights (As at 31 March 2018 figures in brackets)

- WALT(Note 2) 12.4 years (13.1 years), with two significant lease renewals
- Total property portfolio value (including Countdown Dunedin South, subsequently sold on 1 April 2019) of \$761.2m (\$738.3m), net valuation gain of \$17.2m or 2.3%
- Portfolio market capitalisation rate strengthened to 6.05% (6.19%)
- Occupancy at 99.9% (99.9%)
- Net Tangible Assets (NTA) backing per share of \$1.70 (\$1.64)
- Countdown Dunedin South divestment for \$19.328m at 5.6% premium to 31 March 2018 book value
- Mitre 10 Mega, Botany, Auckland, development completed increasing property value to \$34.1m, up 11% from 31 March 2018, and generating additional \$0.3m p.a. net rental
- Further refurbishments completed at Countdown stores in Greenlane Auckland, Lower Hutt and Upper Hutt in FY19, with a total of 10 store refurbishments completed across Investore-owned Countdown stores in the last two years

Proactive Capital Management

- \$100m six year fixed rate listed inaugural bond issue April 2018
- \$70m bank debt refinanced, term extended to 2022
- Purchased 1.7m shares through share buyback programme
- Loan to value ratio (LVR) 41.8% (41.6% as at 31 March 2018)
- Following settlement of the Countdown Dunedin South sale on 1 April 2019, LVR reduced to 40.4%
- Share buyback programme has now been concluded

Management and Governance

- Fabio Pagano, new Investore Fund Manager appointed
- Independent Director Gráinne Troute elected 27 June 2018
- Director Kate Healy stepping down as a Director from 22 May 2019

Year Ahead and Conclusion

- Disciplined and considered investments to target growth opportunities
- Continued focus on Countdown property refurbishments aligned with Countdown's refurbishment plans
- Target properties and tenants that focus on non-discretionary and convenience retail
- Continued proactive capital management
- Consider further capital management initiatives which may include a second bond issue
- Evolve Investore's sustainability strategy
- Annual cash dividend guidance of 7.60cps for FY20

Notes:

- 1 Distributable profit is a non-GAAP financial 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 2019.
- 2 Weighted average lease term.

Ends

Attachments provided to NZX:

- Investore Property Limited – FY19 Annual Report - 210519
- Investore Property Limited – FY19 Annual Results Presentation – 210519
- Investore Property Limited – NZX Appendix 1 – 210519
- Investore Property Limited – NZX Appendix 7 – 210519
- Investore Property Limited - Shareholders Communications Notice - 210519
- Investore Property Limited - Bondholders Communications Notice - 210519

For further information please contact:

Mike Allen, Chairman, Investore Property Limited

Mobile: 021 606 134 - Email: mike.allen@investoreproperty.co.nz

Philip Littlewood, Chief Executive Officer, Stride Investment Management Limited as manager of Investore

Mobile: 021 230 3026 - Email: philip.littlewood@strideproperty.co.nz

Jennifer Whooley, Chief Financial Officer, Stride Investment Management Limited as manager of Investore

Mobile: 021 536 406 - Email: jennifer.whooley@strideproperty.co.nz

Louise Hill, General Manager Corporate Services, Stride Investment Management Limited as manager of Investore

Mobile: 0275 580 033- Email: louise.hill@strideproperty.co.nz