

Interim Results

For the six months ended
30 September 2016

investore

Managed by Stride Investment
Management Limited

Agenda & Contents

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Highlights



Highlights

(Prior six month period to 31 March 2016 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 \$13.3m (\$7.5m)
- Corporate expenses of \$2.0m (\$0.2m)
- Net profit before other expenses and income tax of \$3.9m (\$4.5m)
- Net profit after income tax of \$2.3m (\$3.0m)
- Distributable profit¹ before income tax of \$8.4m (\$4.3m)
- Distributable profit after income tax of \$7.4m (\$3.6m)
- 5.13cps cash dividend guidance for the year ended 31 March 2017 (FY17)
 - 1.38cps cash dividend for the quarter ended 30 September 2016 (0.4139cps imputation credits)
- Targeting annual cash dividend of 7.46cps for FY18
- Loan to value ratio (LVR) 40.6%

**NZX Listing
12 July 2016**

**Cash dividend
guidance for FY17
5.13cps**

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

1. 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 5 to the interim financial statements for the six months ended 30 September 2016.

Highlights

Portfolio

- Total portfolio value of \$642.8m
- Net Tangible Assets (NTA) backing per share of \$1.47
- No lease expiries in FY17
- FY18 lease expiries at 4.3% of the portfolio contract rental¹
- Occupancy at 99.7%
- Weighted average lease term (WALT) 14.4 years

Acquisitions

- Six properties from Stride Property Group for \$87.0m
- Tranche 1 of the SCA Portfolio on 12 July 2016 for \$139.3m
- Tranche 2 of the SCA Portfolio on 28 September 2016 for \$128.1m

NTA
per share
\$1.47

FY17
No lease expiries

FY18
Lease expiries
4.3%

1. 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 2016, annualised for the 12 month period on the basis of the occupancy level for the relevant property as at 30 September 2016, and assuming no default by the tenant.

Financial Performance



Financial Performance

	Actual 30 Sep 2016 (\$ millions)	Actual 31 Mar 2016 (\$ millions)	Change	
			\$ millions	%
Net rental income	13.3	7.5	5.8	77.8
Corporate expenses	(2.0)	(0.2)	(1.8)	(957.8)
Net profit before net finance expenses, other expenses and income tax	11.3	7.3	4.0	55.2
Net finance expenses	(7.5)	(2.8)	(4.7)	(165.3)
Net profit before other expenses and income tax	3.9	4.5	(0.6)	(14.1)
Other expenses¹	(0.9)	(0.8)	(0.1)	(16.6)
Net profit before income tax	2.9	3.7	(0.8)	(20.7)
Income tax expense	(0.6)	(0.7)	0.1	17.6
Net profit after income tax attributable to shareholders	2.3	3.0	(0.6)	(21.5)

1. Actual 30 September 2016, other expenses includes net change in fair value of investment properties of (\$0.9m).
Actual 31 March 2016, other expenses included net change in fair value of investment properties of (\$0.8m).

Investore will provide a comparison of the results against the prospective information, as contained in the Product Disclosure Statement dated 10 June 2016, when it releases its annual results for the full 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

	Actual 30 Sep 2016 (\$ millions)	Actual 31 Mar 2016 (\$ millions)	Change	
			\$ millions	%
Net profit before income tax	2.9	3.7	(0.8)	(20.7)
Non-recurring and non-cash adjustments:				
- Net change in fair value of investment properties	0.9	0.8	0.1	16.6
- Swap break cost	3.7	0.0	3.7	100.0
- One-off transaction costs	0.9	0.0	0.9	100.0
- Amortisation of stepped rentals	(0.3)	(0.2)	(0.1)	(57.9)
- Refinancing cost amortisation	0.3	0.0	0.3	100.0
Distributable profit before income tax	8.4	4.3	4.1	95.4
Less: current tax expense	(1.0)	(0.7)	(0.3)	(37.2)
Distributable profit after income tax	7.4	3.6	3.8	106.8
Adjustments to funds from operations:				
- Maintenance capital expenditure	(0.5)	(0.1)	(0.4)	(436.6)
Adjusted Funds From Operations (AFFO)	6.9	3.5	3.4	97.3
Weighted average number of shares (millions)	130.9	0.0		
Basic and diluted distributable profit after income tax per share – weighted (\$)	0.06	35,813.95		
AFFO basic and diluted distributable profit after income tax per share - weighted (\$)	0.05	34,805.45		

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 5 to the interim financial statements for the six months ended 30 September 2016.

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.

Financial Summary

	As at 30 Sep 2016	As at 31 Mar 2016
Property value (\$ millions)	642.8	287.0
Bank debt drawn (\$ millions)	261.0	160.0
Bank loan to value ratio	40.6%	55.7%
Equity (\$ millions)	384.5	0.0
Shares on issue (millions)	261.8	0.0
NTA per share	\$1.47	
Adjusted NTA ¹ per share	\$1.47	

1. Excludes the after tax fair value of interest rate derivatives.

Capital Management



Capital Management

	Covenant	As at 30 Sep 2016
Loan to Value Ratio (Bank Debt / Property Values)	≤ 65%	40.6%
Interest Cover Ratio (EBIT / Interest and Financing Costs) ¹	≥ 1.75x	3.66
Fully Leased Unexpired Term ²	> 6.0 years	14.4 years

Key Transactions:

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

	As at 30 Sep 2016
Bank facility limit (ANZ, BNZ, CBA, Westpac)	\$370m
Bank debt drawn	\$261m
Weighted average cost of debt (incl. margins & line fees)	4.36%
Weighted average interest rate on current swaps (excl. margins & line fees)	2.33%
Weighted maturity of facility	3.8 years
Weighted average hedging duration (incl. forward starting swaps)	4.0 years
% of drawn debt hedged	73%

1. Investore received a waiver from its banking group to exclude the cost of \$3,679,860 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 30 September 2016.

2. 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



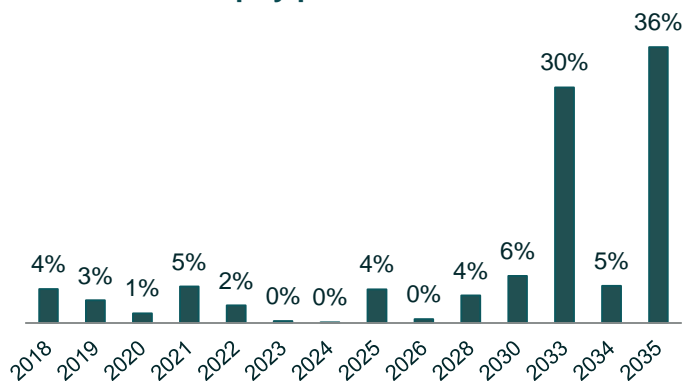
Portfolio Summary

Overview

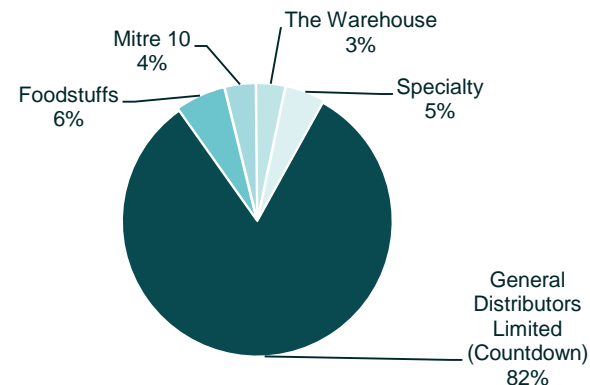
As at
30 Sep 2016

Properties	39
Tenants	71
Net Lettable Area (m ²)	173,506
Occupancy Rate (by area)	99.7%
WALT (years)	14.4
Asset Valuation	\$642.8m

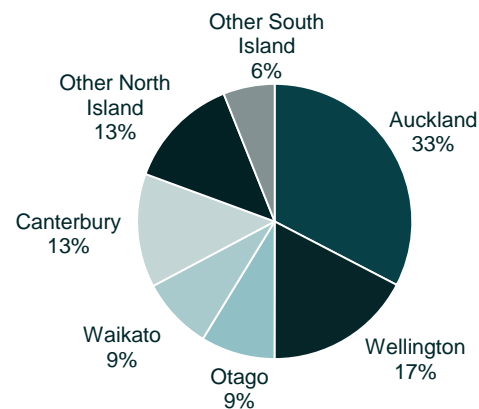
Portfolio lease expiry profile¹



Tenant diversification¹



Geographic diversification¹



1. 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 30 September 2016, annualised for the 12 month period on the basis of the occupancy level for the relevant property as at 30 September 2016, and assuming no default by the tenant.

Remaining Lease Expiries FY17 & FY18

FY17

Property	Tenant	Net Lettable Area (m ²)	% of Contract Rental
Nil			

FY18

Property	Tenant	Net Lettable Area (m ²)	% of Contract Rental
Corner Te Irirangi Drive & Bishop Dunn Place, Auckland	Mitre 10	12,124	3.66
Balance		717	0.67
		12,841	4.33

As at 30 September 2016, 4.33% of contract rental expiries remain in FY18.

Portfolio Occupancy 99.7% (by area)

Property	Occupancy (%) 30 Sep 2016	Vacancy (m ²) 30 Sep 2016	Total Area (m ²) 30 Sep 2016
226 Great South Road, Auckland	94.0	443	7,384
3-7 Mill Lane, Warkworth	98.0	76	3,815
Corner Hanson St, John St & Adelaide Road, Wellington	98.7	64	4,881
Other	100.0	0	157,426
Total Investment Properties	99.7%	583	173,506

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

Development Projects



Development Projects

Animates, Invercargill

- Scheduled to open March 2017
- GFA 835m²
- Features two retail tenancies
- Total capital expenditure of \$2.145m
- Total rental expected \$0.230m p.a., of which Animates is \$0.205m p.a.



The Warehouse, Dunedin

- Completed in October 2016
- Seismic upgrade of heritage buildings and refurbishment of 20 year old retail premises in association with a new six year lease commitment from The Warehouse.
- Capital expenditure of \$0.541m and valuation increase of \$0.750m (\$0.209m net)



Acquisitions



Acquisitions

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
- 99.0% occupancy
- Long WALT of 14.7 years
- Deliver dependable income streams due to the long lease terms and the creditworthiness of the tenant, an aggregate of \$17.7m, at a net passing yield of 6.63%
- Limited on-going 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

Investment Philosophy

- Large format retail properties have a specific, differentiating set of attributes that can provide a reliable income return to shareholders. These attributes are:
 - Quality tenants, including significant national retailers, offering rental income stability
 - Long WALTs
 - Buildings requiring low maintenance and capital expenditure requirements over the building life

Investment Strategy

- Invest in quality large format retail properties that maximise distributions and total returns to shareholders over the medium to long term
- Actively manage the properties to increase their values and income growth prospects
- Grow rental income by attracting and retaining quality retail tenants on long leases
- 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%
- Regularly review and rebalance the portfolio to ensure progress and performance are consistent with Investore's investment objective
- Actively manage the portfolio's WALT to offset the natural expiry of time
- Source opportunities to redevelop and/or expand properties to meet current and prospective tenant requirements

Conclusion



Conclusion

Execution of Strategy

- Successful NZX Main Board listing on 12 July 2016
- Settlement of SCA properties, Tranche 1 assets on 12 July 2016 and Tranche 2 assets on 28 September 2016, for \$267.4m in total
- Cash dividend guidance of 5.13cps for FY17 in line with Prospective Financial Statements as part of Investore's initial public offering
- 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**

**Cash dividend
guidance for FY17
5.13cps**

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 six months ended 30 September 2016. 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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