

## Investore Property Limited – FY18 Interim Results

Investore Property Limited (Investore) has released its Interim Report and Interim Results presentation for the six months ended 30 September 2017.

### Key Points:

- Profit after income tax of \$11.6m, up \$9.3m<sup>1</sup>
- Distributable profit<sup>2</sup> after income tax of \$10.4m, up \$3.0m<sup>1</sup>
- Cash dividend guidance for FY18 of 7.46 cps for year ended 31 Mar 2018 (FY18)
- Total portfolio value of \$662.7m
- Bank loan-to-value ratio of 39.4%
- Occupancy of 99.9%
- Weighted average lease term (WALT) 13.8 years

### Financial Performance Highlights: (Prior six month period to 30 September 2016 figures in brackets)

- Net rental income of \$22.2m (\$13.3m)
- Corporate expenses of \$2.7m (\$2.0m)
- Profit before other income and income tax of \$13.6m (\$3.9m)
- Profit after income tax of \$11.6m (\$2.3m), up \$9.3m
- Distributable profit<sup>2</sup> before income tax of \$13.1m (\$8.4m)
- Distributable profit after income tax of \$10.4m (\$7.4m), up \$3m
- Annual cash dividend guidance of 7.46cps for the year ended 31 Mar 2018 (FY18)
  - 1.86cps cash dividend declared for the quarter ended 30 Sep 2017
- Loan to value ratio (LVR) 39.4% (39.5% as at 31 Mar 2017)

### Portfolio Highlights: (As at 31 March 2017 figures in brackets)

- Total portfolio value of \$662.7m (\$660.4m)
- Net Tangible Assets (NTA) backing per share of \$1.55 (\$1.55)
- No lease expiries remaining in FY18
- FY19 lease expiries at 3.0% of the portfolio contract rental<sup>3</sup>
- Occupancy at 99.9% (99.8%)
- Weighted average lease term (WALT) 13.8 years (14.3 years)

### Acquisitions:

- 12 Heaton Street, Timaru, for \$0.4m
- Post 30 Sep 2017 - 6 & 8 Heaton Street, Timaru, for \$1.0m
- Post 30 Sep 2017 - Agreement to purchase three Bunnings properties in Hamilton, Rotorua and Palmerston North, for \$78.5m at an initial yield of 6.13% from Stride Property Limited, subject to Investore shareholder approval

## Development Project - Mitre 10, Corner Te Irirangi Drive & Bishop Dunn Place, Auckland

- \$3m premises extension to be completed in July 2018
- 1,300m<sup>2</sup> development consisting of an extension to the trade warehouse, new inwards goods area and canopy

## Asset Management Initiative - Adjoining properties acquisitions

- Settlement of 12 Heaton Street, Timaru, for \$0.4m
- Settlement of 6 & 8 Heaton Street, Timaru, for \$1.0m post 30 Sep 17
- Properties located immediately adjacent to existing Countdown property in Timaru
- Opportunity to develop further large format retail property

## Acquisition of Bunnings properties – Subject to shareholder approval

- Agreement to purchase three Bunnings properties in Hamilton, Rotorua and Palmerston North, for \$78.5m at an initial yield of 6.13%
- 100.0% occupancy
- Long WALT of 11.75 years
- Dependable income streams, with net rental of \$4.81m p.a. with a fixed 2.5% p.a. rental uplift
- Provides a further retail format and tenant mix to the portfolio
- Settlement scheduled for 28 February 2018

## Execution of Strategy

- Agreement to purchase three Bunnings properties in Hamilton, Rotorua and Palmerston North for \$78.5m subject to shareholder approval
- Planning to dispose up to three properties to provide balance sheet capacity for future activities
- Board exploring capital management initiatives, which include possible share buy-back and bond offering
- Acquisition of adjoining properties at 12 Heaton Street and 6 & 8 Heaton Street, Timaru
- Mitre 10, corner Te Irirangi Drive & Bishop Dunn Place, Auckland, development commenced
- Annual cash dividend guidance for FY18 of 7.46cps

### Notes:

<sup>1</sup> Compared to prior six month period to 30 September 2016.

<sup>2</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 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 profit after income tax, is set out in note 5 to the interim financial statements for the six months ended 30 September 2017.

<sup>3</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 30 September 2017, annualised for the 12 month period on the basis of the occupancy level for the relevant property as at 30 September 2017, and assuming no default by the tenant.

Ends

Attachments provided to NZX:

- Investore Property – NZX Appendix 1 – 221117
- Investore Property – NZX Appendix 7 – 221117
- Investore Property – FY18 Interim Results Presentation – 221117
- Investore Property – FY18 Interim Report - 221117

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