



Slide 1 - Special Meeting of Shareholders

Good morning ladies and gentlemen.

My name is Mike Allen and I am an independent Director and Chair of Investore Property Limited (Investore).

On behalf of the Board of Directors, it is my great pleasure to welcome you here and I thank you for your participation at this meeting.

Before we proceed any further, I would like to outline procedures in the event of an emergency and other housekeeping matters.

The closest fire exit is just out these doors to my right, then turn right and use the external doors at the end of the corridor to exit the building. The assembly point is on Princes Street. In the event of an emergency please follow the instructions of staff.

The bathrooms are located through the doors here and turn left and continue down the corridor to the end. In case of a medical emergency or if we can be of any assistance, please approach one of our team in the room today, who you will be able to identify as they are wearing name badges.

Finally, as a matter of courtesy, please ensure your mobile phones are switched to silent.

Before we progress to the order of business for the Special Meeting, I would like to introduce you to your Directors and the representatives of the Manager, Stride Investment Management Limited or SIML, who are seated next to me today:

- **Gráinne Troute**, independent Director;
- **Tim Storey**, who is a SIML appointed Director of Investore; and
- **John Harvey**, also a SIML appointed Director of Investore.

Alongside the Directors, we are also joined today by representatives of the Manager, SIML:

- **Philip Littlewood**, Chief Executive; and
- **Fabio Pagano**, Investore Fund Manager.

Other members of the SIML management team are seated around the room and the team look forward to speaking with you during refreshments.

I also welcome:

- The auditors for Investore Property Limited, PricewaterhouseCoopers;
- The company's solicitors, Bell Gully;
- Representatives of Computershare, the share registrar for Investore; and

- Northington Partners, the independent appraiser who has provided a report on the proposed transaction.

Moving to the formalities of the meeting, I record that the Notice of this Special Meeting of Investore Property Limited shareholders was dispatched to shareholders and the company's auditors on 13 December 2019.

I am pleased to confirm that we have a quorum present and accordingly, I declare the Special Meeting of Shareholders open.

Slide 2 - Agenda

As you will be aware, we are here today to consider three resolutions.

The first is the proposed acquisition of three large format retail assets located in Auckland and Tauranga from Stride Property Limited and its wholly owned subsidiary, Stride Holdings Limited, for an acquisition price of \$140.75 million. For simplicity, we will refer to this today as the Transaction.

As advised in Investore's NZX market announcement on 19 November 2019, the Transaction is a Material Transaction with a Related Party for the purposes of the NZX Listing Rules and is therefore subject to Investore shareholder approval at this Special Meeting.

We are also presenting two further resolutions for shareholder consideration, relating to the ratification of the issue of shares under the recent institutional placement and a portion of the shares issued under the retail offer, which I will explain in more detail later in the meeting.

By way of the order of events today, firstly I will outline the details of the Transaction, including an overview of how the Transaction aligns with Investore's strategic intent and the reasons the Board, acting through the independent Directors, is recommending that shareholders support the proposed Transaction.

At the conclusion of this presentation, there will be an opportunity for shareholders to raise questions before the resolutions are put to the meeting.

After the meeting concludes, I hope you will join us for some light refreshments.

Slide 3 – Background to the Transaction

If you have read our recent market communications or attended the 2019 Annual Shareholder Meeting, you will know that Investore's focus for the current financial year is firmly on targeting growth, executed in a disciplined manner, aimed at enhancing returns to shareholders.

It is my pleasure today to present the proposed Transaction to shareholders for approval, providing you with the opportunity to consider and vote on the acquisition of three large format retail assets from Stride Property Limited (Stride Property) and Stride Property's wholly owned subsidiary, Stride Holdings Limited (Stride Holdings), for an acquisition price of \$140.75 million. The three properties are:

- Bunnings Carr Road in Mt Roskill, Auckland;
- Mt Wellington Shopping Centre, Auckland; and
- Bay Central Shopping Centre, Tauranga.

Slide 4 – NZX Listing Rule Requirements

Shareholder approval is required for the Transaction as it is a Material Transaction with a Related Party under the NZX Listing Rules. The details of the Related Party rules, their application to this Transaction and voting restrictions on Stride Property and its Associated Persons, are all set out in the Notice of Special Meeting.

Briefly, the key aspects of the Transaction that result in the acquisition requiring shareholder approval under the NZX Listing Rules are:

- **Materiality** - The Transaction is a Material Transaction for Investore, as the purchase price of \$140.75 million is in excess of 10% of Investore's average market capitalisation¹.
- **The relationship between the parties** – Stride Property is a Related Party of Investore, due to its 19.4% shareholding in Investore, and Stride Holdings is a wholly owned subsidiary of Stride Property and is therefore also a Related Party of Investore.

Your Special Meeting pack includes an independent Appraisal Report prepared by Northington Partners Limited. The independent Appraisal Report is an NZX Listing Rule requirement and was required to be prepared by an independent adviser, who was tasked with assessing whether the terms and conditions of the Transaction were fair to all shareholders other than Stride Property and those shareholders associated with Stride Property.

Slide 5 – Independent and Robust Transaction Process

Due to the relationship between Investore and Stride Property Group, the management of perceived and actual conflicts of interest is an integral feature of Investore's day-to-day governance practices.

As with previous transactions, the Board was mindful of adopting an independent and robust process where shareholders would have confidence in the integrity of all aspects of the Transaction process, and that any subsequent Board recommendation in favour of the Transaction was made on the basis that it delivers the best outcome for Investore and our shareholders.

With that in mind, the following measures were adopted to ensure an independent process:

- The independent Directors, being Gráinne and myself, negotiated the sale and purchase agreements on an arms' length basis with the boards of Stride Property and Stride Holdings, with the assistance of independent legal advisors for Investore and for the independent Directors. Separate legal advisors were engaged by the Stride entities.
- The standing conflicts protocol was adhered to in negotiating the Transaction, and a Transaction-specific conflicts protocol was also adopted, which established processes and procedures for ensuring the independence of advisors and transaction teams and the management of information to ensure confidentiality and separation.

1. The average market capitalisation of Investore for this purpose is \$490.8 million (measured over the 20 trading days before the agreement for the Transaction was announced on 19 November 2019), and so the threshold for a Material Transaction, being 10% of this amount, is \$49.08 million. The \$140.75 million purchase price is in excess of this amount.

- Independent valuations of all properties were obtained by Investore from Savills (NZ) Limited, with the valuations supporting the \$140.75 million acquisition price.
- In accordance with the requirements of the Listing Rules, both the valuers, Savills (NZ) Limited, and Northington Partners Limited, who prepared the independent Appraisal Report, were approved by NZX.
- The SIML-appointed Investore Directors, Tim Storey and John Harvey, abstained from voting on the Board approval of the Transaction.

Slide 6 – The Transaction

I turn now to describe the Transaction in more detail.

On 19 November 2019 Investore announced it had entered into two conditional sale and purchase agreements to acquire three large format retail properties.

Slide 7 – Bunnings Carr Road, Mt Roskill

The first property is the Bunnings-operated site located at 2 Carr Road, Mt Roskill, Auckland. This is a desirable asset given its prime location in an established mixed-use suburb of Auckland, with good access to the South Western Motorway. The agreed purchase price is \$48.5 million, with Bunnings occupying 100% of the site. The property has a current net lettable area of just over 11,600 square metres, and annual net income of \$2.34 million. Bunnings Carr Road has further development options which includes expanding the main trade warehouse and timber trade sales areas.

Slide 8 – Mt Wellington Shopping Centre, Auckland

The second property is also located in Auckland and is Mt Wellington Shopping Centre. This is another well-located site, on the corner of Penrose Road and Mt Wellington Highway, two key Auckland roads, and only a few minutes from State Highway 1 and the South Eastern Highway. This property is similar to Investore's existing Takanini site, being a multi-tenanted property anchored by a Countdown. The Mt Wellington Shopping Centre has a total of 22 tenants, which include nationally recognised brands such as Supa Cheap Auto, Pizza Hut and Unichem Pharmacy, providing annual net rental income of \$2.62 million. This site has a net lettable area of just over 9,000 square metres, with a purchase price of \$39.25 million.

Slide 9 – Bay Central Shopping Centre, Tauranga

The third property that forms part of the Transaction is the Bay Central Shopping Centre, located at the northern area of Tauranga, one kilometre from downtown and adjacent to the Mt Maunganui Bridge. With an agreed purchase price of \$53 million, the property has annual net rental income of \$3.54 million and a net lettable area of just over 17,000 square metres. Should the Transaction complete, Bay Central will be Investore's biggest asset by lettable area. The centre is anchored by Briscoes, Rebel Sport and NZ Post, with a total of 29 tenants, including other nationally recognised brands such as Hunting & Fishing, Freedom Furniture, Bed Bath & Beyond, and Lighting Direct.

Slide 10 – Key Terms

The aggregate purchase price of all three properties is \$140.75 million, which is supported by independent valuations obtained from valuers Savills (NZ) Limited.

Other than shareholder approval by way of ordinary resolution for the Transaction, the only other outstanding condition to settlement is obtaining the consent of the Overseas Investment Office (OIO). An application for consent has been lodged.

Investore has not previously been considered an “overseas person” for the purposes of the Overseas Investment Act 2005, being, broadly, an entity that is owned 25% or more by other overseas people. However, recent analysis of the underlying Investore share register suggests that Investore is an overseas person, as a large portion of its shares are held by KiwiSaver fund entities, which themselves are owned or controlled by foreign managers, such as ANZ.

All other conditions and approvals to settlement of the Transaction have otherwise been satisfied, including completion of satisfactory due diligence, and Investore Board approval.

If approved by shareholders and the OIO, the Transaction and both Sale and Purchase Agreements will be declared unconditional simultaneously. Due to the likely timeframes to receive OIO consent, Investore does not expect to settle the Transaction before 1 April 2020.

An overview of the key terms of the Sale and Purchase Agreements is provided in the Explanatory Notes to the Notice of Special Meeting and section 5 of the Appraisal Report, and I confirm that these are consistent with what would typically be expected in a commercial transaction of this nature and size. There are two transaction-specific terms that I would like to highlight to you today, and that is the vendor rental underwrite and the vendors’ commitment to undertake seismic strengthening works in relation to the properties. Under the terms of the vendor rental underwrite, the vendors have agreed to underwrite four vacant specialty tenancies at agreed levels for a period of up to two years. With the seismic strengthening works, the vendors will undertake works at their cost to ensure the properties achieve a New Build Standard of at least 67%.

For completeness, should the Transaction not be approved by shareholders today, the Transaction cannot proceed.

Slide 11 – Alignment with Strategic Principles

We have had a very deliberate focus on delivering shareholder returns through the company’s strategic principles of active portfolio management, targeted growth, continued optimisation of the portfolio and proactive capital management. Our efforts to develop each of these principles supports our commitment to maximise and deliver attractive and stable returns to our investors.

The Transaction, together with the capital raise which was undertaken to partially fund the acquisition, is consistent with these four strategic principles.

- For **Active Portfolio Management**:
 - The Transaction further strengthens Investore’s longstanding relationships with existing core tenants, including Countdown and Bunnings, while also reducing the

total portfolio concentration of Countdown assets from 73% of Contract Rental² as at 30 September 2019 to approximately 64%, assuming no other movements within the portfolio.

- The Transaction will also provide diversification of tenant mix, adding new nationally recognised retailers to the Investore portfolio, including Briscoes, Rebel Sport and Hunting & Fishing.
- At the same time, the Transaction enables Investore to retain its strong sector metrics of 99.7% occupancy³ and WALT⁴ in excess of 10.8 years.
- The Transaction will deliver on the Board's **Targeted Growth** objective:
 - The total value of Investore's portfolio after the Transaction will increase to \$891.35 million⁵, an increase of 18.75%, based on the 30 September 2019 Investore valuations, which are the most recent valuations published by Investore.
 - The Transaction will improve geographical and tenant diversification of the Investore portfolio, introducing new nationally recognised retailers, and broadening Investore's offering in the convenience and general merchandise area.
- The three assets being acquired will support **Continued Optimisation of the Portfolio**:
 - Future development opportunities are available within the sites, through expansion and intensification to support the demands of tenants and the surrounding catchment.
 - The Transaction also supports portfolio optimisation, through increased exposure to the high growth regions of Auckland and Tauranga. Incorporating the three new properties will mean Auckland properties comprise 37% of the Investore portfolio by valuation, up 4%.
- Lastly, **Proactive Capital Management**:
 - Associated with the Transaction was the successful completion of the equity capital raise (described later in this presentation), with over 44 million shares issued at \$1.75 per share, equating to \$77.7 million of gross proceeds raised. The net proceeds of the capital raise have been used to pay down bank debt, providing capacity to pay the purchase price for the Transaction.

2. Contract Rental means 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 relevant 12 month period on the basis of the occupancy level for the relevant property and assuming no default by the tenant.

3. Calculated as at 30 September 2019, including the three properties to be acquired, and assuming the tenancies subject to the underwrite by the vendors are fully occupied.

4. Weighted Average Lease Term, calculated as at 30 September 2019, assuming the Transaction had settled as at that date.

5. Calculated as follows: Investore portfolio valuation as at 30 September 2019 of \$750.6 million (excluding land lease liability of \$7.6 million) plus purchase price for the three properties the subject of the Transaction of \$140.75 million.

- Should the Transaction be approved and subsequently settle, Investore's pro forma loan to value ratio⁶ is expected to be 41.5%, which is well within the Board's stated maximum of 48% and Investore's bank and bond covenant limits of 65%.

The Transaction, together with the capital raise which has been undertaken to support the Transaction, is expected to increase Distributable Profit Per Share (DPPS) for FY21 by approximately 2.5%⁷.

Finally, with an expected settlement date for the Transaction being in April 2020, the Board reconfirms dividend guidance of 7.60 cents per share for FY20.

Slide 12 – Alignment with Mandate and Strategy

The three assets that are part of this Transaction are a combination of single tenanted and multi-tenanted properties, located in growing regions, are overall consistent with our investment mandate, and support Investore's focus on tenants that are nationally recognised brands, offering convenience-based and non-discretionary retail.

At the time of listing on the NZX in 2016, Investore held 25 properties, of which 23 were anchored by a supermarket. Investore had also agreed to acquire an additional 14 properties from SCA, all of which were anchored by a Countdown branded supermarket.

Over the past three years and in delivering against the strategic principles, we have deliberately targeted assets that improve tenant and asset diversification, while remaining committed to being the only NZX listed company in the property sector with a targeted emphasis on large format retail assets. As we have previously said, this is a key strength of Investore and essential to our commitment of delivering stable and enduring returns to shareholders.

Since listing, Investore has evolved as it has grown through some key phases, to demonstrate that we are more than simply a portfolio comprising single assets anchored by a supermarket. At times it makes sense to acquire such an asset, for example the recent acquisition of Countdown New Brighton, but different assets may also be targeted to ensure optimisation of the portfolio, for example the acquisition in 2018 of three Bunnings assets and associated divestment of three assets.

The Board assesses the merits of all investment opportunities through a robust acquisition framework, ensuring that any future development or investment opportunity fits with the investment mandate and aligns with a strategy of considered and disciplined investment. Overall, the Board considers that the

6. Loan to value ratio or LVR is calculated as drawn debt divided by property value. The LVR as at 30 September 2019 has been adjusted for the following to produce the pro forma LVR: the drawn debt has been adjusted for the repayment of debt from the net proceeds of the Capital Raise of \$75.8 million, offset by \$140.75 million debt drawn down for the purchase price for the three properties the subject of the Transaction. The 30 September 2019 portfolio valuation of \$750.6 million (excluding land lease liability of \$7.6 million) has been adjusted for the purchase price for the three properties the subject of the Transaction.

7. DPPS accretion has been calculated by comparing Investore's budgeted FY21 DPPS (calculated assuming that the capital raise and Transaction did not occur) against the expected pro forma FY21 DPPS including the Transaction, and excluding any one-off transaction costs. The pro forma FY21 DPPS is based on: (i) Investore's standalone budget for FY21 DPPS; (ii) pro forma earnings impacts of the Transaction and capital raise, assuming the conditional Transaction occurs; (iii) estimated pro forma impacts of the acquisition financing, based on gross proceeds of \$77.7 million raised under the capital raise and debt financing with associated interest costs and interest rate hedging strategies are implemented; and (iv) Investore's pro forma number of shares outstanding post capital raise (accounting for new shares issued under the placement and retail offer).

Transaction represents an attractive opportunity for Investore to grow its portfolio in a considered manner that assists with geographical and tenant portfolio diversification.

Slide 13 – Transaction Funding – Capital Raise

If approved by shareholders, the Transaction will be funded through available bank debt facilities.

As shareholders will be aware, on 19 November 2019, in connection with the Transaction, Investore announced that it was seeking to undertake a capital raise (Capital Raise) of up to \$80 million, through a \$65 million underwritten share placement (Placement) and a retail offer to eligible shareholders of up to \$15 million, with the ability to accept over-subscriptions of up to \$5 million at Investore's discretion (Retail Offer). The Capital Raise was successfully completed with just over 44 million shares issued at \$1.75 per share, equating to \$77.7 million of gross proceeds raised.

The net proceeds of the Capital Raise were used to repay debt, and the available bank facility will then be used to settle the Transaction. As noted previously, the pro forma loan to value ratio is expected to be 41.5% on settlement of the Transaction⁸, below the Board's stated maximum of 48% and well within Investore's bank and bond covenant limits of 65%.

All the shares issued under the Placement were issued under NZX Listing Rule 4.5.1, which permits an issue of shares of up to 15% of the issued share capital of Investore in any 12-month period without prior shareholder approval. In addition, some of the shares issued under the Retail Offer were issued under this Listing Rule, being those shares issued to each shareholder who applied for, and was issued, more than \$15,000 worth of shares. The shares issued under Listing Rule 4.5.1 under the Placement and the Retail Offer were together equal to approximately 15% of the issued capital of Investore as at 19 November 2019.

Resolutions 2 and 3 are being proposed by the Directors to seek shareholder ratification of the prior issue of shares under Listing Rule 4.5.1. If shareholders pass Resolutions 2 and 3, Investore's capacity to issue shares under this Rule up to the 15% placement limit will be refreshed. In other words, Investore will again be able to issue up to 15% of the number of shares currently on issue without prior shareholder approval, should Investore wish to undertake a further placement of shares in the next 12 months.

Failure to pass Resolutions 2 and 3 will not affect the validity of the shares issued under the Placement and the Retail Offer but will reduce the number of shares that can be issued by Investore under Listing Rule 4.5.1 for 12 months from the respective date of issue of the shares under the Placement and the Retail Offer.

Slide 14 – Why Support this Transaction?

This Transaction provides a positive step in securing investment opportunities that are consistent with Investore's investment mandate and supports Investore's goal to deliver total returns to shareholders over the medium to long term that are typically highly resilient across a wide range of market conditions.

This is consistent with the conclusion of the independent Appraisal Report prepared by Northington Partners for the benefit of Investore shareholders (other than Stride Property and those shareholders associated with Stride Property).

8. See footnote 6.

Northington Partners' view reflects the following key considerations:

- **Strategic Fit** – The proposed transaction aligns with Investore's stated strategic objective of continuing to invest in large format retail property. Northington Partners observes that in the case of Bunnings Mt Roskill, this asset is a natural fit and originally intended to be part of Investore's portfolio at the time of listing. For Mt Wellington and Bay Central shopping centres, these assets have some LFR characteristics and are consistent with the broader definition of large format retail.
- **Purchase Terms** – The \$140.75 million purchase price is supported by the independent market valuations prepared by Savills (NZ) Limited, and the acquisition price results in portfolio valuation metrics that are consistent with the existing portfolio, taking account of differences in location, tenant quality and key lease terms.
- **Financial Impact** – The Transaction, together with the Capital Raise, is expected to result in an increase in DPPS in FY21.
- **Operational Impact** – The Transaction introduces new high-quality nationally recognised tenants to Investore's property portfolio, reduces Investore's tenant exposure to Countdown, maintains Investore's relationship with Bunnings, and increases geographical exposure to growth areas like Auckland and Tauranga.

Northington Partners concluded that the terms and conditions of the Transaction are fair to shareholders of Investore not associated with Stride Property.

On this basis, the Board (constituted by the independent Directors) recommends the Transaction to shareholders for approval and encourages shareholders to vote in favour of Resolution 1. The Board (constituted by the independent Directors) considers that the Transaction is in the best interests of Investore and its shareholders.

Ends

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