

Investore Property Limited

Rental Reviews – Correction of Market Information

Investore Property Limited (Investore) refers to a recent market report regarding the rental review mechanisms for Investore's properties, which we understand is primarily concerned with those properties which are tenanted by General Distributors Limited, trading as Countdown. This report suggested that at future rental review dates, rentals can be reset downwards. Investore wishes to provide information to ensure that the market has correct information.

Of the 33 lease agreements that Investore has with Countdown, 31 contain a "hard ratchet" clause, meaning that at each rental review date, base rentals cannot fall below the immediately preceding base rental. Rental reviews occur every five years, with the revised rental being calculated as the sum of the previous Base Rental plus the average of Turnover Rental payable during the three years immediately preceding the rental review date. In addition, the majority of leases contain an initial fixed uplift of 5% at the first rent review; however three leases provide for a minimum fixed uplift of 5% at each five year rent review throughout the initial term of the lease. The Company further confirms that this hard ratchet clause will continue to apply to all future terms following rights of renewal.

There are two Countdown leases that contain a market rent review provision, although in both cases the rent cannot fall below the rent applying at the start of the lease. One of these leases, at Anglesea Street in Hamilton, is due to expire in January 2019 and the other, at Fenton Street in Rotorua, had the rental reviewed to market in September 2015 which resulted in an increase of 2.0%. This lease is due for another market review in September 2018 and expires in August 2020.

End

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