

Investore Property Limited - Capital management initiatives and three Bunnings assets due for acquisition

- Investore's capital management programme sees a repositioning of the portfolio
- Optimisation of portfolio, with agreement reached with Stride for the acquisition of three Bunnings assets and selected disposals planned
- Acquisition to deliver initial yield of 6.13% and structured growth of fixed 2.5% p.a. rental uplift
- Board exploring possible share buy-back and bond offering
- Guidance of 7.46 cps cash dividend for FY18 remains unchanged

Delivering on Strategic Objectives

Investore Property Limited (**'Investore'**) is pleased to announce an agreement has been reached with Stride Property Limited (**'Stride'**), for the purchase of three Bunnings properties at Hamilton, Rotorua and Palmerston North, for \$78.5 million at an initial yield of 6.13%. This transaction is subject to Investore shareholder approval.

Investore was initially established by Stride and was listed in 2016, with a clear investment strategy to acquire a portfolio of large format retail properties, a segment of the market identified as offering unique investment attributes. With this investment mandate clearly established, the Board's focus has been to look for further opportunities to expand Investore's portfolio and to enhance shareholder returns by optimising capital structure. Investore believes that the combination of the proposed acquisition, the capital management initiatives being considered, which include options around the implementation of a share buy-back scheme and a bond issue, and repositioning of the portfolio, delivers on this strategy.

As signalled in Investore's Product Disclosure Statement for its initial public offering (**'IPO'**) of ordinary shares dated 10 June 2016, Stride had intended to transfer its remaining large format retail properties to Investore. However, ownership of the identified assets was retained by Stride, as the terms of transfer for the properties could not be agreed with the tenant, Bunnings Limited, within the timeframe required to align a divestment with the timing of the IPO of Investore.

Shareholder Approval Sought at Special Meeting

The transaction with Stride will be a 'Material Transaction' for the purposes of the related party rules of the NZX Main Board Listing Rules, and therefore subject to approval by Investore shareholders. A special meeting of shareholders will be arranged and details will be provided to shareholders in due course. The Board will recommend that shareholders approve the transaction at that meeting. If approved, the effective date for the settlement of the proposed acquisitions will be 28 February 2018. Northington Partners has been engaged to prepare an Independent Appraisal Report (**'IAR'**) in accordance with the requirements of the NZX Main Board Listing Rules, to provide an overall assessment of the merits of the transaction. The IAR will accompany the notice of meeting to be sent to shareholders.

Acquisition Details

Mike Allen and Kate Healy, the independent directors of Investore, managed the sale and purchase agreement negotiation with the Stride Board and received independent valuations from Jones Lang Lasalle. The valuations support the \$78.5 million acquisition price.

The acquisition of this Bunnings' portfolio will provide diversification to the tenant mix reducing the Countdown concentration from 81% (as at 30 September 2017) to 73%, with Bunnings equating to 10% of the portfolio contract rental.

The Bunnings' portfolio will be leased on new twelve year lease terms and provide a higher proportion of structured growth into Investore's portfolio with a fixed 2.5% per annum rental uplift. With an expected settlement date of 28 February 2018, being one month prior to year-end, the Board reconfirm guidance of 7.46 cents per share to shareholders for the 2018 financial year. Guidance for the 2019 financial year is expected to be provided contemporaneously with the announcement of Investore's annual 2018 results.

Following settlement of these properties the bank loan to value ratio ('LVR') is expected to increase from approximately 39% to 46%. Although this is below the targeted maximum LVR ratio of 48%, Investore is planning on disposing up to three properties to provide balance sheet capacity for future activities, including capital expenditure works and is exploring the options around the implementation of a potential share buy-back scheme. In addition, the Board is also considering a bond issue.

The Chairman of the Board of Investore, Mike Allen, noted that, "Consistent with discussions with shareholders at the recent 2017 Annual Meeting, key strategies highlighted for the remainder of the financial year was to source further investment opportunities that are consistent with Investore's Investment Mandate and to continue to regularly review and rebalance the existing portfolio to ensure its performance is consistent with Investore's primary investment objective. We are very pleased to have delivered on this and in doing so, continue to support the 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".

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