



Slide 1 - Special Meeting of Shareholders

Good morning ladies and gentlemen.

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

On behalf of the Board of Directors, it is my great pleasure to welcome you to the Special Meeting of Investore's Shareholders and thank you for your participation at this meeting.

Before we proceed any further, I would like to cover off a few points of housekeeping and safety. As a matter of courtesy please turn your mobile phones to silent.

In the event of an emergency or if we need to evacuate the building, the fire exits are at the back of the room. Please follow the directions of the Royal Yacht Squadron staff and make your way out of the building, towards the assembly point outside the eastern entrance to the roundabout, situated in the carpark. Bathrooms are located on the mezzanine floor to the left across from the bar, see the second and third door. In case of a medical emergency, your first point of call is a member of staff.

Before we progress to the order of business for the Special Meeting, I would like to introduce you to your Directors and the Executive representatives, who are seated next to me:

- **Kate Healy:** Kate is an independent Director of Investore Property Limited.
- **John Harvey:** John is a Director of the Stride Property Group entities and is a Stride Investment Management Limited nominee Director for Investore.
- **Tim Storey:** Tim is also a Director of the Stride Property Group entities and is a Stride Investment Management Limited nominee Director for Investore.

And alongside the Directors, we also have representatives of the Manager, Stride Investment Management Limited:

- **Philip Littlewood**, Chief Executive Officer;
- **Jennifer Whooley**, Chief Financial Officer; and
- **Louise Hill**, General Manager Corporate Services and Company Secretary of Investore.

I also welcome:

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

Moving to the formalities of the meeting, I record that the Notice of this Special Meeting of Investore Property Limited was dispatched to shareholders and the Company's auditors on 23 January 2018.

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 the Bunnings Transaction, which is the proposed acquisition of three Bunnings operated properties, located at Hamilton, Palmerston North and Rotorua, from Stride Property Limited, for a purchase price of \$78.5 million.

As advised in Investore's NZX market announcement on 13 November 2017, the Bunnings 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.

By way of the order of events today, I will provide:

- Background to the Bunnings Transaction and an overview of how the transaction aligns with Investore's strategic intent.
- Further details on the key elements of the transaction that make it a Material Transaction with a related party under the NZX Listing Rules requiring Investore shareholder approval.
- Insights into the process the Investore Board implemented to ensure the negotiation with Stride Property Limited was conducted on an independent, arms' length basis.
- Details of the transaction, the three properties, the leases and the funding arrangements, including an update on Investore's proposed divestments.
- The rationale for the transaction and why the Board, acting through the independent Directors, is recommending that shareholders support the proposed Bunnings Transaction.

At the conclusion of this overview, there will then be an opportunity for shareholders to raise any questions around the proposed acquisition before the resolution is put to the meeting.

As there is only one item of business for today's meeting, I expect to close the meeting after this matter has been put to shareholders.

After the meeting concludes, please join the Directors and members of the Manager's executive team for light refreshments.

Slide 3 - Chairman's Introduction and Address – Mike Allen

It is my pleasure to stand here today and present the Bunnings Transaction to you.

As set out in the Notice of Special Meeting, the Bunnings Transaction will complete the final phase of Investore's foundational strategic programme, initially signalled to the market in the June 2016 Product Disclosure Statement, for the initial public offering of ordinary shares in Investore.

Slide 4 – Background to the Bunnings Transaction

As you will be aware, Investore was established with a clear investment strategy to invest in large format retail properties, a segment of the market identified as offering unique investment attributes.

Investore was listed on the NZX Main Board in July 2016 following the demerger from Stride Property Limited. Other than in certain specified circumstances, Stride will hold its exposure to large format retail properties through its 19.9% cornerstone shareholding in Investore.

As noted in the IPO Product Disclosure Statement, ownership of four Large Format Retail properties leased to Bunnings were retained by Stride at the time of Investore's IPO, as the terms of transfer for the properties could not be agreed with Bunnings within the timeframe required to align the divestment of these assets with the Investore IPO. If such terms had been agreed with Bunnings prior to the IPO, it is likely that the three properties which are the subject of today's Special Meeting would already be part of Investore's current portfolio.

Currently, Investore's portfolio consists of 39 large format retail properties located in the main urban areas throughout New Zealand. With the investment mandate clearly established, the Board's focus has been to look for further opportunities to expand Investore's portfolio and enhance shareholder returns by optimising capital structure. The Bunnings Transaction delivers on this and will complete the final phase of Investore's foundational strategic programme.

Slide 5 – NZX Announcements - 13 November 2017

On 13 November 2017, the market was informed through separate NZX announcements from both Stride Property Limited and Investore:

- That Stride had completed the re-structure of three of its regional leases with Bunnings at sites located in Hamilton, Palmerston North and Rotorua, with the new leases taking effect from 1 December 2017, with net rental of \$4.81 million per annum and rental growth of 2.5% per annum over an initial term of 12 years; and
- That subsequent to the restructure of the three leases, Investore and Stride had entered into a conditional agreement for the acquisition by Investore of the three regional large format retail properties, for the purchase price of \$78.5 million, which would require Investore shareholder approval.

Slide 6 – NZX Listing Rule Requirements

Shareholder approval is required for the Bunnings Transaction, as the transaction is a Material Transaction with a related party under the NZX Listing Rules. The details of the Related Party rules, its application to this transaction and voting restrictions on Stride and its Associated Persons, is 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 as a related party transaction are:

- **Materiality** – The Bunnings Transaction is deemed to be a “Material Transaction”, as the purchase price of \$78.5 million is in excess of 10% of Investore's average market capitalisation, being approximately 22% of Investore's average market capitalisation on the date the transaction was announced; and

- ***The relationship between the parties*** – Stride is a Related Party of Investore, due to its 19.9% shareholding in 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 is prepared by an independent adviser who is tasked with assessing the fairness of the Bunnings Transaction to all shareholders not associated with Stride. Both the Notice of Special Meeting and the Independent Appraisal Report were reviewed and approved by NZX prior to distribution.

Slide 7 – 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 and was discussed in detail in the IPO Product Disclosure Statement.

Throughout the negotiations with Stride, the Board of Investore was cognisant of adopting an independent and robust transaction process, delivering the best outcome for shareholders.

The standing conflicts protocols of Stride Investment Management, as manager of Investore, was applied in negotiating the Bunnings Transaction with Stride Property Limited. The Investore Board adopted the following framework in order to ensure an independent process had been implemented:

- The independent Directors of Investore, being Kate Healy and myself, managed the negotiation of the sale and purchase agreement with the Board of Stride Property Limited.
- Independent valuations of the three properties were undertaken by Jones Lang LaSalle, at the request of the independent Directors of Investore, with Stride undertaking a separate valuation process. The valuations supported the \$78.5 million acquisition price.
- Separate legal advisers and firms were appointed for each of Investore, Stride and Stride Investment Management Limited.
- As required by the NZX Listing Rules and our own legal advice, the non-independent Investore Directors, being Tim Storey and John Harvey, abstained from voting on the final resolution to approve the Bunnings Transaction.

Slide 8 – The Bunnings Transaction

Now to the details of the transaction.

The conditional sale and purchase agreement entered into between Investore and Stride on 13 November 2017 is for three large format retail Bunnings operated stores in Hamilton, Palmerston North and Rotorua. All sites are located on main thoroughfares or arterial routes into their respective cities, and no more than 5 km from the CBD in each location. The sites range from 2.83 hectares to 3.16 hectares in size.

The independent valuations received by Investore for each site were: \$28 million for the Hamilton property; \$26.25 million for the Palmerston North property; and \$25.25 million for the Rotorua property. Further details regarding each of the properties can be found on pages 6 and 7 of the Notice of Special Meeting and sections 5.1 and 6.1 of Northington Partners' Independent Appraisal Report.

The aggregate purchase price for the three Bunnings operated properties of \$78.5 million has an implied passing yield of 6.1% and is fully supported by the combined valuations by Jones Lang LaSalle of \$79.5 million.

All conditions to settlement of the transaction have been satisfied, other than shareholder approval. If approved by shareholders today, the Bunnings Transaction will become unconditional and Investore will pay the \$5 million deposit to Stride, with the remainder of the purchase price payable on settlement, which is expected to occur on 28 February 2018.

An overview of the key terms of the Sale and Purchase Agreement is provided in the Explanatory Notes to the Notice of Special Meeting and section 5 of the Independent Appraisal Report, and I confirm that these are consistent with what would typically be expected in a commercial transaction of this nature and size.

For completeness, should the Bunnings Transaction not be approved by shareholders today, the Bunnings Transaction cannot proceed. In such circumstances, there will be no financial penalties for Investore under the Sale and Purchase Agreement.

Slide 9 – The Leases

A key feature of these properties are the leases with Bunnings.

As previously noted, Stride recently renegotiated the terms of the leases with Bunnings, which took effect on 1 December 2017. The key elements of the leasing arrangements that will be acquired by Investore with the properties are:

- An initial term of 12 years from 1 December 2017, with Bunnings having the right to renew the lease for 8 further terms of 6 years, giving a potential total lease term of 60 years.
- Combined net Contract Rental of \$4.81 million per annum, with structured rental growth of 2.5% per annum over the 12 year initial term, following which market reviews will be undertaken at the commencement of the first further term and every second further term thereafter (that is, every 12 years).
- Bunnings may require at any time during the initial term and any subsequent term of the lease (but only once during any such term) upgrade works to be undertaken at the landlord's cost, capped at \$6 million (adjusted for CPI). Any such works undertaken will increase the rent by 6.25% of the cost of the works until any subsequent market rent review.
- Bunnings has a first right of refusal in the event of any proposed sale of the Bunnings properties and also has the right to acquire any of these properties during the sixth further term (that is, in year 48 of the lease), on the assumption that a new six year lease term is in place.

Slide 10 – Transaction Funding and Capital Management

As discussed with shareholders at last year's Annual Meeting, Investore is seeking to enhance shareholder returns by optimising its capital structure within a maximum Loan to Value Ratio of 48%. As we reported, the bank Loan to Value Ratio or LVR at 30 September 2017 was sitting at 39.4%, providing headroom to draw down up to a further \$109 million within our current banking facilities.

If approved by shareholders, the Bunnings Transaction will be funded through Investore's bank debt facilities. Following settlement of these properties, the LVR is expected to increase to 46%, which remains below the Investore Board's maximum LVR of 48%, and is well within Investore's banking covenant limit of 65%.

We signalled in the 13 November 2017 NZX announcement that the gearing level is likely to decrease in the short to medium term via the potential divestment of up to three existing Investore properties.

As an update, we announced on 26 January 2018 that Investore has an unconditional agreement for the sale of its Queenstown property trading as a Fresh Choice, for \$11.1 million, representing an initial yield of 4.8% based on the most recently reported rental as at 31 March 2017. The property's value was \$9.9 million as at 30 September 2017. The transaction is expected to settle on 20 March 2018. In addition, we have commenced the sale process for two additional Countdown properties – one in Hornby, Christchurch and one in Dunedin South. The tender process is due to close on 26 February 2018 and we hope to be in a position to provide a further update to shareholders shortly after that.

These disposals are intended to provide balance sheet capacity for future activities.

Dividend guidance of 7.46 cents per share cash dividend for the year ending 31 March 2018 remains unchanged as a result of the Bunnings Transaction. Guidance for the year ending 31 March 2019 is expected to be provided at the announcement of Investore's FY18 annual results in May 2018.

In addition, as announced to the market on 13 November 2017 as part of the announcement of the Bunnings Transaction, the Board is exploring additional capital management options. The Board will make further announcements in due course if it decides to proceed with any of these initiatives.

Slide 11 – Why support this transaction?

The Bunnings Transaction provides a positive step in securing investment opportunities that are consistent with the Company's investment mandate. It rebalances the existing portfolio to ensure performance is consistent with Investore's primary investment objectives, 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.

If shareholders approve the Bunnings Transaction today, the Bunnings Transaction will:

- Introduce a new high-quality tenant to Investore's property portfolio;
- Provide a higher proportion of structured growth over the 12 year initial term; and
- Provide a level of diversification of Investore's tenant mix. The transaction results in a reduction of the Countdown concentration from 81% to 73% of portfolio gross Contract Rental (measured as at 30 September 2017). Bunnings will then represent 10% of Investore's total portfolio gross Contract Rental, making Bunnings the second largest tenant of Investore.

The Investore portfolio, including the Bunnings properties, will have a Weighted Average Lease Term, or "WALT", of 13.6 years on a pro-forma basis as at 30 September 2017.

At 100% occupancy, with a quality tenant, a long WALT and attractive lease terms, the Board, acting through the independent Directors, believe that the Bunnings Properties are a complementary fit with

Investore's existing property portfolio and will complete the final phase of Investore's foundational strategic programme.

In the Independent Appraisal Report, Northington Partners concluded that the terms and conditions of the Bunnings Transaction are fair to shareholders of Investore not associated with Stride. 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 also concluded that had appropriate lease terms been agreed prior to the IPO, the properties would likely already be included within Investore's portfolio.
- **Acquisition Terms** – The \$78.5 million purchase price represents a 1.3% discount to the aggregate independent market valuations of \$79.5 million assessed by Jones Lang LaSalle, 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.
- **Immediate Financial Impact** – Northington Partners considered that the Bunnings Transaction should result in an increase in distributable profit and potential dividends. While post-transaction gearing will increase from 39% to 46%, it remains below Investore's long-term target of 48% and within Investore's covenant limits. Coupled with possible divestments, Northington Partners noted that Investore will retain sufficient financial flexibility to effectively pursue its current strategy.
- **Operational Impact** – The transaction introduces a new high-quality tenant to Investore's property portfolio, significantly reducing Investore's tenant exposure to Countdown. The Bunnings Transaction also results in portfolio metrics (including WALT, capitalisation rates and occupancy) consistent with Investore's existing portfolio.

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

Before we move to the formal part of the meeting, now is a good time to ask if there are any questions from shareholders on the Bunnings Transaction.

I would like to remind you that only shareholders, proxy holders or shareholder company representatives have a right to speak.

In raising questions, would you please state your name and advise whether you are a shareholder, a proxy holder or a shareholder company representative.

If you have a question, please raise your hand. There are members of the team with a microphone in the aisles, please use these so we may all hear your question.

Do I have any questions from the floor?

Thank you, ladies and gentlemen.

Slide 12 - Formal Business and Ordinary Resolution – Mike Allen

Let's now move to the formal business of the meeting and consider the resolution set out in the Notice of Special Meeting.

Resolution 1 is an ordinary resolution and to pass requires a simple majority of votes of those shareholders entitled to vote and voting on the resolution.

The resolution presented for consideration today may only be voted on by shareholders, proxy holders, and shareholder company representatives. In accordance with the NZX Listing Rules, Investore will disregard any votes cast by Stride Property Limited or its Associated Persons which will include Directors Tim Storey and John Harvey and the other Stride Directors who hold shares in Investore, except where a Stride Director holds a directed proxy.

Voting on the resolution will be by poll. On a poll, each person voting at the meeting, and each shareholder who has cast a vote by proxy, has one vote for each share held.

To cast your vote, you should tick the relevant box on your voting form.

If you did not bring your voting form with you, you should have been given a voting form at the registration desk on arrival. If you require a voting form, please let one of the Computershare representatives know now.

There are Investore and Computershare representatives in the aisles who have pens available if you require one to complete your form. After voting, you should sign the voting form and place it in one of the boxes which will be passed around the room.

If you are both a shareholder, and a proxy holder or shareholder company representative, please complete a separate voting form for yourself and each other shareholder you represent.

The full text of Resolution 1 is set out in the Notice of Special Meeting and will be voted on in the form proposed in the Notice of Special Meeting provided to shareholders.

I call the Special Meeting of Investore Property Limited to consider the ordinary resolution contained in the Notice of Special Meeting.

I have been provided with a record of the valid proxies received on Resolution 1. Proxy votes have been received from 450 shareholders, who have voted shares totaling 1 16,751,901.

Slide 13 - Resolution 1 – Bunnings Transaction

Resolution 1, I move:

“That the purchase of three Bunnings properties located in Hamilton, Palmerston North and Rotorua for \$78.5 million (excluding GST) by Investore Property Limited from Stride Property Limited (as described in further detail in the Explanatory Notes within the Notice of Special Meeting dated 23 January 2018), be approved.”

Is there any discussion on the resolution?

Please tick the relevant box on your voting form in respect of Resolution 1.

That completes voting on the ordinary resolution. I will now ask for the voting forms to be collected in the boxes being circulated. Before you put your voting form in one of the boxes, please ensure the voting form is signed.

All voting forms should now be in the boxes.

The votes that have been cast will be counted by Investore's share registrar, Computershare and scrutinised by Investore's auditors, PricewaterhouseCoopers. The results of the voting at today's meeting will be released to NZX on the completion of verification by PricewaterhouseCoopers of the voting.

Slide 14 - Thank You

That completes the Special Meeting of Shareholders for Investore. Thank you everyone for your attendance and participation this morning and for your ongoing support of the Company.

I formally declare the meeting closed. Please join us now for refreshments.

* Capitalised terms used in this document which are not otherwise defined have the meaning given to them in the Investore Notice of Special Meeting dated 23 January 2018.

Ends.

For further information please contact:

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