

# Special Meeting of Shareholders

**investore**

Managed by Stride Investment  
Management Limited

8 February 2018

# Agenda

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## Chairman's Introduction and Address

- Background to the Bunnings Transaction
- Requirements of the NZX Listing Rules
- Description of the independent arms' length negotiation process
- Details of the Bunnings Transaction and divestment update
- Rationale for the Board's recommendation to support the Bunnings Transaction

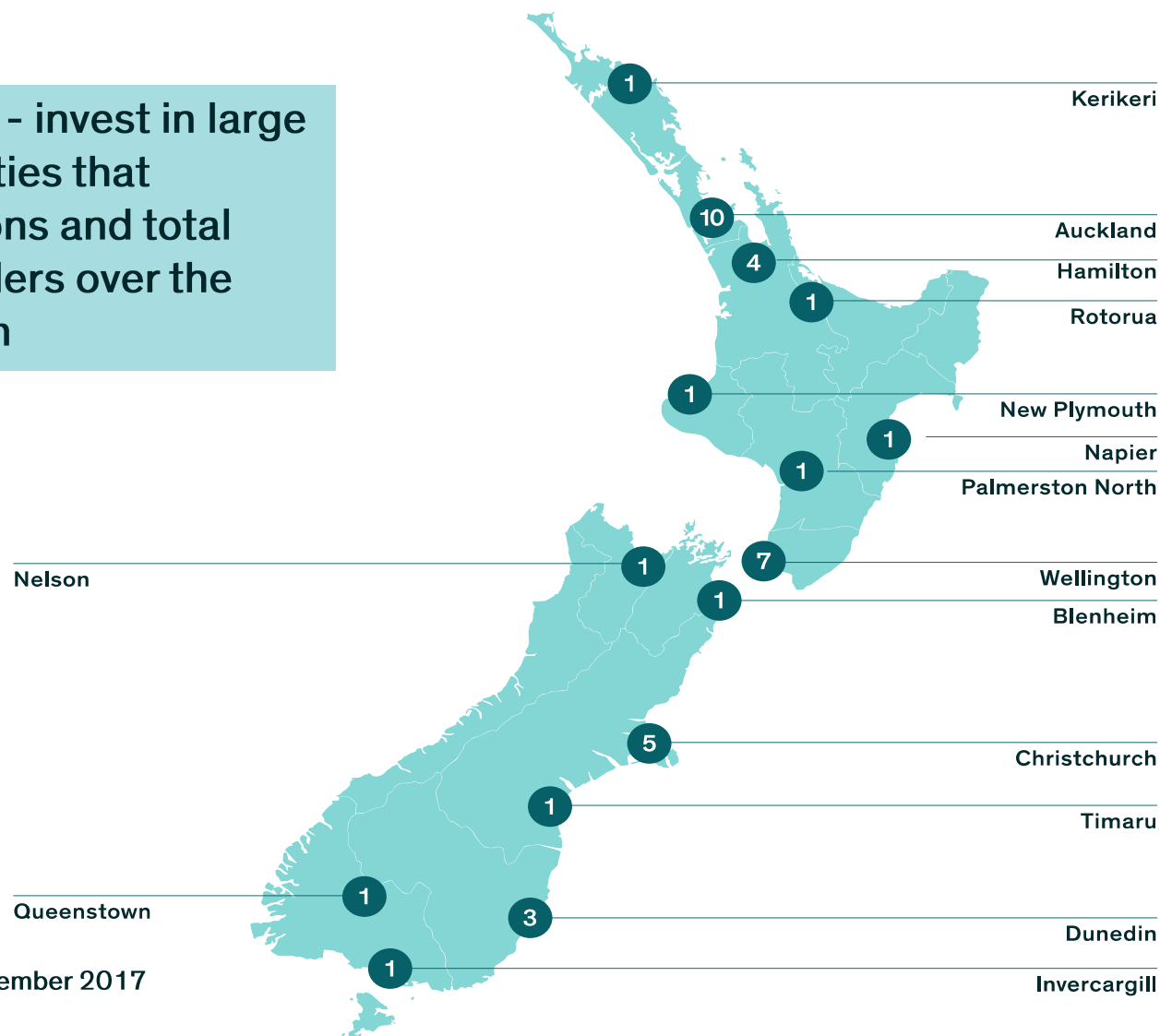
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## Formal Business and Ordinary Resolution

# **Chairman's Introduction and Address – Mike Allen**

# Background to the Bunnings Transaction

Investment strategy - invest in large format retail properties that maximise distributions and total returns to shareholders over the medium to long term



# NZX Announcements - 13 November 2017

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- Stride completed the re-structure of three regional Bunnings leases
- Leases provide net rental of \$4.81m p.a. and rental growth of 2.5% p.a. over 12 years
- Investore agreed to purchase the three Bunnings properties from Stride for \$78.5m
- Shareholder approval required

# NZX Listing Rule Requirements

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**Listing Rule 9.2.1(a) - Related Party transaction requiring shareholder approval**

**Material Transaction - value of the transaction exceeds 10% of Investore's average market capitalisation**

**Stride is a Related Party of Investore, due to its 19.9% shareholding**

**Listing Rule 9.2.5 - Appraisal Report**



# Independent and Robust Transaction Process



**Mike Allen**  
*Chairman &  
Independent Director*



**Kate Healy**  
*Independent  
Director*

- ✓ Independent Directors managed the sale and purchase negotiations
- ✓ Application of the Conflicts Protocol of the Manager, SIML
- ✓ Independently valued by Jones Lang LaSalle at \$79.5m
- ✓ Separate legal advisors acted for Investore and Stride
- ✓ Non-independent Directors abstained from voting on the Bunnings Transaction



**John Harvey**  
*Director  
SIML Appointed*



**Tim Storey**  
*Director  
SIML Appointed*

# The Bunnings Transaction



- Purchase price \$78.5m, \$1m lower than independent valuations
- Settlement Date 28 February 2018
- Aggregate WALT of 11.75 years on settlement



# The Leases

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- ✓ Initial term of 12 years, with Bunnings right to renew for up to a further 48 years (i.e, potential 60 years)
- ✓ Aggregate contract rental of \$4.81m p.a. for initial term
- ✓ Structured rental growth of 2.5% p.a. over initial term, with market rent reviews every 12 years thereafter
- ✓ Bunnings option to upgrade at the landlord's cost (maximum of \$6m), with corresponding rental increases
- ✓ Bunnings has first right of refusal on a proposed sale and right to acquire any or all properties during sixth further term (year 48, i.e, 2065)

# Transaction Funding and Capital Management

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- Acquisition funded through bank debt facilities
- Post settlement LVR to increase from approximately 39% to 46%
- Gearing to decrease through divestments:
  - Unconditional sale secured for Queenstown property for \$11.1m
  - Sale process commenced for two additional properties
- Cash dividend guidance of 7.46cps for year ending 31 March 2018 remains unchanged

# Why Support this Transaction?

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✓ Consistent with investment mandate - delivers total returns to shareholders that are resilient to a range of market conditions

✓ Introduces a new high-quality tenant

✓ Provides a higher proportion of structured growth over the initial term

✓ Diversifies tenant mix

✓ 100% occupancy

✓ Northington Partners concluded that the terms and conditions are fair to Investore shareholders not associated with Stride

# **Formal Business and Ordinary Resolution – Mike Allen**

# Resolution 1 – Bunnings Transaction

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*“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”.*

**Thank You**

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