

investore

Managed by Stride Investment Management Limited

Acquisition and Capital Raise Announcement

19 November 2019

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NZX

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Investore has been designated as a "Non-Standard" (NS) issuer by NZX Limited (NZX). A copy of the waivers granted by NZX from the NZX Main Board Listing Rules dated 1 October 2017 (specifically, Listing Rules 3.3.5 to 3.3.15 and 3.4.3) in respect of Investore's "NS" designation can be found at www.nzx.com/companies/IPL/documents. Until such time as these waivers are reissued by NZX (or 30 June 2020 if these waivers are not reissued by that date), Investore will continue to rely on them under the NZX Regulation Decision dated 19 November 2018 regarding the continuing application of waivers granted under the previous NZX Main Board Listing Rules.

Overview

- Investore Property Limited (Investore) has agreed to acquire three large format retail assets from Stride Property Limited (SPL) for \$140.75 million. The acquisition remains subject to certain conditions, including completion of satisfactory due diligence, Investore Board approval, Investore shareholder approval and approval of the Overseas Investment Office (OIO). Settlement is expected to occur in April 2020, subject to timing of approval from the OIO
- Investore is seeking to raise up to \$80 million through a \$65 million underwritten share placement (Placement) and a \$15 million retail offer by way of a share purchase plan (with ability to accept oversubscriptions under the retail offer of up to \$5 million) (Retail Offer), to support the acquisition
- The net proceeds of the capital raising will be used to repay debt and reduce pro forma LVR as at 30 September 2019 from 40.6% to 30.2%¹, with the available facility headroom then used to settle the acquisition, with LVR expected to return to around current levels
- The number and pricing of new shares being offered under the Placement will be determined via a bookbuild process today with an underwritten floor price of \$1.75
- The Retail Offer will be at a fixed price that is the same as the price paid by investors under the Placement
- FY20 dividend per share guidance is maintained at 7.60 cents per share
- All shares issued under the Placement and Retail Offer will be allotted after the record date for Investore's second quarter dividend on 20 November 2019 and will not participate in that dividend

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| Acquisition of three properties | \$140.75m |
| Capital Raise | \$80m* |
| Key Offer Metrics | \$65m Underwritten Placement |
| | \$15m* Retail Offer |
| Pro forma LVR¹ | 30.2% <i>(post raise)</i> |
| | 41.2% <i>(post raise + acquisition)</i> |

* With the ability to accept oversubscriptions of up to \$5 million.

1. LVR calculated as drawn debt divided by property value (excluding the land lease liability of \$7.6 million as at 30 September 2019), based on 30 September 2019 LVR, as if the capital raise of \$80 million net of costs was used to repay debt as at that date.

Key highlights

| Offer | Acquisition | |
|---|---|---|
| \$80m* capital raise | 99.7% occupancy ² post acquisition | \$140.75m acquisition price for three properties |
| Pro forma LVR ¹ : 30.2% post raise 41.2% post raise + acquisition | 87% Contract Rental ³ from anchor tenants ⁴ post acquisition | Improved tenant diversification with 48 additional tenants 23 new nationally recognised retailers |
| 7.60 cps FY20 cash dividend guidance confirmed | 37,708 sqm increase in net lettable area | |

* With the ability to accept oversubscriptions of up to \$5 million.

1. See footnote 1 on page 4.
2. Calculated as at 30 September 2019, including the three properties to be acquired, and assuming the tenancies subject to the underwrite by the vendor are fully occupied.
3. Contract Rental is the amount of rent payable by each tenant, plus other amounts payable by that tenant to the landlord under the terms of the relevant lease as at 30 September 2019, annualised for the 12 month period on the basis of occupancy level for the relevant property as at 30 September 2019, and assuming (1) the acquisition had settled as at 30 September 2019, (2) no default by the tenant, and (2) the extension to the Bay Central premises had been completed as at 30 September 2019.
4. Anchor tenants are defined as tenants with greater than 2,000 sqm net lettable area.

Offer summary

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| Offer components | <ul style="list-style-type: none">• Underwritten Placement to eligible investors• Retail Offer to all eligible shareholders with a registered address in New Zealand, under which each shareholder can apply for up to \$50,000 of new shares• Structured to be as fair as possible for all existing shareholders. Almost all shareholders (unless restricted due to legal constraints) will be able to participate (through the Placement or Retail Offer). If scaling is required, it will be by reference to existing shareholdings and taking into account Investore's maximum placement capacity under the NZX Listing Rules |
| Gross proceeds | <ul style="list-style-type: none">• \$80 million comprising:<ul style="list-style-type: none">– Placement of \$65 million– Retail Offer of \$15 million (with the ability to accept oversubscriptions up to \$5 million at Investore's sole discretion) |
| Issue price | <ul style="list-style-type: none">• New shares under the Placement will be issued at a price determined via a bookbuild process today with an underwritten floor price of \$1.75• New shares under the Retail Offer will be issued at a fixed price that is the same as the Placement price• The underwritten floor price represents a discount of:<ul style="list-style-type: none">– 7.5% to the last close ex-dividend (\$1.89)– 5.4% to the 5 day VWAP ex-dividend (\$1.85) |
| Ranking | <ul style="list-style-type: none">• New shares will rank equally with Investore shares on issue at the date of issue of the new shares• The new shares will not be able to participate in the 1.90 cents per share dividend payable on 27 November 2019 |
| Stride Property Limited commitment | <ul style="list-style-type: none">• SPL has committed to participate in the Placement with the intention of maintaining its 19.9% shareholding (post Placement but prior to allotment of shares under the Retail Offer) |

Overview of acquisition

Investore's strategy is to invest in quality, large format retail properties throughout New Zealand. It is the only NZX listed company focussed on this asset class, which comprises properties having long-lease terms, high occupancy rates, and nationally recognised retailers

The addition of the three properties to the Investore portfolio supports this strategy, adding exposure to New Zealand's faster growing regions, adding to Investore's rental growth profile and increasing tenant diversification

- The purchase price is \$140.75m payable in cash
- SPL has committed to pay for certain seismic upgrade works on the properties. SPL has also agreed to provide an underwrite in respect of four vacant specialty tenancies for a period of up to two years
- The agreement remains subject to a number of conditions, including Investore Board's satisfaction with due diligence, approval by the Investore Board, approval of Investore shareholders to the acquisition as a related party transaction, and Overseas Investment Office approval. Investore will hold a shareholder meeting in January 2020 to vote on the transaction
- Investore expects the acquisition, combined with the Offer, will be accretive to FY21 distributable profit per share (DPPS) by approximately 2.5%¹, assuming the transaction settles in April 2020
- The transaction has been negotiated on an arms' length basis by Investore's independent directors
- Investore expects settlement to occur in April 2020, subject to obtaining Overseas Investment Office approval by that date. Due to the delay between raising the capital to fund the acquisition and settlement of the transaction, Investore expects to close out approximately \$30 million of interest rate swaps aligned with the timing of the Offer
- Investore continues to consider other acquisition opportunities that are consistent with its investment mandate

1. DPPS accretion has been calculated by comparing Investore's budgeted FY21 DPPS (calculated assuming that the capital raising and acquisition 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 acquisition assuming the conditional transaction occurs; (iii) estimated pro forma impacts of the acquisition financing, assuming the full amount of the capital raising of \$80 million is raised 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 transaction (accounting for both new shares issued under the placement and retail offer).

Key metrics of the properties being acquired¹

| | Property | NLA (sqm) | Tenants | Net Income | WALT ² | Market Cap Rate | Occupancy |
|---|--|-----------|---------|------------|-------------------|-----------------|-------------------|
|  | Mt Roskill (Bunnings) | 11,601 | 1 | \$2.34m | 7.4 years | 4.88 % | 100% Bunnings |
|  | Mt Wellington (anchored by Countdown) | 9,011 | 22 | \$2.62m | 3.1 years | 6.63% | 100% ¹ |
|  | Tauranga (Bay Central) | 17,097 | 29 | \$3.54m | 4.2 years | 6.75% | 100% ¹ |

1. Includes tenancies subject to the underwrite by the vendor.

2. Weighted Average Lease Term as at 30 September 2019.

Acquisition is consistent with our investment strategy

1. Active Portfolio Management

- Strengthens long-standing relationships with existing core tenants including Countdown and Bunnings
- Retains strong portfolio metrics, including occupancy and pro forma WALT¹ of 10.8 years

2. Targeted Growth

- Increases total portfolio value, through adding quality large format retail properties
- Improved tenant diversification with new nationally recognised tenants including Rebel Sport / Briscoes, Hunting & Fishing and Freedom Furniture

3. Continued Portfolio Optimisation

- Opportunity to further develop acquired properties over time through expansion and intensification to meet tenant needs and the surrounding catchment
- Increases exposure to the growing regions of Auckland and Tauranga

4. Proactive Capital Management

- \$80 million Offer announced to support acquisition
- Pro forma LVR following completion of the Offer (but prior to acquisition) of 30.2%² will provide financial capacity with LVR to return to around current levels (41.2%) if the acquisition proceeds

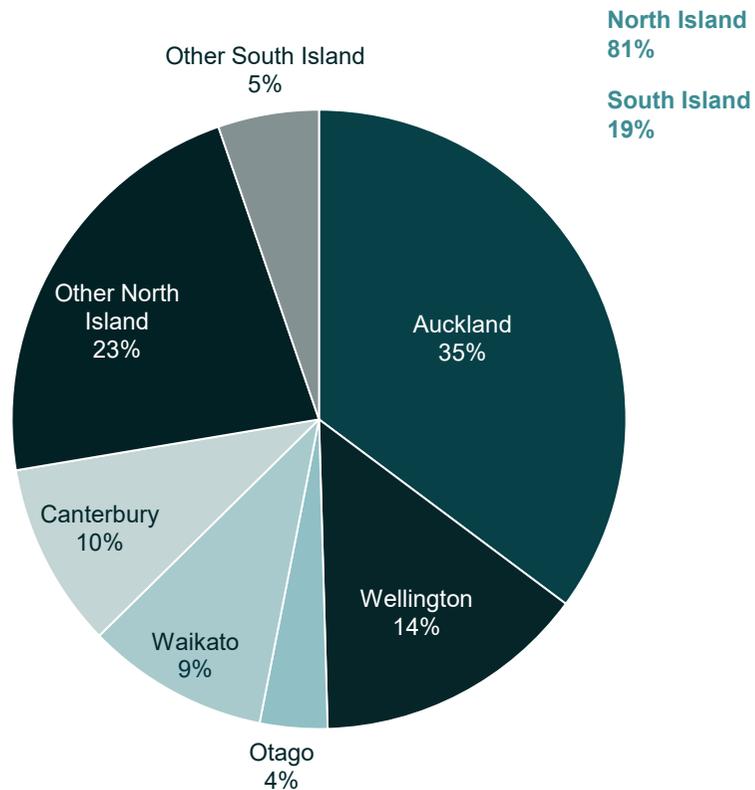
1. Weighted average lease term as at 30 September 2019, assuming the acquisition had settled as at that date,

2. See footnote 1 on page 4.

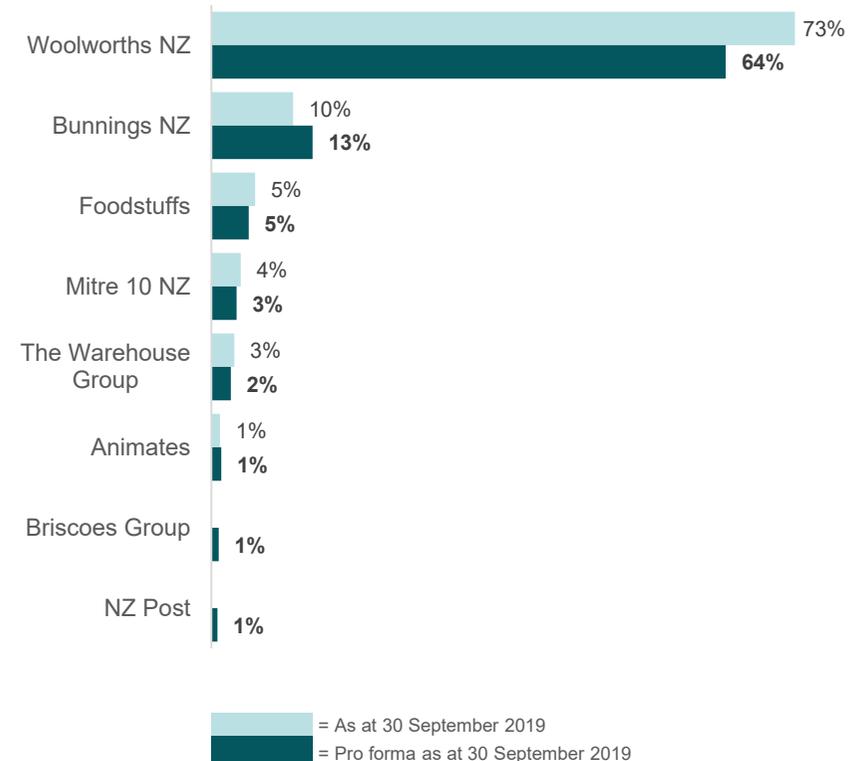
Acquisition improves portfolio mix

Acquisition is consistent with Investore's strategy of targeted portfolio growth by adding additional scale through properties that will enhance tenant diversification and increase geographic exposure to the Auckland region

Pro forma geographic mix¹



Major tenant concentration ²



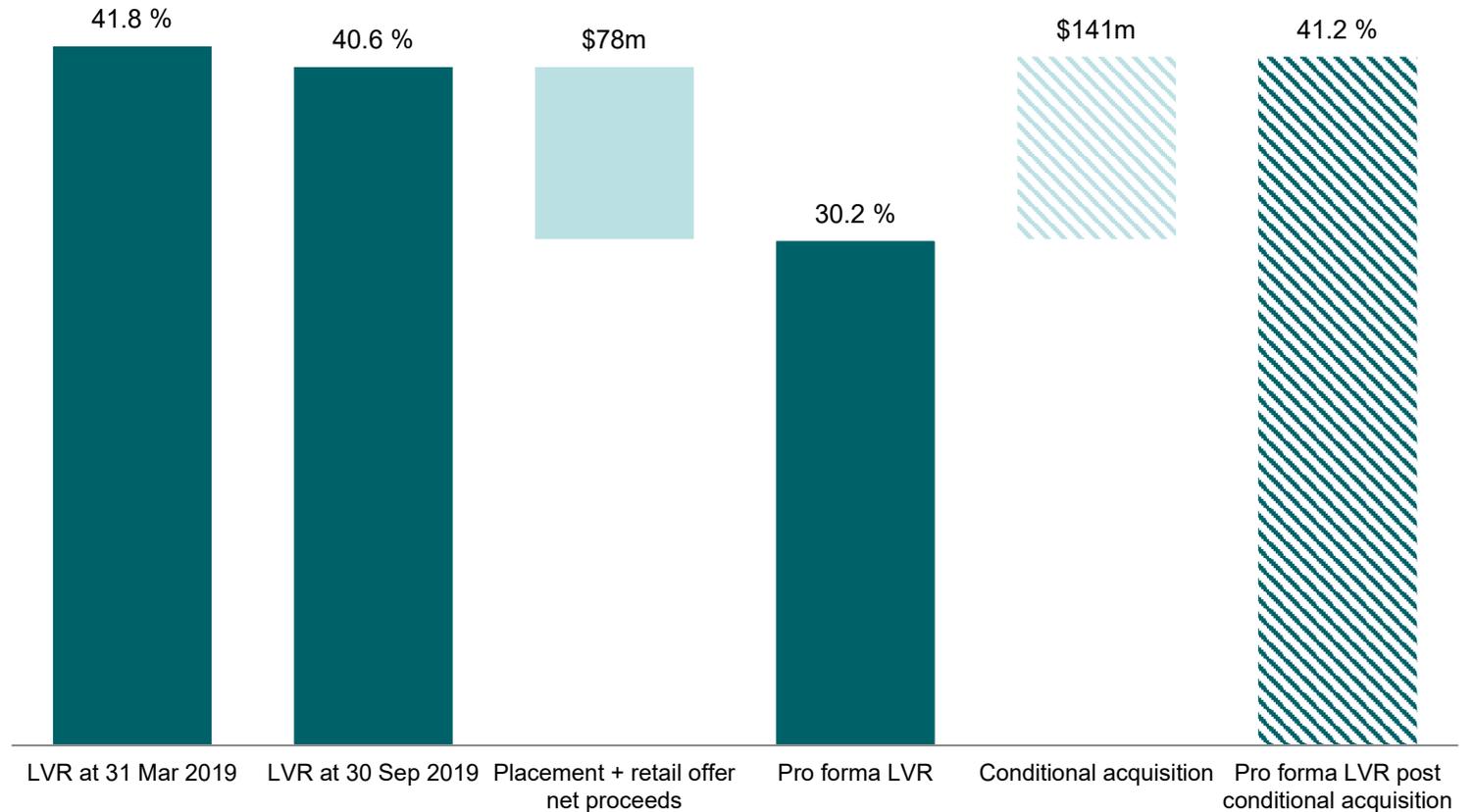
1. Calculated as at 30 September 2019 based on net contract rental assuming the acquisition had settled as at that date.

2. Based on tenants greater than 1% of gross rental income; graph compares Investore's position as at 30 September 2019 against position as at 30 September 2019 and assuming the acquisition had settled as at that date.

Capital raise to fund acquisition

Pro forma LVR

- Net proceeds from the Offer will be used initially to repay bank debt and will reduce pro forma LVR as at 30 September 2019 from 40.6% to 30.2%¹
- If the acquisition from SPL proceeds this would return Investore's LVR to around current levels of ~41%



1. See footnote 1 on page 4.

Offer timetable

Key dates

Date

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| Announcement of capital raise and cleansing notice released to the NZX | Tuesday 19 November 2019 |
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Placement

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| Investore enters trading halt and bookbuild undertaken, price determined | Tuesday 19 November 2019 |
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| Trading halt lifted | Wednesday 20 November 2019 |
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| Placement settlement date, allotment of new shares and trading commences on the NZX | Monday 25 November 2019 |
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Retail Offer

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| Retail Offer record date – 5pm NZT | Monday 18 November 2019 |
|------------------------------------|-------------------------|

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| Expected release of the Retail Offer document and application form, Retail Offer opens | Monday 25 November 2019 |
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|-------------------------------------|---------------------------|
| Retail Offer closing date – 5pm NZT | Wednesday 4 December 2019 |
|-------------------------------------|---------------------------|

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|--|--------------------------|
| Retail Offer settlement date, allotment of new shares and trading commences on the NZX | Tuesday 10 December 2019 |
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Dates above are subject to change and are an indicative only. Investore reserves the right to amend this timetable subject to applicable laws and Listing Rules. Investore reserves the right to withdraw the Offer at any time at its absolute discretion.

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Thank you

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