

# investore

Managed by Stride Investment Management Limited

## Acquisition and Capital Raise Announcement

19 November 2019

# Disclaimer and important notice

This presentation has been prepared by Investore Property Limited (**Investore**) in relation to the placement and retail offer of new shares in Investore (**New Shares**) to be made to:

- Eligible institutional and other selected investors (**Placement**); and
- Eligible shareholders of Investore (**Retail Offer**),

under clause 19 of Schedule 1 to the Financial Markets Conduct Act 2013 (**FMCA**) (the Placement and the Retail Offer, together, are the **Offer**).

## Information

The information in this presentation is of a general nature and does not purport to be complete nor does it contain all the information which a prospective investor may require in evaluating a possible investment in Investore or that would be required in a product disclosure statement for the purposes of the FMCA. Investore is subject to a disclosure obligation that requires it to notify certain material information to NZX Limited (**NZX**). This presentation should be read in conjunction with Investore's other periodic and continuous disclosure announcements released to NZX. No information set out in this presentation will form the basis of any contract.

## NZX

The New Shares will be quoted on the NZX Main Board following completion of allotment procedures. However, NZX accepts no responsibility for any statement in this document. NZX is a licensed market operator, and the NZX Main Board is a licensed market under the FMCA. Investore has been designated as a "Non-Standard" (NS) issuer by NZX.

## Not financial product advice

This presentation does not constitute legal, financial, tax, financial product advice or investment advice or a recommendation to acquire Investore securities, and has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and consult an NZX Firm or solicitor, accountant or other professional advisor if necessary.

## Investment risk

An investment in securities in Investore is subject to investment and other known and unknown risks, some of which are beyond the control of Investore. Investore does not guarantee any particular rate of return or the performance of Investore.

## Not an offer

This presentation is not a prospectus or product disclosure statement or other offering document under New Zealand law or any other law (and will not be lodged with the Registrar of Financial Service Providers). This presentation is for information purposes only and is not an invitation or offer of securities for subscription, purchase or sale in any jurisdiction. Any decision to purchase New Shares in the Retail Offer must be made on the basis of the information to be contained in a separate offer document which will be available following its lodgement with NZX (**Offer Document**). Any eligible shareholder who wishes to participate in the Retail Offer should consider the Offer Document in deciding to apply under that offer. Anyone who wishes to apply for New Shares under the Retail Offer will need to apply in accordance with the instructions contained in the Offer Document and the application form. This presentation does not constitute investment or financial advice (nor tax, accounting or legal advice) or any recommendation to acquire New Shares and does not and will not form any part of any contract for the acquisition of New Shares. This presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. The distribution of this presentation outside New Zealand may be restricted by law. Any recipient of this presentation who is outside New Zealand must seek advice on and observe any such restrictions. Refer to the section "International Offer Restrictions" of this presentation for information on restrictions on eligibility criteria to participate in the Offer.

## Disclaimer

None of Investore, Stride Investment Management Limited (**SIML**), Goldman Sachs New Zealand Limited or their related companies and affiliates including, in each case, their respective shareholders, directors, officers, employees, affiliates, agents or advisors, as the case may be (Specified Persons), have independently verified or will verify any of the content of this presentation and none of them are under any obligation to you if they become aware of any change to or inaccuracy in the information in this presentation.

To the maximum extent permitted by law, each Specified Person disclaims and excludes all liability whatsoever for any loss, damage or other consequence (whether foreseeable or not) suffered by any person from the use of the content of this presentation, from refraining from acting because of anything contained in or omitted from this presentation or otherwise arising in connection therewith (including for negligence, default, misrepresentation or by omission and whether arising under statute, in contract or equity or from any other cause). No Specified Person makes any representation or warranty, either express or implied, as to the accuracy, completeness or reliability of the information contained in this presentation. You agree that you will not bring any proceedings against or hold or purport to hold any Specified Person liable in any respect for this presentation and content of this presentation and waive any rights you may otherwise have in this respect.

## Past performance

Past performance information provided in this presentation may not be a reliable indication of future performance. No guarantee of future returns is implied or given.

## Forward-looking statements

This presentation may contain certain forward-looking statements with respect to the financial condition, results of operations and business of Investore. Forward-looking statements can generally be identified by use of words such as 'project', 'foresee', 'plan', 'expect', 'aim', 'intend', 'anticipate', 'believe', 'estimate', 'may', 'should', 'will' or similar expressions. All such forward-looking statements involve known and unknown risks, significant uncertainties, assumptions, contingencies, and other factors, many of which are outside the control of Investore, which may cause the actual results or performance of Investore to be materially different from any future results or performance expressed or implied by such forward-looking statements. Such forward-looking statements speak only as of the date of this presentation. Investore undertakes no obligation to update these forward-looking statements for events or circumstances that occur subsequent to such dates or to update or keep current any of the information contained herein. Any estimates or projections as to events that may occur in the future (including projections of revenue, expense, net income and performance) are based upon the best judgement of Investore from the information available as of the date of this presentation. Actual results may vary from the projections and such variations may be material. You are cautioned not to place undue reliance on forward-looking statements.

For purposes of this Disclaimer and Important Notice, "presentation" shall mean the slides, any oral presentation of the slides by Investore, any question-and-answer session that follows that oral presentation, hard copies of this document and any materials distributed at, or in connection with, that presentation.

The information and opinions contained in this presentation are provided as at the date of this presentation and are subject to change without notice. Investore reserves the right to withdraw, or vary the timetable for, the Placement or the Retail Offer, without notice.

## Acceptance

By attending or reading this presentation, you agree to be bound by the foregoing limitations and restrictions and, in particular, will be deemed to have represented, warranted, undertaken and agreed that: (i) you have read and agree to comply with the contents of this Disclaimer and Important Notice; (ii) you are permitted under applicable laws and regulations to receive the information contained in this presentation; (iii) you will base any investment decision solely on information released by Investore via NZX (including, in the case of the Retail Offer, the Offer Document; and (iv) you agree that this presentation may not be reproduced in any form or further distributed to any other person, passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

# Contents

---

04	Overview
05	Key Highlights
06	Offer Summary
07	Overview of Acquisition
12	Offer Timetable
13	International Offer Restrictions

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](http://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%<sup>1</sup>, 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

<b>Acquisition of three properties</b>	<b>\$140.75m</b>
<b>Capital Raise</b>	<b>\$80m*</b>
<b>Key Offer Metrics</b>	<b>\$65m</b> Underwritten Placement
	<b>\$15m*</b> Retail Offer
<b>Pro forma LVR<sup>1</sup></b>	<b>30.2%</b> <i>(post raise)</i>
	<b>41.2%</b> <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	
<b>\$80m*</b> capital raise	<b>99.7%</b> occupancy <sup>2</sup> post acquisition	<b>\$140.75m</b> acquisition price for three properties
Pro forma LVR <sup>1</sup> : <b>30.2%</b> post raise <b>41.2%</b> post raise + acquisition	<b>87%</b> Contract Rental <sup>3</sup> from anchor tenants <sup>4</sup> post acquisition	Improved tenant diversification with <b>48</b> additional tenants <b>23</b> new nationally recognised retailers
<b>7.60</b> cps FY20 cash dividend guidance confirmed	<b>37,708</b> 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

<b>Offer components</b>	<ul style="list-style-type: none"><li>• Underwritten Placement to eligible investors</li><li>• 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</li><li>• 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</li></ul>
<b>Gross proceeds</b>	<ul style="list-style-type: none"><li>• \$80 million comprising:<ul style="list-style-type: none"><li>– Placement of \$65 million</li><li>– Retail Offer of \$15 million (with the ability to accept oversubscriptions up to \$5 million at Investore's sole discretion)</li></ul></li></ul>
<b>Issue price</b>	<ul style="list-style-type: none"><li>• 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</li><li>• New shares under the Retail Offer will be issued at a fixed price that is the same as the Placement price</li><li>• The underwritten floor price represents a discount of:<ul style="list-style-type: none"><li>– 7.5% to the last close ex-dividend (\$1.89)</li><li>– 5.4% to the 5 day VWAP ex-dividend (\$1.85)</li></ul></li></ul>
<b>Ranking</b>	<ul style="list-style-type: none"><li>• New shares will rank equally with Investore shares on issue at the date of issue of the new shares</li><li>• The new shares will not be able to participate in the 1.90 cents per share dividend payable on 27 November 2019</li></ul>
<b>Stride Property Limited commitment</b>	<ul style="list-style-type: none"><li>• 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)</li></ul>

# 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%<sup>1</sup>, 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 acquired<sup>1</sup>

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

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 WALT<sup>1</sup> 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%<sup>2</sup> will provide financial capacity with LVR to return to around current levels (41.2%) if the acquisition proceeds

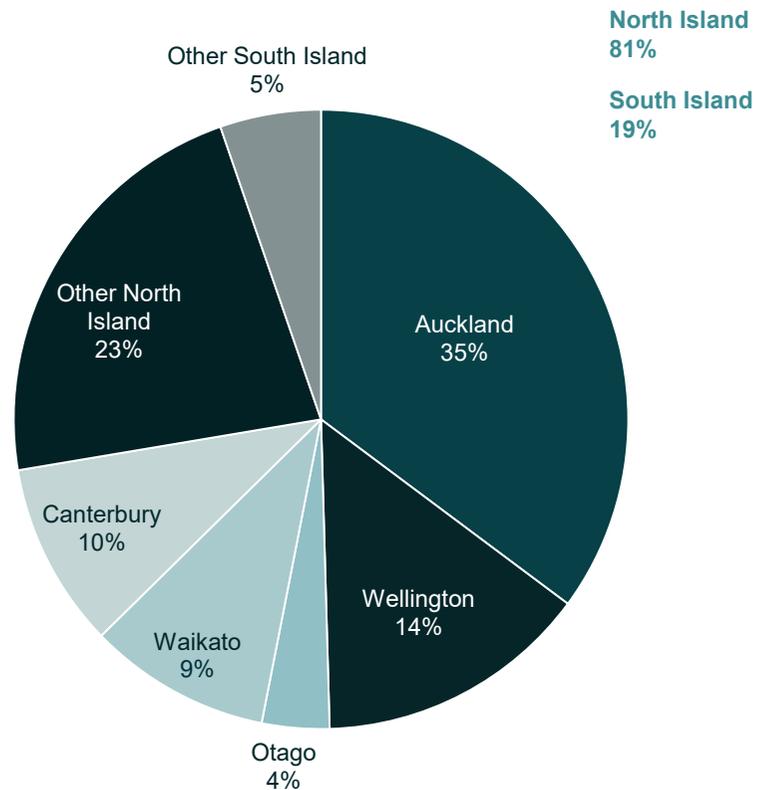
1. Weighted average lease term as at 30 September 2019, assuming the acquisition had settled as at that date,

2. See footnote 1 on page 4.

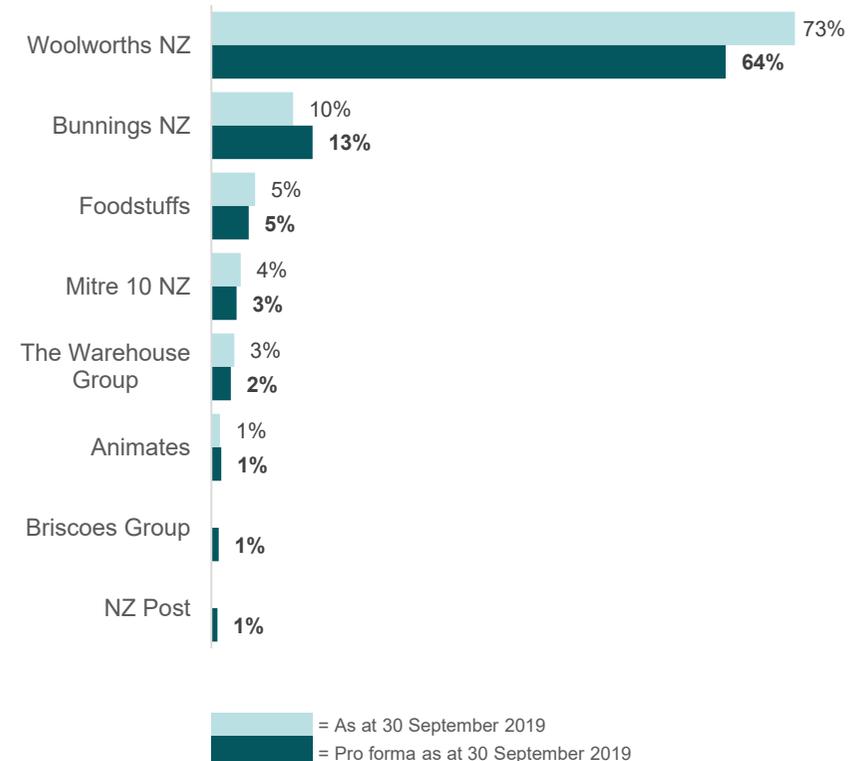
# Acquisition improves portfolio mix

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 mix<sup>1</sup>



Major tenant concentration <sup>2</sup>



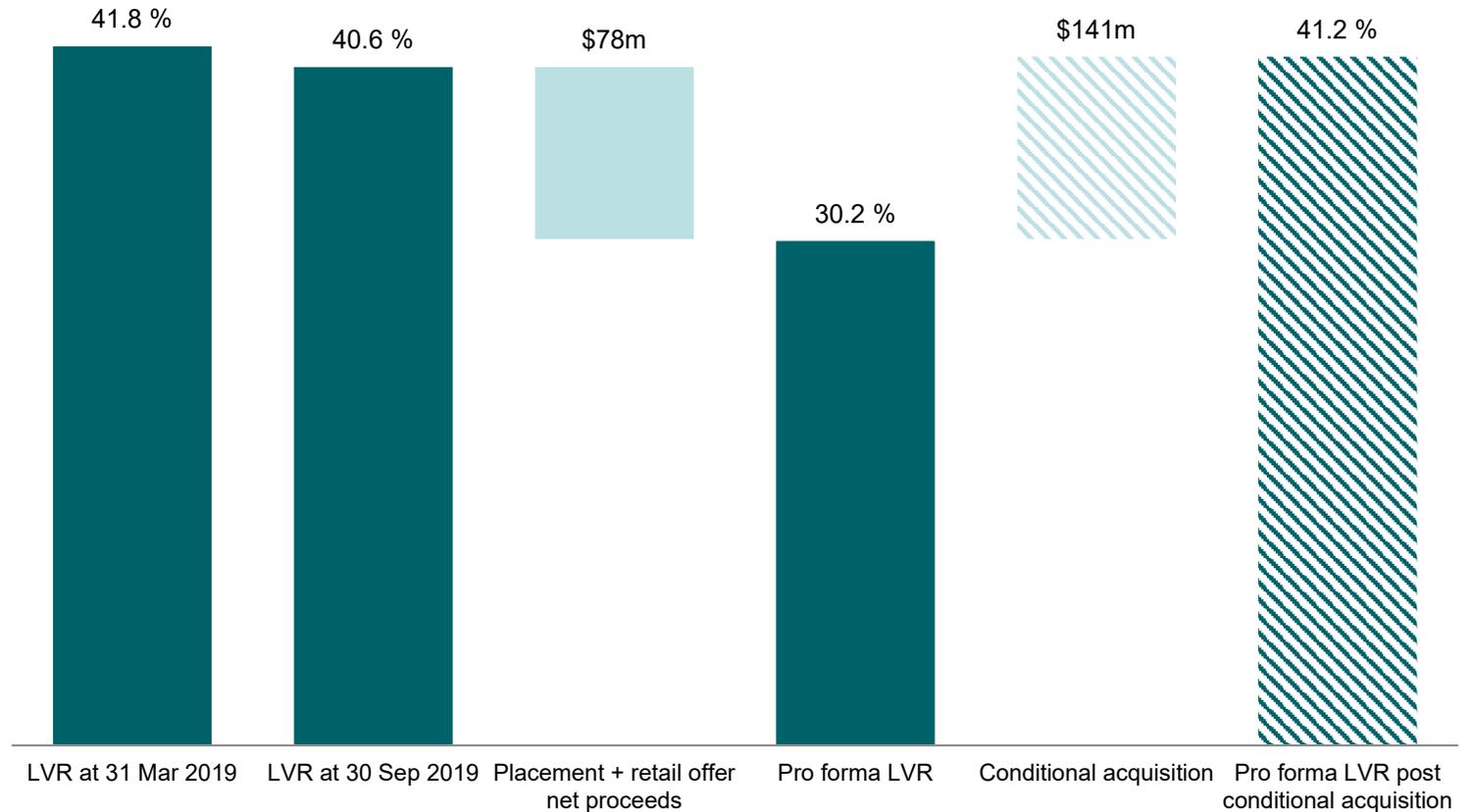
1. Calculated as at 30 September 2019 based on net contract rental assuming the acquisition had settled as at that date.

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%<sup>1</sup>
- 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

---

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

## Placement

---

Investore enters trading halt and bookbuild undertaken, price determined	Tuesday 19 November 2019
--	--------------------------

Trading halt lifted	Wednesday 20 November 2019
---------------------	----------------------------

Placement settlement date, allotment of new shares and trading commences on the NZX	Monday 25 November 2019
---	-------------------------

## Retail Offer

---

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

Expected release of the Retail Offer document and application form, Retail Offer opens	Monday 25 November 2019
--	-------------------------

Retail Offer closing date – 5pm NZT	Wednesday 4 December 2019
-------------------------------------	---------------------------

Retail Offer settlement date, allotment of new shares and trading commences on the NZX	Tuesday 10 December 2019
--	--------------------------

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.

# International offer restrictions

## United States

This document must not be distributed or released in the United States. The New Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the U.S. Securities Act) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold, directly or indirectly, in the United States, unless they have been registered under the U.S. Securities Act, or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable state securities laws.

## Permitted jurisdictions

This document does not constitute an offer of New Shares of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside New Zealand except to the extent permitted below:

### Australia

This document and the offer of New Shares are only made available in Australia to persons to whom an offer of securities can be made without disclosure in accordance with applicable exemptions in sections 708(8) (sophisticated investors) or 708(11) (professional investors) of the Australian Corporations Act 2001 (the Corporations Act). This document is not a prospectus, product disclosure statement or any other formal "disclosure document" for the purposes of Australian law and is not required to, and does not, contain all the information which would be required in a "disclosure document" under Australian law. This document has not been and will not be lodged or registered with the Australian Securities & Investments Commission or the Australian Securities Exchange and the issuer is not subject to the continuous disclosure requirements that apply in Australia.

Prospective investors should not construe anything in this document as legal, business or tax advice nor as financial product advice for the purposes of Chapter 7 of the Corporations Act. Investors in Australia should be aware that the offer of New Shares for resale in Australia within 12 months of their issue may, under section 707(3) of the Corporations Act, require disclosure to investors under Part 6D.2 if none of the exemptions in section 708 of the Corporations Act apply to the re-sale.

### Hong Kong

**WARNING:** This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the SFO). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong

other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

## Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the SFA), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

# Thank you

---

**Investore Property Limited**

**Level 12, 34 Shortland Street  
Auckland 1010, New Zealand**

**PO Box 6320, Wellesley Street  
Auckland 1141, New Zealand**

**P +64 9 912 2690**

**W [investoreproperty.co.nz](http://investoreproperty.co.nz)**