

investore

Managed by Stride Investment
Management Limited

Investore Property Limited

Retail Bond Presentation

5 March 2018

Arranger & Joint
Lead Manager



Joint Lead
Managers



DeutscheCRAIGS



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This presentation has been prepared by Investore Property Limited (Investore) in relation to the offer of senior secured fixed rate bonds described in this presentation (Bonds). Investore has lodged a Product Disclosure Statement dated 5 March 2018 (PDS) with the Registrar of Financial Service Providers in New Zealand (Registrar) and made available the information on the register of offers of financial products administered by the Registrar (Register Entry) (the PDS and the Register Entry, together the Offer Materials) in respect of the offer of Bonds (Offer). Investore is undertaking the Offer in accordance with the simplified disclosure offer regime set out in regulation 49G of the Financial Markets Conduct Regulations 2014, which provides that the Offer Materials are not required to contain certain information. The Offer Materials contain details of the Offer and other material information in relation to the Offer and should be read before any investment decision is made. Investore is subject to a disclosure obligation that requires it to notify certain material information to NZX Limited for the purposes of that information being made available to participants in the market (which can be found by visiting www.nzx.com/companies/IPL). You should also read those NZX announcements. Capitalised terms used in this presentation but not defined bear the meaning given to that term in the PDS.

A copy of the PDS is available through www.companiesoffice.govt.nz/disclose (OFR12328) or by contacting the Joint Lead Managers. No applications will be accepted or money received unless the applicant has been given the PDS.

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Application has been made to NZX for permission to quote the Bonds on the NZX Debt Market and all the requirements of NZX relating thereto that can be complied with on or before the date of this presentation have been duly complied with. However, the Bonds have not yet been approved for trading and NZX accepts no responsibility for any statement in this presentation. NZX is a licensed market operator and the NZX Debt Market is a licensed market, each regulated under the Financial Markets Conduct Act 2013.

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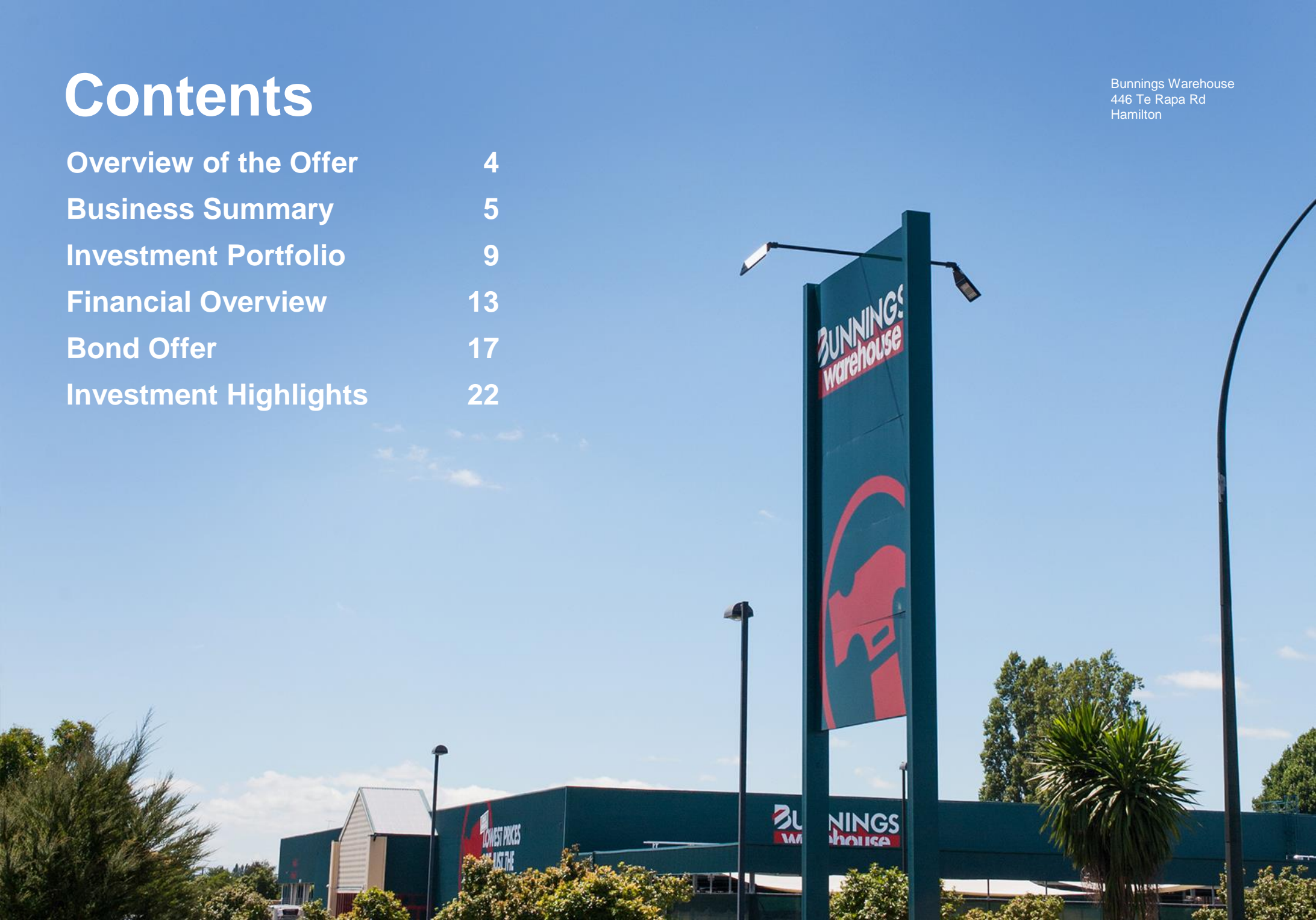
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Bunnings Warehouse
446 Te Rapa Rd
Hamilton

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Overview of the Offer

- Investore is offering up to \$75m (plus up to \$25m in oversubscriptions) of senior secured fixed rate 6 year Bonds
- The net proceeds of the Offer will be used to repay a portion of Investore's existing bank debt, providing diversification of funding sources and extending the tenor of Investore's debt
- The Bonds will be secured by first ranking Mortgages granted by Investore over all of its properties as at the Issue Date and by security interests over Investore's other assets under a General Security Deed (subject to limited exceptions)
- The indicative Issue Margin and minimum Interest Rate on the Bonds will be announced on or about 12 March 2018. The Interest Rate on the Bonds is expected to be set on 20 March 2018
- The Bonds are expected to be quoted on the NZX Debt Market on 19 April 2018

Business Summary

Countdown
Browns Bay
Auckland



Overview and Credit Strengths

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Investore Property Limited

- New Zealand's only NZX listed property company with an investment focus on large format retail property
- Total property portfolio of \$738.3m¹

Geographically diversified portfolio

Credit Strengths

- Long term leases – average WALT of 13.1 years¹
- 99.9% occupancy rate¹
- Nationally recognised, quality tenants – Countdown, Bunnings, PAK'nSAVE, Mitre 10, Animates

Dependable income streams

STRIDE^P

Managed by SIML

Stride Investment Management Limited

- Specialised real estate investment management with proven capability
- Stapled with Stride Property Limited, which holds a 19.9% cornerstone shareholding in Investore
- \$2.1b assets under management
- 100+ employees

Strong management and corporate governance

¹ As at 30 September 2017, adjusted for material events since 30 September 2017, as described on page 10 of this presentation. The WALT and occupancy rate are calculated as at the date of this presentation, excluding the two properties subject to unconditional sale agreements referred to on page 10 of this presentation. Those sales are expected to settle prior to the Issue Date

Long lease terms

High occupancy

**Nationally recognised
tenants**

Large format retail

- Large, free-standing, rectangular and generally single-floor structures
- Lower maintenance and capital expenditure requirements
- Anchor tenant or tenants typically occupy more than 90% of net lettable area and provide 90-100% of the rental income
- Uses include grocery, retail and trade hardware, general merchandise and convenience retailing

Portfolio management strategy

- ✓ Acquiring additional properties adjoining existing Investore properties
- ✓ Acquisitions which enhance geographical and/or tenant diversification
- ✓ Maintaining balance sheet capacity with considered divestments

Active Management



Investment Portfolio



Portfolio Update

Material events subsequent to 30 September 2017 interim reporting period:

- **Property acquisitions:** Investore purchased four properties for an aggregate purchase price of \$79.5m (of which \$78.5m was funded by debt)
- **Property disposals:** Investore agreed to sell two properties for an aggregate sales price of \$32.6m (before disposal costs). These agreements are unconditional and expected to be settled prior to the Issue Date. The net proceeds of those sales will be used to repay a portion of Investore's bank debt
- **Expected revaluation movement:** Investore has obtained preliminary valuations from independent valuers in connection with the Offer. The preliminary valuations indicate that as at 31 March 2018 the property portfolio (excluding the two properties subject to unconditional sale agreements) is expected to have a value of \$738.3m, a net increase of 3.2% compared to the total value of those properties as at 31 March 2017 and including those properties acquired during the year¹

	30 Sep 17 interim financial statements	Property acquisitions	Property disposals	Expected revaluation movement	Adjusted balances
Investment properties	\$662.7m	+\$79.5m	-\$29.3m	+\$25.5m	\$738.3m
Drawn debt	\$261.0m	+\$78.5m	-\$32.1m	No impact	\$307.4m
Loan to Value Ratio	39.4%				41.6%

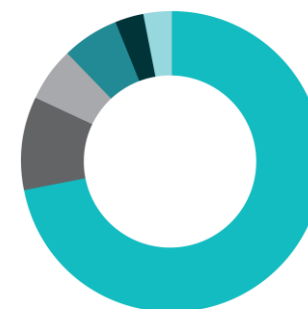
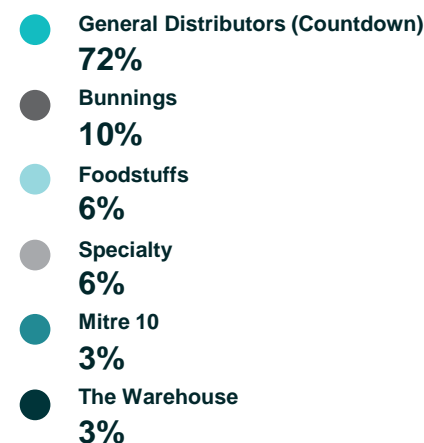
¹ These preliminary valuations have been reviewed and approved by the Board but remain subject to finalisation by the relevant issuing valuers and audit on or after 31 March 2018. Further details will be released by Investore as part of its annual results announcement for the year ended 31 March 2018

Values in the above table may not sum accurately due to rounding

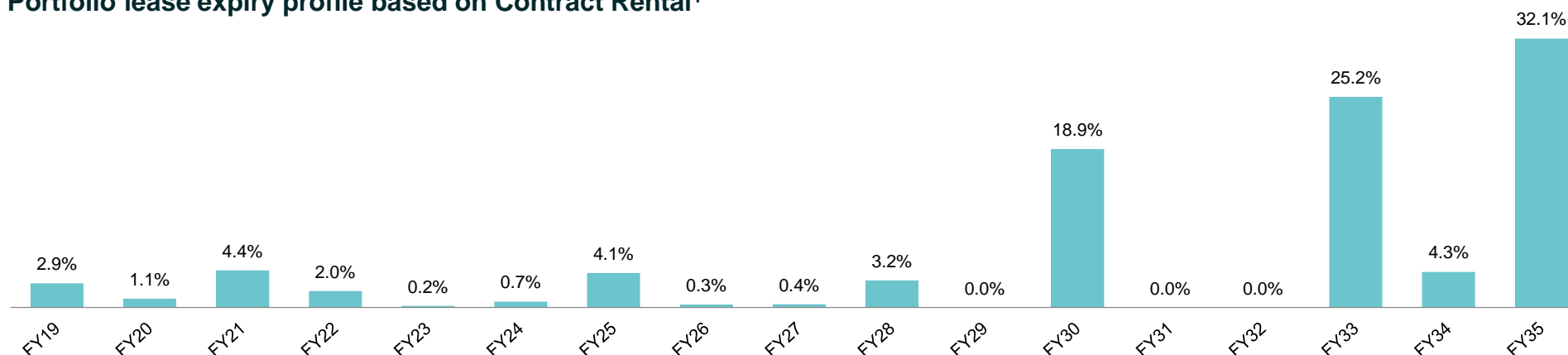
Portfolio Summary

Overview	As at 30 Sep 17	Adjusted ¹
Properties	39	40
Tenants	74	78
Net lettable area (sqm)	174,702	209,980
Occupancy rate (by area)	99.9%	99.9%
WALT (years)	13.8	13.1
Property valuations	\$662.7m	\$738.3m
Average property value	\$17.0m	\$18.5m

Tenant diversification based on Contract Rental¹



Portfolio lease expiry profile based on Contract Rental¹



¹ Refer footnote 1, page 6. Tenant diversification is calculated as at the date of this presentation, excluding the two properties subject to unconditional sale agreements referred to on page 10 of this presentation. Those sales are expected to settle prior to the Issue Date

Values in the above chart may not sum accurately due to rounding

Geographic Diversification

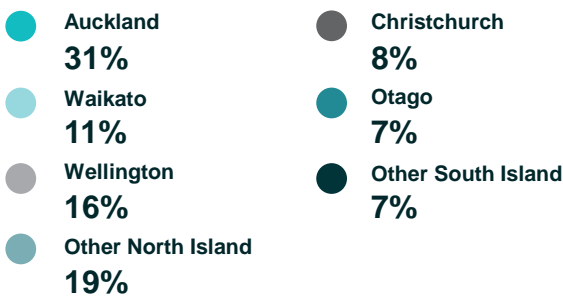
Diversification improving with active management

- 56% of Contract Rental from main centres vs 44% from regional centres¹
- Development of regional assets such as Invercargill Animates
- Further development opportunities at recently acquired Timaru properties

Portfolio by location¹



Geographic diversification based on Contract Rental¹



¹ Refer footnote 1, page 6. Geographic diversification is calculated as at the date of this presentation, excluding the two properties subject to unconditional sale agreements referred to on page 10 of this presentation. Those sales are expected to settle prior to the Issue Date

Values in the above chart may not sum accurately due to rounding

Financial Overview



Financial Highlights

For the six months ended 30 September 2017¹

- Net rental income of \$22.2m (FY17: \$35.0m)
- Corporate expenses of \$2.7m (FY17: \$4.7m)
- Profit before other income and income tax of \$13.6m (FY17: \$17.1m)
- Profit after income tax of \$11.6m (FY17: \$28.5m)
- Distributable profit³ after income tax of \$10.4m (FY17: \$17.6m)
- Annual cash dividend guidance of 7.46cps for FY18

	As at 30 Sep 17	Adjusted ²
Investment Properties	\$662.7m	\$738.3m
Total Assets	\$669.1m	\$744.8m
Bank Borrowings (\$370m facility available)	(\$261.0m)	(\$307.4m)
Total Liabilities	(\$264.0m)	(\$310.4m)
Equity	\$405.1m	\$434.3m
Loan to Value Ratio	39.4%	41.6%

¹ Values for the six months ended 30 September 2017 are based on the unaudited numbers in the interim financial statements

² Refer footnote 1, page 6

³ Distributable profit is a non-GAAP financial measure adopted by Investore to assist Investore and its investors in assessing Investore's profit available for distribution. It is defined as profit/(loss) before income tax adjusted for non-recurring and/or non-cash items (including non-recurring adjustments for incentives payable to anchor tenants for lease extensions) and current tax. Further information, including the calculation of distributable profit and the adjustments to profit before income tax, is set out in note 5 to the interim financial statements for the six months ended 30 September 2017

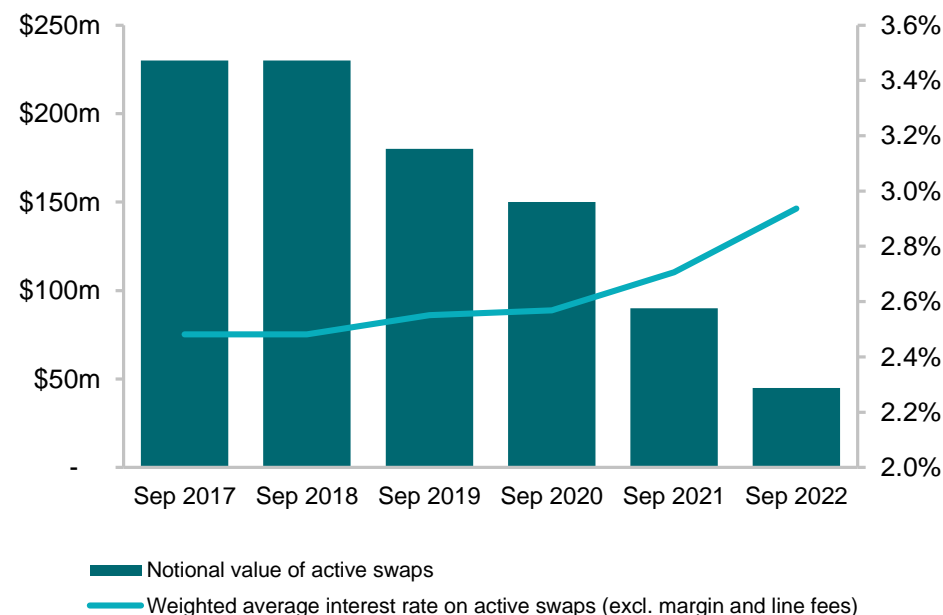
Values in the above table may not sum accurately due to rounding

Capital Management

Bank Debt	As at 30 Sep 17
Facility limit (ANZ, BNZ, CBA, Westpac)	\$370m
Facility drawn	\$307m ¹
Weighted maturity of facility	2.7 years
Weighted average hedging duration (incl. forward starting swaps)	3.8 years
% of drawn debt hedged	88%

Bank Covenants		As at 30 Sep 17	Adjusted ¹
Loan to Value Ratio	≤ 65%	39.4%	41.6%
Interest Cover Ratio	≥ 1.75x	3.4x	-
Weighted average lease term ²	> 6.0 years	13.8 years	13.1 years

Hedging profile as at 30 September 2017



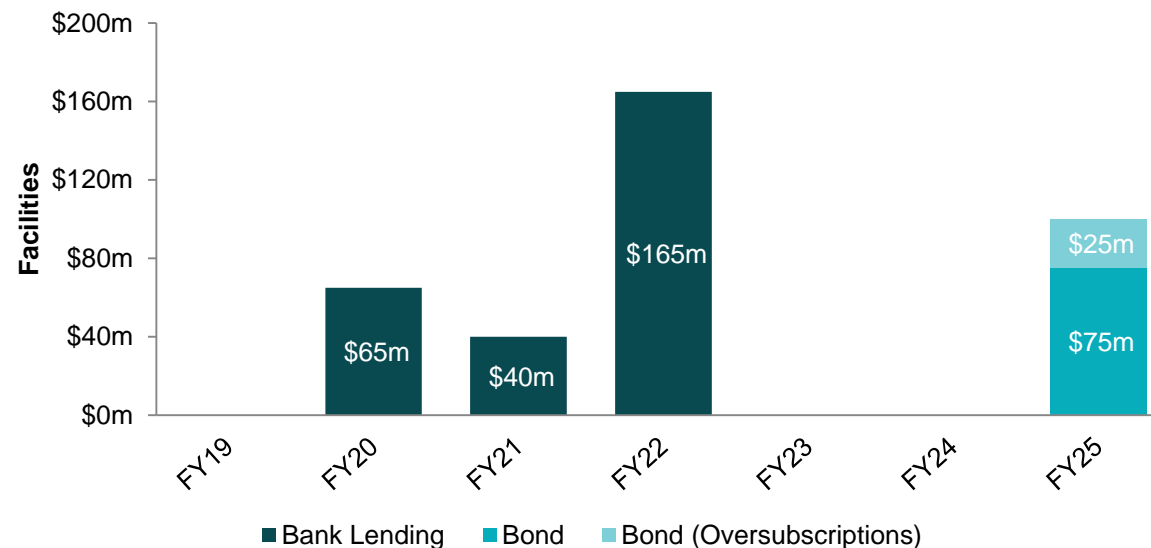
¹ Refer footnote 1, page 6

² The unexpired leased term in a property or portfolio, assuming the property or portfolio is fully leased. This is weighted by the income applicable to each lease and a current market rental with a nil term for vacant space

Offer Outcomes

- Net proceeds of the Offer will be used to repay and cancel a portion of Investore's existing bank debt
- ✓ Diversification of funding sources – 32.5% of drawn debt from non-bank funding following the issue of the Bonds
- ✓ Extended tenor - average tenor of debt extended to 3.5 years, following the issue of the Bonds (from expected 2.1 years at the Issue Date)

Debt maturity profile, post Issue Date¹



¹ Assumes \$100m (including oversubscriptions of \$25m) of Bonds are issued and \$100m of existing banking facility is cancelled

**Bond
Offer**



- The Bonds are secured by first ranking Mortgages granted by Investore over its properties and by security interests over Investore's other assets under a General Security Deed (subject to limited exceptions)
 - As at 30 September 2017, assuming the Bonds had been issued at that time, liabilities that would have been secured by the Mortgages and the General Security Deed (including the Bonds, bank facilities and hedging arrangements) were approximately \$261.4m
 - All properties owned by Investore are Mortgaged Properties
 - Security over the Mortgaged Properties is held by the Security Trustee (New Zealand Permanent Trustees Limited) for the benefit of the beneficiaries under the Security Trust Deed, including the Supervisor, Bondholders, Investore's banking syndicate and its agent and any other creditor that may become entitled to the benefit of the Mortgages
 - There are restrictions on Investore granting further security, except in certain permitted instances

Please see the PDS and Security Trust Deed for more information on security and covenants

¹ Refer footnote 1, page 6

Covenants and Default

- The Loan to Value Ratio under the Trust Deed limits the ability of Investore to borrow money which is secured by the Mortgages and the General Security Deed to no more than 65% of the total value of the Mortgaged Properties (including, in respect of any development, capital expenditure incurred during the development phase since the date of the most recent valuation)
- The Board has set an internal maximum Loan to Value Ratio of 48%
- Investore will have approximately 13 months to remedy a breach of the Loan to Value Ratio covenant, reflecting:
 - 6 months to correct breach
 - 20 business day notice period
 - Further 6 months to remedy before event of default occurs
- Other events of default include (not an exhaustive list):
 - Failure to make payments on the Bonds
 - Insolvency
 - Cross-acceleration
- Investore may not make any distribution (which would include paying a dividend to Investore's shareholders) if an event of default is continuing or if it would result in an event of default

Key Terms of the Offer

Summary	Detail
Issuer	Investore Property Limited
Description of the Bonds	Senior secured, fixed rate bonds
Security	The Bonds are secured by first ranking Mortgages granted by Investore over the Mortgaged Properties and by security interests over Investore's other assets under a General Security Deed (subject to limited exceptions)
Tenor & Maturity Date	6 years, maturing 18 April 2024
Offer Amount	Up to \$75m (with the ability to accept oversubscriptions of up to \$25m at Investore's discretion)
Interest Rate	To be determined by Investore in conjunction with the Arranger following a bookbuild, and announced via NZX on or about the Rate Set Date The Interest Rate will be equal to the sum of the Swap Rate and the Issue Margin but in any case will be no less than the minimum Interest Rate announced by Investore via NZX on or about 12 March 2018
Indicative Issue Margin	To be announced on or about 12 March 2018
Interest Payments	Quarterly in arrear in equal payments on 18 January, 18 April, 18 July and 18 October each year until the Maturity Date
Bond Financial Covenant (Loan to Value Ratio)	The total principal amount of all outstanding borrowed money secured by the Mortgages and the General Security Deed is not more than 65% of the total value of all Mortgaged Properties owned by Investore (including, in respect of any development, capital expenditure incurred during the development phase since the date of the most recent valuation) ¹
Purpose	The net proceeds of the Offer will be used to repay a portion of Investore's existing bank debt. The Offer will provide diversification of funding sources and extend the tenor of Investore's debt
Minimum Application Amount	\$5,000 and multiples of \$1,000 thereafter
Brokerage	0.50% brokerage plus 0.50% on firm allocations paid by Investore
Early Bird Interest	Payable at the Interest Rate on accepted applications, paid within 5 business days of the Issue Date
Quotation	It is expected that the Bonds will be quoted on the NZX Debt Market under the ticker code IPL010
Credit Rating	Investore and the Bonds are unrated

Full details of the Offer are contained in the PDS

¹ Refer to section 5 of the PDS for more details

Key Dates of the Offer

Key event	Date
PDS lodged	Monday, 5 March 2018
Firm bids due	10:30am, Tuesday, 20 March 2018
Interest Rate set / Bookbuild closes	Tuesday, 20 March 2018
Offer opens	Wednesday, 21 March 2018
Offer closes	5:00pm, Thursday, 12 April 2018
Issue Date	Wednesday, 18 April 2018
Expected date of initial quotation on the NZX Debt Market	Thursday, 19 April 2018
Interest Payment Dates	18 January, 18 April, 18 July, 18 October
First Interest Payment Date	Wednesday, 18 July 2018
Maturity Date	Thursday, 18 April 2024

Investment Highlights

NZX listed with focus on large format retail property

Geographically diversified portfolio totalling \$738.3m¹

Long term leases – average WALT of 13.1 years¹

Dependable income streams

Nationally recognised quality tenants

High occupancy rate - 99.9%¹

Strong management and corporate governance

¹ Refer footnote 1, page 6



Q&A

Appendices

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Board of Directors

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Management Limited

Mike Allen

Chairman & Independent Director



- Extensive experience in investment banking in New Zealand and United Kingdom
- A Director of:
 - Coats Group PLC
 - Godfrey Hirst Australia
 - China Construction Bank (New Zealand)
 - Tainui Group Holdings

Kate Healy

Independent Director



- Previously Partner, Minter Ellison Rudd Watts, specialising in commercial property and property finance
- Member, Institute of Directors in New Zealand
- Member, Australian Institute of Company Directors

Tim Storey

Director SIML Nominee



- More than 30 years' experience as a company director and commercial lawyer, retiring from the Bell Gully partnership in 2006
- Member, Institute of Directors in New Zealand
- Director & Chair, JustCapital Limited, plus other private companies
- Director & Chair, SIML, the Manager of Investore

John Harvey

Director SIML Nominee



- Over 35 years' experience as a Chartered Accountant
- Retired in 2009 after 23 years as a partner, PwC
- Chartered Fellow, Institute of Directors in New Zealand
- Chairman, New Zealand Opera
- A Director of:
 - SIML
 - Kathmandu Holdings
 - Heartland Bank

Management Team

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Managed by Stride Investment
Management Limited

STRIDE.

Philip Littlewood

Chief Executive Officer



- 17 years' experience in investment property management
- Prior experience includes working in Morgan Stanley's real estate merchant banking division in the UK and a partnership in a large private-equity real estate firm
- MBA, Imperial College London

Jennifer Whooley

Chief Financial Officer



- 25+ years' experience in the property industry
- Previously Chief Accountant for Fletcher Property
- Chartered Accountant (CA), Chartered Accountants Australia and New Zealand

Louise Hill

General Manager Corporate Services



- 20+ years' legal experience, with 6 years experience in the construction industry
- Previously Head of Legal for Fletcher Building and Head of Commercial Risk & Governance at Fletcher Construction
- Previously Senior Associate at Bell Gully

Andrew Hay

General Manager Commercial & Industrial



- 20+ years' property industry experience
- MBA, Victoria University
- Former Wellington Branch President of the Property Council

Roy Stansfield

General Manager Shopping Centres



- 25+ years' experience in the retail shopping centre industry
- Prior experience includes property accountancy, centre management and retail leasing
- Previously head of leasing at Kiwi Property

Mark Luker

General Manager Development



- 25+ years' retail and commercial property development experience
- Formerly General Manager Development, Kiwi Property and General Manager, Lendlease Retail Projects