

Investore Property Limited Special Meeting of Shareholders 16 January 2020

Notice is hereby given that a Special Meeting of Shareholders of Investore Property Limited will be held as follows:

Date of Meeting: Thursday 16 January 2020

Time: Commencing at 11.00 am (with entry to the meeting room available from 10.30 am)

Venue: Pullman Hotel, Regatta Room D, Corner Princes Street and Waterloo Quadrant, Auckland, New Zealand

13 December 2019

Contents

Notice of Special Meeting and Order of Business	3
Letter from the Independent Chair	4
Explanatory Notes	8
Procedural Notes and Other Information	13
Defined Terms	14

Important Note

This Notice of Special Meeting is an important document and requires your attention. It should be read in its entirety. It has been prepared by Investore Property Limited (Investore) to advise you of the forthcoming Special Meeting of Shareholders and to assist you in understanding the resolutions to be put to shareholders for consideration at the meeting.

The Directors encourage you to read this Notice of Special Meeting and exercise your right to vote. If you do not understand any part of this document or are in doubt as to how to deal with it, you should consult your broker or other professional adviser as soon as possible.

Please call Investore's Share Registrar on +64 9 488 8777 if you have any queries about this Notice of Special Meeting.

Forward-looking Statements

This Notice of Special Meeting (including any supplementary document which is included or referenced) 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 Notice of Special Meeting. 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 at the date of this Notice of Special Meeting. 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.

Capitalised terms used in this Notice of Meeting which are not defined have the meanings given to them in the NZX Listing Rules (Listing Rules). For other defined terms, refer to the Defined Terms on page 14.

Notice of Special Meeting and Order of Business

Notice is hereby given that a Special Meeting of Shareholders of Investore Property Limited will be held on Thursday 16 January 2020, commencing at 11.00 am (with access to the room from 10.30 am), at the Pullman Hotel, Corner of Princes Street and Waterloo Quadrant, Auckland, New Zealand.

The Board of Directors of Investore Property Limited is pleased to call a Special Meeting of Shareholders to present the ordinary resolutions below.

Order of business

A. Chair's Introduction and Address

B. Formal Business and Ordinary Resolutions

To consider and, if thought fit, pass the following ordinary resolutions:

Resolution 1 – Approval of Transaction

That, in accordance with NZX Listing Rule 5.2.1, the purchase of three properties located in Auckland and Tauranga for \$140.75 million by Investore Property Limited (Investore) from Stride Property Limited (in respect of the Auckland properties at Bunnings Mt Roskill and Mt Wellington Shopping Centre) and Stride Holdings Limited (for Bay Central Shopping Centre in Tauranga) (as described in further detail in the Explanatory Notes within the Notice of Special Meeting dated 13 December 2019), be approved.

The Board (constituted by the independent Directors) recommend shareholders vote in favour of Resolution 1.

Directors Tim Storey and John Harvey have abstained from making this recommendation, on the basis that they are also directors of Stride Property Limited (SPL), a 19.4% cornerstone shareholder in Investore and the seller of the properties to Investore (as described in more detail within the Explanatory Notes to this Notice of Special Meeting).

Resolution 2 – Ratification of previous issue of shares under the placement

That the previous issue under NZX Listing Rule 4.5.1 of 37,142,858 fully paid ordinary shares in Investore to investors at an issue price of \$1.75 per share on 25 November 2019, be approved and ratified for all purposes, including NZX Listing Rule 4.5.1(c).

The Board (constituted by the independent Directors) recommend shareholders vote in favour of Resolution 2.

Directors Tim Storey and John Harvey have abstained from making this recommendation, on the basis that they are also directors of SPL, a 19.4% cornerstone shareholder in Investore and a subscriber for shares under the placement.

Resolution 3 – Ratification of previous issue of shares under the retail offer

That the previous issue under NZX Listing Rule 4.5.1 of 1,868,483 fully paid ordinary shares in Investore to eligible shareholders under the Retail Offer at an issue price of \$1.75 per share on 10 December 2019, be approved and ratified for all purposes, including NZX Listing Rule 4.5.1(c).

The Board recommend shareholders vote in favour of Resolution 3.

Chair Mike Allen has abstained from making this recommendation on the basis that he applied for more than \$15,000 of shares in the Retail Offer.

C. General Business

To consider such other business as may lawfully be raised at the meeting.

By order of the Board



Louise Hill
Company Secretary
13 December 2019

Dear Shareholders,

We are pleased to invite you to attend a Special Meeting of Shareholders of Investore Property Limited, which will be held at the Pullman Hotel, Corner of Princes Street and Waterloo Quadrant, Auckland, commencing at 11.00 am on Thursday 16 January 2020 (Special Meeting).

Background and Overview of the Transaction

Shareholders will be given the opportunity at the Special Meeting to vote on the proposed acquisition (the Transaction) of the following three large format retail assets from Stride Property Limited (SPL) and SPL's wholly owned subsidiary, Stride Holdings Limited (SHL, together with SPL, referred to as the Vendors), for an acquisition price of \$140.75 million:

- Bunnings Mt Roskill, Auckland;
- Mt Wellington Shopping Centre, Auckland; and
- Bay Central Shopping Centre, Tauranga.

For an overview of each of the assets and their key metrics refer to page 7 of this document.

If the Transaction is approved by shareholders at the Special Meeting, the Transaction will remain subject only to Overseas Investment Office (OIO) approval, as all other conditions have been satisfied. Due to the timeframes for obtaining OIO approval, Investore does not expect to settle the Transaction before 1 April 2020.

Alignment of the Transaction with Strategy

Investore's mandate is to invest in quality large format retail property throughout New Zealand.

Being the only NZX listed company in the property sector with this targeted emphasis is a key strength of Investore and essential to its commitment to shareholders, which is to continue to deliver stable and enduring returns. Being strategically focussed on an asset class aligned with non-discretionary spend areas, such as grocery and other convenience and general merchandise retailing, makes Investore's business model more robust through market cycles and the inevitable changes in consumer behaviour, which is why this asset class is targeted.

In the FY18 Annual Report, two years on from the July 2016 listing of Investore and following the completion of Investore's foundational work programme, the Board of Directors signalled its clear intent regarding future growth aspirations. During this foundational period, the Board of Directors and Investore's manager (Stride Investment Management Limited (SIML)) worked hard to establish a stable underlying portfolio, which placed Investore in a strong position to maintain predictable income streams, whilst providing the ability to source secure investment opportunities as and when they presented.

Against this background, we are pleased to present this Transaction to you, our shareholders. The proposed acquisition of these assets aligns with our investment mandate and supports our growth aspirations, as well as Investore's four strategic principles (as set out on the following page).

Material Transaction with a Related Party

As advised in Investore's market announcement to NZX on 19 November 2019, the Transaction will be a Material Transaction for the purpose of the "Related Party" rules of the Listing Rules and therefore subject to Investore shareholder approval (excluding SPL and its directors).

In accordance with the requirements of the Listing Rules, Northington Partners has been engaged by Investore to prepare an independent appraisal report (Appraisal Report) for the benefit of shareholders (other than SPL and those Investore shareholders associated with SPL), and have assessed the Transaction to be fair to Investore shareholders (other than SPL and those Investore shareholders associated with SPL).

The Appraisal Report accompanies this Notice of Special Meeting and should be read and considered by shareholders before voting on Resolution 1.

Our Strategy

1. Active Portfolio Management

We focus on owning properties with long lease terms and high occupancy, with nationally recognised quality tenants, and we maintain strong and enduring relationships with our tenants to support our portfolio

2. Targeted Growth

We will consider acquisitions and developments which deliver growth, while continuing to enhance geographical and/or tenant portfolio diversification, and where appropriate, we may consider disposals to maintain balance sheet capacity and optionality

3. Continued Optimisation of the Portfolio

We will look to develop existing properties to meet the needs of tenants and the surrounding catchment, which may include acquiring sites adjacent to existing assets, to provide development options for the future

4. Proactive Capital Management

We will proactively manage capital to maintain a healthy and flexible balance sheet for growth, while preserving sustainable returns to investors

Transaction Alignment

- Strengthens Investore's longstanding relationships with existing core tenants, including Countdown and Bunnings
- Provides diversification of tenant mix, including new nationally recognised retailers, such as Briscoes, Rebel Sport and Hunting & Fishing
- Retains Investore's trademark strong sector metrics:
 - 99.7% occupancy¹
 - >10.8 years WALT²

- \$891.35 million total portfolio value post Transaction³, adding quality large format retail properties and increasing total portfolio value by 18.75%
- Enhanced geographical and tenant diversification and a broader retail offering

- Future development opportunities are available within the sites, through expansion and intensification to support the demands of tenants and the surrounding catchment
- Portfolio optimisation, through increased exposure to the high growth regions of Auckland and Tauranga

- Successful completion of the Capital Raise, comprising:
 - the Placement, raising \$65 million; and
 - the Retail Offer, raising \$12.7 million
- Net proceeds of the Capital Raise have been used to pay down bank debt, providing capacity to pay the purchase price for the Transaction
- Post Transaction pro forma LVR⁴ expected to be 41.5%
- Supports Investore's goal of delivering total returns to shareholders over the medium to long term that are typically resilient across a wide range of market conditions

Independent and Robust Process Adopted

Due to the relationship between Investore and Stride Property Group (comprising SPL and SIML, Investore's manager), independence and the management of any perceived and actual conflicts of interest is an integral feature of Investore's governance practices.

This key theme has been clearly communicated to the market in previous Investore documentation, including the Product Disclosure Statement issued in 2016 in connection with the Initial Public Offering and listing of Investore, as well as more recent governance documentation, including Investore's annual governance disclosures. Shareholders will also recall that enhanced independence was the impetus for amendments to Investore's Constitution in September 2017, resulting in an amendment to the Board's composition to permit the appointment of a third Director, independent of SIML. Following the resignation of Kate Healy in May 2019, the Board is in the process of appointing a third independent Director.

As with previous transactions, the Board was mindful of adopting an independent and robust process where shareholders would have confidence in the integrity of all aspects of the Transaction process, and that any subsequent Board recommendation in favour of the Transaction was made on the basis that it delivers the best outcome for Investore and its shareholders.

The Transaction was managed by the independent Directors of Investore and negotiated on an arms' length basis, with the following measures adopted to ensure an independent process:

- The independent Directors of Investore, being Gráinne Troute and myself (Mike Allen), managed the negotiation of the sale and purchase agreement with the boards of SPL and SHL, with the assistance of legal advisors appointed by the independent Directors. Separate legal advisors were engaged by each of Investore and the Vendors.

1. Calculated as at 30 September 2019, including the three properties to be acquired, and assuming the tenancies subject to the underwrite by the Vendors are fully occupied.

2. See defined terms on page 14.

3. Calculated as follows: Investore portfolio valuation as at 30 September 2019 of \$750.6 million (excluding land lease liability of \$7.6 million) plus purchase price for the three properties the subject of the Transaction of \$140.75 million.

4. LVR is calculated as drawn debt divided by property value. The LVR as at 30 September 2019 has been adjusted for the following to produce the pro forma LVR: the drawn debt has been adjusted for the repayment of debt from the net proceeds of the Capital Raise of \$75.8 million, offset by \$140.75 million debt drawn down for the purchase price for the three properties the subject of the Transaction. The 30 September 2019 portfolio valuation of \$750.6 million (excluding land lease liability of \$7.6 million) has been adjusted for the purchase price for the three properties the subject of the Transaction.

- The standing conflicts protocol of SIML (Investore and SPL's manager) was adhered to in negotiating the Transaction. In addition, a Transaction specific conflicts protocol was adopted, which was reviewed by independent legal advisors to Investore's independent Directors.
- Independent valuations of all properties were obtained from Savills (NZ) Limited, with the valuations supporting the \$140.75 million acquisition price.
- In accordance with the requirements of the Listing Rules, the valuers (Savills (NZ) Limited) and the appraisers for the Appraisal Report (Northington Partners) were approved by NZX.
- The SIML-appointed Investore Directors, Tim Storey and John Harvey, abstained from voting on the Board approval of the Transaction.

Why Support this Transaction?

The Transaction and the addition of these three new assets within the Investore portfolio aligns with Investore's strategy to invest in quality, large format retail properties throughout New Zealand.

The properties being acquired as part of the Transaction (the Properties) collectively are consistent with Investore's mandate, ensure Investore retains strong portfolio metrics of WALT and occupancy, and are consistent with Investore's focus on tenants that are nationally recognised brands. In addition, the Properties, which are a combination of single tenanted and multi-tenanted properties, are situated in the growing regions of Auckland and Tauranga, and deliver both geographic and tenant diversification. The Transaction, while further strengthening Investore's longstanding and successful partnership with key tenants such as Countdown and Bunnings, also reduces the total portfolio concentration of Countdown assets. The Transaction will increase exposure to new general merchandise tenant categories, for example, sporting goods, through brands like Rebel Sport and Hunting & Fishing, and homeware, through Briscoes and Freedom Furniture.

The Board expects that the resulting portfolio diversification and rental growth prospects from the Transaction, combined with the recently completed capital raising of \$77.7 million of gross proceeds, will be accretive to FY21 Distributable Profit Per Share (DPPS) by approximately 2.5%⁵ (on the assumption the Transaction settles in April 2020).

Outlook and Recommendations

With an expected settlement date for the Transaction being in April 2020, the Board reconfirms dividend guidance of 7.60 cents per share for FY20.

The independent Directors consider the acquisition of these Properties to be consistent with Investore's investment mandate and its strategic growth initiative which it has committed to undertake in a considered and disciplined manner, targeting acquisitions that enhance the quality of Investore's portfolio. It is on this basis that your independent Directors recommend shareholders vote in favour of Resolution 1, being the resolution to approve the Transaction, as they consider it to be in the best interests of Investore and you, as a shareholder.

In addition, the Board recommends shareholders vote in favour of Resolutions 2 and 3, being the resolutions to ratify the issue of shares under the recent Placement and Retail Offer (in the case of the Retail Offer, those shares issued to shareholders who applied to acquire more than \$15,000 of shares) carried out in connection with the Transaction. This will provide Investore with flexibility to raise money through the issue of further shares. Accordingly, the Board considers this to be in the best interests of Investore and you, as a shareholder. Directors Tim Storey and John Harvey have abstained from making a recommendation on Resolution 2 due to their association with SPL which subscribed for shares in the Placement. I, Mike Allen, have abstained from making a recommendation on Resolution 3 on the basis that I applied for more than \$15,000 of shares in the Retail Offer (and am therefore not eligible to vote on this resolution).

I encourage all shareholders to read this Notice of Special Meeting in its entirety, including the enclosed Appraisal Report from Northington Partners.

Thank you for your continued support and we look forward to seeing you on 16 January 2020.

Yours sincerely



Mike Allen
Independent Chair of Investore Property Limited

5. DPPS accretion has been calculated by comparing Investore's budgeted FY21 DPPS (calculated assuming that the Capital Raise and Transaction 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 Transaction and Capital Raising assuming the conditional Transaction occurs; (iii) estimated pro forma impacts of the acquisition financing, based on gross proceeds of \$77.7 million raised under the Capital Raise 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 Capital Raising (accounting for new shares issued under the Placement and Retail Offer).

Property Details⁶

Bunnings Mt Roskill



2 Carr Road, Mt Roskill, Auckland

Net Lettable Area (sqm)	11,601
WALT	7.4 years
Purchase Price	\$48.5 million
Net Income	\$2.34 million
Market Cap Rate	4.88%
Major Tenant	Bunnings
Total Tenants	1

Mt Wellington Shopping Centre



295 Penrose Road, Mt Wellington Auckland

Net Lettable Area (sqm)	9,011
WALT	3.1 years
Purchase Price	\$39.25 million
Net Income	\$2.62 million
Market Cap Rate	6.63%
Major Tenant	Countdown
Total Tenants	22

Bay Central Shopping Centre



65 Chapel Street, Tauranga

Net Lettable Area (sqm)	17,097
WALT	4.2 years ⁷
Purchase Price	\$53 million
Net Income	\$3.54 million
Market Cap Rate	6.75%
Major Tenants	Briscoes, Rebel Sport, Freedom Furniture, Hunting & Fishing
Total Tenants	29

6. All figures are as at 30 September 2019.

7. WALT as at 31 October 2019 has improved to 4.8 years, due to a new lease to Chamber of Commerce which commenced 1 November 2019 for a period of 10 years.

Explanatory Notes

Resolution 1 – Approval of Transaction

1. Details of the Transaction

Property Description

On 18 November 2019, Investore Property Limited (Investore) entered into two conditional sale and purchase agreements to acquire three large format retail properties for a total purchase price of \$140.75 million, with the details as follows:

- A sale and purchase agreement with Stride Property Limited (SPL) to acquire the following two properties:
 - Bunnings Mt Roskill, 2 Carr Road, Mt Roskill, Auckland; and
 - Mt Wellington Shopping Centre, 295 Penrose Road, Mt Wellington, Auckland, a multi-tenanted site anchored by a Countdown, with a total of 22 tenants, including nationally recognised brands such as Supercheap Auto, Unichem Pharmacy, Burger Fuel, Domino's Pizza and other convenience retailers; and
- A sale and purchase agreement with Stride Holdings Limited (SHL) to acquire 65 Chapel Street, Tauranga, which operates as Bay Central Shopping Centre, anchored by Briscoes, Rebel Sport and NZ Post, with a total of 29 tenants, including other nationally recognised brands such as Hunting & Fishing, Freedom Furniture, Bed Bath & Beyond, and Lighting Direct.

Terms and Conditions of Sale

The purchase price for the Properties is \$140.75 million in aggregate, allocated across the individual properties. This price is supported by independent valuations commissioned by Investore and undertaken by independent valuers Savills (NZ) Limited.

Other than shareholder approval by way of ordinary resolution for the Transaction (sought at the Special Meeting of Shareholders on 16 January 2020), the only other outstanding condition to settlement is the approval of the Transaction from the Overseas Investment Office (OIO). An application for approval is being prepared by Investore and will be lodged prior to Christmas 2019. Under the Sale and Purchase Agreements, approval by the OIO is required to be obtained by 30 March 2020, with an option for a three month extension to 30 June 2020 in the event there is a delay in the approval process (provided the delay is not due to the fault of Investore).

All other conditions and approvals to settlement of the Transaction have otherwise been satisfied as at the date of this Notice of Special Meeting, including due diligence (legal, technical and environmental) and Investore Board approval.

If approved by shareholders and the OIO, the Transaction and both Sale and Purchase Agreements will be declared unconditional simultaneously. If the conditions to one of the Sale and Purchase Agreements are not satisfied, both Sale and Purchase Agreements will be terminated.

If shareholders approve the Transaction, Investore will pay a deposit of \$5 million (comprising a \$2 million deposit to SHL for the acquisition of Bay Central Shopping Centre and \$3 million deposit to SPL for the two Auckland based assets, being Bunnings Mt Roskill and Mt Wellington Shopping Centre), with the remainder of the purchase price payable on the settlement date. It is anticipated that the settlement date will occur on the later of 1 April 2020 or the last day of the month following the date Investore obtains OIO approval (or where that date is less than 10 working days prior to the end of the month, it will be the end of the following month) (Settlement Date). Where the Transaction does not proceed on the basis that OIO approval is not granted, the deposit is returned to Investore.

Consistent with what would typically be expected in a commercial transaction of this nature and size, other key terms of the Sale and Purchase Agreements include:

- Vendor warranties including as to title to the Properties and the status of the buildings on each property, that the leases are valid and enforceable and that the tenancy schedule is accurate, there is no litigation or disputes associated with any of the Properties, and that there is nothing knowingly omitted from the due diligence materials provided to Investore that would be deemed reasonably material to Investore as a purchaser.
- Liability provisions and thresholds for claims by Investore as the purchaser post-settlement, and the requirement that any claim should be brought within 12 months of settlement, except where there is a breach of certain warranties, such as the title warranty.
- Interim management obligations on the Vendors in relation to any proposed assignment, subletting or rent review of the Properties, which requires the Vendors to obtain Investore's approval for any such lease transaction following Board approval of the Transaction.
- In addition to assigning the usual property contracts, the Vendors will assign any construction contracts and related guarantees, warranties and retentions to Investore.
- The Vendors agree to provide an underwrite of four vacant specialty premises at Bay Central Shopping Centre (one vacancy) and Mt Wellington Shopping Centre (three vacancies) that may be vacant on the Settlement Date, for a period of up to two years. This will be undertaken by way of a lease of those premises.
- Seismic works will be undertaken at the Vendors' sole cost, to ensure buildings that have been identified as requiring works achieve at least 67% National Building Standards. Preliminary work is underway to prepare designs for the seismic works required, which will be managed and funded by the Vendors.

- Provisions which specify what happens in the event of any of the Properties being damaged prior to the Settlement Date and the circumstance where the damage is not reinstated by the Settlement Date. In this case, settlement of the specific property is deferred for 40 working days to assess the feasibility of reinstatement, with the balance of the remaining properties to settle as anticipated. Investore is obliged to settle on the relevant property, notwithstanding damage, if it can obtain the required consents to perform the reinstatement work and the relevant Vendor and its insurers agree to pay to Investore the insurance proceeds to reimburse the restoration costs and loss of rent, with the necessary financial adjustment to the purchase price to occur on settlement.

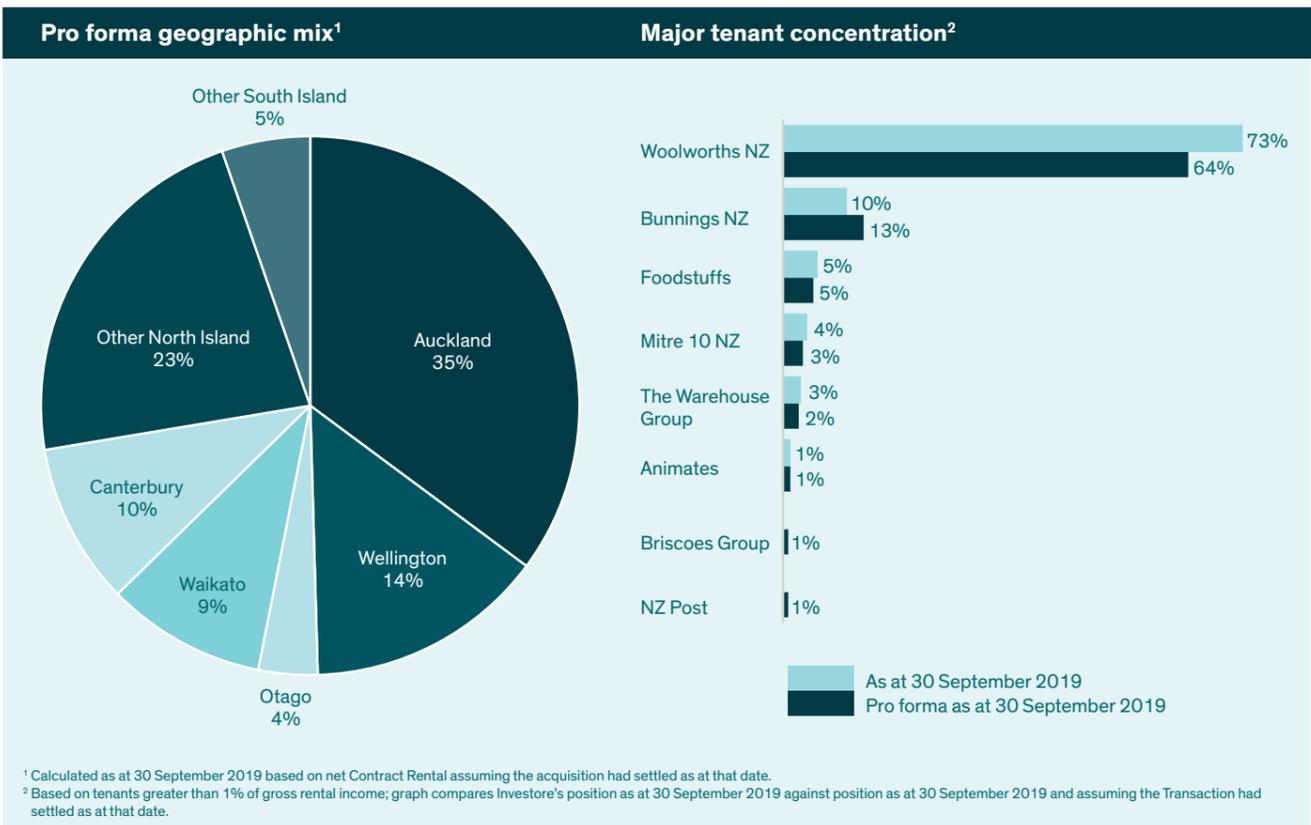
The Properties have been inspected by Investore, its technical advisor, and Savills (NZ) Limited (independent valuers appointed as part of the Transaction process), as part of the due diligence process, including provision of independent valuations.

2. Impact of the Transaction

If the Transaction is approved, the impact for Investore will be as follows:

- The combination of the Transaction with the Capital Raise is expected to increase Distributable Profit Per Share (DPPS) for the financial year ended 31 March 2021 (FY21) by approximately 2.5%⁸.

- The Transaction strengthens Investore's longstanding relationships with existing core tenants, including Countdown and Bunnings, but also provides diversification of Investore's tenant mix, reducing the concentration of Countdown properties from 73% of portfolio Contract Rental⁹ (as at 30 September 2019) to approximately 64% on the Settlement Date (assuming no other movements within the portfolio).
- Investore's tenant number will increase, increasing exposure to new general merchandise tenant categories, such as sporting goods (Rebel Sport, Hunting & Fishing) and homeware (Briscoes and Freedom Furniture).
- Improved geographical presence in the key growth area of Auckland, which increases to 37% of the portfolio by valuation (up 4%), and provides new exposure in another key growth area, Tauranga, the largest city in the Bay of Plenty.
- Post Transaction 87% of Contract Rental will be provided from anchor tenants.
- Future development opportunities available within the Properties, through expansion and intensification to support tenants' needs and the surrounding demand.
- Continued strong portfolio metrics for Investore, including occupancy of 99.7% and weighted average lease term in excess of 10 years.¹⁰



8. See footnote 5 on page 6.
 9. See defined terms on page 14.
 10. Weighted average lease term calculated as at 30 September 2019, assuming the Transaction had settled as at that date.

Investore has incurred one-off costs for the Transaction of approximately \$0.653 million, which are not dependent on the outcome of the shareholder vote. In addition, Investore will incur additional management fees, estimated to be \$0.7 million per annum¹¹, from the addition of the Properties to its portfolio. As the Investore portfolio grows, it will take advantage of its largely fixed administrative cost structure and the reduced 0.45% asset management fee payable to SIML on the balance of the portfolio value exceeding \$750 million (with the asset management fee charged at a rate of 0.55% on the first \$750 million of the portfolio).

As noted in the Letter from the Independent Chair, the Board reconfirms dividend guidance of 7.60 cents per share for FY20.

Guidance for FY21 is expected to be provided contemporaneously with the announcement of Investore's FY20 results in May 2020. Further discussion on the financial and operational impact of the Transaction on Investore is considered by Northington Partners in its pro forma analysis, which is set out in Section 6.0 of the Appraisal Report.

3. How will the Transaction be Funded?

If approved by shareholders at the Special Meeting, the Transaction will be funded through available bank debt facilities.

As shareholders will be aware, on 19 November 2019, in association with the Transaction announcement, Investore informed the market that it was seeking to undertake a Capital Raise of up to \$80 million, through a \$65 million underwritten share placement (Placement) and a \$15 million retail offer to eligible shareholders, by way of a share purchase plan (with ability to accept oversubscriptions under the retail offer of up to \$5 million at Investore's discretion) (Retail Offer). The Capital Raise was successfully completed with 44,423,056 shares issued at \$1.75 per share, equating to \$77.7 million of gross proceeds raised.

The net proceeds of the recent Capital Raise were used to repay debt and reduce the pro forma Loan to Value Ratio (LVR) as at 30 September 2019 from 40.6% to 30.5%¹², with the available facility headroom to then be used to settle the Transaction. Pro forma LVR is expected to return to 41.5%¹³ on settlement of the Transaction, below the Board's stated maximum of 48% and well within Investore's bank and bond covenant limits of 65%.

For more information on the financial implications of the Transaction, refer to Section 6.2 of the Appraisal Report.

4. Rationale for the Transaction

The rationale for the Transaction has been set out in the Letter from the Independent Chair on page 4.

Investore was initially established by SPL and listed in 2016 with a clear investment strategy to invest in large format retail properties, a segment of the market identified as offering unique investment attributes. With this investment mandate clearly established, the Board's focus has been to look for further opportunities to expand Investore's portfolio and to enhance shareholder returns by optimising its capital structure.

The Transaction presented to shareholders for approval is consistent with Investore's strategy of sourcing an investment pipeline of large format retail properties that aligns with its niche investment mandate, while maintaining the commitment to shareholders to continue to deliver stable and enduring returns.

The independent Directors view the Transaction as in the best interests of Investore and its shareholders and it is on this basis that the Board (constituted by the independent Directors) recommend the Transaction to shareholders for approval and recommend shareholders vote in favour of Resolution 1.

5. Tax Considerations

Investore expects that the acquisition of the Properties will result in additional taxable income for Investore. However, the additional taxable rental income derived will be partially offset by corresponding operating expenses including tax depreciation on the property improvements. Depreciation claimed on the property improvements may result in a deferred tax liability arising in relation to a potential clawback of depreciation on an eventual sale of the underlying property.

6. What are the Implications of the Transaction not Proceeding?

Under the Sale and Purchase Agreements, the Transaction is conditional on Investore shareholder approval and OIO approval.

If the Transaction is not approved by shareholders, the Transaction will not complete and there will be no financial penalties for Investore under the Sale and Purchase Agreements.

Immediately following the Capital Raise (through the Placement and the Retail Offer), Investore's pro forma LVR was 30.5%, compared with 40.6% as at 30 September 2019.

While the impact of the Transaction not proceeding would in the short term reduce distributable profit and result in a more conservative balance sheet, this outcome would also provide Investore with the capacity to pursue other large format retail investment opportunities. While there

is no current alternative transaction to the Transaction which could be undertaken today, Investore is continuously assessing an active pipeline of opportunities which should negate any short-term dilutive impact of the Capital Raise if the Transaction does not proceed.

7. Why do we need OIO Approval?

Investore has not previously been considered an "overseas person" for the purposes of the Overseas Investment Act 2005 (OIA) (being, broadly, an entity that is owned 25% or more by other overseas people). However, recent analysis of the underlying Investore share register suggests that Investore is an overseas person, as a large portion of its shares are held by KiwiSaver fund entities, which themselves are owned or controlled by foreign managers, such as ANZ. Investore expects that proposed legislative changes to the OIA should result in those KiwiSaver fund entities no longer being classified as being overseas people, which would mean that Investore would no longer be an overseas person for the purposes of the OIA based on the current ownership of Investore.

8. Listing Rule Requirements

The negotiation of the Transaction has been conducted at arms' length, with both Investore and the Vendors acting in their own best interests. This process was managed on behalf of Investore by its independent Directors, with further details of the process set out in the Letter from the Independent Chair.

The Transaction is a Material Transaction with Related Parties of Investore for the purposes of Listing Rule 5.2.1(a), as described below.

- **Material Transaction:** Under the Listing Rules, a Material Transaction includes an acquisition of assets having an aggregate net value in excess of 10% of the issuer's average market capitalisation. The Transaction qualifies as a Material Transaction for Investore, because the average market capitalisation of Investore for this purpose is \$490.8 million (measured over the 20 trading days before the agreement for the Transaction was entered into and announced on 19 November 2019), and so the threshold for a Material Transaction, being 10% of this amount, is \$49.08 million. The \$140.75 million purchase price is in excess of this amount.
- **Related Parties:** SPL is a 19.4% shareholder in Investore and SHL is a wholly owned subsidiary of SPL. Each of SPL and SHL are therefore Related Parties of Investore for the purposes of the Listing Rules.

Listing Rule 5.2.1(a) provides that an issuer cannot enter into a Material Transaction with a Related Party unless the transaction is approved by ordinary resolution of the issuer's shareholders (excluding any interested Related Party and Associated Persons of such Related Party). As such, Investore must obtain shareholder approval of the Transaction by ordinary resolution (excluding SPL and any Associated Persons of SPL (i.e., the SPL directors)) which is presented as Resolution 1 in this Notice of Special

Meeting. The Transaction cannot proceed if this resolution is not approved by shareholders.

For more information on voting restrictions in relation to Resolution 1, please refer to the Procedural Notes and Other Information section of this Notice of Special Meeting.

9. Appraisal Report

Listing Rule 7.8.8(b) requires that the relevant Notice of Meeting provided to shareholders for approval of a Related Party transaction must be accompanied by an Appraisal Report. The Appraisal Report has been prepared by Northington Partners for the benefit of Investore shareholders (other than SPL and those shareholders associated with SPL), in accordance with Listing Rules 7.10 and 7.8.8(b) and is enclosed with this Notice of Special Meeting.

Consistent with Listing Rule 7.10.2, Northington Partners have confirmed in the Appraisal Report that, in its opinion, the purchase price of \$140.75 million and other terms and conditions of the Sale and Purchase Agreements are fair to the shareholders of Investore (other than SPL and those shareholders associated with SPL).

For more information on the scope of the Appraisal Report and Northington Partners' assessment of the Transaction, refer to Section 1.4 and Section 2.0 of the Appraisal Report.

10. NZX

NZX does not object to this Notice of Special Meeting and does not take any responsibility for any statement contained within this Notice of Special Meeting.

Resolution 2 – Ratification of previous issue of shares under the Placement

Under the Placement, Investore issued 37,142,858 fully paid ordinary shares on 25 November 2019 to institutional investors and other investors who were invited to participate in the placement at a price of \$1.75 per share.

Together the Placement and Retail Offer raised gross proceeds of \$77.7 million, with net proceeds used to pay down Investore's debt, to provide capacity to pay the purchase price for the Transaction, should the Transaction be approved at the Special Meeting of Shareholders and OIO consent granted. The key terms of the Placement and the Retail Offer were announced by Investore on 19 November 2019.

All the shares issued under the Placement were issued under Listing Rule 4.5.1. In broad terms, that Listing Rule permits an issue of shares up to 15% of the issued share capital of Investore in any 12 month period without prior shareholder approval. The shares issued under the Placement, together with the 1,868,483 shares issued under Listing Rule 4.5.1 as part of the Retail Offer, were equal to approximately 15% of the issued capital of Investore as at 19 November 2019.

11. Excluding any performance fee which may become payable to SIML in accordance with the terms of the management agreement.

12. LVR is calculated as drawn debt divided by property value as at 30 September 2019 (excluding the land lease liability of \$7.6 million) as if the Capital Raise of \$77.7 million net of costs was used to repay debt as at that date.

13. See footnote 4 on page 5.

This resolution is being proposed by the Directors in accordance with Listing Rule 4.5.1(c), which allows shareholders to ratify a prior issue of shares under Listing Rule 4.5.1. If shareholders pass Resolution 2, and thereby ratify the issue of 37,142,858 shares under the Placement, the capacity to issue shares under Listing Rule 4.5.1 up to the 15% limit permitted by the rule will be refreshed by that number of shares. This would preserve the ability of Investore to issue further shares up to a 15% threshold in accordance with Listing Rule 4.5.1, should Investore wish to undertake a further placement of equity securities in the next 12 month period.

Failure to pass Resolution 2 will not affect the validity of the shares issued under the Placement but will reduce the number of shares that can be issued by Investore under Listing Rule 4.5.1 for a period of twelve months from 25 November 2019.

The Board (constituted by the independent Directors) recommend to shareholders that they vote in favour of Resolution 2, as it will provide Investore with flexibility to raise money through the issue of further shares.

Resolution 3 – Ratification of previous issue of shares under the Retail Offer

Under the Retail Offer, Investore issued, in aggregate, 7,280,198 fully paid ordinary shares on 10 December 2019 to eligible shareholders at a price of \$1.75 per share.

The Retail Offer raised gross proceeds of \$12.7 million, with the net proceeds used to pay down Investore's debt and to provide capacity to pay the purchase price for the Transaction, should it be approved at the Special Meeting of Shareholders and OIO approval granted.

Any shares issued to eligible shareholders under the Retail Offer in excess of the first \$15,000 of shares were issued under Listing Rule 4.5.1, with the first \$15,000 of shares being issued under Listing Rule 4.3.1(c) (Share Purchase Plan).

In total, 1,868,483 shares issued under the Retail Offer were issued under Listing Rule 4.5.1.

As described above in relation to Resolution 2, in broad terms Listing Rule 4.5.1 permits an issue of shares up to 15% of the issued share capital of Investore in any 12 month period without prior shareholder approval. The shares issued under the Placement, together with the 1,868,483 shares issued under Listing Rule 4.5.1 as part of the Retail Offer, were equal to approximately 15% of the issued capital of Investore as at 19 November 2019.

This resolution is being proposed by the Directors in accordance with Listing Rule 4.5.1(c), which allows shareholders to ratify a prior issue of shares under Listing Rule 4.5.1. If shareholders pass Resolution 3, and thereby ratify the issue of 1,868,483 shares under the Retail Offer made under Listing Rule 4.5.1, the capacity to issue shares under Listing Rule 4.5.1 up to the 15% limit permitted by the rule will be refreshed by that number of shares.

This would preserve the ability of Investore to issue further shares up to a 15% threshold in accordance with Listing Rule 4.5.1, should Investore wish to undertake a further placement of equity securities in the next 12 month period.

Failure to pass Resolution 3 will not affect the validity of the shares issued under the Retail Offer but will reduce the number of shares that can be issued by Investore under Listing Rule 4.5.1 for a period of twelve months from 10 December 2019.

The Board (other than Chair, Mike Allen, who has abstained from making a recommendation on this resolution due to the fact he applied to purchase more than \$15,000 of shares in the Retail Offer) recommend shareholders vote in favour of Resolution 3.

Procedural Notes and Other Information

Voting Restrictions

Resolution 1

In accordance with Listing Rule 6.3.1, Investore will disregard any votes cast by SPL or its Associated Persons (as defined in the Listing Rules, which will include Directors Tim Storey and John Harvey and the other SPL directors) in favour of Resolution 1.

Resolution 2

In accordance with Listing Rule 6.3.1, Investore will disregard any votes cast by any shareholder who acquired shares under the Placement (and their respective Associated Persons (as defined in the Listing Rules)) in favour of Resolution 2. This will include SPL and its directors.

Resolution 3

In accordance with Listing Rule 6.3.1, Investore will disregard any votes cast by any shareholder who acquired more than \$15,000 of shares under the Retail Offer (and their respective Associated Persons (as defined in the Listing Rules)) in favour of Resolution 3. This includes Mike Allen, the Investore Chair.

Persons Entitled to Vote

Voting entitlements will be determined at 5.00 pm on Monday 13 January 2020. Registered shareholders at that time will be the only persons entitled to vote at the Special Meeting of Shareholders and only the shares registered in those shareholders' names at that time may be voted at the Special Meeting of Shareholders. A corporate shareholder may appoint a person to attend the meeting as its representative in the same manner as it may appoint a proxy.

Attendance and Proxies

As a shareholder you may attend the Special Meeting of Shareholders and vote, or you may appoint a proxy to attend the Special Meeting of Shareholders and vote in your place. A proxy need not be a shareholder of Investore. If you wish, you may appoint the Chair of the meeting or any Director as your proxy (subject to the voting restrictions set out above). If you wish to appoint a proxy you should complete and return the Proxy Voting Form which is enclosed with this Notice of Special Meeting of Shareholders, or lodge your proxy preference online at www.investorvote.co.nz.

Lodging your proxy online will require you to enter your CSN Securityholder number and postcode/country of residence and the secure access control number that is located on the front of your Proxy Voting Form.

Proxy Voting

Any shareholder whose vote will be disregarded on Resolution 1, Resolution 2 or Resolution 3, including:

- SPL and its Associated Persons (which will include Directors Tim Storey and John Harvey, and all other SPL directors) in respect of Resolutions 1 and 2; and
 - Mike Allen, Investore Chair, in respect of Resolution 3, is not permitted to vote as a proxy for another person entitled to vote on that resolution, where such person gives the shareholder discretion on how to vote.
- If shareholders intend to appoint a Director as their proxy and mark the "Proxy's Discretion" box for:
- Resolution 1 or Resolution 2, shareholders are advised to specify Directors Mike Allen or Gráinne Troute as their proxy, as any "Proxy's Discretion" given to Directors Tim Storey and John Harvey will be disregarded; and
 - Resolution 3, shareholders are advised to specify Directors Gráinne Troute, Tim Storey or John Harvey, as any "Proxy's Discretion" given to Chair Mike Allen will be disregarded.

Proxy Voting Forms must be returned to the office of Investore's share registrar, Computershare Investor Services Limited, either by:

- Mail in the enclosed pre-paid envelope, addressed to Private Bag 92 119, Auckland 1142;
- Fax to +64 9 488 8787; or
- Lodge your proxy appointment online at www.investorvote.co.nz.

To be effective, the Proxy Voting Form must be received by Investore's share registrar or the online appointment completed through Investorvote, **no later than 11.00 am on Tuesday 14 January 2020.**

If you appoint a proxy, you may either direct your proxy how to vote for you or you may give your proxy discretion to vote as he/she sees fit.

If you wish to give your proxy discretion, then you must mark the appropriate boxes on the Proxy Voting Form. If you appoint the Chair or any other Director as your proxy, and tick the "Proxy's Discretion" box, the Chair or Director, as applicable, intends to vote in favour of the relevant resolution, subject to the voting restrictions set out above.

If you do not tick any box (either "For", "Against" or "Proxy's Discretion"), the Chair or Director (as applicable) will not be permitted to act as your proxy. If you are attending in person, please bring the enclosed Proxy Voting Form to the Special Meeting of Shareholders to assist with your registration.

Ordinary Resolutions

Each of Resolutions 1, 2 and 3 will be passed if approved by ordinary resolution at the Special Meeting of Shareholders. An ordinary resolution means a resolution passed by a simple majority of the votes of those shareholders entitled to vote and voting on the resolution.

Defined Terms

Appraisal Report means the independent Appraisal Report prepared by Northington Partners Limited in relation to the Transaction and enclosed with this Notice of Special Meeting, as required by the Listing Rules;

Associated Person has the meaning given to that term in the Listing Rules;

Board means the board of Directors of Investore Property Limited, and in respect of the Transaction means the board of Investore Property Limited acting by and through the independent Directors;

Capital Raise means the equity raise of gross proceeds of \$77.7 million, by way of the Placement and Retail Offer;

Contract Rental means the amount of rent payable by each tenant, plus other amounts payable to Investore by that tenant under the terms of the relevant lease, annualised for the relevant 12 month period on the basis of the occupancy level for the relevant property and assuming no default by the tenant;

FY means financial year ending on a specified date;

Investore or the **Company** means Investore Property Limited;

Listing Rules means the NZX Listing Rules;

LVR means loan to value ratio;

Northington Partners means Northington Partners Limited;

NZX means NZX Limited;

OIO means the Overseas Investment Office;

Placement means the placement of shares in Investore announced on 19 November 2019 at a price of \$1.75 per share, under which 37,142,858 shares were issued on 25 November 2019;

Properties means the properties the subject of the Transaction, being:

- Bunnings Mt Roskill, Auckland;
- Mt Wellington Shopping Centre, Auckland; and
- Bay Central Shopping Centre, Tauranga;

Retail Offer means the retail offer to eligible shareholders, under which an aggregate 7,280,198 fully paid ordinary shares in Investore were issued on 10 December 2019 at a price of \$1.75 per share, comprising 5,411,715 shares issued under Listing Rule 4.3.1(c) (Share Purchase Plan) and 1,868,483 shares issued under Listing Rule 4.5 (15% Placement);

Sale and Purchase Agreements means the sale and purchase agreements between (i) Investore and SPL and (ii) Investore and SHL dated 18 November 2019;

Settlement Date is the anticipated date on which the Transaction will settle, being the later of 1 April 2020 or the last day of the month following the date Investore obtains OIO approval (or where that date is less than 10 working days prior to the end of the month, it will be the last day of the month following) or, as the context may require, the date on which settlement occurs or is due to occur;

SHL means Stride Holdings Limited, a wholly-owned subsidiary of SPL;

SIML means Stride Investment Management Limited, which provides real estate investment management services to Investore;

Special Meeting means the special meeting of Investore shareholders, and any adjournment of that meeting, to be held to consider and, if thought fit, approve the Transaction;

SPL means Stride Property Limited;

Transaction means the proposed acquisition by Investore of the Properties from SPL (in respect of Bunnings Mt Roskill and Mt Wellington Shopping Centre) and SHL (for Bay Central Shopping Centre) for \$140.75 million, being considered by shareholders at the Special Meeting;

Vendors means SPL and SHL; and

WALT means weighted average lease term.

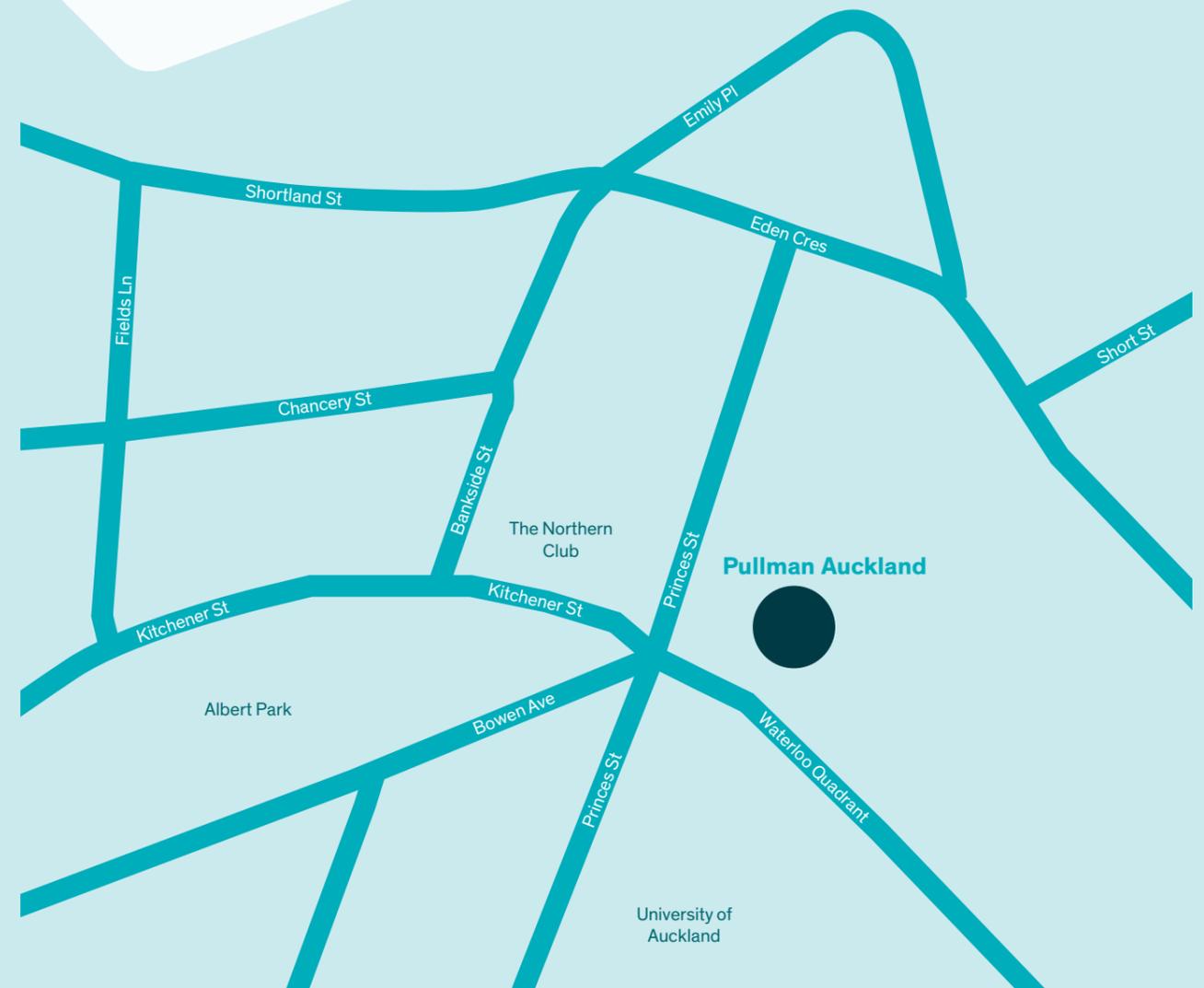
Directions for shareholders attending the Special Meeting of Shareholders

Start Time:

11.00 am (with entry to the meeting room available from 10.30 am)

Location

**Pullman Hotel, Regatta Room D,
Corner Princes Street and Waterloo
Quadrant, Auckland, New Zealand**



investore

Managed by Stride Investment
Management Limited