

# investore

Managed by Stride Investment  
Management Limited

# Investore Property Limited

## Retail Bond Presentation

17 August 2020

Arranger & Joint  
Lead Manager



Joint Lead  
Managers



FORSYTH BARR



JARDEN

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# Overview of the Offer

- Investore is offering up to \$75m (with up to an additional \$50m in oversubscriptions able to be accepted at Investore's discretion) of senior secured fixed rate 7 year Bonds
- The net proceeds of the Offer will be used to repay a portion of Investore's existing bank debt, providing further 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 Offer is expected to open on 17 August 2020 and close on 21 August 2020
- The Interest Rate on the Bonds is expected to be set on 21 August 2020
- The Bonds are expected to be issued on 31 August 2020 and quoted on the NZX Debt Market on 1 September 2020





# Business Summary



Bay Central  
Shopping Centre  
Tauranga

# A Strong, Resilient Portfolio

	<p><b>\$895.2m</b> Portfolio value<sup>1</sup> across 43 properties</p>	<p><b>87%</b> Gross rental from anchors</p>	<p><b>0.3%</b> Average lifecycle costs by asset value per annum</p>
 <p><b>Dependable income streams</b></p>	<p><b>10.4 years</b> WALT by Contract Rental<sup>2</sup></p>	<p><b>71%</b> of Contract Rental<sup>2</sup> expires in FY30 or beyond</p>	<p><b>99.7%</b> Portfolio occupancy by area</p>
 <p><b>Proactive capital management</b></p>	<p><b>30.4%</b> Loan to Value Ratio</p>	<p><b>\$182.7m</b> Total equity capital raised over last 12 months</p>	<p><b>2.7x</b> Interest coverage ratio</p>

All metrics above, except for the interest coverage ratio, are as at 31 March 2020, as if the capital raise announced on 29 April 2020 had been completed, and the settlement of the three properties acquired from Stride Property Limited (SPL) on 30 April 2020 had taken place, as at that date. The interest coverage ratio is the actual metric for FY20 (year ended 31 March 2020).

1. Excludes lease liabilities of \$11.1m

2. Contract Rental is 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 12-month period on the basis of the occupancy level for the relevant property as at 31 March 2020 and assuming no default by the tenant.



# Large Format Retail

Investore Property Limited's strategy is to invest in quality, large format retail (LFR) properties throughout New Zealand, and actively manage investors' capital, to maximise distributions and total returns over the medium to long term

Long lease terms  
10.4 years WALT<sup>1</sup>

High occupancy  
99.7%<sup>1</sup>

Nationally  
recognised tenants

Investore defines LFR property as:

- Large, free-standing, usually rectangular single floor structure on a concrete slab
- The site is well serviced by convenient vehicle access and plenty of carparking on site
- Building improvements and maintenance of the asset require straightforward enhancement and/or upkeep, with typically low lifecycle maintenance
- Sites generally have a single anchor or limited number of tenants and the majority of rental income is received from lease arrangements with nationally recognised brands and companies
- Leases are structured in order to ensure Investore has the security of long lease terms and a stable income stream, net of operating costs
- Typical anchor tenants include non-discretionary or 'everyday needs' retail such as supermarkets.



1. As at 31 March 2020, as if the capital raise announced on 29 April 2020 had been completed, and the settlement of the three properties acquired from SPL on 30 April 2020 had taken place, as at that date.

# Our Strategic Principles

Our strategy is based on four principles – active portfolio management, targeted growth, continued optimisation of the portfolio, and proactive capital management

## 1. Active Portfolio Management

Focus on owning well-located properties with long lease terms and high occupancy, with nationally recognised quality tenant brands, and maintaining strong and enduring tenant relationships that support the portfolio

## 2. Targeted Growth

Considered acquisitions and developments which deliver growth, while continuing to enhance geographical and/or tenant portfolio diversification

## 3. Continued Portfolio Optimisation

Development of existing properties to meet the needs of tenants and the surrounding catchment, which may include acquiring sites adjacent to existing properties, to provide development options for the future

## 4. Proactive Capital Management

Proactive capital management to maintain a healthy and flexible balance sheet for growth, while preserving sustainable returns to investors



# Business Impacts from COVID-19

Investore's portfolio comprises a high proportion of businesses that continued to trade during the April 2020 Government lockdown ('essential businesses') and a limited number of leases permitting tenants to suspend or abate rental payments as a result of Government Alert Level restrictions

- Investore has worked collaboratively with its tenants to support them through the ongoing impact of COVID-19
- Investore's approach in assisting tenants has been focussed on providing rental support through a combination of abatements and deferrals in return for granting extensions to lease terms, providing Investore with additional contracted future rental revenue wherever possible
- During the lockdown which commenced on 26 March 2020, over 80% of Investore's portfolio was classified as 'essential businesses' as defined on the Government's website covid19.govt.nz, including supermarkets, pharmacies and hardware stores, a vital part of the supply chain for New Zealanders
- Investore has completed 98% of tenant negotiations in relation to the first lockdown period. While there remains some uncertainty regarding the current Government Alert Level restrictions, including their duration and the regions impacted, Investore continues to expect the impact of COVID-19 to result in reduced gross rent receivable for FY21 of approximately \$1m - \$2m. This assumes Alert Level 3 or 4 restrictions are not in place for an extended period of time during the balance of FY21



# Portfolio Highlights

Countdown  
Greenlane,  
Auckland





# Targeted growth

- Investore continues to explore acquisition and development opportunities to deliver on its strategy of targeted growth, focussed on opportunities that enhance its existing portfolio
- Investore is currently considering portfolio opportunities, including an acquisition and other growth opportunities, with a combined value of approximately \$100m
- These opportunities, if they proceed, are expected to be funded through Investore's existing debt facilities, which would result in an LVR of approximately 37.4%, leaving \$48m of remaining debt facility headroom
- There is no certainty that any opportunities will proceed, and if such opportunities do progress then they would be subject to satisfactory completion of due diligence and other conditions that may be negotiated

	As at 31 March 2020 pro forma <sup>1</sup>	Potential portfolio opportunities	As at 31 March 2020 pro forma, plus potential portfolio opportunities
<b>Debt facilities</b>			
Investment properties	\$895m <sup>2</sup>	+\$100m	\$995m <sup>2</sup>
Drawn debt	\$272m	+\$100m	\$372m
Loan to Value Ratio	30.4%		37.4%
Available debt facility (before bond issuance)	\$148m		\$48m

1. See footnote 1 on page 7.

2. Excludes lease liabilities of \$11.1m.

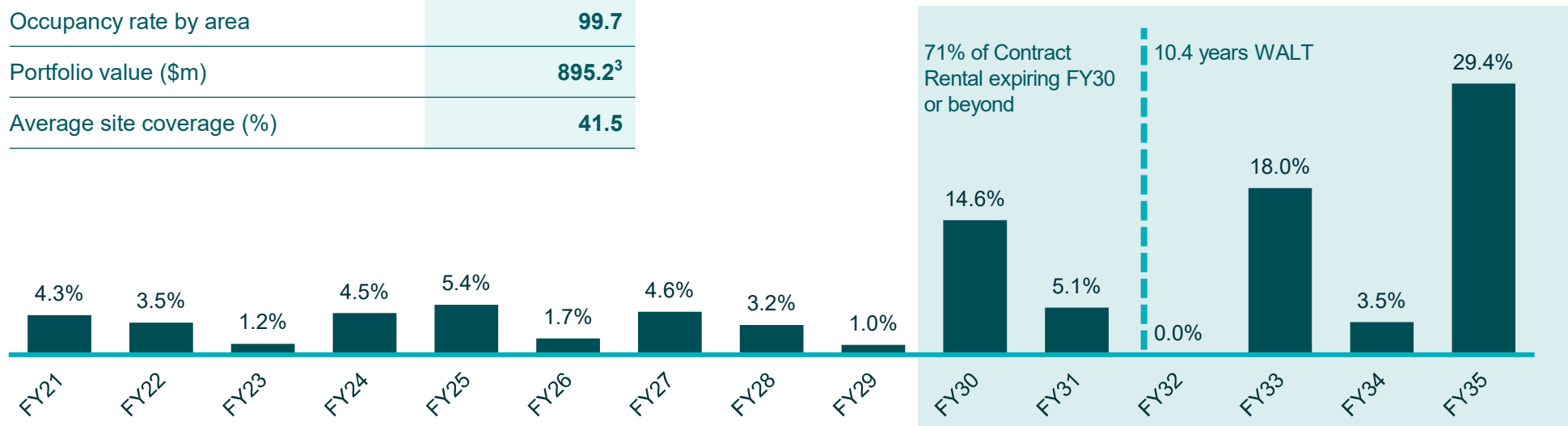
# Portfolio Summary

## Portfolio Metrics

	As at 31 Mar 2020 pro forma <sup>1</sup>
Number of properties	43
Number of tenants	130
Net lettable area (NLA) (sqm)	246,176
Net Contract Rental <sup>2</sup> (\$m)	56.2
WALT (years)	10.4
Occupancy rate by area	99.7
Portfolio value (\$m)	895.2 <sup>3</sup>
Average site coverage (%)	41.5

**Long portfolio WALT of 10.4 years  
and 71% of Contract Rental<sup>2</sup> expiring  
in FY30 or beyond<sup>1</sup>**

## Lease Expiry Profile by Contract Rental<sup>2</sup> As at 31 March 2020<sup>1</sup>



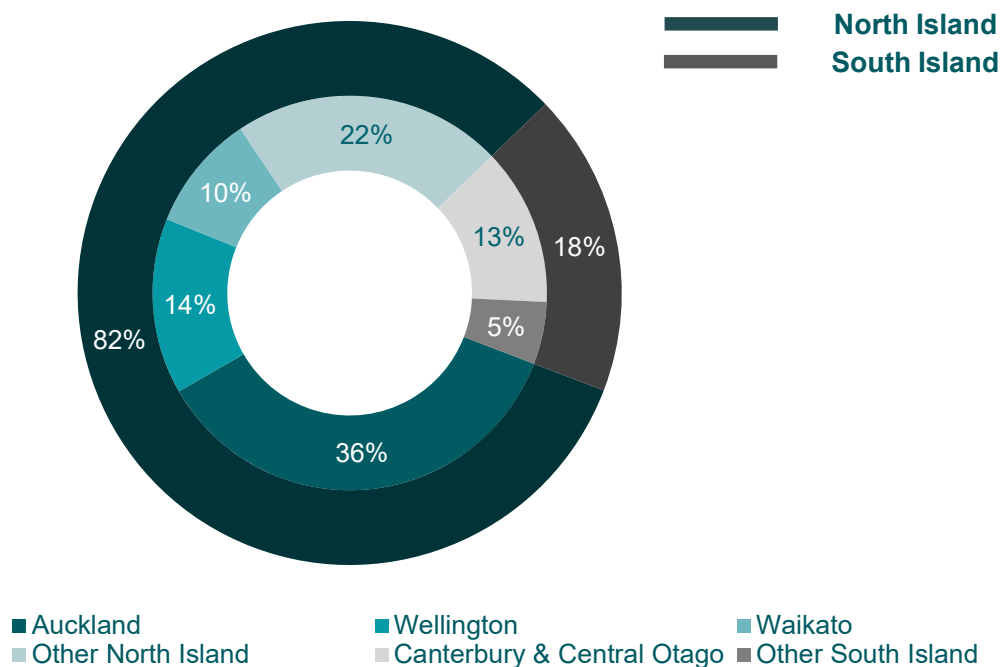
1. See footnote 1 on page 7.
2. See footnote 2 on page 6.
3. Excludes lease liabilities of \$11.1m.



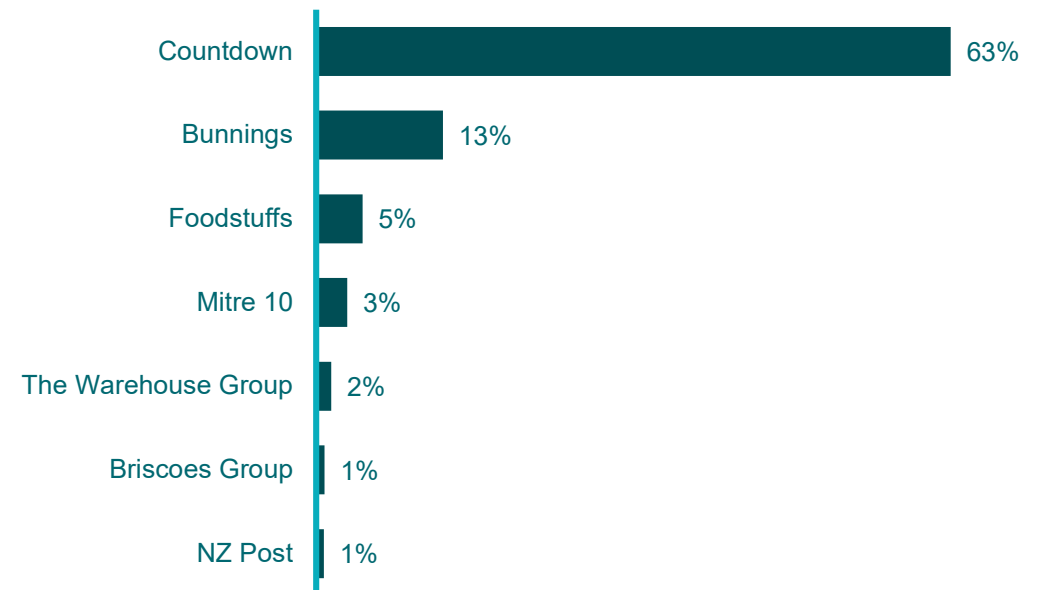
# Anchor tenants underpin income

Investore's resilient portfolio comprises a high proportion of anchor tenants (87%<sup>1</sup> by Contract Rental<sup>2</sup>) and is geographically diverse, reflective of the population spread across NZ

**Geographic diversification by Contract Rental<sup>1,2</sup>**  
As at 31 March 2020



**Anchor tenant classification by Contract Rental<sup>2</sup>**  
As at 31 March 2020



Note: Numbers may not sum due to rounding.

1. See footnote 1 on page 7.

2. See footnote 2 on page 6. Includes The Warehouse Group leased premises at Johnsonville. The tenant has confirmed they will vacate this site upon lease expiry in October 2020.

# Diversified portfolio locations

**\$895m**

Portfolio Value<sup>1</sup>

**82%**

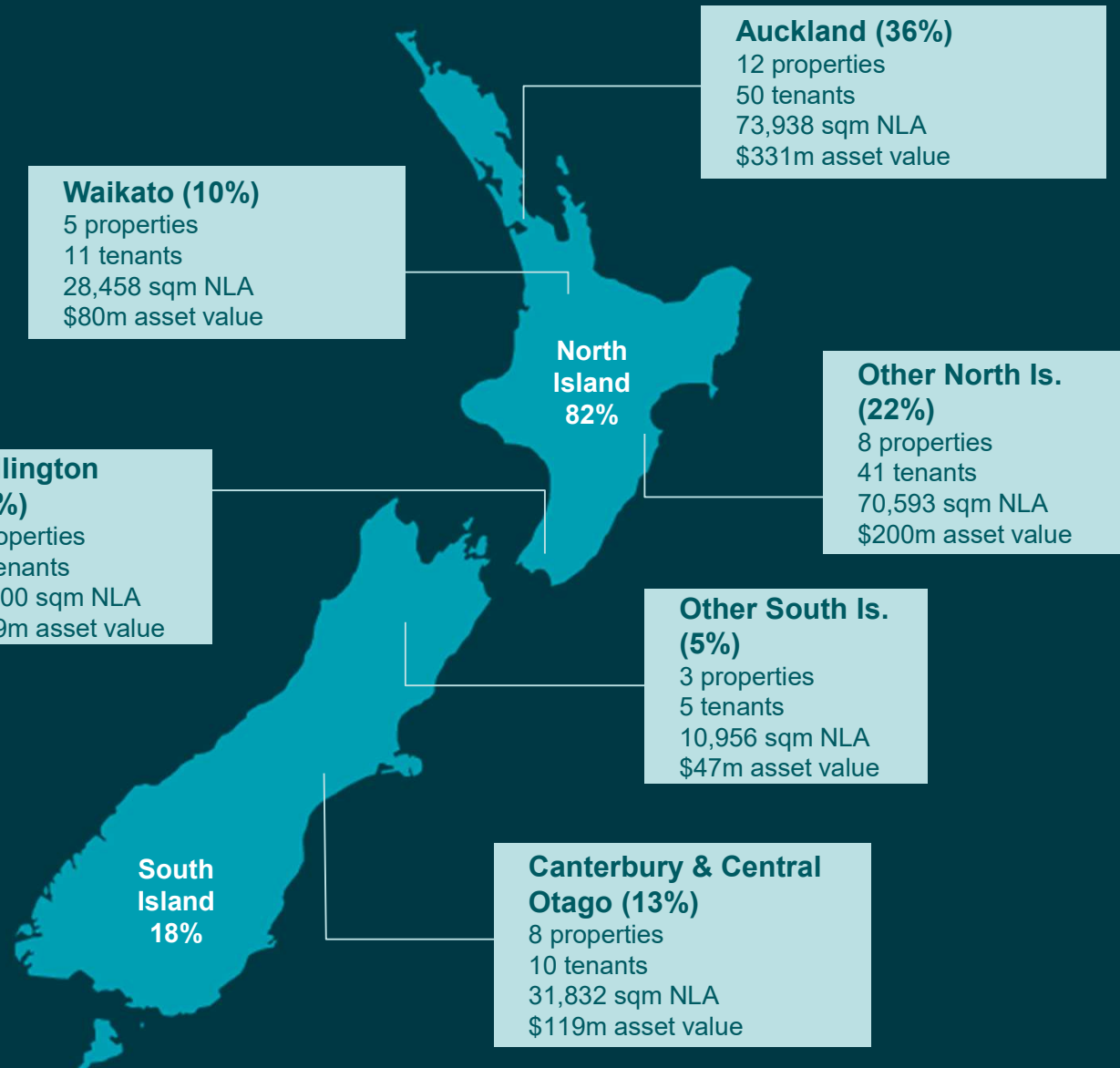
North Island

**43**

Properties

**130**

Tenants



All metrics above are based on Contract Rental (see footnote 2 on page 6) and are as at 31 March 2020, as if the capital raise announced on 29 April 2020 had been completed, and the settlement of the three properties acquired from SPL on 30 April 2020 had taken place, as at that date. Numbers may not sum due to rounding.

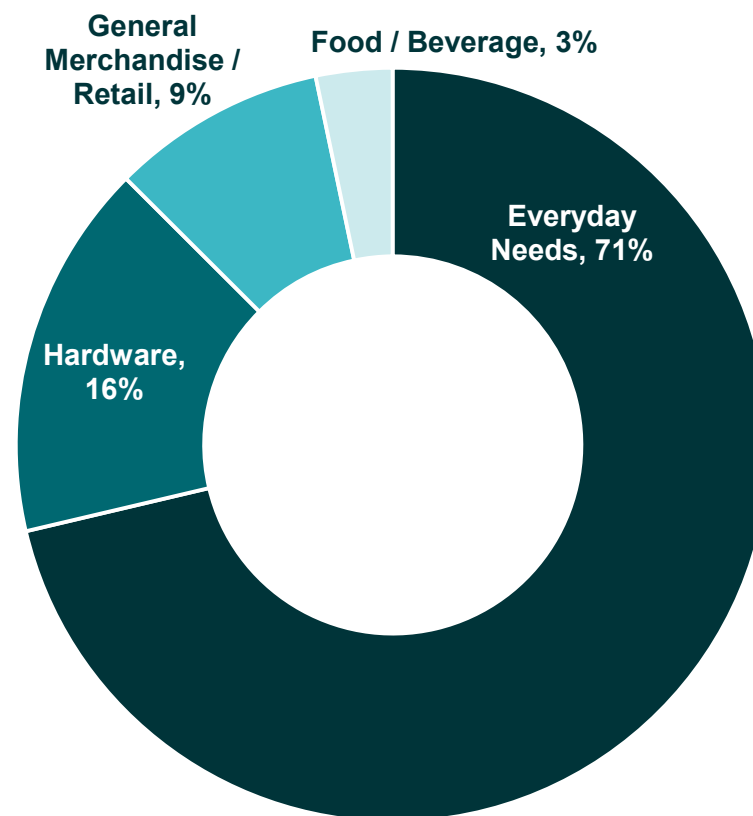
1. Excludes lease liabilities of \$11.1m.



# Majority of tenants represent everyday needs

Around 71% of Investore's portfolio<sup>1</sup> is categorised as 'everyday needs', drawing customers to the properties on a regular basis and providing a strong tenant proposition

	<b>Everyday needs</b>	<ul style="list-style-type: none"> <li>Countdown</li> <li>New World</li> <li>Pak'nSave</li> <li>Animates</li> <li>Unichem Pharmacy</li> <li>Pet Essentials</li> <li>Snap Fitness</li> <li>NZ Post</li> </ul>
	<b>Hardware</b>	<ul style="list-style-type: none"> <li>Bunnings</li> <li>Mitre 10 MEGA</li> <li>Resene</li> </ul>
	<b>General Merchandise / Retail</b>	<ul style="list-style-type: none"> <li>The Warehouse</li> <li>Briscoes</li> <li>Rebel Sport</li> <li>Kitchen Things</li> <li>Hunting and Fishing</li> <li>Supercheap Auto</li> <li>Lighting Direct</li> <li>Freedom Furniture</li> </ul>
	<b>Food / Beverage</b>	<ul style="list-style-type: none"> <li>McDonald's</li> <li>Burger Fuel</li> <li>Columbus Coffee</li> <li>Pizza Hut</li> <li>Domino's Pizza</li> <li>Pita Pit</li> <li>Super Liquor</li> <li>Noodle Canteen</li> <li>St Pierre Sushi</li> </ul>



Note: Numbers may not sum due to rounding.

1. By Contract Rental (see footnote 2 on page 6), as at 31 March 2020, as if the settlement of the three properties acquired from SPL had taken place as at that date.

# Sustainability

Investore has developed a sustainability strategic plan which addresses each of its sustainability objectives under three key pillars of **people, planet/places and prosperity**

Sustainability initiatives undertaken by Investore include:

- ✓ New energy efficient HVAC systems installed as part of refurbishment programmes
- ✓ Supported Countdown Rototuna, Hamilton, in a trial launched in November 2018 with the installation of electric vehicle charging stations which are available free of charge for shoppers
- ✓ Supported tenants' refurbishment programmes with installation of energy efficient LED lighting at several stores, including Mitre 10, Bunnings and Countdown
- ✓ Entered into a Supercharger Partnership with energy company Tesla for the installation of three charging stations at Countdown Johnsonville
- ✓ Tracking of carbon emissions commenced





# Financial Overview

Countdown  
Warkworth,  
Auckland





# Financial Highlights

## For the year ended 31 March 2020

- Net rental income of \$48.1m (FY19: \$47.4m)
- Corporate expenses of \$7.5m (FY19: \$6.0m)
- Profit before other income and tax of \$26.7m (FY19: \$27.0m)
- Profit after income tax of \$28.6m (FY19: \$38.6m) due to lower net revaluation gains as a result of COVID-19
- Distributable profit<sup>1</sup> after income tax of \$21.1m (FY19: \$20.9m)
- Total cash dividend of 7.60 cps



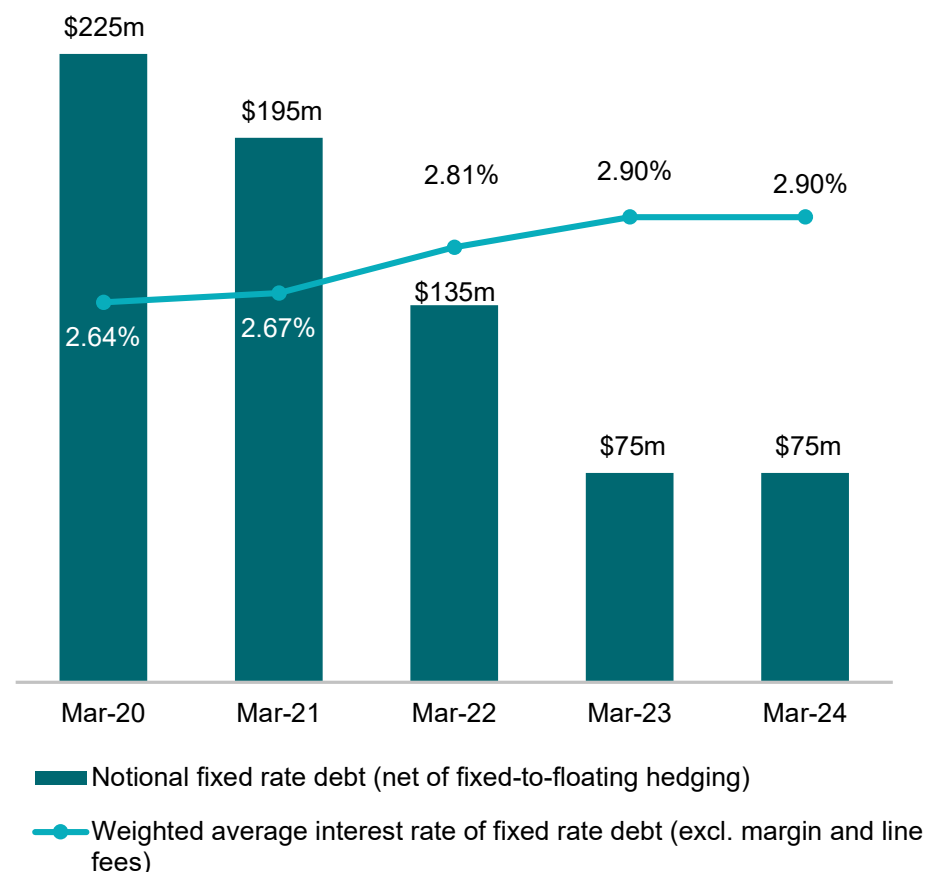
1. Distributable profit is a non-GAAP financial measure adopted by Investore to assist Investore and its investors in assessing Investore's profit available for distribution. It is defined as profit/(loss) before income tax adjusted for non-recurring and/or non-cash items (including non-recurring adjustments 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 3.2 to the annual financial statements ended 31 March 2020.

# Proactive Capital Management

	As at 31 Mar 2020 pro forma <sup>1</sup>
<b>Debt facilities</b>	
Banking facility limit (ANZ, BNZ, CBA, CCB, Westpac), plus IPL010 bond	<b>\$420m</b>
Debt facilities drawn	<b>\$272m</b>
Weighted maturity of debt facilities	<b>3.3 years</b>

<b>Bank debt covenants</b>	
LVR (Drawn Debt / Property Values) Covenant: ≤ 65%; board stated max: 48%	<b>30.4%</b>
Interest Cover Ratio (EBIT/Interest and Financing Costs) Covenant: ≥ 1.75x	<b>2.7x<sup>2</sup></b>
WALT <sup>3</sup> Covenant: > 6.0 years	<b>10.4 years</b>

**Fixed rate interest profile**  
As at 31 March 2020



1. See footnote 1 on page 7.

2. Actual ICR value for FY20, unadjusted for the items in footnote 1.

3. The unexpired lease 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 nil term for vacant space.

# Offer Outcomes

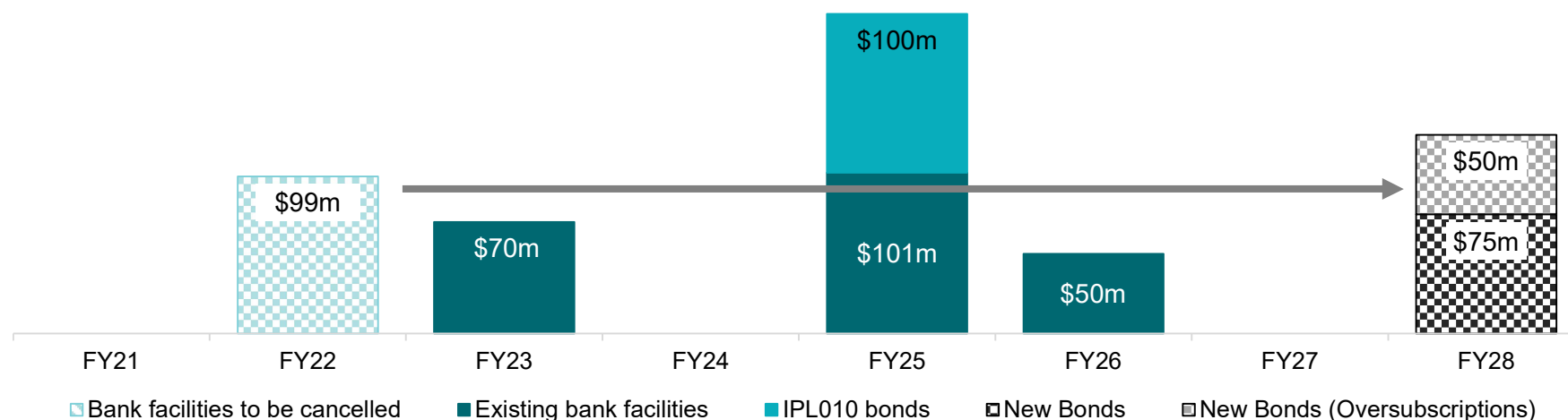
## Net proceeds of the Offer will be used to repay and cancel a portion of Investore's existing bank debt

- ✓ Further diversification of funding sources – 50% of debt facilities from non-bank funding following the issue of the Bonds<sup>2</sup>
- ✓ Extended tenor – average tenor of debt extended to 4.8 years upon the issue of the Bonds<sup>1,2</sup>

Debt facilities	As at 31 Mar 2020 pro forma <sup>1</sup>	As at 31 Mar 2020 pro forma, plus new Bonds <sup>2</sup>
Banking facility limit (ANZ, BNZ, CBA, CCB, Westpac)	\$320m	\$221m
Retail bonds	\$100m	\$225m
Total debt facilities	\$420m	\$446m
Weighted maturity of debt facilities	3.3 years	4.8 years

## Debt maturity profile post issue<sup>2</sup>

As at 31 March 2020



1. As at 31 March 2020, as if the new facility and extended facility announced on 28 April 2020 had been in place at that time.

2. Assumes \$125m (including oversubscriptions of \$50m) of Bonds are issued and \$99m of existing banking facility is cancelled. If less than \$125m of bonds are issued, it may be that less than \$99m of facility is cancelled.



# Bond Offer

Mitre 10 MEGA  
Botany, Auckland





# Security

- The Bonds will be 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 31 March 2020<sup>1</sup>, 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, existing IPL010 bonds, bank facilities and hedging arrangements) were approximately \$277m
  - 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, on an equal ranking basis
  - There are restrictions on Investore granting further security over its properties or its assets, except in certain permitted instances

1. See footnote 1 on page 7.

# Covenants and Default

- The Loan to Value Ratio under the Trust Deed for the Bonds 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's stated maximum Loan to Value Ratio is 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
<b>Issuer</b>	Investore Property Limited
<b>Description of the Bonds</b>	Senior secured, fixed rate bonds 7 year bonds
<b>Security</b>	<p>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)</p> <p>The Security Trustee holds the mortgages and the General Security Deed for all creditors entitled to their benefit, which currently includes (in addition to the Supervisor and the Bondholders) Investore's banking syndicate and its agent, on an equal ranking basis</p>
<b>Tenor &amp; Maturity Date</b>	7 years, maturing 31 August 2027
<b>Offer Amount</b>	Up to \$75m (with the ability to accept oversubscriptions of up to \$50m at Investore's discretion)
<b>Interest Rate</b>	<p>The sum of the Swap Rate plus the Issue Margin which may be above or below the Indicative Issue Margin, subject to a minimum Interest Rate of 2.40% per annum</p> <p>The Interest Rate will be announced by Investore via NZX on or about the Rate Set Date</p>
<b>Indicative Issue Margin</b>	2.00% to 2.20% per annum
<b>Interest Payments</b>	Quarterly in arrear in equal payments
<b>Bond Financial Covenant (Loan to Value Ratio)</b>	Investore agrees to ensure that 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 (including, in respect of any development, capital expenditure incurred during the development phase since the date of the most recent valuation)
<b>Purpose</b>	The net proceeds of the offer will be used to repay a portion of existing bank debt. The offer will also provide further diversification of funding sources and extend the tenor of Investore's debt
<b>Minimum Application Amount</b>	\$5,000 and multiples of \$1,000 thereafter
<b>Firm Brokerage</b>	0.75% on firm allocations to be paid by Investore
<b>Quotation</b>	It is expected that the Bonds will be quoted on the NZX Debt Market under the ticker code IPL020
<b>Credit Rating</b>	The Bonds will not be rated

Capitalised terms have the same meaning given to that term in the Terms Sheet.

# Key Dates of the Offer

Key event	Date
Pre-offer announcement	Monday, 10 August 2020
Offer opens	Monday, 17 August 2020
Offer closes	11:00am, Friday, 21 August 2020
Interest Rate set	Friday, 21 August 2020
Issue Date	Monday, 31 August 2020
Expected date of initial quotation on the NZX Debt Market	Tuesday, 1 September 2020
Interest Payment Dates	28 February, 31 May, 31 August and 30 November
First Interest Payment Date	Monday, 30 November 2020
Maturity Date	Tuesday, 31 August 2027

# Investment Highlights

**NZX listed with focus on large format retail property**

**Geographically diversified portfolio totalling \$895.2m<sup>1</sup>**

**Long term leases – WALT of 10.4 years<sup>1</sup>**

**Dependable income streams**

**Nationally recognised quality tenant brands**

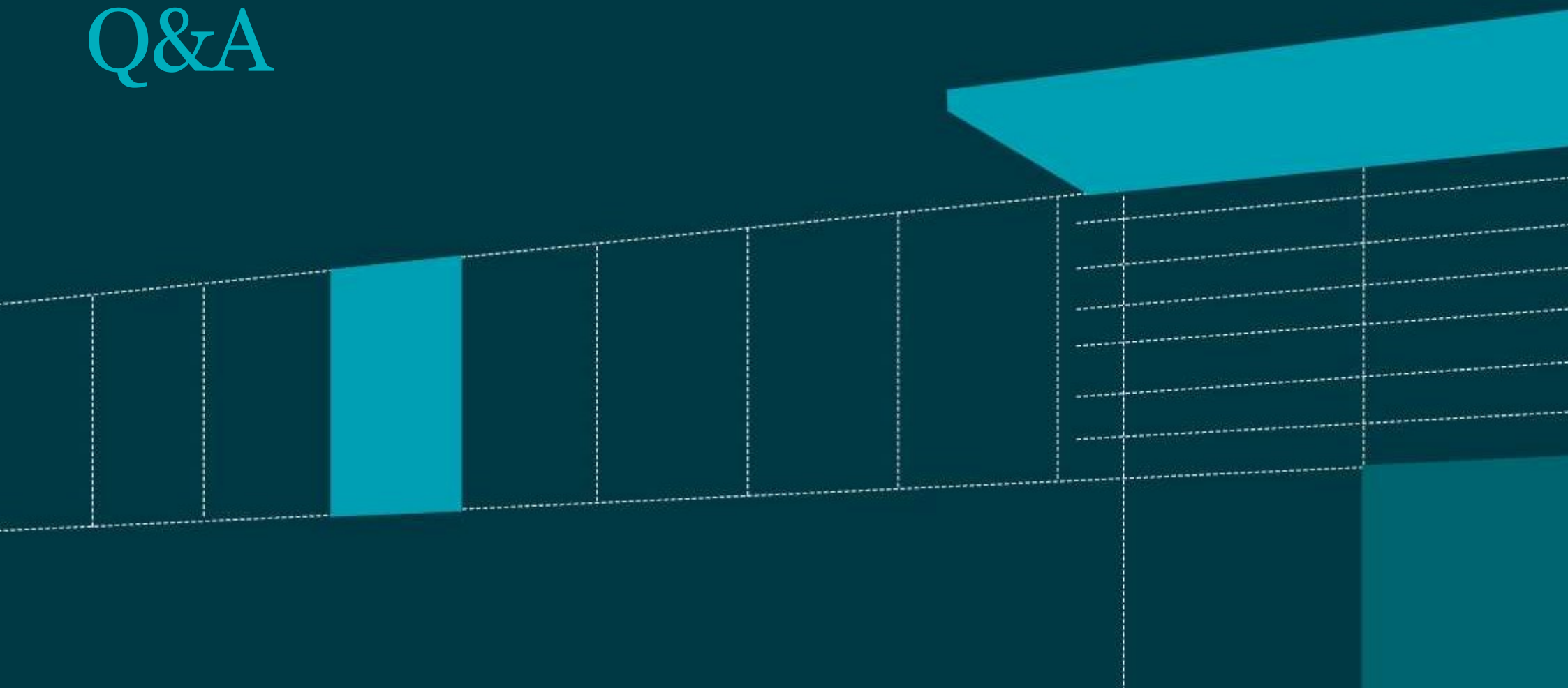
**High occupancy rate - 99.7%<sup>1</sup>**

**Strong management and corporate governance**

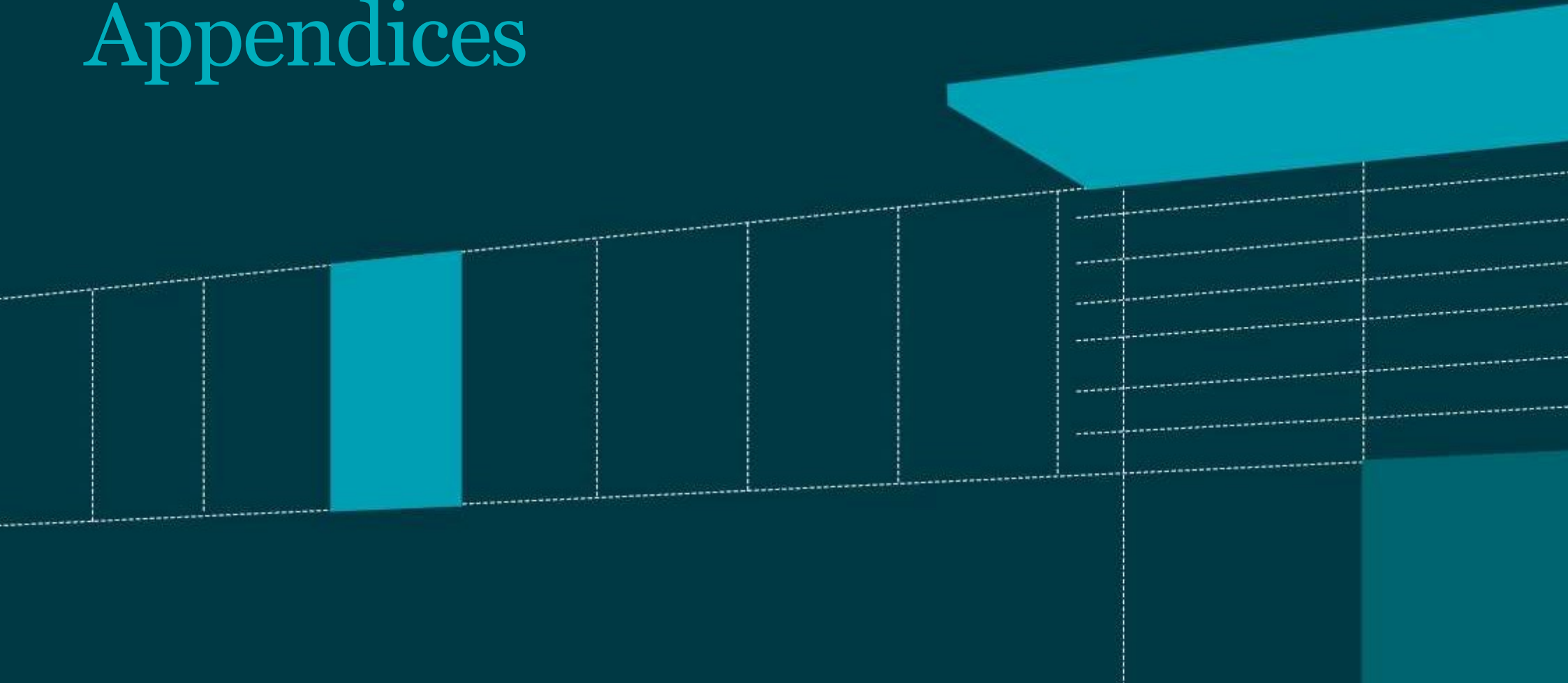
1. See footnote 1 on page 7.



# Q&A



# Appendices



# Board of Directors



**Mike Allen**  
*Chair of the Board*  
*Independent, Non-Executive Director*

Mike has considerable governance experience and is currently a director of China Construction Bank (New Zealand) Limited and Taumata Plantations Limited. Prior to his governance career, he had an executive career in investment banking and general management experience in New Zealand and the United Kingdom.



**Gráinne Troute**  
*Chair of the Audit and Risk Committee*  
*Independent, Non-Executive Director*

Gráinne has over 30 years' experience in listed and unlisted organisations, in highly competitive and customer-focussed sectors, including McDonald's New Zealand and SKYCITY Entertainment Group. Gráinne is currently a director of Tourism Holdings Limited, Summerset Group Holdings Limited and Chair of Tourism Industry Aotearoa.



**Adrian Walker**  
*Independent, Non-Executive Director*

Adrian is a very experienced commercial property executive, with over thirty years' experience in the property sector, including twenty years as the General Manager of Property at Woolworths NZ (owner of Countdown brand supermarkets). Adrian brings to Investore a deep knowledge of the property industry in New Zealand, as well as the supermarket sector, a sector that makes up a significant portion of Investore's property portfolio. Adrian has a strong background in property, financial planning and strategic management.



**Tim Storey**  
*SIML Nominee and Non-Executive Director*

Tim has more than 30 years of experience across a range of business sectors, and has practised as a lawyer in Australia and New Zealand. Tim was a partner in the Bell Gully partnership, having retired in 2006, and is Chairman of Stride Property Limited, Stride Investment Management Limited and ASX listed LawFinance Limited.



**John Harvey**  
*SIML Nominee and Non-Executive Director*

John has over 35 years' professional experience as a chartered accountant, including at PricewaterhouseCoopers (PWC) where he was a partner for 23 years and held a number of management and governance roles. John retired from PWC in 2009 to pursue a career as a professional independent director. He is currently a director of Stride Property Limited, Stride Investment Management Limited, Kathmandu Holdings Limited, Heartland Bank Limited and Port of Napier Limited.



**Emma McDonald**  
*Future Director*

Emma has been appointed as a future director programme participant by Investore under the Institute of Directors' future directors programme. Emma is a director of Pragmatix, a project management business, and has considerable experience in project management, having previously been in project management and bid management roles with Fletcher Construction and Shell International. Emma brings valuable experience and insights to the Investore Board, and participates in Investore Board meetings but does not vote or have any role as a director.



# Management Team



**Philip Littlewood**  
*Chief Executive  
Officer*

- Over 20+ years experience in property investment 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
- BCom (Finance), BProp, 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) and NZ CFO of the year for 2018



**Fabio Pagano**  
*Fund Manager  
Investore*

- 15+ years experience in retail and property.
- Previously Strategic Director, Ministry of Education
- Prior experience includes Coles Group Australia property team, leading portfolio properties and activities across states.
- MBA (Curtin University)



**Steve Penney**  
*General Manager  
Investment*

- 15+ years experience in investment and asset management across property and infrastructure
- Previously Investment Director and partner, HRL Morrison & Co
- Chartered Accountant (CA)



**Andrew Hay**  
*General Manager  
Commercial &  
Industrial*

- 20+ years property industry experience
- Auckland Branch President of the Property Council
- MBA (Victoria University)



**Roy Stansfield**  
*General Manager  
Shopping Centres*

- 30 years experience in the retail shopping centre industry
- Prior experience includes property accountancy, centre management and retail leasing
- Previously head of leasing at Sylvia Park for Kiwi Property



**Mark Luker**  
*General Manager  
Development*

- 25+ years retail and commercial property development experience
- Formerly General Manager Development and Project Director, Sylvia Park at Kiwi Property



**Louise Hill**  
*General Manager  
Corporate Services*

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

# Thank You

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Auckland 1010, New Zealand

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West, Auckland 1142, New  
Zealand

P +64 9 912 2690  
W [investoreproperty.co.nz](http://investoreproperty.co.nz)

# investore

Managed by Stride Investment  
Management Limited

# Indicative Terms Sheet

## Investore Property Limited

Up to \$75,000,000 7 Year  
Senior Secured Fixed Rate Bonds  
(plus up to \$50,000,000 oversubscriptions)

Dated 17 August 2020

Arranger & Joint Lead Manager



Joint Lead Managers



FORSYTH BARR



JARDEN



# Indicative Terms Sheet

**Dated 17 August 2020**

## **Senior Secured Fixed Rate Bonds due 31 August 2027**

This indicative terms sheet (**Terms Sheet**) sets out the key terms of the offer by Investore Property Limited (**Investore**) of up to \$75,000,000 (with the ability to accept oversubscriptions of up to an additional \$50,000,000 at Investore's discretion), of 7 year senior secured fixed rate bonds maturing on 31 August 2027 (**Bonds**) under its bond master trust deed dated 2 March 2018 (as amended from time to time) (**Trust Deed**) as modified and supplemented by the supplemental deed dated 17 August 2020 entered into between Investore and Public Trust (**Supervisor**) (together with the Trust Deed, **Bond Trust Documents**).

Unless the context otherwise requires, capitalised terms used in this Terms Sheet have the same meaning given to them in the Bond Trust Documents.

## **Important notice**

The offer of debt securities by Investore is made in reliance upon the exclusion in clause 19 of schedule 1 of the Financial Markets Conduct Act 2013 (**FMCA**).

The offer contained in this Terms Sheet is an offer of bonds that have identical rights, privileges, limitations and conditions (except for the interest rate and maturity date) as Investore's \$100,000,000 senior secured fixed rate bonds maturing on 18 April 2024 (which have an interest rate of 4.40% p.a.), which are currently quoted on the NZX Debt Market under the ticker code IPL010 (**IPL010 Bonds**).

Accordingly, the Bonds offered will be the same class as the IPL010 Bonds for the purposes of the FMCA and the Financial Markets Conduct Regulations 2014.

Investore is subject to a disclosure obligation that requires it to notify certain material information to NZX Limited (**NZX**) for the purpose of that information being made available to participants in the market and that information can be found by visiting [www.nzx.com/companies/ipl](http://www.nzx.com/companies/ipl).

The IPL010 Bonds are the only debt securities of Investore that are currently quoted in the same class as the Bonds.

Investors should look to the market price of the IPL010 Bonds referred to above to find out how the market assesses the returns and risk premium for those bonds. When comparing the yield of two debt securities, it is important to consider all relevant factors (including the credit rating (if any), maturity and the other terms of the relevant debt securities).

# Indicative Terms Sheet (cont.)

<b>Issuer</b>	Investore Property Limited
<b>Description</b>	Senior secured fixed rate 7 year bonds
<b>Opening Date</b>	Monday, 17 August 2020
<b>Closing Date</b>	11.00am on Friday, 21 August 2020
<b>Rate Set Date</b>	Friday, 21 August 2020
<b>Issue Date</b>	Monday, 31 August 2020
<b>Expected Quotation on NZX Debt Market</b>	Tuesday, 1 September 2020
<b>Maturity Date</b>	Tuesday, 31 August 2027
<b>Purpose</b>	The net proceeds of the offer will be used to repay a portion of existing bank debt. The offer will also provide further diversification of funding sources and extend the tenor of Investore's debt
<b>Offer Amount</b>	Up to \$75,000,000 (with the ability to accept oversubscriptions of up to an additional \$50,000,000 at Investore's discretion)
<b>Security</b>	<p>The Bonds are secured by first ranking mortgages (the <b>Mortgages</b>) granted by Investore over its properties (the <b>Mortgaged Properties</b>) and by security interests over Investore's other assets under a general security deed (subject to limited exceptions) (the <b>General Security Deed</b>)</p> <p>The Security Trustee holds the Mortgages and the General Security Deed for all creditors entitled to their benefit, which currently includes (in addition to the Supervisor and the Bondholders) Investore's banking syndicate and its agent, on an equal ranking basis</p>
<b>Financial Covenant</b>	<p>Investore agrees to ensure that 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 (including, in respect of any development, capital expenditure incurred during the development phase since the date of the most recent valuation) (the <b>Loan to Value Ratio</b>)</p> <p>A breach of the Loan to Value Ratio which is not remedied within (approximately) 13 months of that breach being disclosed to the Supervisor in a compliance certificate, will be an Event of Default. Refer to the Bond Trust Documents for more detail on the covenant</p>
<b>Distribution Stopper</b>	Investore is not permitted to make any distribution, such as declaring a dividend to Investore shareholders, if an Event of Default is continuing or if it would result in an Event of Default. Full details of the Events of Default are set out in the Bond Trust Documents

# Indicative Terms Sheet (cont.)

<b>No Credit Rating</b>	The Bonds will not be rated
<b>Issue Price</b>	\$1.00 per Bond, being the Principal Amount of each Bond
<b>Early Repayment</b>	Holder's have no rights to require Investore to redeem the Bonds early except through the Supervisor in the case of an Event of Default. Investore does not have the right to redeem the Bonds early
<b>Further Indebtedness</b>	Investore may, without the consent of the Holders of the Bonds, issue additional securities or other debt obligations on such other terms and conditions as Investore may think fit
<b>Interest Rate</b>	The sum of the Swap Rate plus the Issue Margin (which may be above or below the Indicative Issue Margin), subject to a minimum Interest Rate of 2.40% per annum The Interest Rate will be announced by Investore via NZX on or about the Rate Set Date
<b>Indicative Issue Margin</b>	2.00% to 2.20% per annum
<b>Issue Margin</b>	The Issue Margin (which may be above or below the Indicative Issue Margin range mentioned above), will be determined by Investore (in consultation with the Joint Lead Managers) following a bookbuild process and announced by Investore via NZX on or about the Rate Set Date
<b>Swap Rate</b>	The mid-market rate for an interest rate swap of a term matching the period from the Issue Date to the Maturity Date as calculated by the Arranger in consultation with Investore, according to market convention, with reference to Bloomberg page 'ICNZ4' (or any successor page) on the Rate Set Date and expressed on a quarterly basis (rounded to 2 decimal places, if necessary, with 0.005 being rounded up)
<b>Interest Payments</b>	Quarterly in arrear in equal payments
<b>Interest Payment Dates</b>	28 February, 31 May, 31 August and 30 November each year (or if that day is not a Business Day, the next Business Day) until and including the Maturity Date. The first Interest Payment Date will be 30 November 2020
<b>Record Date</b>	5.00pm on the date that is 10 days before the relevant scheduled Interest Payment Date or, if that is not a Business Day, the immediately preceding Business Day
<b>Business Days</b>	Days on which the NZX is open for trading
<b>Firm Brokerage</b>	0.75% on firm allocations to be paid by Investore
<b>ISIN</b>	NZIPLDT002C1



# Indicative Terms Sheet (cont.)

<b>NZX Debt Market Quotation</b>	<p>Application has been made to NZX for permission to quote the Bonds on the NZX Debt Market and all the requirements of NZX relating to that quotation that can be complied with on or before the distribution of this Terms Sheet have been duly complied with. However, NZX accepts no responsibility for any statement in this Terms Sheet. NZX is a licensed market operator, and the NZX Debt Market is a licensed market under the FMCA (NZX ticker code IPL020 has been reserved for the Bonds)</p>
<b>Minimum Application Amount and Denominations</b>	<p>\$5,000 and multiples of \$1,000 thereafter</p>
<b>Transfer Restrictions</b>	<p>Holders are entitled to sell or transfer their Bonds at any time subject to the terms of the Bond Trust Documents and applicable securities laws and regulations. Investore or the Securities Registrar may decline to accept or register a transfer of the Bonds for the reasons set out in the Bond Trust Documents</p> <p>No transfer may be made if the transfer would result in the transferee holding or continuing to hold Bonds with a Principal Amount of less than \$5,000 (other than zero) or not in multiples of \$1,000</p>
<b>Governing Law</b>	<p>New Zealand</p>
<b>Who May Apply &amp; How to Apply</b>	<p>All of the Bonds, including oversubscriptions, will be reserved for clients of the Joint Lead Managers, institutional investors and other persons invited to participate in the bookbuild. There will be no public pool for the Bonds</p> <p>Investors should contact any Joint Lead Manager, their financial adviser or any Primary Market Participant for details on how they may acquire Bonds. You can find a Primary Market Participant by visiting <a href="https://www.nzx.com/services/market-participants/find-a-participant">https://www.nzx.com/services/market-participants/find-a-participant</a></p> <p>Whether in respect of oversubscriptions or generally, any allotment of Bonds will be at Investore's discretion, in consultation with the Joint Lead Managers. Investore reserves the right to refuse all or any part of an application without giving any reason</p> <p>Each investor's financial adviser will be able to advise them as to what arrangements will need to be put in place for the investors to trade the Bonds including obtaining a common shareholder number (CSN), an authorisation code (FIN) and opening an account with a Primary Market Participant, as well as the costs and timeframes for putting such arrangements in place</p>
<b>Arranger</b>	<p>Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch) (<b>Westpac</b>)</p>
<b>Joint Lead Managers</b>	<p>ANZ Bank New Zealand Limited, Forsyth Barr Limited, Jarden Limited and Westpac</p>
<b>Supervisor</b>	<p>Public Trust</p>

# Indicative Terms Sheet (cont.)

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<b>Security Trustee</b>	New Zealand Permanent Trustees Limited
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<b>Securities Registrar</b>	Computershare Investor Services Limited
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## **Selling Restrictions**

Investore does not intend that the Bonds be offered for sale, and no action has been taken or will be taken to permit a public offering of Bonds, in any jurisdiction other than New Zealand. Bonds may only be offered for sale or sold in conformity with all applicable laws and regulations in any jurisdiction in which they are offered, sold or delivered. This Terms Sheet may not be published, delivered or distributed in or from any country other than New Zealand

By subscribing for or otherwise acquiring any Bonds, you agree to indemnify, among others, Investore, the Supervisor and the Joint Lead Managers for any loss suffered as a result of any breach by you of the selling restrictions referred to in this Terms Sheet

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The dates set out in this Terms Sheet are indicative only and are subject to change. Investore may, in its absolute discretion and without notice, vary the timetable (including by opening or closing the offer described in this Terms Sheet early, accepting late applications and extending the Closing Date). If the Closing Date is extended, subsequent dates may be extended accordingly. Investore reserves the right to cancel the offer described in this Terms Sheet and the issue of the Bonds, in which case all application monies received will be refunded (without interest) as soon as practicable.

Any internet site addresses provided in this Terms Sheet are for reference only and, except as expressly stated otherwise, the content of any such internet site is not incorporated by reference into, and does not form part of, this Terms Sheet. Copies of the Bond Trust Documents are available on the website (managed by Investore) for the offer of the Bonds [www.investoreproperty.co.nz/bondoffer](http://www.investoreproperty.co.nz/bondoffer). Investors should seek qualified, independent financial and taxation advice before deciding to invest. In particular, investors should consult their tax adviser in relation to their specific circumstances. Investors will be personally responsible for all tax return filing obligations in respect of their investment in the Bonds, compliance with the financial arrangements rules (if applicable) and payment of provisional or terminal tax (if required) on interest derived.

For further information regarding Investore, visit [www.nzx.com/companies/ipl](http://www.nzx.com/companies/ipl).

Investore has been designated as a “Non-Standard” (NS) issuer by NZX because Stride Investment Management Limited has the right to appoint two directors to the Investore Board. A copy of the waivers granted by NZX in respect of Investore can be found at [www.nzx.com/companies/ipl](http://www.nzx.com/companies/ipl).

Further waivers granted by NZX which relate to Investore can be found at [www.nzx.com/companies/SPG](http://www.nzx.com/companies/SPG).

# Address Details

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## Issuer

### **Investore Property Limited**

Level 12, 34 Shortland Street  
Auckland 1010  
investoreproperty.co.nz

### **Directors**

Mike Allen – Independent Director (Chair)  
Gráinne Troute – Independent Director  
Adrian Walker – Independent Director  
John Harvey – SIML Appointed Director  
Tim Storey – SIML Appointed Director

## Supervisor

### **Public Trust**

Level 9, 34 Shortland Street  
Auckland 1010

## Security Trustee

### **New Zealand Permanent Trustees Limited**

Level 9, 34 Shortland Street  
Auckland 1010

## Securities Registrar

### **Computershare Investor Services Limited**

Level 2, 159 Hurstmere Road  
Takapuna  
Auckland 0622  
09 488 8777

## Legal Adviser

### **Bell Gully**

Level 21, Vero Centre  
Auckland 1010  
Level 21, ANZ Centre  
Wellington 6140

## Arranger

### **Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch)**

Westpac on Takutai Square  
Level 8, 16 Takutai Square  
Auckland 1010  
0800 942 822

## Joint Lead Managers

### **ANZ Bank New Zealand Limited**

23-29 Albert Street  
Auckland 1010  
0800 269 476

### **Forsyth Barr Limited**

Level 23, Lumley Centre  
88 Shortland Street  
Auckland 1010  
0800 367 227

### **Jarden Limited**

Level 32, PwC Tower  
15 Customs Street West, Commercial Bay  
Auckland 1010  
0800 005 678

### **Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch)**

Westpac on Takutai Square  
Level 8, 16 Takutai Square  
Auckland 1010  
0800 942 822



**Investore Property Limited**

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