Investore Property Limited

June 2016

investore

Managed by Stride Investment Management Limited

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Table of Contents

Executive Summary

Overview of Investore

Key Strengths

Financial Overview

Key Risks

Offer Summary

Appendix A: Portfolio Summary

Today’s Presenters

Tim Storey
Chair, SIML
Director, Investore

Peter Alexander
Chief Executive Officer, SIML

Jennifer Whooley
Chief Financial Officer and Company Secretary, SIML

Philip Littlewood
General Manager, Investment management, SIML

Executive Summary

Executive Summary

- Stride Property Limited (Stride) is demerging its Large Format Retail properties to form a new listed property vehicle Investore Property Limited (Investore)
- Investore will comprise a portfolio of 39 Large Format Retail (the IPL Portfolio) properties located in the main urban areas throughout New Zealand and will continue to invest in Large Format Retail properties in New Zealand
- Investore will be externally managed by Stride Investment Management Limited (SIML or the Manager), the investment management business that will be part of the Stride Stapled Group
- Key Investore portfolio attributes include significant national retailers, exposure to non-discretionary retail sector and a long weighted average lease term (WALT)
- The $150 - $185m proceeds from the Investore Share Offer (the Offer) will primarily be used to:
  - Raise capital for Investore to partially fund the acquisition of 14 ‘Countdown’ branded supermarkets from SCA[1] (the SCA Portfolio) for $267.4 million
  - Provide capital to acquire additional Large Format Retail properties that meet Investore’s investment strategy
- Investore will be a listed PIE with effect from 12 July 2016

[1] *Full legal name: Shopping Centres Australasia Property Group Trustee NZ Limited.*

Overview of the Offer

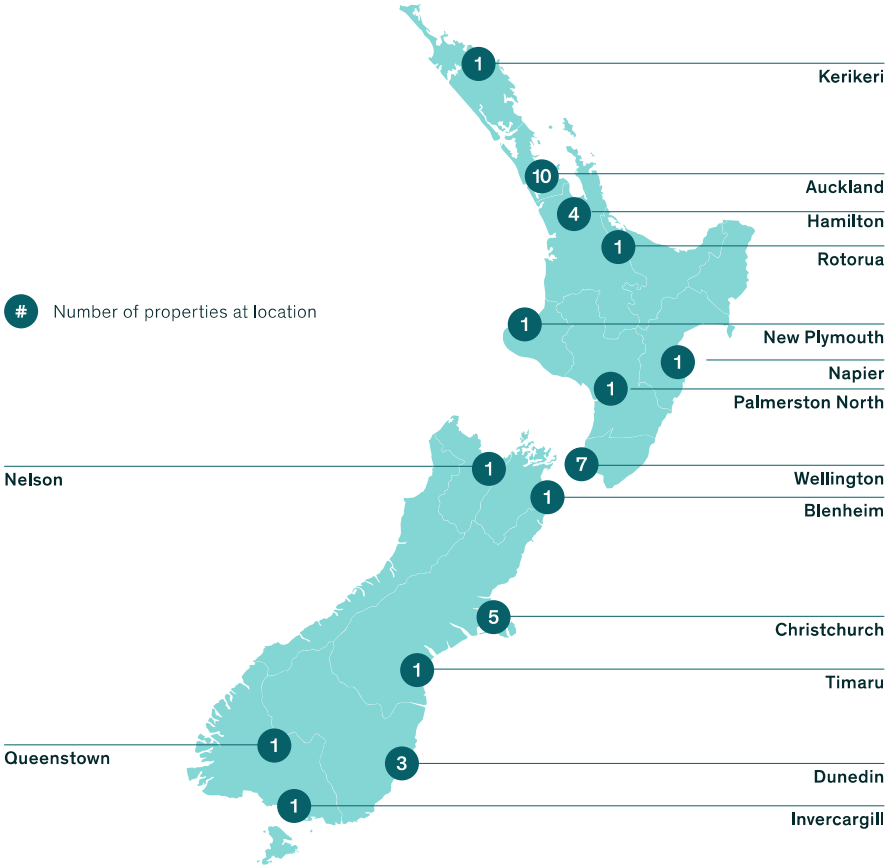
Key terms	Description
Offer size	$150 - $185m
Purpose of the Offer	▪ Raise capital for Investore to partially fund the acquisition of 14 ‘Countdown’ branded supermarkets from SCA (the SCA Portfolio) for $267.4 million ▪ Repayment of the intercompany advance from Stride advanced to purchase the Stride Transferred Portfolio and Antipodean Portfolio ▪ If the full amount of the Offer is raised, provide capital to enable Investore to pursue additional growth opportunities; ▪ Provide a market for the Shares and an opportunity for investment in Investore and a unique property exposure to a listed entity that invests in Large Format Retail property ▪ Provide Investore with funding and access to capital markets (if required) to fund opportunities within Investore's investment strategy
Offer conditions	▪ SIML advising Investore that SIML is satisfied that the Demerger will occur on or before the date that the Shares are quoted on the NZX Main Board ▪ The minimum raise being achieved of $150m
Share ownership	▪ Stride: 19.9% ▪ Stride Shareholders: 33.4% - 38.2% ▪ Investors under the Offer: 42.2% - 49.5%
Structure of the Offer	▪ Institutional Offer ▪ Retail Offer, consisting of a Broker Firm Offer ▪ Stride Shareholder Offer

Overview of Investore

Investore at a Glance

Investore will comprise a portfolio of 39 Large Format Retail properties in the main urban areas throughout New Zealand

Key metrics	
Properties throughout New Zealand	39
Tenants	75
Net Lettable Area (sqm)	173,503
Occupancy rate	99.7%
Net Contract Rental	$42.9m
WALT (years)	14.8
Independent valuation	$641.4m



Investment Philosophy and Strategy

Investment Philosophy	▪ Large Format Retail properties have a specific, differentiating set of attributes that can provide a reliable income return to shareholders. These attributes are: – Nationally recognised retailer tenants, offering rental income stability – Long WALTs – Buildings requiring low maintenance and capital expenditure requirements over the building life
Investment Strategy	▪ Invest in Large Format Retail properties that maximise distributions and total returns to shareholders over the medium to long term ▪ Grow rental income by attracting and retaining nationally recognised retail tenants on long leases ▪ Source investment opportunities through SIML's investment pipeline and market coverage to acquire additional Large Format Retail property and to enhance Investore shareholder returns by optimising Investore's capital structure with a long term target LVR of approximately 48% ▪ Regularly review and rebalance the portfolio to ensure progress and performance are consistent with Investore's investment objective ▪ Actively manage the portfolio's WALT to offset the natural expiry of time ▪ Source opportunities to redevelop and/or expand properties to meet current and prospective tenant requirements

Capital Management

Debt Facilities	▪ The portfolio characteristics provide flexibility in Investore's capital structure and support leverage at a higher level than peers – the long term target LVR is approximately 48% ▪ Investore's debt facilities are subject to the following key covenants: – The LVR will not exceed 65% – The ratio of EBIT to total interest and financing costs must be greater than 1.75x – WALT is at all times greater than 6 years ▪ Investore's preference to fund future acquisitions is to utilise any existing debt funding capacity within its long term LVR target of approximately 48%
Hedging Policy & Plan	▪ Investore's debt/borrowings will be maintained within the following fixed/floating interest rate risk control limits – 70%-100% over 0 to 1 years – 55%-100% over 1 to 3 years – 20%-80% over 3 to 5 years – 0%-60% over 5 to 10 years ▪ Investore is currently party to five out-of-the-money swaps – Investore intends to break these swaps in July 2016 (post-IPO) and contemporaneously enter into new swap agreements at prevailing market rates

Board and Governance

Mike Allen
Chairman & Independent Director

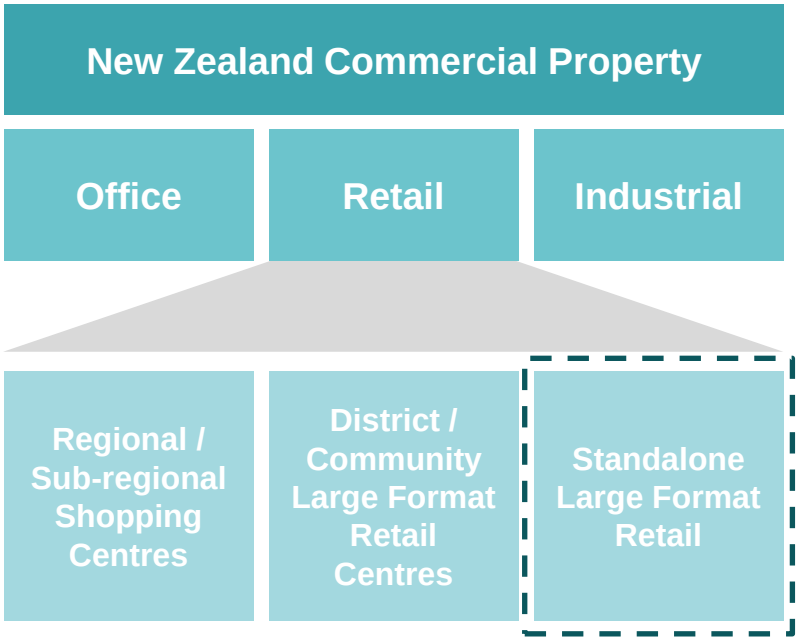
Kate Healy
Independent Director

Tim Storey
Director SIML nominee

John Harvey
Director SIML nominee

- Investore's constitution permits a maximum of four directors on the Board, which does not contain a majority of independent Directors
- The Board comprises:
  - An independent non-executive Chairman (who holds a casting vote in respect of resolutions of the Board)
  - A second independent non-executive Director
  - Two non-executive Directors (nominated by SIML)
- SIML, as manager, has the right to appoint and remove two directors

Large Format Retail Properties – Overview



Investore defines Large Format Retail properties as:

- Single tenant or limited number of tenants (and generally no more than 15 specialty tenants)
  - The anchor tenant or tenants will typically occupy more than 90% of the net lettable area of the property and provide 50-100% of the rental income
  - This ensures the majority of income is contracted with nationally recognised retail companies
- Buildings improvements are typically large, free-standing, rectangular, generally single-floor structure built on a concrete slab
  - Building improvements are straight forward with limited indoor common areas and public amenities thus minimising maintenance and capital expenditure requirements
- The properties are well serviced by car parking facilities
- Anchor Tenants' net lettable area is typically in excess of 2,000sqm
- Specialty tenants are typically in excess of 150sqm, although in some limited cases may be 60sqm or less
- Uses include, but are not limited to, grocery, bulky goods retailing, factory outlets, general merchandise and convenience retailing
- Most leases are structured as Net Leases

Key Strengths

Key Business Strengths of Investore

1. Established portfolio with quality and nationally recognised tenants, long lease terms and high occupancy rates
2. National presence in the main urban areas
3. Well defined investment strategy exclusively focused on Large Format Retail properties
4. Strong financial profile with attractive dividend yield
5. Experienced Manager (SIML) with proven capabilities, resources and expertise

1 Established Portfolio

Quality and nationally recognised tenants, long lease terms and high occupancy rates

National Retailer Tenants[1]

Countdown[2]	84%
Foodstuffs	6%
Mitre10	3%
The Warehouse	3%
Other	4%

Weighted Average Lease Term

14.8 years

Occupancy Rate

99.7%

Total Number of Tenants

75 Tenants

Net Lettable Area

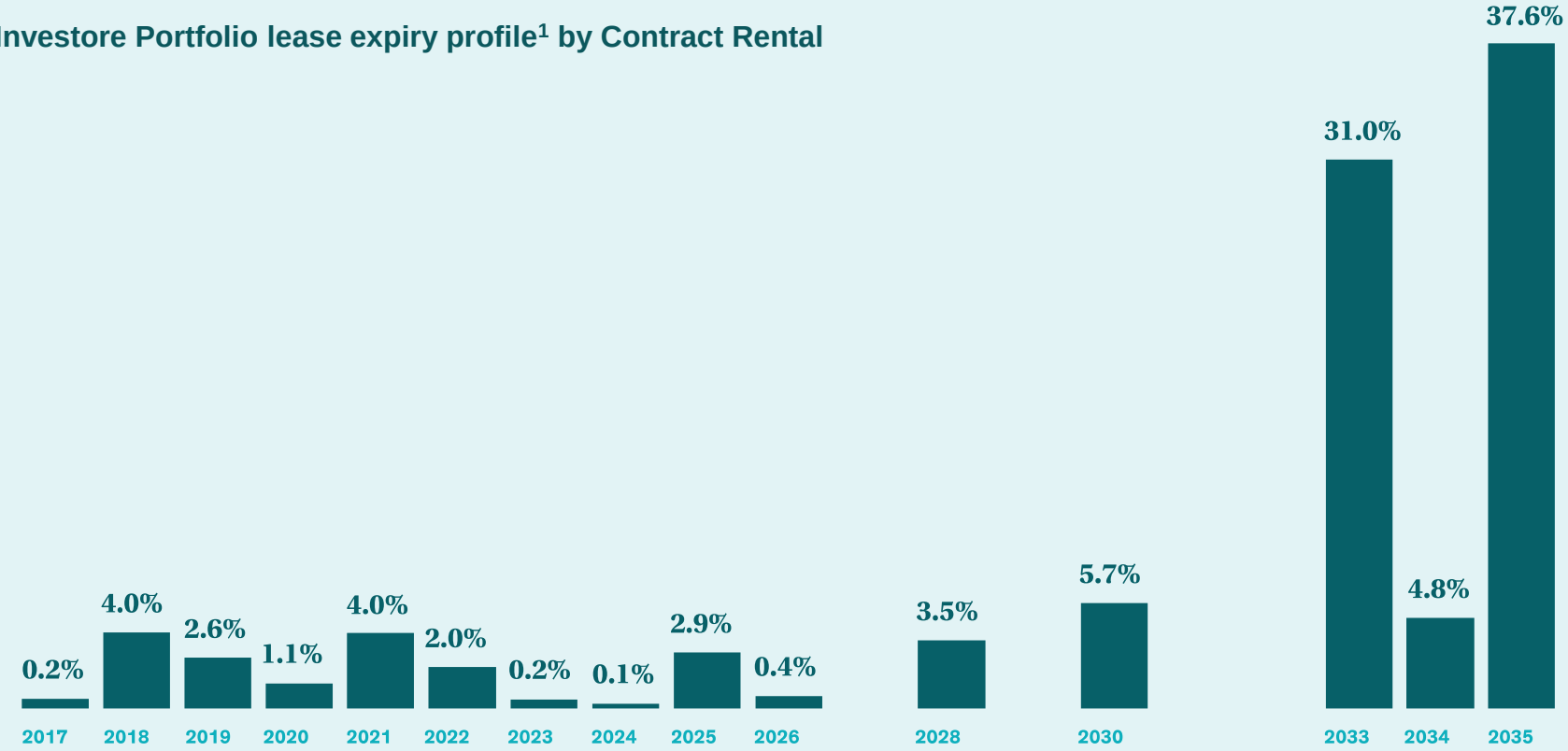
173,503 sqm

[1] *Based on Contract Rental.*
[2] *General Distributors Limited.*

1 Established Portfolio (cont.)

Long lease terms – lease expiry profile

Investore Portfolio lease expiry profile[1] by Contract Rental

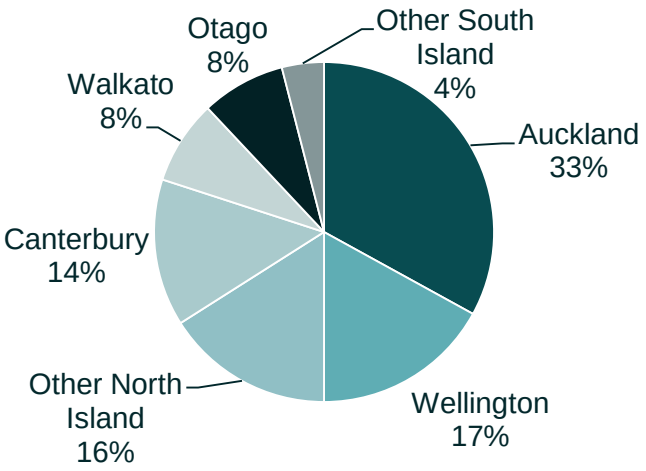


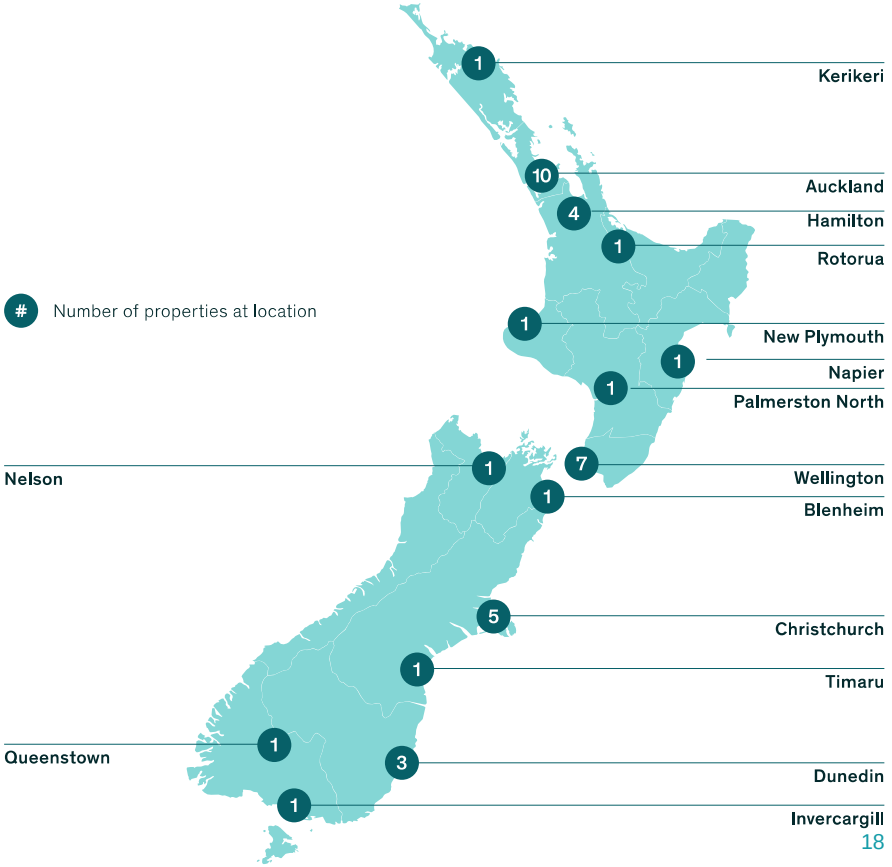
[1] *Represents the scheduled expiry for each lease, excluding any rights of renewal that may be granted under each lease, for the entire portfolio as at 30 April 2016, as a percentage of portfolio Contract Rental.*

2 National Presence in the Main Urban Areas

- Investore will comprise a portfolio of 39 Large Format Retail properties in the main urban areas throughout New Zealand
- Key Investore portfolio attributes include quality tenants, exposure to non-discretionary retail sector and a long weighted average lease term (WALT)

Geographic diversification of Investore Portfolio[1]





[1] *Based on Contract Rental.*

3 Well Defined Investment Strategy Exclusively Focused on Large Format Retail Properties

- ✓ Invest in Large Format Retail properties that maximise distributions and total returns to shareholders over the medium to long term
- ✓ Actively manage the properties to increase their values and income growth prospects
- ✓ Grow rental income by attracting and retaining nationally recognised retail tenants on long leases
- ✓ Source investment opportunities through SIML's investment pipeline and market coverage to acquire additional Large Format Retail properties
- ✓ Enhance Investore shareholder returns by targeting debt capital up to ~48% loan to value ratio
- ✓ Actively manage the portfolio's WALT to offset the natural expiry over time
- ✓ Source opportunities to redevelop and/or expand properties to meet current and prospective tenant requirements

4 Strong Financial Profile with Attractive Dividend Yield

FY18 Dividend Yield[1]

Cash Yield

5.1 – 5.3%

Gross Yield

7.6 – 8.0%

FY17 NTA per Share[2]

$1.40 – 1.46

FY18 Distributable Profit per Share[3]

7.5 – 7.8¢

Value of Investment Properties[4]

$641.4m

Net Contract Rental

$42.9m

Note: Investore's financials are based on the PFI Case raise size of $185 million; [1] Implied cash dividend yield is the dividend per Share divided by the indicative price range. Implied Gross Yield based on a 33% tax payer; [2] NTA per Share is calculated on NTA at the start of the relevant financial period divided by the total Shares on issue which are derived from the Indicative Price Range. The range is based on FY17, where NTA is based on pro forma NTA as at 31 March 2016 which is calculated in the PDS on page 63. NTA at the start of the relevant period is adopted as typical industry benchmarks reference the most recently reported NTA from the previous financial period; [3] Distributable Profit is a non-GAAP financial measure adopted by Investore and investors in assessing Investore's profit available for distribution. It is defined as net 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. Refer to the non-GAAP reconciliation table on the Offer Register in the document entitled "Investore's Prospective Financial Information and Reconciliations"; [4] As at 30 April 2016.

5 Experienced Manager (SIML) with Proven Capabilities, Resources and Expertise

Peter Alexander
Chief Executive Officer

Philip Littlewood
GM Investment Management

—

Investment management, research & strategy.

Jennifer Whooley
Chief Financial Officer

—

Finance, compliance, administration, human resources.

Roy Stansfield
GM Shopping Centres

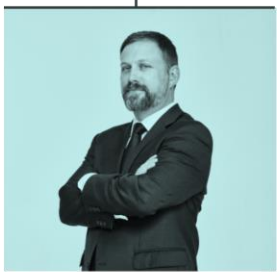
—

Shopping centre management, marketing, asset management, leasing.

Andrew Hay
GM Commercial & Industrial

—

Safety & sustainability, asset management, property management, facilities management (including large format retail).



Steve Lewis
National Manager Retail Development

—

Shopping centre development management.

Overview of Investore / SIML Management Agreement

Key terms	Description
Management fee	▪ 0.55% of the value of investment properties up to $750m, 0.45% thereafter
Performance fee	▪ 10% of change in shareholder wealth above 10% TSR p.a. (2.5% per quarter) and below 15% TSR p.a. (3.75% per quarter) with a cap of 0.2% value of investment properties p.a. (0.05% per quarter)
Building management fee	▪ $10,000 per year in respect of each property held by Investore, calculated on a daily basis
Property sale fee	▪ 0.5% of the sale price
Leasing fee	▪ 8.0% of the annual gross rental payable under new lease arrangements
Capital expenditure fee	▪ 4.0% of the cost of any development, project or other work of capital nature
Maintenance fee	▪ 4.0% of the cost of any repair and maintenance work
Accounting services fee	▪ $250,000 per year

Financial Overview

Selected Financial Information

- Investore's stable income stream is supported by 73% of its leases not being due for expiry for the next 15 years
- Key drivers of profitability are interest expense (29% of FY18 revenue) and management fees (9% of FY18 revenue)
- The Board of will target a cash dividend of between 95% and 100% of Distributable Profit

NZ$000s	FY17[1] Forecast Statutory	FY18[2] Forecast Statutory
Rental income (revenue)	37,303	46,659
Net Rental Income	34,876	43,951
EBITDA	26,209	37,863
Net profit before tax	16,000	25,210
Net profit after tax	11,508	19,183
Distributable Profit[3]	17,190	20,418
Dividends on all equity securities of the issuer	11,832	19,778

Note: Financials are based on the PFI base case raise of $185 million of capital. This has the effect of reducing gearing (relative to Investore's long run target level of gearing) and allows Investore to undertake further acquisitions (which have not been forecast in the PFI); [1] FY17 reflects the partial impact of the acquisition of the Stride Transferred Portfolio and the SCA Portfolio (which settles in two tranches, in July and September). No management fees, corporate costs or interest on the intercompany advance have been forecasted to be payable in the period prior to 11 July 2016. As a result, FY17 is not representative of a full financial year; [2] FY18 represents the first financial period where the portfolio is held for the entire 12 months and therefore representing the first period where the profitability and yield are fully demonstrated; [3] Distributable Profit is a non-GAAP financial measure adopted by Investore to assist Investore and investors in assessing Investore's profit available for distribution. It is defined as net 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.

Selected Financial Information (cont.)

- Investore will manage debt and funding levels to its long term target LVR[1] of approximately 48% to assist in optimising shareholder returns
- There are no revaluations of the investment properties assumed in the PFI

NZ$000s	FY17[2] Forecast Statutory	FY18[3] Forecast Statutory
Total assets	654,728	658,122
Cash and cash equivalents	8,472	9,365
Total liabilities	270,627	274,616
Total debt	266,919	269,688
Net cash flows from operating activities	18,269	20,671
Net tangible assets[4]	384,101	383,506
LVR	41.4%	41.7%

Note: Financials are based on the PFI base case raise of $185 million of capital. This has the effect of reducing gearing (relative to Investore's long run target level of gearing) and allows Investore to undertake further acquisitions (which have not been forecast in the PFI); [1] LVR is the ratio of bank debt owing by Investore to the aggregate value of the properties owned by Investore; [2] FY17 reflects the partial impact of the acquisition of the Stride Transferred Portfolio and the SCA Portfolio (which settles in two tranches, in July and September). No management fees, corporate costs or interest on the intercompany advance have been forecasted to be payable in the period prior to 11 July 2016. As a result, FY17 is not representative of a full financial year; [3] FY18 represents the first financial period where the portfolio is held for the entire 12 months and therefore representing the first period where the profitability and yield are fully demonstrated; [4] NTA represents the total assets of the company excluding intangible assets (Investore does not carry any intangible assets on its balance sheet) less total liabilities.

Pro-forma Balance Sheet Overview

- The Pro Forma Statement of Financial Position set out following shows Investore's financial position upon completion of the Offer and completion of the acquisition of the entire Investore Portfolio that is expected to be performed in the following steps:
  - **Step 1:** Transfers of six large format retail properties valued at $87 million to Investore during April, May and June 2016, by way of shareholder advance together with a best estimate of the movement in other balances up to the date of the Demerger
  - **Step 2:** The settlement of the resultant intercompany balance of $214 million
  - **Step 3:** Raising $185 million of equity capital ($180 million net of issuance costs)
  - **Step 4:** Acquisition of SCA assets for $267 million financed from Offer proceeds and new bank debt
- The Pro Forma Statement of Financial Position has been prepared on the basis that the Offer and completion of the acquisition of the entire SCA Portfolio occurred on 31 March 2016. No adjustments have been made to reflect the trading of the Investore since 31 March and completion of the Offer

		Step 1		Step 2		Step 3		Step 4	
31-March-2016 $'000	**Statutory Balance Sheet**	**Stride Properties Transferred**	**Balance Sheet Pre-Recap**	**Re-capitalisa-tion and Demerger**	**Balance Sheet Post-Recap**	**Offer Proceeds (Net)**	**Balance Sheet Post-IPO**	**SCA Acquisition**	**Pro Forma Balance Sheet**
Investment Properties	287,000	87,182	374,182	–	374,182	–	374,182	267,400	641,582
Shareholder Advance	(123,893)	(89,886)	(213,779)	213,779	–	–	–	–	–
Bank Borrowings	(159,749)	(16)	(159,765)	(11,164)	(170,929)	179,734	8,806	(267,400)	(258,594)
Other Net Assets	(3,334)	2,696	(638)	–	(638)	–	(638)	–	(638)
Equity	24	(24)	–	202,615	202,615	179,734	382,350	–	382,350
LVR	56%		43%		45%		N/A		40%

Key Risks

Key Risks

- The risks below describe the circumstances that Investore and the Manager are aware of that exist or are likely to arise that significantly increase the risk to Investore's financial position, financial performance or stated plans
  - Exposure to a significant tenant
  - Single class of property exposes Investore to downturn in Large Format Retail property sector
  - Re-leasing risk on maturity and related impact on valuation or sale
  - Increase in interest rates adversely affecting the financial performance
  - Continued access to debt on commercially acceptable terms
  - Impact of revaluation of properties on compliance with banking covenants
  - Performance of external manager
- Please refer to the PDS for more detail on Key Risks

Offer Summary

Offer Summary

		% ownership
Number of New Offer Shares being Offered under the Offer[1]	100.7m – 135.0m	42.2% - 49.5%
Number of Shares being Distributed to Stride Shareholders	91.1m	33.4% - 38.2%
Number of Shares held by Stride after the Offer	47.4m – 54.3m	19.9%
Total Number of Shares Following Completion of the Offer[3]	238.3m – 272.6m	100%
Total Offer Size (Gross Proceeds of the Offer)	$150.0m - $185.0m	-
Implied Market Capitalisation[4]	$338.5m - $390.0m	-
Implied Enterprise Value[5]	$633.0m - $650.0m	-

[1] This includes up to 7.8 million Offer Shares that Stride would subscribe for in order to maintain its 19.9% stake in Investore under the PFI Case.
[2] Stride's minimum stake retained by Stride holding in Investore of 47.4 million Shares is a combination of 46.5 million Shares retained and 0.9 million Shares acquired under the Offer, giving Stride a cornerstone shareholding of 19.9% based on the Minimum Raise. Stride intends to subscribe for up to an additional 7.8 million Offer Shares if the PFI Case is met in order to maintain this cornerstone stake of 19.9% in Investore.
[3] The total number of Shares following completion of the Offer is based on the addition of the Shares above and is adjusted to include the assumed number of new Offer Shares to be issued (inclusive of Stride's participation per note 1 above).
[4] Implied market capitalisation is the value of all of Investore's equity securities, as implied by the price of the ordinary Shares being offered. It tells you what Investore is proposing that Investore's equity is worth.
[5] Implied enterprise value is a measure of the total value of the business of Investore, as implied by the price of the Offer Shares being offered. Implied enterprise value is the amount that a person would need to pay to acquire all of Investore's equity securities and to settle all of Investore's borrowings. It is a measure of what Investore is proposing the business of Investore as a whole is worth. The implied enterprise value range is calculated as the implied market capitalisation adding total debt and subtracting cash as at completion of the Tranche 1 Assets in September 2016.

Offer Summary
Selected Metrics of the Offer

	FY17[1] Statutory	2HFY17[2] Ann. Dividend / Yield	FY18[3] Statutory
Distributable Profit per Share (cps)[4]	6.3 – 6.6 cents	-	7.5 – 7.8 cents
Dividends per Share (cps)[5]	6.1 – 6.4 cents	7.4 – 7.7 cents	7.3 – 7.6 cents
Implied Cash Dividend Yield[6]	4.3 – 4.5%	5.1 – 5.4%	5.1 – 5.3%
Implied Gross Dividend Yield[7]	6.4 – 6.7%	7.7 – 8.0%	7.6 – 8.0%
NTA per Share (NZ$)[8]	$1.40 - $1.46	-	$1.41 - $1.47
Price / NTA per share[9]	0.98 – 1.02x	-	0.97 – 1.02x

[1] The FY17 Key Investment Metrics only reflect the partial impact of the Existing Assets and acquisition of the SCA Portfolio (which settles in two tranches, the first tranche in July 2016 and the second tranche between September and December 2016). As a result, FY17 is not representative of a full 12 month financial year; [2] 2HFY17 yield metrics are pro-forma information that have been prepared by taking the dividend payable in relation to the three month period ending 31 December 2016 and the three month period ending 31 March 2017 (which are periods that reflect the first full trading impact from the Existing Assets and the SCA Acquisition) and annualising those dividends for the 12 month period ending 31 March 2017. Investore believes this is more representative of a full year of trading. Refer to the document entitled "Investore's Prospective Financial Information and Reconciliations" for further information in relation to the principal assumptions on which this pro-forma information is based and the non-GAAP reconciliation table; [3] FY18 represents the first financial period where the entire portfolio is held for the entire 12 months and therefore representing the first period where the profitability and yield is fully demonstrated; [4] Distributable Profit is a non-GAAP financial measure adopted by Investore and investors in assessing Investore's profit available for distribution. It is defined as net 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. Refer to the non-GAAP reconciliation table on the Offer Register in the document entitled "Investore's Prospective Financial Information and Reconciliations"; [5] Dividend per Share is based on the application of Investore's dividend policy (see Section 6.3 Dividend Policy) to the Distributable Profit per Share over the relevant accounting period and the range of total number of Shares on issue following the Offer. Dividend per Share includes all earnings in the relevant financial period; [6] Implied cash dividend yield is the Dividend per Share divided by the Indicative Price Range; [7] Investore will be a listed PIE with effect from 12 July 2016 and from this date is subject to the taxation regime for List PIEs. The implied gross dividend yield shows the gross yield a 33% New Zealand resident taxpayer would require to get the same net yield as they do under the PIE taxation regime for a listed PIE; [8] NTA per Share is calculated on NTA at the start of the relevant financial period divided by the total Shares on issue which are derived from the Indicative Price Range. In FY17, NTA is based on pro forma NTA as at 31 March 2016 which is calculated on page 63. NTA at the start of the relevant period is adopted as typical industry benchmarks reference the most recently reported NTA from the previous financial period; [9] Price / NTA per Share is calculated by dividing the Indicative Price Range by NTA per Share. This will vary depending on the final offer price, which in turn will also vary at each offer price through the Indicative Price Range.

Key Dates[1]

Key dates	
PDS Registered	10-Jun-2016
Stride Shareholder Offer Opening Date	20-Jun-2016
Bookbuild, Pricing and Allocation in Respect of the Institutional Offer	23-Jun-2016
Broker Firm Offer Opening Date	24-Jun-2016
Closing Date for the Broker Firm Offer and the Stride Shareholder Offer	05-Jul-2016
Settlement and Allotment Date	11-Jul-2016
Expected Commencement of Trading of the Shares on the NZX Main Board and Expected Mailing of Holding Statements	12-Jul-2016
Expected Date of First Dividend Payment Following the Offer	Dec-2016

[1] *All dates are subject to change.*

Overview of Variation Proposal and Restructuring

Investore Property Limited

Overview of Stride's proposed restructuring

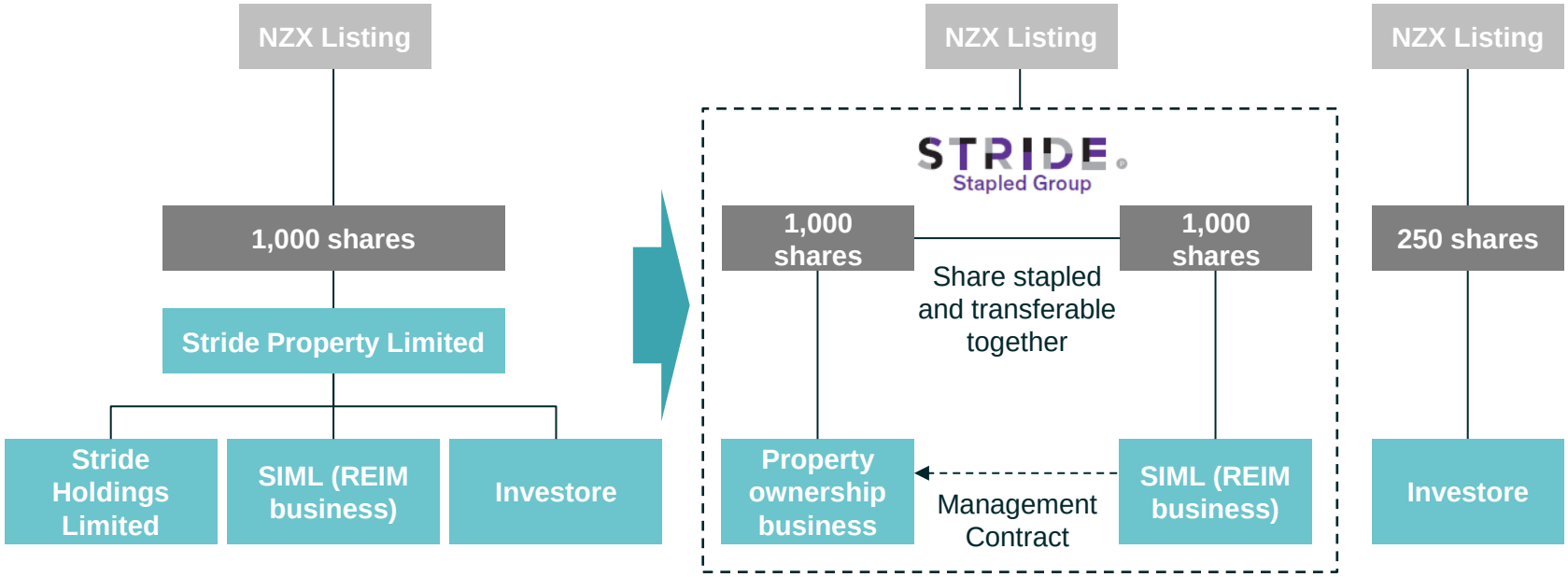
What is the purpose?	▪ The intention of the proposed restructuring is to: – Provide greater flexibility for its investment structure and facilitate and enable growth in its real estate investment management ("REIM") business – Ensure Stride is "fit for purpose" to deliver on its strategy, while retaining its PIE status
What is the proposal?	▪ The proposal involves separating Stride's REIM business from its property ownership business – Stride would retain the property investment portfolio – The REIM business that was transferred to the subsidiary Stride Investment Management Limited ("SIML") on 29 April 2016 would be separated – SIML shares would be distributed to Stride shareholders on a 1:1 basis and would be "attached" to a Stride share to create a "stapled" structure. This structure is similar to the Stapled Structures of real estate vehicles in Australia – Stride will enter into a management agreement for SIML to manage Stride's property portfolio
What approvals are required?	▪ In order to implement the structure, Stride will seek shareholder approval to amend Stride's constitution (by special resolution) at a shareholder's meeting to be held on 30 June 2016 – Shareholders can find further details later in this presentation, in the Explanatory Memorandum and at www.strideproperty.co.nz ▪ Stride has sought and received an IRD binding ruling that the proposed stapling of Stride (PIE) to SIML (non-PIE) is not a tax avoidance arrangement to circumvent loss of PIE status for Stride

Overview of the Proposed Stapled Structure

- Stride shareholders will receive 1 SIML share for every 1 Stride share they hold
- The below structure provides an illustrative example of the changes that would occur to the shareholding of a shareholder with 1,000 shares

Shareholding Pre-Restructuring and Associated Transactions

Shareholding Post-Restructuring and Associated Transactions



What are the Practical Impacts of the Stapling Structure?

- Under the Restructuring, shareholders will retain existing Stride shares and receive the same number of shares in SIML and retain the same proportionate interest in the Stapled Group as they currently have in Stride
- Stride stakeholders will continue to own Stride and SIML as a stapled security
- The key effect of Stapling is that Stride shares will not be able to be transferred without a corresponding transfer of the SIML shares to which they are stapled (and vice versa)
- Stapling will not affect:
  - Shareholders' rights to receive distributions from Stride and SIML
  - The right to share equally in the proceeds of Stride or SIML if either is liquidated
  - Shareholders' rights to vote as a holder of Stride shares and SIML shares, as the case may be
- No consideration is required to be paid or provided by shareholders under the distribution (i.e., SIML shares will be distributed to shareholders for free). There should be no New Zealand tax consequences as a result of the distribution on the basis that Stride is a listed PIE at the time
- Any future dividends received from Stride will continue to receive PIE tax treatment, so investors should see no difference in the tax treatment of their Stride shares
- Any future dividends received from SIML will be taxable to NZ investors at their marginal tax rates, with a credit for any imputation credits attached to, or withholding tax deducted on, the dividends
- An Explanatory Memorandum (EM) has been released to shareholders on 10 June 2016. The EM provides details around the proposal and dates for approvals and implementations
- The board of directors for SIML will be the same as for Stride

Forecast Impact on Shareholder Dividends

- The analysis below highlights Stride's projections to materially increase its distribution to shareholders following the growth in its REIM business

FY16 Cash Dividend vs. FY18 Cash Dividend (based on an illustrative holding of 1,000 shares and 33% personal tax rate)

	FY16 actual	FY18[1]						
		Scenario 1: Variation proposal approved + completed associated transactions				Scenario 2: Variation proposal not approved + completed associated transactions		
Entity	Stride	Stride	SIML	Investore	Total	Stride (+ REIM business)	Investore	Total
# Shares	1,000	1,000	1,000	250		1,000	250	
Cash Dividend[2,3] (cps)	10.75c	8.29c	1.52c	7.46c	11.68c[4]	8.43c	7.46c	10.30c[4]
Tax Treatment	PIE	PIE	Non-PIE	PIE		Non-PIE	PIE	
Cash Dividend[3] ($)	$107.50	$82.91	$15.22	$18.64	$116.77	$84.34	$18.64	$102.98
% Difference vs. FY16					**+8.6%**			**(4.2)%**
% Difference vs. Scenario 1								**(11.8)%**

- Shareholder approval of the Variation Proposal is expected to lead to a 8.6% increase in cash dividends (after tax) per share to 11.68¢ (based on FY18 Stride projections vs. FY16)
- If the Variation Proposal is not approved and the Associated Transactions are completed, the FY18 cash dividend would decrease by (4.2)% vs. FY16, which is materially lower than in Scenario 1

[1] The analysis is based on a number of assumptions: a Stride shareholder with a 33% personal tax rate owning 1,000 Stride shares pre-demerger / stapling; the mid-point of Investore FY18 dividend per share range; 364,358,911 shares outstanding as at 31 March 2016 for each of Stride and SIML and 266,981,389 shares outstanding as at 31 March for Investore; FY18 dividend assumes 95% payout ratio of distributable profit for Stride and SIML and 97.5% for Investore; valuation assumed a 0% premium to NTA and PFI Case Investore equity raise; [2] The comparison between the FY16 and FY18 cash dividends shows the differences due to growth in the business and PIE tax treatment changes. The comparison between Scenario 1 and 2 shows the difference due to loss of PIE tax treatment for Stride's property ownership income in Scenario 2; [3] Cash dividend post company tax and shareholder tax (33% personal tax rate); [4] Implied cps based on 1,000 shares held today represented by the aggregate dividend received from Stride, SIML and Investore in Scenario 1 and Stride + REIM business and Investore in Scenario 2. Total cash dividend is weighted by the number of shares assumed in each scenario.

Appendix A:
Portfolio Summary

Investore Portfolio Metrics Breakdown

Key Performance Indicator	Stride Existing Assets	SCA Portfolio	Total Portfolio
Number of Properties	25	14	39
Number of Tenants	27	48	75
Net Lettable Area (sqm)	113,768	59,735	173,503
Net Contract Rental ($m)	25.2	17.7	42.9
WALT (years)	14.6	15.1	14.8
Occupancy Rate (by area)	100.0%	99.0%	99.7%
Asset Valuation ($m)	374.0	267.4	641.4

Note: Stride Existing Assets valuations were conducted on the properties as at 31 March 2016 and were updated by the valuer to confirm no change as at 23 May 2016. SCA Portfolio valuations were conducted as at dates between 29 April and 5 May 2016. Occupancy rate is the leased or occupied net lettable area expressed as a percentage of the total net lettable area of the property.

Stride Existing Assets Portfolio

Anchor Tenant	Address	Val. (NZ$m)[1]	Initial Yield[2]	Net Lettable Area (sqm)	WALT (years)	Occupancy Rate[3]	Building Age (year)	Specialty Rental Leases (#)[4]
Foodstuffs (New World)	9 Gloucester Street, Napier	$14.8	6.2%	4,386	13.4	100.0%	2008	–
Foodstuffs (Pak'nSave)	78 Courtenay Street, New Plymouth	$25.0	6.5%	8,522	13.4	100.0%	2006	–
GDL (Freshchoice)	64 Gorge Road, Queenstown	$10.3	5.7%	1,727	18.8	100.0%	2013[5]	–
GDL (Countdown)	Cnr Anglesea and Liverpool Streets, Hamilton	$6.3	12.9%	5,265	2.8	100.0%	1991	–
	230 - 240 Fenton Street, Bay of Plenty	$14.2	7.4%	5,172	4.3	100.0%	1993	–
	24 Anzac Road, Auckland	$20.7	6.0%	4,382	18.8	100.0%	1995[5]	–
	326 Great South Road, Auckland	$29.0	5.9%	4,633	18.8	100.0%	2000	–
	35a St Johns Road, Auckland	$21.4	6.2%	4,457	18.8	100.0%	2009[5]	–
	507 Pakuranga Road, Auckland	$17.4	6.1%	4,812	18.8	100.0%	2007[5]	–
	3 Averill Street, Auckland	$16.4	7.8%	5,435	17.2	100.0%	2006[5]	1
	Cnr Church & Selwyn Streets, Auckland	$10.1	6.2%	2,011	8.8	100.0%	1989[5]	–
	66 Studholme Street, Auckland	$6.5	6.7%	1,724	8.8	100.0%	1995	–

[1] The valuations were conducted on the properties as 31 March 2016 and were updated by the valuer to confirm no change as at 23 May 2016.
[2] Initial Yield is the net contract rental of the property expressed as a percentage of the property.
[3] Occupancy rate is the leased or occupied net lettable area expressed as a percentage of the total net lettable of the property.
[4] Specialty rental leases relate to a secondary tenant in a property, typically occupying less than 10% of the net lettable area of the property.
[5] Date of major refurbishment.

Stride Existing Assets Portfolio cont.

Anchor Tenant	Address	Val. (NZ$m)[1]	Initial Yield[2]	Net Lettable Area (sqm)	WALT (years)	Occupancy Rate[3]	Building Age (year)	Specialty Rental Leases (#)[4]
GDL (Countdown) cont.	47 Bay Road, Wellington	$11.5	6.3%	3,490	18.8	100.0%	1996[5]	–
	13-19 Queen Street, Wellington	$9.6	6.8%	3,427	18.8	100.0%	2000	–
	Russell Street, Wellington	$9.0	6.8%	3,037	8.8	100.0%	1992[5]	–
	261 High Street, Wellington	$17.2	6.3%	5,078	18.8	100.0%	2007[5]	–
	51 Arthur Street, Blenheim	$11.5	6.4%	3,136	18.8	100.0%	2000	–
	87-97 Hilton Street, Kaiapoi	$12.1	6.4%	3,025	18.8	100.0%	2000	–
	219 Colombo Street, Christchurch	$18.4	6.3%	3,976	18.8	100.0%	2002	–
	Cnr Victoria & Browne Street, Timaru	$8.6	6.7%	2,767	18.8	100.0%	1997	–
	309 Cumberland Street, Dunedin	$18.5	6.4%	4,123	18.8	100.0%	1991	–
	172 Tay Street, Invercargill	$18.0	6.5%	4,341	18.8	100.0%	1990[5]	–
GDL (Countdown) and The Warehouse	91 Johnsonville Road, Wellington	$20.8	7.1%	6,316	13.6	100.0%	1993[5]	–
The Warehouse	35 MacLaggan Street, Dunedin	$9.5	8.6%	6,433	5.3	100.0%	1997	–
Mitre 10 (New Zealand)	Cnr Te Irirangi Drive & Bishop Dunn Place, Auckland	$17.2	8.8%	12,124	1.5	100.0%	2004	–

[1] *The valuations were conducted on the properties as 31 March 2016.*
[2] *Initial Yield is the net contract rental of the property expressed as a percentage of the property.*
[3] *Occupancy rate is the leased or occupied net lettable area expressed as a percentage of the total net lettable of the property.*
[4] *Specialty rental leases relate to a secondary tenant in a property, typically occupying less than 10% of the net lettable area of the property.*
[5] *Date of major refurbishment.*

SCA Portfolio

Anchor Tenant	Address	Indep. Val. (NZ$m)	Initial Yield[1]	Net Lettable Area (sqm)	WALT (years)	Occupancy Rate[2]	Building Age (year)	Specialty Rental Leases (#)[3]
GDL (Countdown)	Cnr Fernlea Avenue and Roberts Line, Palmerston North	$13.0	6.9%	3,611	14.7	100.0%	2012	5
	Cnr Hanson St, John St & Adelaide Road, Wellington	$23.8	6.4%	4,878	15.2	98.7%	2012	6
	Cnr Hukanui and Thomas Road, Hamilton	$15.2	6.7%	4,504	13.4	100.0%	2006	6
	226 Great South Road, Auckland	$37.7	6.3%	7,384	11.5	94.0%	2011	11
	3-7 Mill Lane, Warkworth	$20.9	6.5%	3,815	15.9	98.0%	2012	6
	Bridge Street and Angelsea Street, Hamilton	$18.5	6.3%	4,200	17.0	100.0%	2013	–
	323 Andersons Bay Road, Dunedin	$17.5	7.0%	4,071	16.6	100.0%	2012	–
	17 Chappie Place, Christchurch	$19.4	6.7%	4,317	16.6	100.0%	2010	–
	Cnr Butler Road and Kerikeri Road, Kerikeri	$17.2	7.2%	3,887	16.6	100.0%	2011	–
	Cnr Putaitai Street and Main Road, Nelson	$12.2	6.7%	2,659	16.6	100.0%	2008	–
	40-50 Ivory Street, Rangiora	$15.4	6.7%	3,759	16.6	100.0%	2011	–
	Cnr Rolleston and Masefield Drive, Rolleston	$16.9	6.8%	4,251	16.6	100.0%	2011	–
	112 Stoddard Road, Auckland	$23.6	6.2%	4,200	11.8	100.0%	2012	–
	3 Main Road, Wellington	$16.1	6.9%	4,200	16.9	100.0%	2012	–

Note: All statistics in the table are as at 30 April 2016 (unless noted otherwise).
[1] Initial Yield is the net contract rental of the property expressed as a percentage of the purchase price of the property.
[2] Occupancy rate is the leased or occupied net lettable area expressed as a percentage of the total net lettable of the property.
[3] Specialty rental leases relate to a secondary tenant in a property, typically occupying less than 10% of the net lettable area of the property.