



Stride Property Group (NS)

NZX Announcement

IMMEDIATE — 30 May 2017

Stride Property Group - FY17 Annual Results

Stride Property Group¹ has released its Annual Report and Annual Results presentation for the twelve months ended 31 March 2017 (FY17).

Key Points:

- Stride Property Group listed on the NZX Main Board on 12 July 2016
- Stapled structure of Stride Property Group provides ability to grow the real estate investment management (REIM) business
- Demerged Investore Property Limited (Investore), the specialist large format retail property investment company. Stride Investment Management Limited (SIML) remains the manager of Investore
- Stride Property Limited (Stride) retained 19.9% shareholding in Investore
- Restructure of Diversified NZ Property Trust (Diversified Trust), which settled on the acquisition of Queensgate Shopping Centre and Chartwell Shopping Centre. SIML was appointed manager of Diversified Trust
- NorthWest Two, Auckland, opened in October 2016
- \$69m divestments completed
- New resource consent for Johnsonville Shopping Centre redevelopment received
- Profit after income tax \$56.9m up \$25.9m on forecast (primarily due to a net change in fair value of Stride's investment properties)
- Distributable profit² after income tax \$37.7m, up \$0.4m on forecast
- Combined annual cash dividend for Stride Property Group of 9.96cps for FY17
- Targeting a combined 9.91cps cash dividend for Stride Property Group for FY18
- Net 2.7% property portfolio valuation increase³

Financial Performance Highlights: (forecasted figures in brackets)

On 10 June 2016, Stride issued an Explanatory Memorandum. The following is a comparison of the prospective financial information in the Explanatory Memorandum to Stride Property Group's actual results for the year ended 31 March 2017. The 2017 Actual Statement of Comprehensive Income individual lines include discontinued operations from pre-demerger of Investore Property Limited for comparative purposes.

- Net rental income of \$63.6m (\$63.3m)
- Management fee income of \$8.5m (\$9.2m)
- Corporate expenses of \$15.6m (\$15.4m), including \$3.5m one-off project costs
- Profit before other income and income tax of \$37.5m (\$37.4m)
- Profit after income tax of \$56.9m (\$31.0m)
- Distributable profit before income tax of \$45.5m (\$45.4m)
- Distributable profit after income tax of \$37.7m or 10.33cps (\$37.2m or 10.21cps)
- Dividend Reinvestment Plan remains suspended

Portfolio: (Prior period FY16 for Stride Property Limited figures in brackets)

- Net 2.7% property portfolio valuation increase³
- Stride loan to value ratio (LVR)⁴ 38.8% (41.7%)
- Net Tangible Assets (NTA) backing per share \$1.67
- 270 lease transactions over 246,287m² for a total annual rental of \$50.1m
- FY18 lease expiries at 10.21% of the portfolio contract rental⁵
- FY19 lease expiries at 8.72% of the portfolio contract rental
- Occupancy at 96.8% (99.6%) reflects vacant office space at NorthWest Two, Auckland, and vacancy at 460 Rosebank Road, Auckland
- Weighted average lease term (WALT) 4.9 years (7.9 years) reflecting the demerger of Investore

Developments and Divestments: (for Stride)

- NorthWest Two, Auckland, opened in October 2016
- \$69m divestments completed
- 650 Great South Road, Auckland
- 39 Corinthian Drive, Auckland
- Corner Ward, Bryce & Tristram Streets, Hamilton
- 20-22 Pollen Street, Auckland
- 48 Miramar Avenue, Wellington
- Lots 83 & 85, Tauriko Industrial Estate, Tauranga

Demerger

- Demerged Investore on 11 July 2016

Capital Management: (for Stride)

- Demerged Investore, including:
 - \$160m of available banking facility
 - \$374m of Investment Properties
- Stride retained 19.9% shareholding in Investore
- Increased investment in Diversified Trust for \$5.3m
- Refinanced bank facility in July 2016: \$200m for 3 years and \$200m for 5 years
- Divested \$69m of investment properties to unrelated purchasers

Notes:

1. The Stride Property Group comprises Stride Investment Management Limited (SIML) and Stride Property Limited (Stride). A stapled security of the Stride Property Group comprises one share in SIML and one share in Stride. The stapled securities are quoted on the NZX Main Board under the ticker code SPG. Information presented in this presentation is on a combined basis unless otherwise specified.
2. Distributable profit is a non-GAAP financial measure adopted by Stride Property Group to assist Stride Property Group and investors in assessing Stride Property Group's profit available for distribution. It is defined as net profit/(loss) before income tax, adjusted for non-recurring and/or non-cash items, share of profits in associates, dividends received from associates and current tax. Further information, including the calculation of distributable profit and the adjustments to net profit before income tax, is set out in note 7 to the annual consolidated financial statements for the twelve months ended 31 March 2017.

3. Property portfolio valuation increase excludes \$0.2m arising from the elimination of the development fees charged by SIML to Stride. The valuations of all properties disposed of during the 12 months from 1 April 2016 have been disregarded in this calculation. As at 31 March 2016, the portfolio was valued at \$1,274.8m.
4. The LVR calculation includes the value of Inventory of \$36.2m in the value of properties and ignores the value of the investments in the managed funds.
5. Contract Rental is the amount of rent payable by each tenant, plus other amounts payable to Stride by that tenant under the terms of the relevant lease as at 31 March 2017, annualised for the 12 month period on the basis of the occupancy level for the relevant property as at 31 March 2017, and assuming no default by the tenant.

Ends

Attachments provided to NZX:

- Stride Property Group – NZX Appendix 1 – 300517
- Stride Property Limited – NZX Appendix 7 – 300517
- Stride Investment Management Limited – NZX Appendix 7 – 300517
- Stride Property Group – FY17 Annual Results Presentation – 300517
- Stride Property Group – FY17 Annual Report – 300517

For further information please contact:

Tim Storey, Chairman, Stride Investment Management Limited / Stride Property Limited

Mobile: 021 633 089 - Email: tim.storey@strideproperty.co.nz

Jennifer Whooley, Chief Financial Officer, Stride Investment Management Limited

DDI: 09 913 1150 - Mobile: 021 536 406 - Email: jennifer.whooley@strideproperty.co.nz

Philip Littlewood, General Manager, Investment Management, Stride Investment Management Limited

DDI: 09 913 1122 - Mobile: 021 230 3026 - Email: philip.littlewood@strideproperty.co.nz

A Stapled Security of the Stride Property Group comprises one ordinary share in Stride Property Limited and one ordinary share in Stride Investment Management Limited. Under the terms of the constitution of each company, the shares in each can only be transferred if accompanied by a transfer of the same number of shares in the other.

Stapled Securities are quoted on the NZX Main Board under the ticker code SPG. Further information is available at www.strideproperty.co.nz or at www.nzx.com/companies/SPG.