



NZX Regulation Decision

Investore Property Limited (“IPL”)

Application for a waiver from Main Board Listing Rule
9.2.1

Stride Investment Management Limited (“SPG”)

Application for a Ruling under Main Board Listing Rule
1.8.6

17 August 2017



Background

1. The information on which this decision is based is set out in Appendix One. This waiver and ruling will not apply if that information is not or ceases to be full and accurate in all material respects.
2. The Rules to which this decision relates are set out in Appendix Two.
3. Capitalised terms which have not been defined in this decision have the meanings given to them in the Rules.

Waiver from Main Board Listing Rule 9.2.1

Decision

4. On the basis that the information provided by Investore Property Limited (**IPL**) is complete and accurate in all material respects, NZX Regulation (**NZXR**) grants IPL a waiver from NZX Main Board Listing Rule (**Rule**) 9.2.1, to the extent required to allow IPL to enter into the Variation with Stride Investment Management Limited (**SIML**) without obtaining shareholder approval.

Reasons

5. In coming to the decision to provide the waiver set out in paragraph 4 above, NZXR has considered that:
 - (a) the only change being effected by the Variation is the addition of an ability to appoint an additional Independent Director to IPL's board, which provides further investor protection and is in shareholders' best interests;
 - (b) the Variation does not impact the commercial terms of the Management Agreement, and is not the type of re-negotiation or renewal that Rule 9.2 is designed to capture; and
 - (c) although IPL could put the Variation to a shareholder vote at its AGM, NZXR is comfortable that the Variation does not fall within the intended scope of Rule 9.2, and granting a waiver in these circumstances is therefore appropriate.

Ruling on Main Board Listing Rule 1.8.6

Decision

6. On the basis that the information provided by SIML is complete and accurate in all material respects, NZXR rules pursuant to Rule 1.8.6 that IPL is not an Associated Person of SIML pursuant to Rule 1.8.5; and accordingly, IPL is not a Related Party of SIML.

Reasons

7. In coming to the decision to provide the ruling set out in paragraph 6 above, NZXR has considered that the operation of Rule 1.8.5 in these circumstances does not yield a sensible outcome, and undermines the intended relief granted by Rule 9.2.3(e).



Confidentiality

8. IPL have requested that this application, and any decision made in relation to it, remain confidential until IPL releases its notice of annual meeting.
9. In accordance with Footnote 1 to Rule 1.11.2, NZXR grants IPL's request.



Appendix One

1. Investore Property Limited (**IPL**) is a Listed Issuer with shares Quoted on NZX's Main Board.
2. Stride Investment Management Limited (**SIML**) is also a Listed Issuer with shares Quoted on NZX's Main Board. SIML is part of the Stride Property Group with Stride Property Limited (**Stride**). SIML and Stride's shares are stapled together and trade as a single economic unit on the Main Board under the ticker "SPG".
3. IPL is party to a management agreement (**Management Agreement**) with SIML, under which SIML manages IPL's property portfolio.
4. Under the current terms of the Management Agreement, SIML may appoint two directors to the board of IPL (**SIML Directors**). The remaining two directors are required to be:
 - (a) "Independent Directors" as defined in the Main Board Listing Rules (**Rules**); and
 - (b) independent of SIML, as required by IPL's constitution(together, an **Independent Director**).
5. IPL wishes to have the flexibility to appoint a further Independent Director to its board. The new Board structure would therefore be comprised of two SIML Directors and three Independent Directors (**2+3 Structure**).
6. To give effect to the 2+3 Structure, IPL and SIML must vary the terms of the Management Agreement, to allow for the appointment of a further Independent Director (**Variation**).
7. Entry into the Variation constitutes a Material Transaction for the purpose of 9.2.2(e), as the value of the underlying Management Agreement exceeds an amount equal to 1% of the Average Market Capitalisation of IPL.
8. SIML is a Related Party of IPL because:
 - (a) Stride has a 19.9% holding in IPL, and is therefore a Related Party of IPL pursuant to Rule 9.2.3(b);
 - (b) SIML and Stride are Related Companies for the purposes of the Companies Act, and are therefore Associated Persons pursuant to Rule 1.8.3(a)(ii); and
 - (c) This in turn means that SIML is also a Related Party pursuant to Rule 9.2.3(c), as SIML is an Associated Person of Stride.
9. SIML is also a Related Party of IPL pursuant to Rule 9.2.3(c), as an Associated Person of IPL. SIML is an Associated Person of IPL pursuant to Rule 1.8.2, as IPL could be influenced by SIML (as IPL's manager), in making a decision or exercising a power affecting itself.
10. IPL and SIML share two common directors, Tim Storey and John Harvey (**Common Directors**). The Common Directors would otherwise cause IPL to be a Related Party of SIML pursuant to Rule 9.2.3(c). However, as:
 - (a) not more than one third of the SIML Board are also Directors of IPL;



(b) no Director of SIML has a material economic interest in IPL; and

(c) IPL is not a Related Party of SIML for any other reason

Rule 9.2.3(e) “carves-out” the Related Party relationship created by the Common Directors.

11. IPL is deemed to be an Associated Person of SIML pursuant to Rule 1.8.5, as SIML is an Associated Person of IPL. However, Rule 1.8.6 affords NZX the discretion to determine that two parties are not Associated.
12. SIML has therefore sought a ruling from NZX that IPL is not an Associated Person of SIML as a consequence of the operation of Rule 1.8.5.



Appendix Two

Rule 9.2 Transactions with Related Parties

Rule 9.2.1 An Issuer shall not enter into a Material Transaction if a Related Party is, or is likely to become a direct or indirect party to the Material Transaction, or to at least one of a related series of New Supply Arrangements of which the Material Transaction forms part unless the Material Transaction is approved by an Ordinary Resolution of the Issuer.

Rule 9.2.2 For the purposes of Rule 9.2.1, “Material Transaction” means a transaction or a related series of New Supply Arrangements whereby an Issuer:

...

- (e) provides or obtains any services (including without limitation obtaining underwriting of Securities or services as an Employee) in respect of which the actual gross cost to the Issuer in any financial year (ignoring any returns or benefits in connection with such services) is likely to exceed an amount equal to 1% of the Average Market Capitalisation of the Issuer; or

Rule 9.2.3 For the purposes of Rule 9.2.1, “Related Party” means a person who is at the time of a Material Transaction, or was at any time within six months before a Material Transaction:

- (a) a Director or executive officer of the Issuer or any of its Subsidiaries; or
- (b) the holder of a Relevant Interest in 10% or more of a Class of Equity Securities of the Issuer carrying Votes; or
- (c) an Associated Person of the Issuer or any of the persons referred to in (a) or (b), other than a person who becomes an Associated Person as a consequence of the Material Transaction itself (or an intention or proposal to enter into the Material Transaction itself); or
- (d) a person in respect of whom there are arrangements other than the Material Transaction itself, intended to result in that person becoming a person described in (a), (b) or (c), or of whom the attainment of such a status may reasonably be expected, other than as a consequence of the Material Transaction itself;

but a person is not a Related Party of an Issuer if:

- (e) the only reason why that person would otherwise be a Related Party of the Issuer is that a Director or executive officer of the Issuer is also a Director of that person, so long as:
 - (i) not more than one third of the Directors of the Issuer are also Directors of that person; and



- (ii) no Director or executive officer of the Issuer has a material direct or indirect economic interest in that person, other than by reason of receipt of reasonable Directors' fees or executive remuneration.

Rule 1.6.1 Interpretation

Average Market Capitalisation means, in relation to any transaction, the volume weighted average market capitalisation of an Issuer's Equity Securities carrying Votes calculated from trades on the NZSX over the 20 Business Days before the earlier of the day the transaction is entered into or is announced to the market.

Rule 1.8 Associated Persons

1.8.1 In the Rules, a person is an Associated Person of another person if the first person is associated with the other in terms of Rule 1.8.2 to Rule 1.8.7

1.8.2 A person (the "first person") is associated with another person (the "second person") if, in making a decision or exercising a power affecting an issuer, the first person could be influenced as a consequence of an Arrangement or relationship existing between, or involving, the first person and the second person.

1.8.3 Without limiting Rule 1.8.2, the first person is associated with the second person if:

- (a) the first person is a company, and the second person is:
 - (i) Director of that company; or
 - (ii) Related Company of that company; or
 - (iii) Director of a Related Company of that company; or

...

1.8.5 If the first person is associated with the second person in terms of Rule 1.8.2 to Rule 1.8.4, then the second person shall be deemed to be associated with the first person.

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