



NZX Regulation Decision

Stride Investment Management Limited (“SPG”) and
Investore Property Limited (“IPL”)
Application for a Ruling on the Definition of “Associated
Person”

28 May 2020



Background

1. NZX has updated the NZX Listing Rules (**Rule**), effective from 1 January 2020. This is the redocumentation of the waiver issued by NZX Regulation (**NZXR**) on 17 August 2017.
2. 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.
3. The Rules to which this decision relates are set out in Appendix Two.
4. Capitalised terms which have not been defined in this decision have the meanings given to them in the Rules.

Ruling on the Definition of “Associated Person”

Decision

4. On the basis that the information provided by SPG is complete and accurate in all material respects, NZXR rules that that for the purposes of the definition of “Associated Person” in the Rules, IPL is not an “Associated Person” of SIML and accordingly, IPL is not a “Related Party” of SIML.

Reasons

5. In coming to the decision to provide the ruling set out in paragraph 4 above, NZXR has considered that the policy behind the Associated Person and Related Party rule is to regulate the controlling of relationships and regulate transactions where a Related Party to a Material Transaction may gain favourable terms due to its relationship with the Issuer. The interpretation that IPL is a “Related Party” of SIML due to being an “Associated Person” of SIML is not consistent with the intention behind the definition of “Associate Person” and “Related Party” as IPL is unable to exercise any powers in respect of SIML. But for the Management Agreement, IPL would not otherwise be an “Associated Person” (or a “Related Party”) of SIML.



Appendix One

1. Investore Property Limited (**IPL**) is a Listed Issuer with ordinary shares quoted on the NZX Main Board (**NZSX**)
2. Stride Investment Management Limited (**SIML**) is also a Listed Issuer with shares Quoted on the NZSX. SIML is part of the Stride Property Group (**SPG**) with Stride Property Limited (**Stride**). SIML and Stride's shares are stapled together and trade as a single economic unit on the NZSX 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 therefore, IPL and SIML share two common directors (**Common Directors**). Where SIML has appointed two directors to the IPL Board, the remaining directors are required to be:
 - a. "Independent Directors" as defined in the Listing Rules
 - b. independent of SIML, as required by IPL's constitution.

(Together, the **Board Structure**)

5. But for paragraph (e) of the definition of "Related Party", the relationship created by the Common Directors would otherwise mean IPL is a Related Party of SIML under the Rules. This is because not more than one third of the SIML Board are also Directors of IPL and no Director of SIML has a material economic interest in IPL.
6. IPL is a Related Party of SIML because it is an "Associated Person" of SIML under paragraph (a) of the definition of "Associated Persons", which states that a person (IPL) is associated with another person (SIML) if IPL is able to exert a substantial degree of influence over the activities of SIML (or vice versa). As manager of IPL, SIML brings opportunities / proposals to the Board. While the Board makes all of the material decisions, day-to-day operations are undertaken by SIML as manager and SIML has influence in overall activities of IPL in what it puts to the Board. Because of the "vice versa" language, IPL is also "Associated" with SIML under this definition.



Appendix Two

Associated Person

a person (**A**) is associated with, or an **Associated Person** of, another person (**B**) if:

- (a) A is able, directly or indirectly, to exert a substantial degree of influence over the activities of B (or vice versa),
- (b) B is a body corporate and A has the power, directly or indirectly, to exercise, or control the exercise of, more than 50% of the Votes attaching to the Financial Products of B (or vice versa),
- (c) A and B are Relatives or Related Bodies Corporate,
- (d) A and B are partners to whom the [Partnership Act 1908](#) applies,
- (e) A is a director or Senior Manager of B (or vice versa), or
- (f) A and B are acting jointly or in concert,

except that:

- (g) A is not an Associated Person of B merely because:
 - i. A acts as a professional or business adviser to B, without a personal financial interest in the outcome of that advice,
 - ii. A's ordinary business includes dealing in Financial Products on behalf of others and A is acting in accordance with the specific instructions of B,
 - iii. A acts as a proxy or representative of B for the purposes of a meeting of holders of Financial Products, or
 - iv. there is another person with which A and B are both associated,
- (h) persons will not be Associated Persons if NZX makes a Ruling that they are not Associated Persons.



Related Party

means a person who, at the time of a Material Transaction, or at any time within the previous six months, was:

- (a) a Director or Senior Manager of the Issuer or any of its Subsidiaries,
- (b) the holder of a Relevant Interest in 10% or more of a Class of Equity Securities of the Issuer carrying Votes,
- (c) an Associated Person of the Issuer or any of the persons referred to in (a) or (b), except where the person becomes an Associated Person as a consequence of the Material Transaction, or
- (d) a person in respect of whom there are arrangements which are intended to result in that person becoming, or expected to become, a person described in (a), (b), or (c) other than as a consequence of the Material Transaction,

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 Senior Manager of the Issuer is also a Director of that person, so long as:
 - (i) the proportion of Directors of the Issuer who are also Directors of that person is one third or less, and
 - (ii) no Director or Senior Manager of the Issuer has a material direct or indirect economic interest in that person, other than receiving reasonable Director's fees or executive remuneration, or
- (f) that person is a Subsidiary or incorporated joint venture of, or unincorporated joint venture participant with, the Issuer and:
 - (i) no Related Party of the Issuer has or intends to obtain, other than through the Issuer itself, a material direct or indirect economic interest in that Subsidiary or joint venture other than receiving reasonable Director's fees or executive remuneration, and
 - (ii) the Issuer has at least 50% of the Votes in or is entitled to at least 50% of the dividends

declared or paid by the Subsidiary or incorporated joint venture or is entitled to at least one half of the income or profits, and the assets, of the unincorporated joint venture (if and when distributed).

