



Stride Property Group (NS)

NZX Announcement

IMMEDIATE — 29 August 2016

Stride Property Group Annual Meetings 2016

Chairman's Introduction

Good morning ladies and gentlemen.

My name is Tim Storey, and I am an Independent Director and the Chairman of both Stride Property Limited and Stride Investment Management Limited.

On behalf of the Directors it's my great pleasure to welcome you to this year's annual meetings of shareholders. This year's meeting will be slightly different from previous years as, in addition to reviewing the 2016 financial year for Stride Property Limited, we will be holding the annual meetings of Stride Property Limited and Stride Investment Management Limited which together form the Stride Property Group.

Before we begin the annual meetings, I would like to introduce the other Directors and executives who are seated next to me.

We have:

- Jennifer Whooley, Chief Financial Officer and Company Secretary;
- and independent Directors:
- John Harvey;
 - Michelle Tierney;
 - David van Schaardenburg; and
 - Michael Stiassny; and
 - Peter Alexander, our Chief Executive.

I also welcome:

- Stride's auditors, PricewaterhouseCoopers;
- representatives of Computershare, the share registrar for the Stride Property Group; and
- the group's solicitors, Bell Gully.

We also have members of the senior executive team here today:

- Philip Littlewood, General Manager, Investment Management;
- Roy Stansfield, General Manager, Shopping Centres;
- Steve Lewis, National Manager, Retail Development; and
- Andrew Hay, General Manger, Commercial and Industrial.

Moving to the formalities of the meetings, I record that Notice of the Meetings of Stride Property Limited and Stride Investment Management Limited was duly given in accordance with each of the companies' constitutions, and there is a quorum present for each. Accordingly, I declare the annual meetings open.

Agenda

The order of events for this morning will be as follows:

- I will deliver a short address, and that will be followed by an address on Stride's activities from the Chief Executive, Peter Alexander.
- Following those addresses, questions and comments from Shareholders will be taken in relation to the Annual Report and financial statements of Stride Property Limited.
- We will then move to the formal Meeting of Stride Property Limited to consider the one resolution proposed in the Notice of Meeting.
- We will then move to the formal Meeting of Stride Investment Management Limited to consider the three resolutions proposed in the Notice of Meeting.
- And finally, we will then attend to any general business.

After the meeting concludes, please join us for refreshments - the Directors and members of the senior executive team will be available for informal discussions.

A. Chairman's Address - Tim Storey

On behalf of the Directors, it's my great pleasure to welcome you to this year's annual meetings of shareholders.

I would like to begin by commenting on the key results for Stride Property Limited for the year ended 31 March 2016. These set the scene for the changes at Stride that have since occurred in the new financial year around the restructure to form the Stride Property Group, the establishment of Investore Property Limited and the Diversified restructure and Shopping Centre acquisitions.

Let me say that once again the Board's perspective is that the Stride management team produced an exceptional result for the 2016 financial year. This is particularly notable because it was a year in which we executed well on our stated strategy, in addition to delivering a number of significant projects.

All of Stride's key measures for 2016 reflect the company's positive performance. These outcomes were made possible by having a clear strategy, clear goals and a commitment to delivering returns to you, our shareholders.

It is very clear that Stride stands apart from its peers in the listed property sector by adopting an innovative approach to its business in actively seeking ways to grow a successful and sustainable business delivering outstanding results to its shareholders.

Stride's fundamental goal is to create market leading shareholder wealth. To do so, it sets clearly defined and ambitious goals and then adopts a carefully measured approach to achieving them. These are supported by careful capital management and judicious stock selection which allows Stride to deliver the high quality outcomes that have marked recent years' results. We have stated previously that our aim is to be the best performing company in our sector and results to date show that we are achieving that.

We articulated this approach in the strategy we set out last year – namely that we select properties that have enduring demand which will deliver long-term market-leading returns in varying economic conditions. This approach has served us well and is the measure we apply to every investment we make in property or through our real estate investment management business.

We are proud that Stride's growth since listing has been in line with our guidance – coming from adopting a clear strategy which is deliberately executed by our management team.

This approach is clear from the results we reported for the 2016 financial year. You will, of course, have seen these in our annual report but I would like to briefly focus on a few of them.

In the year ended 31 March 2016, Stride lifted its operating profit before other income and income tax by over 13% to \$44.7 million. This gave us a lift in distributable profit after tax of 15.6% from the 2015 financial year.

On the strength of this, Stride declared a full year cash dividend of 10.75 cents per share – an increase of 4.9% over the previous year. Our stated aim has been to deliver annual dividend growth of at least 2.5% and for the second year in a row since announcing that target, we have substantially exceeded the target.

Net tangible assets backing per share grew to \$1.97 as at 31 March 2016, up from \$1.81 the previous year, on the back of a 5.2% net property portfolio valuation increase.

Occupancy remained at a very high level – at 99.6% - and our weighted average lease term (or WALT) was 7.9 years at the close of the financial year.

It has been particularly pleasing from the Board's perspective to see the strong support we have had from you, our shareholders, during the year. The share purchase plan that closed in November last year was fully subscribed with applications well in advance of the \$15 million we sought. Since then, of course, there have been other opportunities for shareholders to indicate their backing for Stride – for the restructure and then the Investore IPO - and we have been delighted with the response we have received.

The 2016 year was, clearly, a very active one for Stride. And as you know, the level of activity has increased substantially in the new financial year. Peter will cover much of this in his presentation but I would like to give you a brief perspective from the Board.

Over recent years, Stride has paid close attention to every detail of its business. We have fine-tuned the structure, strengthened the management and operations teams and have placed a tight focus on both our property investment activities and our real estate investment management business.

Underpinning all of this is our determination to provide sustained and long-term returns to our shareholders.

This has required a highly innovative approach to the business and the results of that have been seen in the recent changes we have made to the corporate structure.

The newly created Stride Property Group, comprising Stride Property Limited and Stride Investment Management Limited, allows us to continue to develop both the property investment business and real estate investment management business. This stapled share structure for the two companies means that our shareholders can continue to hold interests in both types of business.

To recap briefly, Stride Property Limited is a listed Portfolio Investment Entity that invests in New Zealand commercial property. Stride Investment Management Limited – or SIML, is a specialist real estate investment manager. SIML manages the property portfolios of Stride Property Limited, Diversified NZ Property Trust and Investore Property Limited. Collectively Stride, Investore and Diversified own approximately \$2 billion in properties. Investore, of course, was recently listed on the NZX and specialises in investments in stand-alone Large Format Retail properties. Diversified remains as an unlisted investment entity primarily for Australian based superannuation funds.

This structure gives us greater flexibility and an enhanced capacity to provide returns for our shareholders. It also allows us to place emphasis on aspects of the commercial property sector where we believe growth potential exists.

The Stride Property Group now has varied sources of return derived from rental, potential capital growth and management fees that provide a measure of protection against volatility in the property market.

Together with an on-going programme of strategic acquisitions across the group, we believe this will deliver sector-leading returns for the medium to long term. This is entirely in keeping with our stated vision to build New Zealand's best performing listed property group investing in the best places, managed by the best team and, most importantly, delivering the best performance.

The Board is delighted with the support that we have had from our shareholders through our evolution and will continue to oversee the business in a way that fosters and values innovation and protects and grows your investment.

Today, the Board has approved the first quarter cash dividend for the year ended 31 March 2017 for Stride Property Limited of 2.72 cents per share with imputation credits of 0.7958 cents per share attached. This is in line with the guidance of 9.96 cents per share cash dividend for the full year for the Stapled Group as provided in the Explanatory Memorandum. The record date will be 13 September, with payment to shareholders being made on 21 September 2016. The Dividend Reinvestment Plan remains suspended for this dividend.

In conclusion, your Board has every confidence that Stride Property Group is well positioned for continued growth. Our new structure and our growing breadth of engagement across both property investment and real estate investment management will continue to deliver market-leading growth and shareholder returns.

I look forward to reviewing the results for Stride Property Group with you again next year.

I will now hand over to Peter to take you through last year's activities in more detail and to look ahead to our forward strategy.

B. Chief Executive's Address - Peter Alexander

Thank you Tim and good morning ladies and gentlemen.

Tim has set the scene for my comments by highlighting a year that has been a very significant period for your company and for all of us at Stride.

This has been a transformational time for Stride – from the symbolic but important change to our corporate identity back in September last year to the substantial increase in our investment portfolio and the structural changes that are now in place. All of these have been designed to position Stride for sustained growth and to ensure that we continue to provide sector-leading returns to you, our shareholders.

Let me start by focusing on what is clearly the most important outcome for Stride's shareholders and a key focus for us as we look to the future.

Stride has a core focus on delivering market leading returns to shareholders by delivering growth as measured by dividend per share. This is in a sector that has, on average, failed to deliver meaningful and consistent dividend per share growth over many years. Stride has delivered on this approach through a series of innovative initiatives such as our stapled structure and the listing of Investore, again in a sector that in our opinion has recently been somewhat moribund when it comes to innovation and value creation. In September 2014, the Company set a target of delivering annual dividend per share growth of at least 2.5%. In 2015 and 2016, dividend per share growth comfortably exceeded that target with annual growth of 13.9% and 4.9% respectively.

Tim has covered last year's financial highlights and these, I believe, give you a good picture of the strength of the company. I'd like to touch briefly on some of the key operational indicators that have supported our results for the year ended 31 March 2016.

Our net rental income at \$69.3 million was \$12 million higher than the previous year and reflects an additional \$7.6 million income from the property acquisitions we made over the twelve months. These acquisitions included the 19 Large Format Retail properties purchased from Antipodean Supermarkets Limited and Antipodean Properties Limited and the commercial property at 35 Teed Street, Auckland. The net rental income also includes the six months' net rental income from the completed NorthWest Shopping Centre.

At the 31st of March 2016 our portfolio comprised 59 properties, up from 41 the previous year and we had 415 tenants – 134 more than at the same time in 2015. Perhaps the most pleasing feature of this growth has been the increase in our weighted average lease term from 5.1 years at the end of the 2015 financial year to 7.9 years at the end of the 2016 year. This is an important indicator of future stability and it is supported by a very high occupancy rate of 99.6 percent across our portfolio.

These fundamentals have formed the basis of our result for the year and are the foundations on which we have created Stride Property Group and particularly Investore Property Limited.

Up until July this year, Stride was both a real estate investor and a real estate investment manager. These activities complement each other and were the basis on which we were able to build Stride into an entity that is significantly larger and better positioned than it was even at the beginning of the last financial year.

When we considered the opportunities for improving returns from these related disciplines, however, we realised that there was potential to make greater improvements.

A further catalyst for change was that Stride was approaching a point where there was a chance that the composition of its investment portfolio might jeopardise its tax status as a Portfolio Investment Entity. This added to the impetus to consider ways we could not only retain that advantageous status but also make more effective use of our resources.

The concept of creating a separate entity undertaking investment management activity and yet connected to Stride became the most viable and attractive of the options available to us. The concept of stapling shares of two entities was new to New Zealand but has been common practice in Australia for many years. The closer we examined this the more we felt that it was the ideal way for Stride to realise its current and future potential.

The creation of Stride Investment Management Limited, SIML, allows us to place all of our specialist Real Estate Investment Management capability and revenue into one, highly focused and results driven organisation. This, in turn, allows Stride Property to continue its property investment activity and retain PIE status to ensure a level playing field with other entities in the listed property group.

We had also been strengthening our position in a sector of the property market real estate investment management that we believe has long term potential and that we felt had been under-served.

In October 2015, we established Investore as a subsidiary of Stride to invest in a portfolio of large format retail properties. Investore initially held 19 locations each tenanted by significant national companies largely operating in the non-discretionary segment of the retail sector. The opportunity to expand Investore's holding with more high quality properties of this nature, and in particular the \$267 million portfolio from Shopping Centres Australasia Property Group, gave us the opportunity to create a new entity which could be listed on the NZX Main Board. As you know, this occurred on 12 July this year.

Investore is New Zealand's only listed property company with an investment strategy focused on providing a stable return to its shareholders through investment in the large format retail property sector. It is, in fact, the only new listing of a company focused on the property sector at large in the last six years – the one prior to Investore was Stride itself in 2010.

So today, we are a very different entity from the one that reported to you 12 months ago. We are a business that has grown significantly. This has been an entirely logical path for us to take. Each of the decisions we have taken has been a very deliberate step towards a goal that has at its heart the best possible returns to shareholders from three connected and highly complementary companies.

I want to note that Stride has experienced phenomenal growth when compared to the recent history of the New Zealand listed property sector. At the beginning of the 2016 year Stride owned or managed assets valued at \$972 million. Our combined managed portfolio as a result of recent transactions will be valued at over \$2 billion – in other words approximately doubled the size in 18 months. There is no contemporary parallel for this in the New Zealand listed property market and the growth has been achieved with disciplined capital management and delivered dividend per share growth from the outset.

During the 2016 financial year, we announced that Diversified NZ Property Trust, the wholesale investment vehicle managed by SIML, had entered into an agreement to acquire the Westfield Queensgate Shopping Centre in Wellington and the Westfield Chartwell Shopping Centre in Hamilton. This transaction marked a milestone in Stride Property Group's approach to delivering returns on the funds it manages as well as making a significant addition to our Real Estate Investment Management activity.

This transaction was subject to approval from the Overseas Investment Office. Earlier this month that approval was received and the acquisition completed last week. The transition to management by Stride Investment Management Limited is now in place.

Recent developments have, perhaps, overshadowed some of Stride's other achievements during the year and I don't want these to pass without proper acknowledgement.

First, all of our key performance indicators for the year showed marked improvement. These are detailed in the annual result and Tim has touched on the main points. From a management perspective, however, it has been very pleasing to see every key aspect of the business making gains over the last 12 months.

The NorthWest Shopping Centre located at the Westgate Town Centre in Auckland, opened on schedule in October last year. This is a significant step towards transforming Westgate into a major destination for people in the rapidly growing north-western region of Auckland City.

The Centre is now in the stabilisation phase and as at the end of March 2016 retail occupancy at NorthWest Shopping Centre remained at 100% and all office space has since been leased.

Stride is on track to deliver its NorthWest Two development on schedule next month with the food and beverage space fully leased and over half of the office accommodation committed. New Zealand's leading wine company, Constellation Brands, signed on to NorthWest Two early on and have taken a large share of the available office space.

The Westgate Town Centre, of which NorthWest is a part, is undergoing a much larger development programme that will help it realise its full potential over the next few years and will attract significantly larger volumes of people to the Centre.

We also divested \$89 million of assets over the last 17 months that did not fit our vision for the future. This has been a carefully managed programme that will continue in support of our overall growth objectives.

As you have heard from both Tim and myself, Stride has transformed itself over the course of the last twelve months in a number of very significant ways – but all with the common objective of delivering high quality and market leading returns to you.

I want to take a moment to acknowledge the intense effort that went in to making this happen on the part of our Board, our management team and our advisors. Within a relatively short space of time Stride has transformed itself into three highly focused entities each building on the skills, strengths and capabilities contained in each. This would not have been possible without the dedication and commitment of our people.

We now look forward to the balance of the current year ahead with a great deal of confidence.

Thank you for your continuing support. I look forward to updating you as the year progresses and reporting again next year.

I will now hand back to Tim for the formal business of the meetings.

Annual Meeting Formal Business - Tim Storey

C. Financial Statements

Thank you Peter.

Now to the formal business of the meetings.

I record that the annual report and audited financial statements for Stride Property Limited for the year ended 31 March 2016 have been sent to Shareholders.

No resolution is required to be put to the meeting about the annual report or the financial statements, but I will now open the meeting for questions about them, or Stride's performance generally. Other issues can be addressed as General Business later in the meeting.

I would like to remind you that only Shareholders, proxy holders or Shareholder company representatives have a right to speak.

In addressing the Chair with questions, would you please state your name and advise whether you are a Shareholder, a proxy holder or a Shareholder company representative.

If you have a question, there are Stride representatives with cordless microphones in the aisles, please use these so we may all hear your question.

Q & A on Company Performance

Do I have any questions from the floor?

Ordinary Resolutions

We will now hold the formal part of each of the Meetings and consider the resolutions set out in the Notice of Meeting.

The resolutions for consideration today may only be voted on by Shareholders (either in person or by postal vote), proxy holders, and Shareholder company representatives.

Voting on all resolutions will be by poll. On a poll, each person voting at the meeting and each Shareholder who has cast a vote by proxy, has one vote for each share held. We will consider each resolution, and then vote on that resolution immediately after discussion has taken place, and before moving to the next resolution.

To vote, you should tick the relevant box on your voting form in respect of the resolution being voted on.

If you did not bring your voting form with you, you should have been given a voting form at the registration desk on arrival. If you require a voting form, please let one of the Computershare representatives know now.

There are Company representatives in the aisles, who have pens available if you require one to complete your forms. On completion of the voting, your forms will be collected. When all voting forms have been collected, they will be taken to be counted by Computershare.

If you are both a Shareholder, and a proxy holder or Shareholder company representative, please complete a separate voting paper for yourself and each other Shareholder you represent.

I will open each resolution for discussion by Shareholders. As a courtesy to all Shareholders, can I ask you to please be as concise as possible with any questions?

In addressing the Chair with questions, would you please state your name and advise whether you are a Shareholder, a proxy holder or a Shareholder company representative.

Each of the Stride and SIML Boards recommend that you vote in favour of all Resolutions put by them respectively. All of these resolutions are ordinary resolutions, and will be binding on the respective Board and Company if passed.

Background details in relation to each resolution, including details of each of the Director candidates, is included in the meeting information previously distributed to Shareholders.

D. Ordinary Resolution for Stride Property Limited

I call the meeting of Stride Property Limited to order to consider a single resolution in relation to the reappointment of auditors.

I have been provided with a record of the valid proxies received. Proxy votes have been received from 525 Shareholders, who among them hold 128 million shares, (128,284,392 being the exact number).

Resolution - Re-appointment of auditor

I move:

“That the re-appointment of PricewaterhouseCoopers as auditor of Stride be recorded and the directors be authorised to fix the auditor’s fees and expenses.”

Is there any discussion?

Thank you. Voting on this resolution will be by poll. Please tick the relevant box on your voting form in respect of this Resolution.

We will now temporarily adjourn the meeting of Stride Property Limited and I call the meeting of Stride Investment Management Limited to order to consider a resolution in relation to the appointment of auditors and resolutions in relation to the appointment of directors.

E. Ordinary Resolutions for Stride Investment Management Limited

I have been provided with a record of the valid proxies received. Proxy votes have been received from 525 Shareholders, who among them hold 128 million shares, (128,284,392 being the exact number).

Resolution 1 - Appointment of auditor

Resolution 1, I move:

“That PricewaterhouseCoopers be appointed as auditor of SIML and the directors be authorised to fix the auditor’s fees and expenses.”

Is there any discussion?

Thank you. Voting on this resolution will be by poll. Please tick the relevant box on your voting form in respect of Resolution 1.

Resolution 2 - Appointment of director

Resolution 2, I move:

“That Michael Peter Stiassny be re-elected as a director of SIML pursuant to clause 22.3 of the Constitution of SIML.”

As a reminder, if Michael is re-elected as a director of Stride Investment Management Limited, he will also automatically be appointed as a director of Stride.

Is there any discussion?

Thank you. Voting on this resolution will be by poll. Please tick the relevant box on your voting form in respect of Resolution 2.

Resolution 3 - Appointment of director

Resolution 3, I move:

“That David Gregory van Schaardenburg be re-elected as a director of SIML pursuant to clause 22.3 of the Constitution of SIML.”

As a reminder, if David is re-elected as a director of Stride Investment Management Limited, he will also automatically be appointed as a director of Stride.

Is there any discussion?

Thank you. Voting on this resolution will be by poll. Please tick the relevant box on your voting form in respect of Resolution 3.

That completes voting on all resolutions. I will now ask for the voting papers to be collected in the boxes being circulated.

Due to the number of votes to be counted, the votes collected at this meeting will be added to those received from proxies, and the results will be compiled by the registrar, Computershare. The results will be provided to the NZX, and published on the Company's website after the meeting.

F. General Business

We will now reconvene the combined part of the meetings and move on to general business, and open the floor for questions or comments.

Again, I ask that in addressing the Chair with questions, would you please state your name and advise whether you are a Shareholder, a proxy holder or a Shareholder company representative.

I would like to remind you that only Shareholders, proxy holders or Shareholder company representatives have a right to speak.

Chairman's Closing

That completes the annual meetings of Stride Property Limited and Stride Investment Management Limited. Thank you everyone for your attendance and participation this morning.

I formally declare these meetings closed. Please join us now for refreshments.

Ends.

Attachments:

- 2016 Annual Meetings Presentation – 290816
- Appendix 7

For further information please contact:

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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.