

Stride Property Limited - FY16 Annual Results

Stride Property Limited (Stride) has released its Annual Report and Annual Results presentation for the twelve months ended 31 March 2016. Stride has delivered strong operating performance with a 34.2% increase in net profit after income tax¹. The fourth quarter cash dividend of 2.75 cps raises the cash dividend for the year ended 31 March 2016 to 10.75 cps, an increase of 4.9% on the previous year's cash dividend of 10.25 cps.

Stride's Chairman, Tim Storey, comments that "Stride is a company that is transforming its business with innovative and progressive ways of maximising returns for shareholders."

Key Points:

- Stride delivers 34.2% increase in net profit after income tax
- Distributable profit² after income tax of \$37.1m or 11.22 cps (\$32.1m or 10.80 cps in the prior comparable period)
- Annual cash dividend of 10.75 cps for the year ended 31 March 2016 (FY16), an increase of 4.9%
 - 2.75 cps cash dividend for the fourth quarter with 0.3555 cps imputation credits attached
 - Dividend Reinvestment Plan remains suspended for FY16 fourth quarter dividend
- Net 5.2% property portfolio valuation increase³
- NorthWest Shopping Centre opened 1 October 2015
- NorthWest Two development on track to be completed by October 2016
- Acquired 19 Large Format Retail properties for \$287m
- Diversified NZ Property Fund, managed by Stride, to acquire two shopping centres in a restructured fund resulting in an increased fund size of \$550m (+\$445m)
- Proposal to create a new stapled shareholding structure to enable growth
- Name change and rebranding to Stride Property

Financial Performance Highlights (prior period 31 March 2015 figures in brackets)

- Net rental income of \$69.3m (\$57.2m)
- Corporate expenses of \$8.4m (\$6.1m)
- Operating profit before other income and income tax of \$44.7m (\$39.6m)
- Net profit after income tax of \$92.4m (\$68.8m)
- Distributable profit before income tax of \$46.3m (\$40.3m)
- Distributable profit after income tax of \$37.1m or 11.22 cps (\$32.1m or 10.80 cps)
- 10.75 cps cash dividend for the year ended 31 March 2016 (FY16)
 - 2.75 cps cash dividend for the fourth quarter with 0.3555 cps imputation credits attached
 - Dividend Reinvestment Plan remains suspended for FY16 fourth quarter dividend
- Loan to value ratio (LVR) 41.7% (35.1% as at 31 March 2015)

Portfolio Highlights (prior period 31 March 2015 figures in brackets)

- Net 5.2% property portfolio valuation increase³
- Net Tangible Assets (NTA) backing per share increased to \$1.97 (\$1.81)
- 200 lease transactions over 278,075m² for a total annual rental of \$44.3m
- FY17 lease expiries down from 13.04% (31 March 2015) to 4.78% of the portfolio contract rental⁴
- FY18 lease expiries at 9.99% of the portfolio contract rental
- Occupancy at 99.6% (96.6%)
- Weighted Average Lease Term (WALT) 7.9 years (5.1 years)

Developments and Divestments

- NorthWest Shopping Centre opened 1 October 2015
- NorthWest Two development on track to be completed by October 2016
- Divested 51 Corinthian Drive, Auckland, for \$15.2m & 170-180 Taradale Road, Napier, for \$4.3m
- Unconditional on sale of 20-22 Pollen Street, Auckland, for \$8m and Lot 83 Tauriko Industrial Estate, Tauranga, for \$0.5m

Acquisitions

- Acquired 35 Teed Street, Auckland, for \$17m
- Acquired 19 Large Format Retail properties for \$287m

Capital Management

- Raised \$115m through placement to eligible shareholders and investors & \$15m through SPP
- Additional bank facility tranche of \$160m for a 3 year term

REIM Growth

- Diversified NZ Property Fund, managed by Stride, to acquire two shopping centres in a restructured fund resulting in an increased fund size of \$550m (+\$445m)
- Proposal to create a new stapled shareholding structure to enable growth

Name change and rebranding to Stride

- Launch of Stride in September 2015 as the new brand and corporate identity to reflect the purposeful and innovative approach that Stride is taking to deliver sector leading investment returns and Stride's strategy of investing in properties with enduring demand

Peter Alexander, Stride's Chief Executive, comments that "the growth of Stride's business during 2016 has provided an excellent platform for continued growth in earnings and profitability. The programme to reposition the portfolio will continue alongside careful capital management to ensure that market opportunities can be realised when they occur."

Notes

1. Net profit after income tax includes net change in fair value of investment properties of \$59.9m.
2. Distributable profit is a non-GAAP financial measure adopted by Stride Property Limited (Stride) to assist Stride and investors in assessing Stride's profit available for distribution. It is defined as a net profit/(loss) before income tax adjusted for non-recurring and/or non-cash items and current tax. Further information, including the calculation of distributable profit and the adjustments to net profit after income tax, is set out in note 6 to the audited financial statements for the year ended 31 March 2016.
3. The valuations of all properties disposed of during the 12 months from 1 April 2015 have been disregarded in this calculation. As at 31 March 2015, the portfolio was valued at \$872.4m.
4. 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 2016, annualised for the 12 month period on the basis of the occupancy level for the relevant property as at 31 March 2016, and assuming no default by the tenant.

Ends

Attachments provided to NZX:

- Stride Property - NZX Appendix 1 - 300516
- Stride Property - NZX Appendix 7 - FY 16 Q4 Dividend - 300516
- Stride Property - FY 16 Annual Results Presentation - 300516
- Stride Property - FY 16 Annual Report - 300516

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Stride Overview

Stride Property Limited ('Stride'), formerly known as DNZ Property Fund Limited, owns one of New Zealand's largest diversified investment property portfolios with \$1,274.8m as at 31 March 2016 of commercial office, retail and industrial properties located in the main urban areas throughout New Zealand.