



Stride Property Group (NS)  
Annual Meetings  
6 September 2017

# Agenda

A. Chairman's Address	Tim Storey – Chairman
B. Chief Executive's Address	Philip Littlewood – Chief Executive
C. Financial Statements	Tim Storey – Chairman
D. Ordinary Resolution for Stride Property Limited	Tim Storey – Chairman
E. Ordinary Resolutions for Stride Investment Management Limited	Tim Storey – Chairman
F. General Business	Tim Storey – Chairman

# A. Chairman's Address – Tim Storey

# Results

- Stride Property Group<sup>1</sup> listed on the NZX Main Board on 12 July 2016
- Demerger of Investore Property Limited and retention of 19.9% shareholding
- Growth of real estate investment management (REIM) business

Stride Property  
Group

NZX listing

Demerger of  
Investore

19.9% shareholding

Growth of REIM  
Business

<sup>1</sup> 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.

# Stride Property Group

- Grow its real estate management business
- Develop new opportunities for potential property sector investments
- Leverage the specialist expertise Stride Property Group has developed

Growth of REIM  
Business

Develop new  
opportunities

Leverage  
Specialist  
expertise

# Highlights

(Compared to Prospective Financial Information for FY17 set out in the Explanatory Memorandum dated 10 June 2016 (PFI) figures in brackets)

- Profit after income tax of \$56.9m (\$31.0m)
- Distributable profit<sup>1</sup> after income tax of \$37.7m (\$37.2m)
- Combined 9.96cps cash dividend for Stride Property Group for the year ended 31 March 2017 (FY17)
- NorthWest Two, Auckland, opened in October 2016

Distributable  
profit after tax  
up 1.2%

Cash dividend for FY17  
(combined)

9.96cps

NorthWest Two opened

Oct 2016

<sup>1</sup> 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 of the consolidated financial statements for the year ended 31 March 2017.

# Stride Property Group

- Stride Property Limited invests in quality NZ property investments
- Stride Investment Management Limited is a specialist real estate investment manager

**STRIDE**  
Invests in quality  
New Zealand  
property investments

**SIML**  
Specialist real  
estate investment  
manager

# Vision

*To build New Zealand's best performing listed property investment and management company that invests in the best places, is managed by the best team and, most importantly, delivers the best performance*



# Dividends – Q1 FY18

- Stride Property Limited – cash dividend of 2.07cps for Q1 FY18
- Stride Investment Management Limited – cash dividend of 0.41cps for Q1 FY18
- Combined 2.48cps cash dividend for Stride Property Group for Q1 FY18
- Targeting a combined 9.91cps cash dividend for Stride Property Group for FY18

Cash dividend for Q1FY18  
(combined)

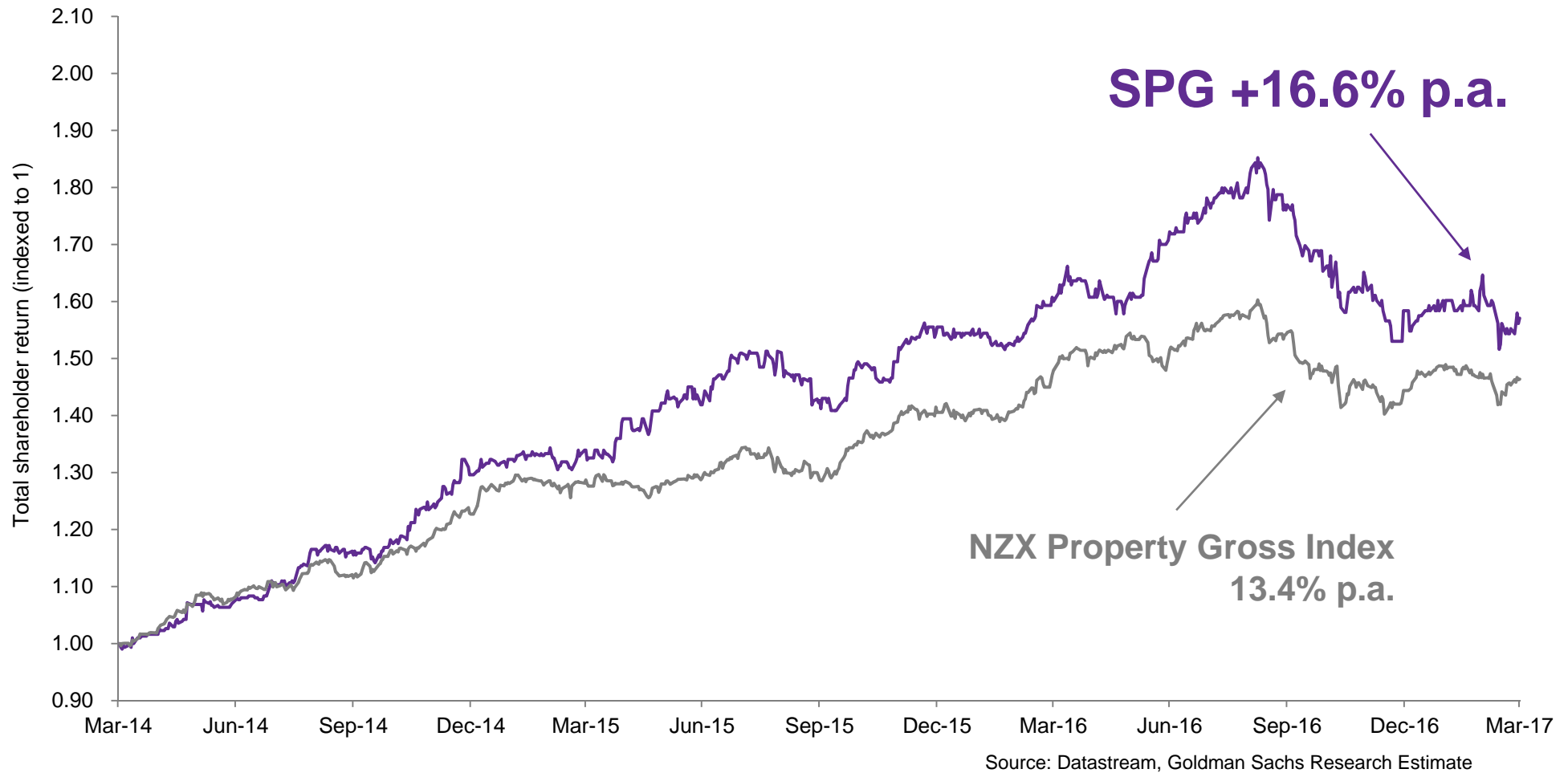
**2.48cps**

Targeting a cash dividend for  
FY18 (combined)

**9.91cps**

## B. Chief Executive's Address – Philip Littlewood

# Total Shareholder Return

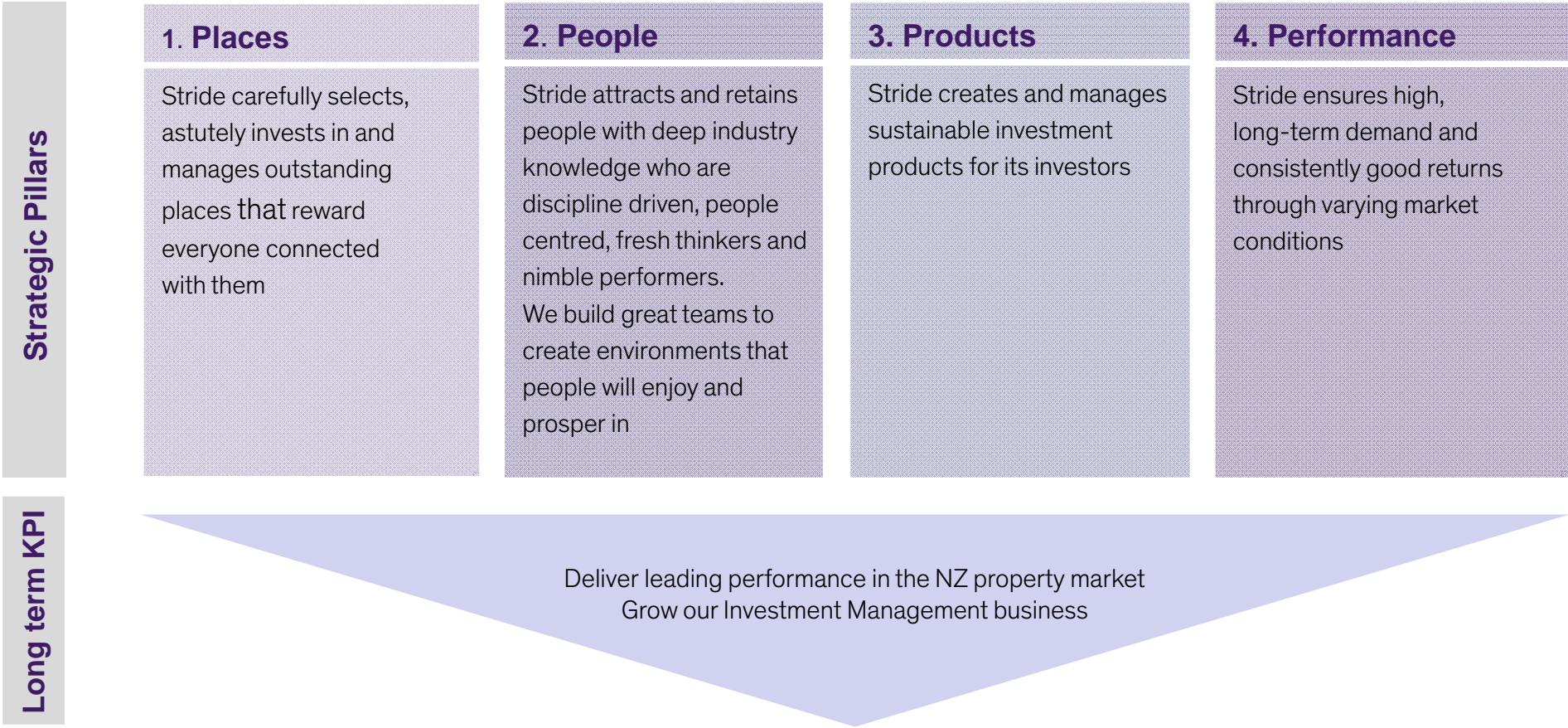


Stride has **outperformed the NZX Property Gross Index by +3.2% per annum** over the past three years

# Strategy

**Purpose** Stride Property Group invests in and manages portfolios of places that attract the highest demand and delivers market leading returns to shareholders

**Vision** Stride has the **best people** investing in and managing the **best places** to deliver the **best performance** in the NZ property market



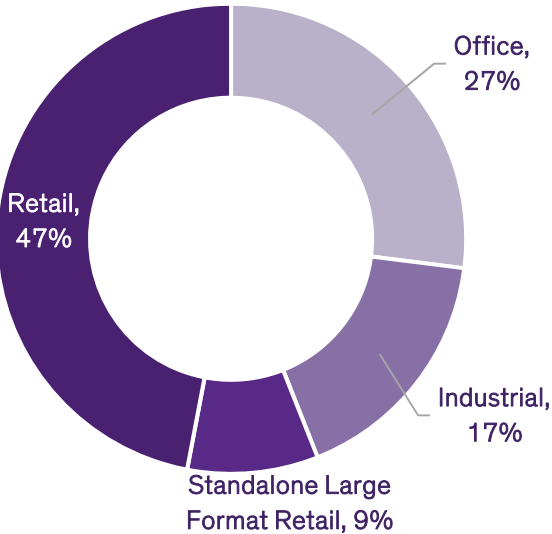
# Managed Portfolios

Wholly owned portfolio

Investment Management

**STRIDE**

\$895m, 29 assets



**investore**

\$660m, 39 assets



19.9% shareholding held by Stride

**diversified**

\$523m, 4 assets



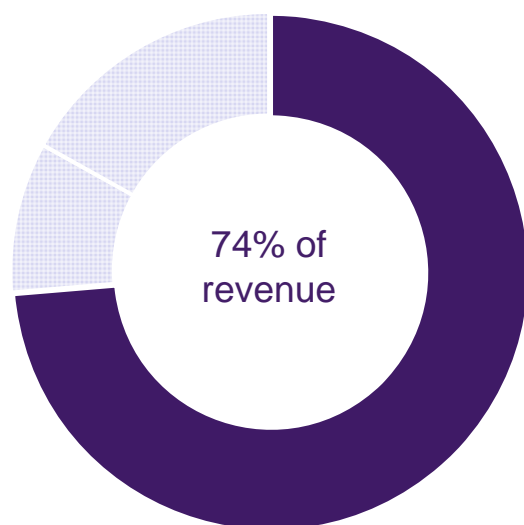
2% investment held by Stride

# Stride Operating Revenue

## Wholly owned portfolio

Actively manage to improve returns, build property portfolios for new funds

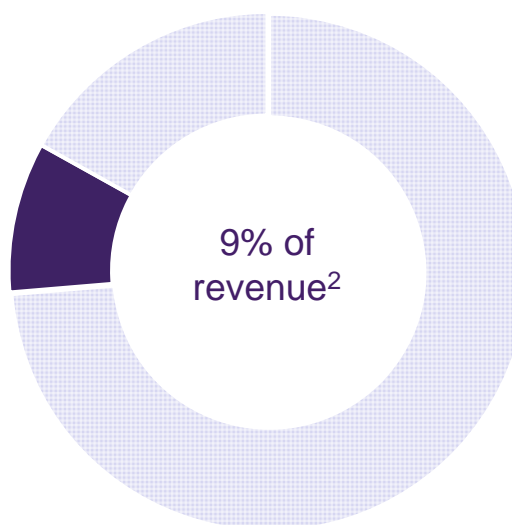
\$895m, 29 assets



## Co-investments

Strategic alignment holdings in managed funds

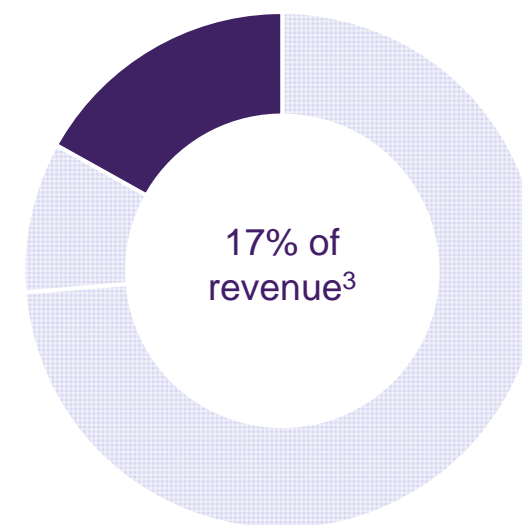
\$85.3m<sup>1</sup> invested in funds



## Investment management

Two external funds, 43 assets

\$1.2b managed AUM



<sup>1</sup> Carrying value of Stride Property Limited's interests in associates as at 31 March 2017

<sup>2</sup> Look-through net rental income of Stride's interests in associates for the year ended 31 March 2017

<sup>3</sup> Represents total SIML management fee income including from Stride Property, which is eliminated on consolidation in the Consolidated Financial Statements for FY17 and in the PFI

# Clear Strategy for Investment Management

Sustainable, high performing, single sector focussed product

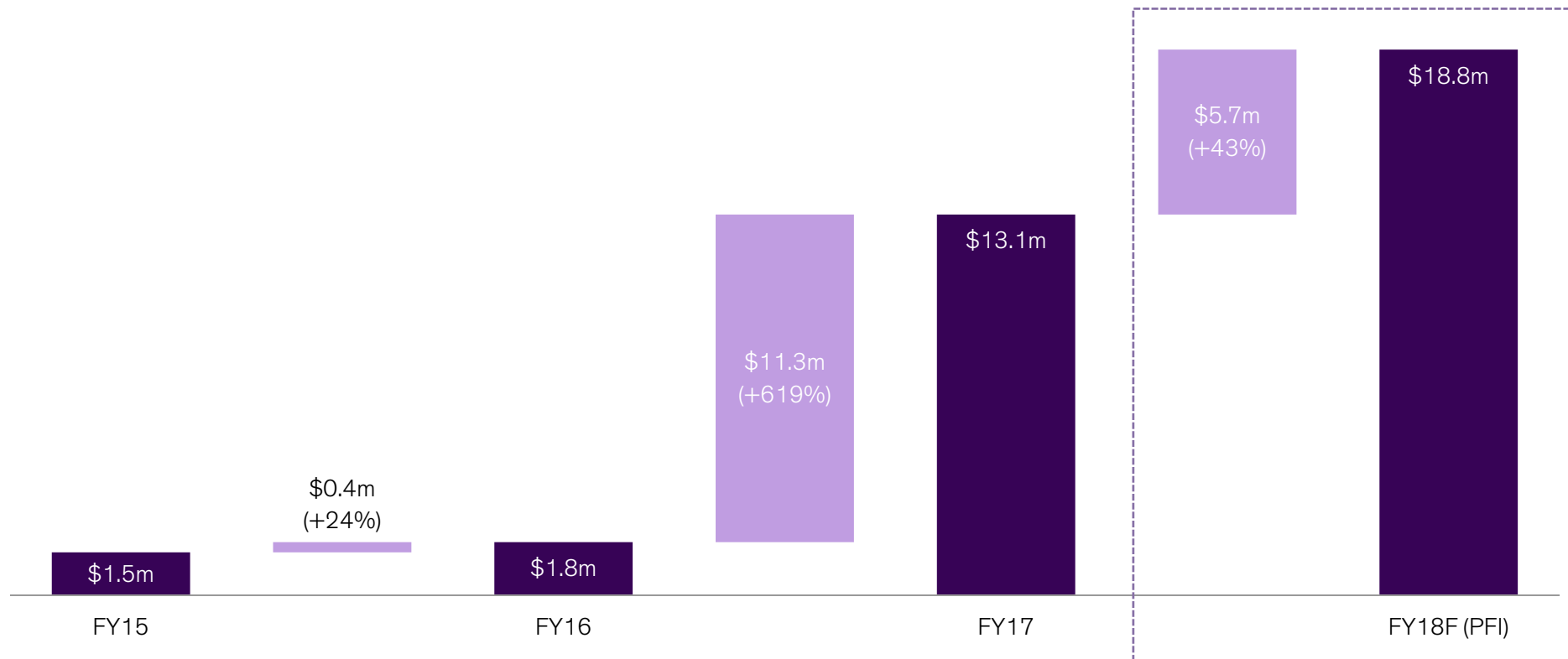
## investore

- ✓ Single sector mandate
- ✓ Cornerstone holding by Stride Property
- ✓ Stride Property is committed to hold single sector assets through Investore
- ✓ Capital structure designed specifically for this sector

**Outperformed** guidance in FY17 Cash Dividend by +4.3%

# Investment Management Income

Significant growth in our investment management business delivering high margin returns



- Forecast FY18 REIM fee income **growth of +43.3%** to \$18.8m
- Forecast FY18 **margin of approximately 35%-45% on REIM fee income**

Represents total SIML management fee income including Stride, which is eliminated on consolidation in the Consolidated Financial Statements for FY17 and in the PFI. Values may not sum accurately due to rounding.



# Stride's Wholly Owned Portfolio

Active management	31 March 2017	31 March 2016	Change
Leasing transactions	270	200	+70
Retention rate on renewal & new lettings	78%	57%	+21%
Like-for-like rental growth	2.9%	2.7%	+0.3%
Portfolio statistics	At 31 March 2017	At 31 May 2016 (PFI)	
Portfolio Value	\$895m <sup>1</sup>	\$832m	+\$63m
Properties	29	29	0
WALT (years)	4.9	5.4	-0.5
Occupancy Rate (by area)	96.8%	99.1%	-2.3%
Initial yield	7.0%	7.2%	-0.2%

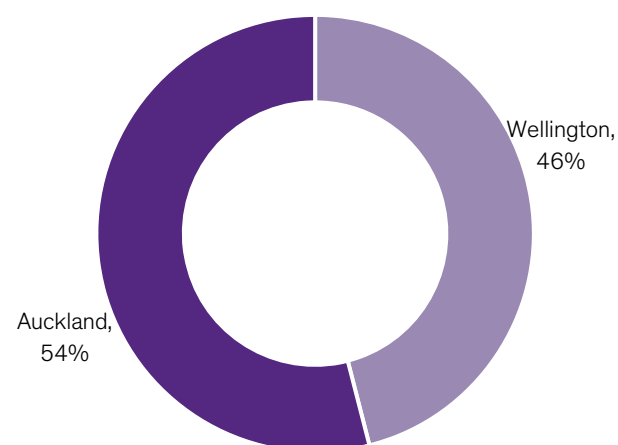
- Active lease management with **81% of the portfolio transacted** during the year
- **78% of all tenants retained on expiry**
- Net increase in portfolio value of **\$22.4m or 2.7%**

1. Includes the value of NorthWest Two, Auckland of \$36.2m which is classified as inventory in the financial statements

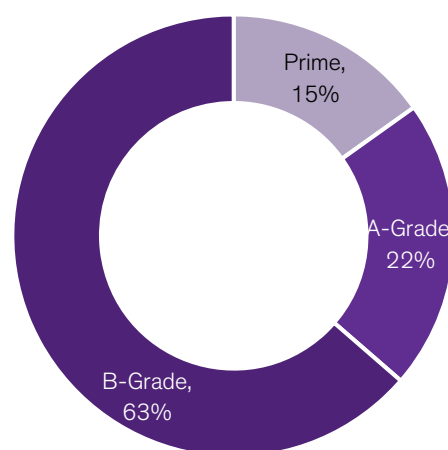
# Office Portfolio - \$215 million

A quality office portfolio providing diversification in location, asset class and income

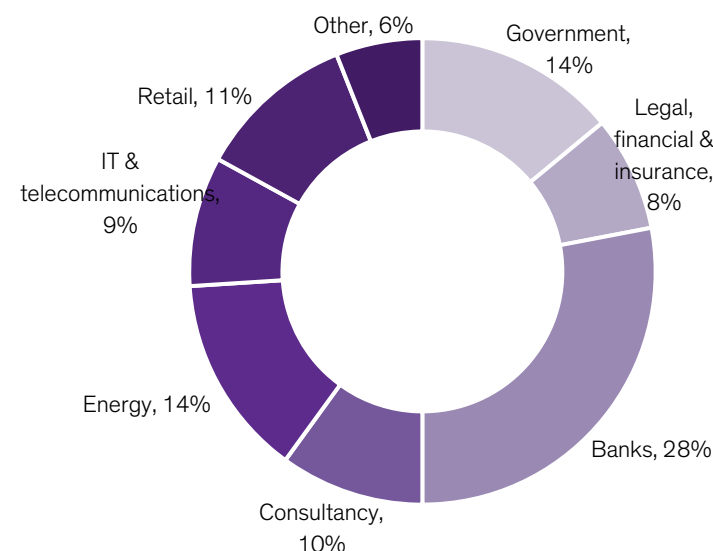
**Location (by value)**



**Asset Class (by value)**



**Tenant Type (by gross rental)**

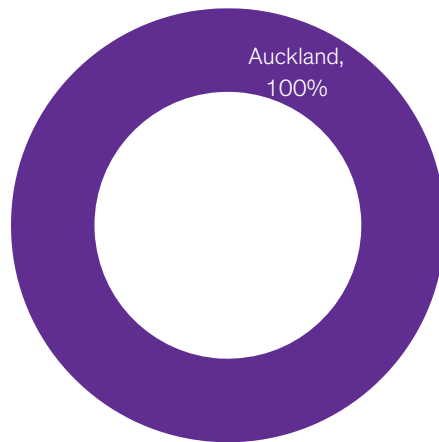


- 100% of office assets located in key Auckland and Wellington markets
- Following the completion of key expiries, no major expiries remaining in FY18
- Increase in WALT from 4.3 years at 31 March 2017 to 5.0 years at 31 July 2017 as a result of strong transactional activity

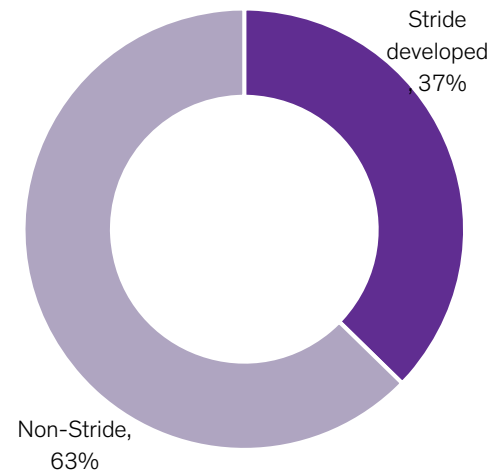
# Industrial Portfolio - \$182 million

Well positioned to capture higher rentals in the sought after Auckland market

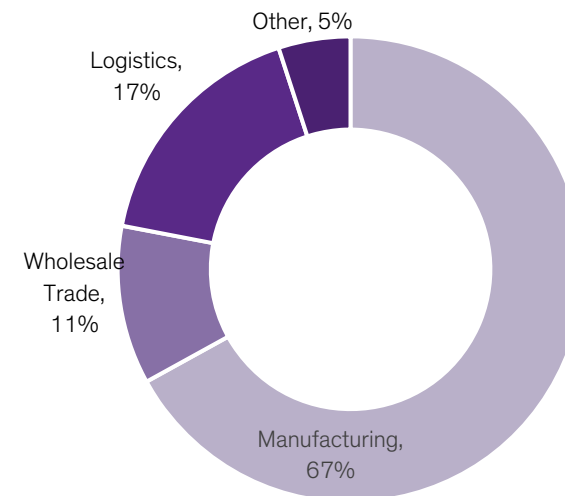
Location (by value)



Developer (by value)



Tenant Type (by gross rental)



- Net 7.7% valuation increase
- 100% of industrial assets located in strong Auckland market
- Active start to the year with 19,000m<sup>2</sup> of space renewed, resulting in a WALT of 3.9 years at 31 July 2017

# 15 Rockridge Avenue, Auckland

- 8,100 m<sup>2</sup> of modern industrial building on a site of 1.23 ha
- \$16.5m development part of \$83m multi-stage redevelopment project
- Anticipated completion Q4 FY18



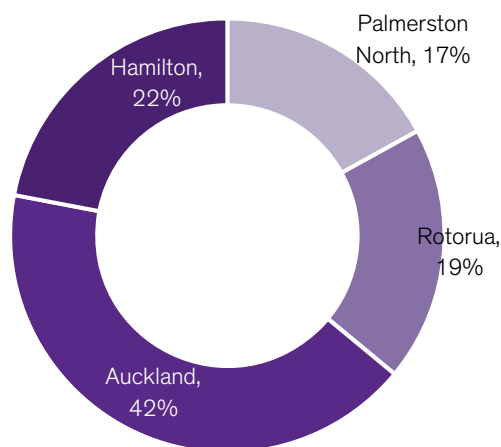


# Retail Portfolio - \$495 million

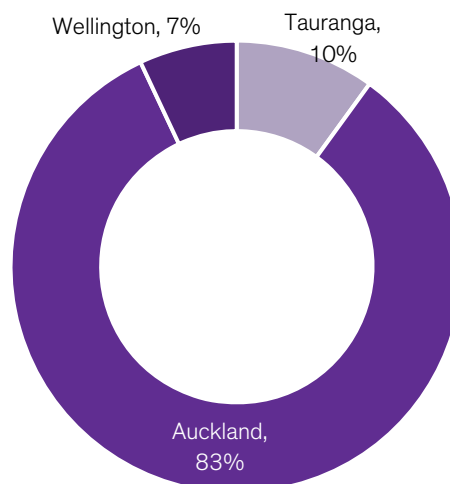
Standalone large format retail

Retail centres

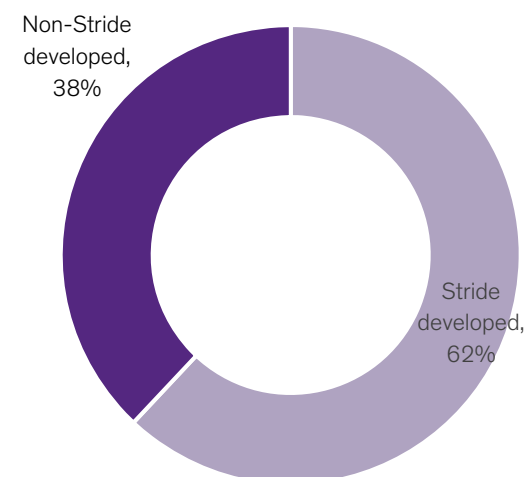
Location (by value)



Location (by value)



Developer (by value)



- 93% of retail centres located in high growth regions of Auckland and Tauranga
- Total valuation increase of +7.7m or +1.8%
- 62% of retail centres have been developed by Stride

# NorthWest Stage Two Development

- Opened October 2016
- 7,700m<sup>2</sup> of contemporary office, dining and retail space
- Total annual sales for NorthWest Shopping Centre and Stage Two up +41% to July 2017
- Like-for-like sales +14.1% for NorthWest Shopping Centre for three months to July 2017



# Capital Management

- Stride Property Limited – drawn debt of **\$347.5 million** as at 31 March 2017
- Interest rate hedging at **75% of drawn bank borrowings** as at 31 March 2017
- **Loan to Value Ratio (Bank Debt / Property Values) of 38.8%** as at 31 March 2017 at lower end of target range of 38% – 42%

% of drawn debt hedged

**75%**

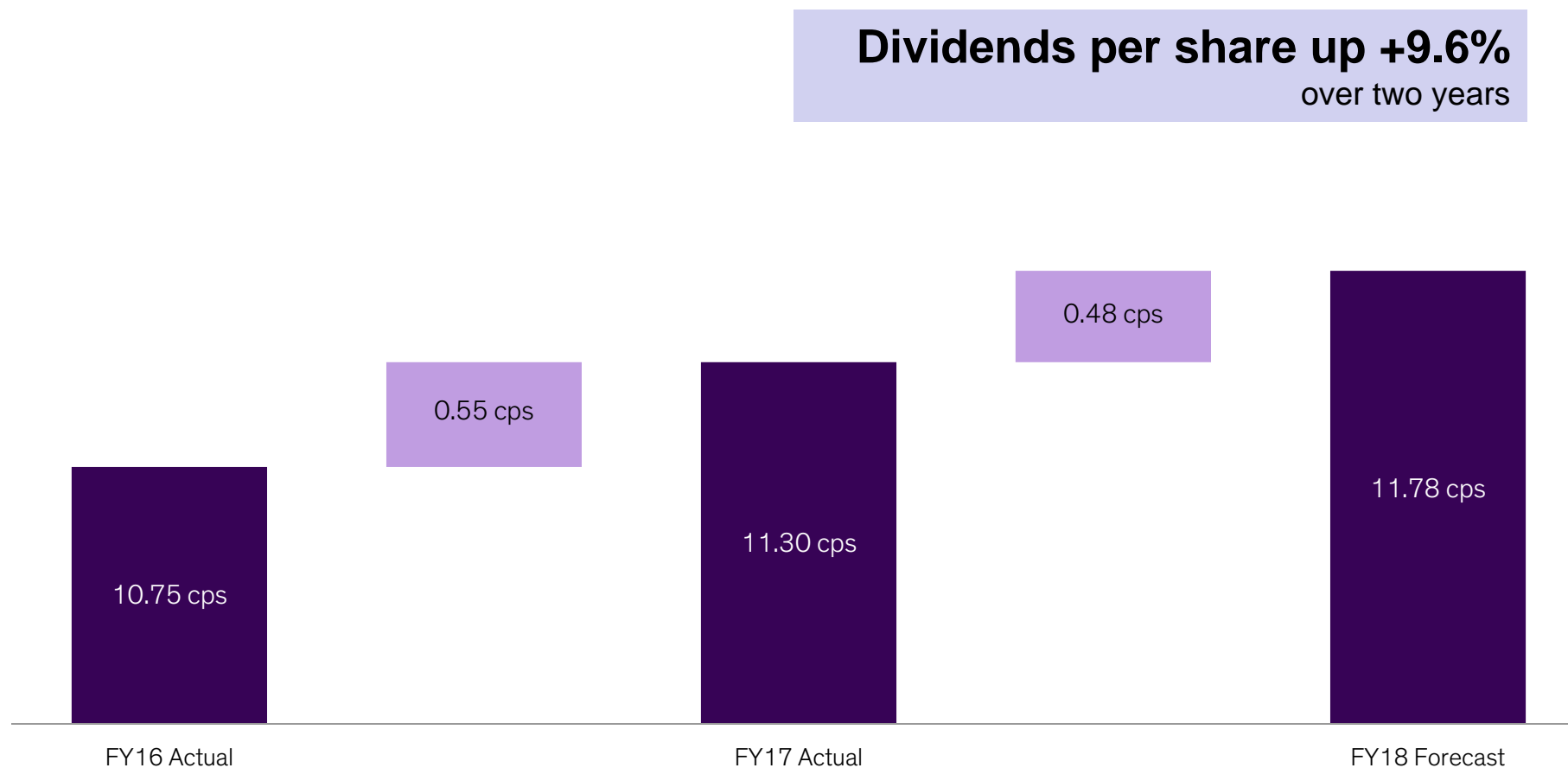
LVR

**38.8%**

LVR target range

**38 - 42%**

# Total Dividend Per Share<sup>1</sup> Growth



<sup>1</sup> Total dividend per share is calculated by adding together 100% of the Stride and SIML dividend per share amounts, and 25% of the Investore dividend per share amount, to reflect the one for four Investore share allocation issued to Stride shareholders at the time of the demerger of Investore. Actual dividends received by shareholders will depend on the number of SPG shares and IPL shares (if any).



# C. Financial Statements

# Financial Statements – Q&A

Questions on Stride Property Group financial statements for the year ended 31 March 2017?

# D. Ordinary Resolution – Stride Property Limited



# Resolution 1

## **Resolution 1 – Auditor's Remuneration**

“That the Directors be authorised to fix the remuneration of PricewaterhouseCoopers as auditor, for the ensuing year.”

# E. Ordinary Resolutions – Stride Investment Management Limited



# Resolution 1

## **Resolution 1 – Auditor's Remuneration**

“That the Directors be authorised to fix the remuneration of PricewaterhouseCoopers as auditor, for the ensuing year.”

# Resolution 2

## Resolution 2 – Re-election of director

“That Michelle Tierney be re-elected as a Director of Stride Investment Management Limited, pursuant to clause 22.3 of the constitution.”



# Resolution 3

## Resolution 3 – Re-election of director

“That Tim Storey be re-elected as a Director of Stride Investment Management Limited, pursuant to clause 22.3 of the constitution.”





# Resolution 4

## Resolution 4 – Appointment of director

“That Philip Ling, who was appointed as a Director of Stride Investment Management Limited on 26 June 2017, be elected as a Director of Stride Investment Management Limited, pursuant to clause 22.3 of the constitution.”

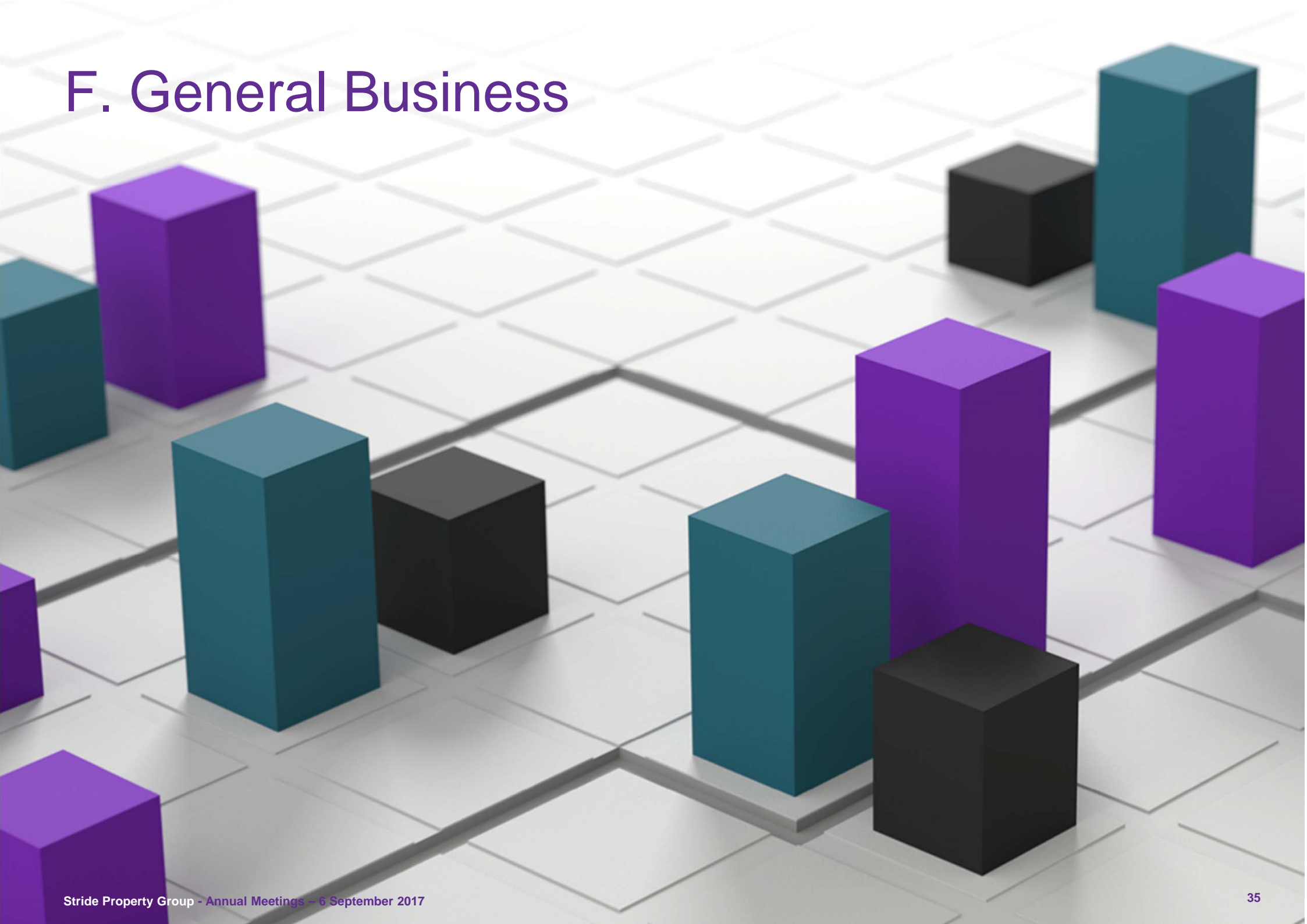


# Resolution 5

## **Resolution 5 – Directors Remuneration**

“That, with effect from 1 September 2017, the aggregate Directors’ fee pool for Stride Investment Management Limited, pursuant to Listing Rule 3.5.1(a), be increased by \$50,000 from \$710,000 to \$760,000.”

# F. General Business



# Thank You

**Important Notice:** The information in this presentation is an overview and does not contain all information necessary to make an investment decision. It is intended to constitute a summary of certain information relating to the performance of Stride Property Group for the year ended 31 March 2017. Please refer to Stride Property Group's Annual Report 2017 for further information in relation to the year ended 31 March 2017. The information in this presentation does not purport to be a complete description of Stride Property Group. In making an investment decision, investors must rely on their own examination of Stride Property Group, including the merits and risks involved. Investors should consult with their own legal, tax, business and/or financial advisors in connection with any acquisition of securities.

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