

Investore IPO and Restructuring update

Stride Property Limited (Stride) announces that Investore Property Limited (Investore) has now registered its Product Disclosure Statement in relation to the initial public offering of ordinary shares (the Offer) in Investore, with Investore expected to commence trading on the NZX Main Board on 12 July 2016. The Offer will comprise an issue of new ordinary shares by Investore (Offer Shares).

Investore, which is currently a wholly-owned subsidiary of Stride, will be New Zealand's only listed property company with an investment strategy focused on providing a stable return to its shareholders through investment in large format retail properties. Investore is targeting to raise \$185 million under the Offer to partially fund the acquisition of a \$267.4 million portfolio (SCA Portfolio) from Shopping Centres Australasia Property Group Trustee NZ Limited (SCA) and to provide future acquisition funding capacity.

"We expect Investore will provide investors the opportunity to receive an attractive yield supported by long leases," said Stride Chairman, Tim Storey, noting that Investore's portfolio of 39 properties has a Weighted Average Lease Term of 14.8 years, a total value of \$641.4 million and the Company is expected to deliver an implied cash dividend yield of 5.1%-5.3%⁽¹⁾ (and implied gross dividend yield of 7.6% - 8.0%⁽¹⁾). Mr Storey added "this is an example of Stride delivering on its strategy to build a high quality real estate investment management platform".

On 30 May 2016, Stride announced the restructuring of its operations into a single stapled security by separating its real estate investment management (REIM) business from its property ownership business (the Restructuring). As part of the Restructuring, Stride will retain its property portfolio and Stride Investment Management Limited (SIML) will conduct the REIM business. To implement the Restructuring, Shareholder approval of certain amendments to Stride's constitution are required to provide for "stapling". Following the Restructuring, Stride shareholders will own a single stapled security comprising a share in Stride Property Limited, a property owning business with listed PIE status, and a share in Stride Investment Management Limited, the REIM business. Please refer to "Stride Restructuring update" below for further information.

Initial public offering of ordinary shares in Investore Property Limited

Background

- Stride established Investore as a subsidiary to invest in large format retail property in October 2015
- Stride proposes to distribute shares in Investore to Stride shareholders (based on 1 Investore share for every 4 Stride shares held) for no additional consideration (the Demerger) so that existing Stride shareholders will hold approximately 33.4% to 38.2% of Investore upon completion of the Offer
- The Demerger will occur at the same time as completion of the Offer and result in Investore ceasing to be a wholly-owned subsidiary of Stride at the same time as becoming separately listed on the NZX Main Board
- Stride will retain an ongoing investment in Investore as a 19.9% cornerstone shareholder

About Investore Property Limited

- Investore will comprise a portfolio of 39 large format retail properties with properties located in the main urban areas throughout New Zealand, consisting of 25 properties owned by Investore (Existing Assets) and 14 assets (SCA Portfolio) contracted to be acquired from SCA
 - The Existing Assets include large format retail properties previously owned by the Stride group, as well as those acquired by Investore in 2015 from Antipodean Supermarkets Limited and Antipodean Properties Limited
- Key attributes of the Investore portfolio include:
 - Tenants that are significant national retailers
 - Exposure to the non-discretionary retail sector
 - Long weighted average lease term (WALT) of 14.8 years
- Investore will be managed by SIML
 - SIML has an experienced management team that provides a full range of REIM services
 - SIML is currently a wholly-owned subsidiary of Stride and is intended to constitute part of the “stapled group” comprising SIML and Stride which will continue to be owned by the shareholders of Stride upon completion of the Restructuring
- Investore will register to be a listed PIE for New Zealand taxation purposes
- Until 10 June 2016, Investore Property Limited was called Stride LFR Limited

Key Offer metrics¹

Indicative Price Range:	\$1.37 - \$1.49
Number of Offer Shares being offered by Investore:	100.7m - 135.0m Offer Shares, representing 42.2% - 49.5% of the Shares on issue immediately after completion of the Offer
Gross proceeds from the Offer:	\$150 million - \$185 million
Implied cash dividend yield:	5.1% - 5.3% ⁽¹⁾
Implied gross dividend yield:	7.6% - 8.0% ⁽¹⁾

⁽¹⁾ Forecast financial information is based on FY18 (ending 31 March 2018). FY18 represents the first financial period where the entire portfolio is held for the entire 12 months and therefore represents the first period where the benefits from the Restructuring and Associated Transactions are fully demonstrated. This assumes that \$185 million is raised under the Offer, the Demerger proceeds and the SCA Portfolio is acquired.

For further detail including additional notes and definitions, please refer to the Investore Product Disclosure Statement.

Structure of the Offer

The Offer includes:

- The Stride Shareholder Offer, which consists of an offer to Eligible Stride Shareholders as at 10 June 2016 and is expected to open on 20 June 2016
- The Broker Firm Offer, which is only available to New Zealand resident clients of selected NZX Firms who have received a firm allocation from that NZX Firm, and is expected to open on 24 June 2016

- The Institutional Offer, which consists of an invitation to bid for Shares made to selected Institutional Investors in New Zealand, Australia and certain other jurisdictions

The Offer is conditional upon, amongst other things, NZ\$150 million being raised by Investore and the Demerger occurring.

There is no general public offer. Members of the public wishing to subscribe for Offer Shares must be allocated Offer Shares by an NZX Firm; there is no public pool under which you may subscribe for Offer Shares. You should contact an NZX Firm to determine whether you are eligible to participate in the Broker Firm Offer.

Goldman Sachs New Zealand Limited has been appointed as sole arranger, bookrunner and lead manager for the Offer and acted as financial adviser for the Demerger and Restructuring. Deutsche Craigs Limited and Forsyth Barr Limited have been appointed Co-Managers for the Offer.

SCA Portfolio

Investore has entered into a contract, on an arm's length basis and supported by independent valuations, to acquire the SCA Portfolio for \$267.4 million. This comprises 14 properties located throughout New Zealand that are leased to General Distributors Limited and operated as "Countdown" branded supermarkets. The contract to acquire the SCA Portfolio was entered into on 9 June 2016, is subject to the conditions that a capital raising by Investore and the Demerger of Investore from Stride are successfully completed, and is expected to become unconditional on 30 June 2016. The acquisition is expected to occur in two tranches in July and September 2016. For further information please refer to the Investore Product Disclosure Statement.

Stride Restructuring update

Stride is pleased to announce that it is calling a Special Meeting of Shareholders on 30 June 2016 at 9:00am to vote on the proposal to amend Stride's constitution (the Variation Proposal). The vote will be put to Shareholders in the form of a Special Resolution.

Stride has published an Explanatory Memorandum which contains details of the Variation Proposal and the Restructuring and sets out what Shareholders need to do should they decide to support the Variation Proposal. The Explanatory Memorandum also contains important information about the SCA acquisition, the Offer and the Demerger (the Associated Transactions).

Variation Proposal

The Variation Proposal, which requires the approval of Shareholders by Special Resolution, sets out amendments to Stride's constitution to provide for "stapling", which is a key part of the Restructuring. The effect of the amendments to Stride's constitution is that Stride Shares (already held by Shareholders) and SIML Shares (to be transferred to Shareholders) will be able to be "stapled" so that they can only be traded together as a parcel.

The Stride Board unanimously supports and **unanimously recommends** that Shareholders approve the Variation Proposal.

Restructuring

The Restructuring comprises of two elements:

- If the Variation Proposal is approved, the Stride Board proposes to distribute all SIML shares to Stride Shareholders (on a 1 for 1 basis)
- The shares in Stride and SIML will be stapled together and quoted on the NZX Main Board as a single parcel of shares

The Directors consider that the Restructuring will deliver a number of benefits for Stride and its Shareholders, including:

- Providing an investment and management structure which is “fit for future purpose”, permitting Stride to retain its PIE tax status while allowing its REIM business to grow
- Providing Shareholders with returns from both the property ownership activities (taxed as a PIE dividend on distribution) and REIM activities (taxed as an ordinary dividend)
- If the Variation Proposal is approved and the Associated Transactions are completed, an 8.6% improvement in the FY18 cash dividend (after tax) is expected vs. FY16 (for an investor with a 33% personal tax rate). If the Variation Proposal is not approved and the Associated Transactions are completed, the FY18 cash dividend (after tax) is expected to decrease 4.2% vs. FY16. Please refer to page 42 in the Explanatory Memorandum for further information

Under the Restructuring, Stride will continue to be internally managed within the Stride Stapled Group. Shareholders will retain their existing Stride shares and receive the same number of shares in SIML. The SIML Shares will be stapled to the Stride Shares and these will trade together on the NZX Main Board (to form the Stapled Group). Shareholders will retain the same proportionate interest in the Stapled Group as they currently have in Stride.

For further information please refer to the Explanatory Memorandum (attached to this announcement).

Ends

Attachments provided to NZX:

- Stride Property - Investore IPO and Restructuring update
- Stride Property - Notice of Special Meeting of Shareholders and Explanatory Memorandum
- Stride Property - Variation Proposal and Restructuring Presentation
- Investore Property Limited Presentation

For further information please contact:

Tim Storey, Chairman, Stride Property Limited
Mobile: 021 633 089 - Email: tim.storey@strideproperty.co.nz

Peter Alexander, Chief Executive, Stride Property Limited
DDI: 09 913 1154 - Mobile: 0275 443 678 - Email: peter.alexander@strideproperty.co.nz

Jennifer Whooley, Chief Financial Officer, Stride Property Limited
DDI: 09 913 1150 - Mobile: 021 536 406 - Email: jennifer.whooley@strideproperty.co.nz

Important Notice

This document is not, and should not be construed as, an offer to sell or a solicitation of an offer to buy Investore securities and may not be relied upon in connection with any purchase of Investore securities.

The information in this document has been prepared by Stride solely for informational purposes and does not purport to be complete or comprehensive and does not constitute financial product, investment, tax or other advice. You should consult your financial and other advisors before making any investment in Investore.

Investore has lodged a Product Disclosure Statement (PDS) with the Registrar of Financial Services Providers in New Zealand (Registrar) and made available the information on the register of offers of financial products administered by the Registrar (Register Entry) (the PDS and the Register Entry, together the Offer Materials) in respect of the Offer. The Offer Materials are available at www.business.govt.nz/disclose under Investore's offer number (OFR10625). The Offer Materials contain details of the Offer and should be read before any investment decision is made. Investors should not subscribe for any Offer Shares referred to in this announcement except on the basis of information in the Offer Materials.