

STRIDE®

Variation Proposal and
Restructuring Presentation
June 2016



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Today's presenters



Tim Storey
Chair, SIML



Peter Alexander
Chief Executive Officer,
SIML



Jennifer Whooley
Chief Financial Officer
and Company Secretary,
SIML



Philip Littlewood
General Manager,
Investment Management,
SIML

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Executive summary



Executive summary

Introduction	<ul style="list-style-type: none">• On 30 May 2016, Stride announced the restructuring of its operations to separate its real estate investment management (REIM) business from its property ownership business• Stride will retain the property portfolio and Stride Investment Management Limited (SIML) will acquire the REIM business• Stride transferred its REIM business to SIML on 29 April 2016• Stride has entered into a management agreement with SIML for SIML to manage Stride's business and property portfolio
Variation proposal	<ul style="list-style-type: none">• The Variation Proposal is Stride's proposal to amend its constitution to provide for the Stapling of Stride Shares and SIML Shares as part of the Restructuring
Restructuring	<ul style="list-style-type: none">• If the Variation Proposal is approved, the Stride Board proposes to distribute all SIML shares to Stride Shareholders (on a 1:1 basis)• Stride shares and SIML shares will be stapled together and quoted on the NZX Main Board as a single parcel of securities (the Stapled Securities)
Rationale	<ul style="list-style-type: none">• Stride is proposing the Variation Proposal and Restructuring to increase flexibility for its investment structure and REIM business

Executive summary (cont.)

Associated Transactions¹	<ul style="list-style-type: none">• As part of the growth of SIML's REIM business:<ul style="list-style-type: none">• Stride proposes to distribute 91.1m ordinary shares that it holds in its wholly-owned subsidiary, Investore, to Shareholders (the Demerger)• Investore proposes to offer additional ordinary shares for subscription to Eligible Stride Shareholders and to other investors through an initial public offering (IPO)• The IPO will in part fund the purchase by Investore of 14 'Countdown' branded supermarkets (the Acquisition) from Shopping Centres Australasia²• Investore has applied to NZX for permission to list Investore and to quote the Investore shares on the NZX Main Board, with listing expected to occur on or about the date on which the Stapled Securities commence trading on the NZX Main Board
Shareholder resolution	<ul style="list-style-type: none">• The Stride Board fully supports the Variation Proposal and unanimously recommends that Shareholders vote in favour of the Special Resolution to be put to them at the Special Meeting• Stride has announced a Special Meeting of Shareholders to vote on the Special Resolution

¹ Associated Transactions include the Demerger, IPO and the Acquisition.

² Full legal name: Shopping Centres Australasia Property Group Trustee NZ Limited.

Overview of variation proposal and restructuring



Overview of Stride's proposed restructuring

What is the purpose?

- The intention of the proposed restructuring is to:
 - Provide greater flexibility for its investment structure and REIM business
 - Ensure Stride is “fit for future purpose” to deliver on its strategy, while retaining its PIE status

What is the proposal?

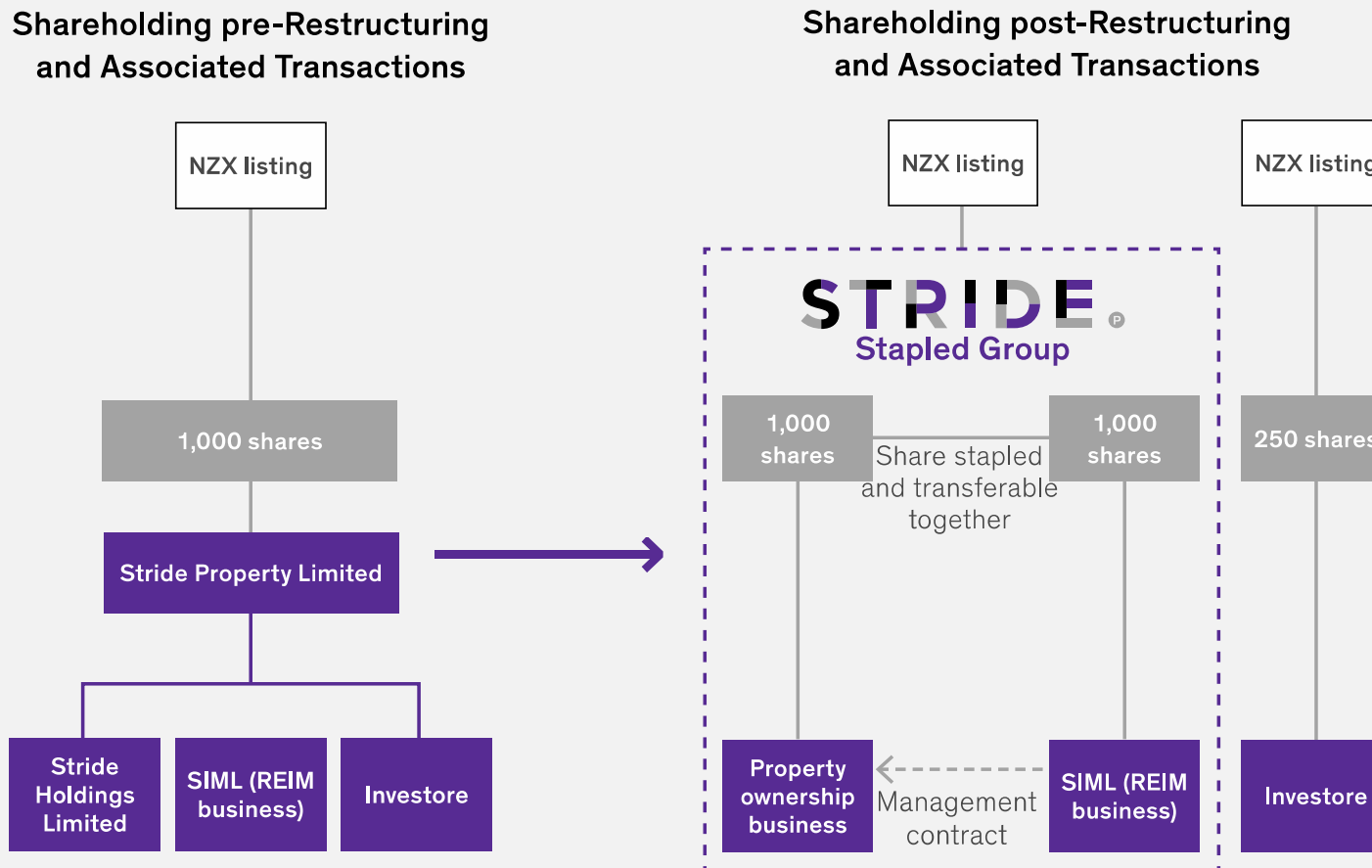
- The proposal involves separating Stride's REIM business from its property ownership business
 - Stride would retain the property investment portfolio
 - The REIM business that was transferred to the subsidiary SIML on 29 April 2016 would be separated
 - SIML shares would be distributed to Stride shareholders on a 1:1 basis and would be “attached” to a Stride share to create a “stapled” structure. This structure is similar to the stapled structures of real estate vehicles in Australia
 - Stride has entered into a management agreement for SIML to manage Stride's property portfolio

What approvals are required?

- In order to implement the structure, Stride will seek shareholder approval to amend Stride's constitution (by special resolution) at a shareholder's meeting to be held on 30 June 2016
 - Shareholders can find further details later in this presentation, in the Explanatory Memorandum and at www.strideproperty.co.nz
- Stride has sought and received an IRD binding ruling that the proposed stapling of Stride (PIE) to SIML (non-PIE) is not a tax avoidance arrangement to circumvent loss of PIE status for Stride

Overview of the proposed Stapled structure

- Stride shareholders will receive 1 SIML share for every 1 Stride share they hold
- The below structure provides an illustrative example of the changes that would occur to the shareholding of a shareholder with 1,000 shares



What are the practical impacts of the Stapling structure?

- Under the Restructuring, shareholders will retain existing Stride shares and receive the same number of shares in SIML and retain the same proportionate interest in the Stapled Group as they currently have in Stride
- Stride stakeholders will continue to own Stride and SIML as a stapled security
- The key effect of Stapling is that Stride shares will not be able to be transferred without a corresponding transfer of the SIML shares to which they are stapled (and vice versa)
- Stapling will not affect:
 - Shareholders' rights to receive distributions from Stride and SIML
 - The right to share equally in the proceeds of Stride or SIML if either is liquidated
 - Shareholders' rights to vote as a holder of Stride shares and SIML shares, as the case may be
- No consideration is required to be paid or provided by shareholders under the distribution (i.e., SIML shares will be distributed to shareholders for free)
- There should be no adverse New Zealand tax consequences as a result of the distribution on the basis that Stride will be a listed PIE at the time
- Any future dividends received from Stride will continue to receive PIE tax treatment, so investors should see no difference in the tax treatment of their Stride shares
- Any future dividends received from SIML will be taxable to NZ investors at their marginal tax rates, with a credit for any imputation credits attached to, or withholding tax deducted on, the dividends
- An Explanatory Memorandum (EM) has been released to shareholders on 10 June 2016. The EM provides details around the proposal and dates for approvals and implementations
- The board of directors for SIML will be the same as for Stride

Forecast impact on Shareholder Dividends

- The analysis below highlights Stride's projections to materially increase its distribution to shareholders following the growth in its REIM business

FY16 cash dividend vs. FY18 cash dividend (based on an illustrative holding of 1,000 shares and 33% personal tax rate)

	FY16 actual	FY18 ¹							
		Scenario 1: Variation Proposal approved + completed Associated Transactions				Scenario 2: Variation Proposal not approved + completed Associated Transactions			
Entity	Stride	Stride	SIML	Investore	Total	Stride (+ REIM business)	Investore	Total	
# shares	1,000	1,000	1,000	250		1,000	250		
Cash dividend ^{2,3} (cps)	10.75c	8.29c	1.52c	7.46c	11.68c ⁴	8.43c	7.46c	10.30c ⁴	
Tax treatment	PIE	PIE	Non-PIE	PIE		Non-PIE	PIE		
Cash dividend ³ (\$)	\$107.50	\$82.91	\$15.22	\$18.64	\$116.77	\$84.34	\$18.64	\$102.98	
% difference vs. FY16					+8.6%			(4.2)%	
% difference vs. Scenario 1								(11.8)%	

- Shareholder approval of the Variation Proposal is expected to lead to a 8.6% increase in cash dividends (after tax) per share to 11.68¢ (based on FY18 Stride projections vs. FY16)
- If the Variation Proposal is not approved and the Associated Transactions are completed, the FY18 cash dividend would decrease by (4.8)% vs. FY16, which is materially lower than in Scenario 1

¹ The analysis is based on a number of assumptions: a Stride shareholder with a 33% personal tax rate owning 1,000 Stride shares pre-demergers / stapling; the mid-point of Investore FY18 dividend per share range; 364,358,911 shares outstanding as at 31 March 2016 for each of Stride and SIML and 266,981,389 shares outstanding as at 31 March for Investore; FY18 dividend assumes 95% payout ratio of distributable profit for Stride and SIML and 97.5% for Investore; valuation assumed a 0% premium to NTA and PFI Case Investore equity raise; ² The comparison between the FY16 and FY18 cash dividends shows the differences due to growth in the business and PIE tax treatment changes. The comparison between Scenario 1 and 2 shows the difference due to loss of PIE tax treatment for Stride's property ownership income in Scenario 2; ³ Cash dividend post company tax and shareholder tax (33% personal tax rate); ⁴ Implied cps based on 1,000 shares held today represented by the aggregate dividend received from Stride, SIML and Investore in Scenario 1 and Stride + REIM business and Investore in Scenario 2. Total cash dividend is weighted by the number of shares assumed in each scenario.

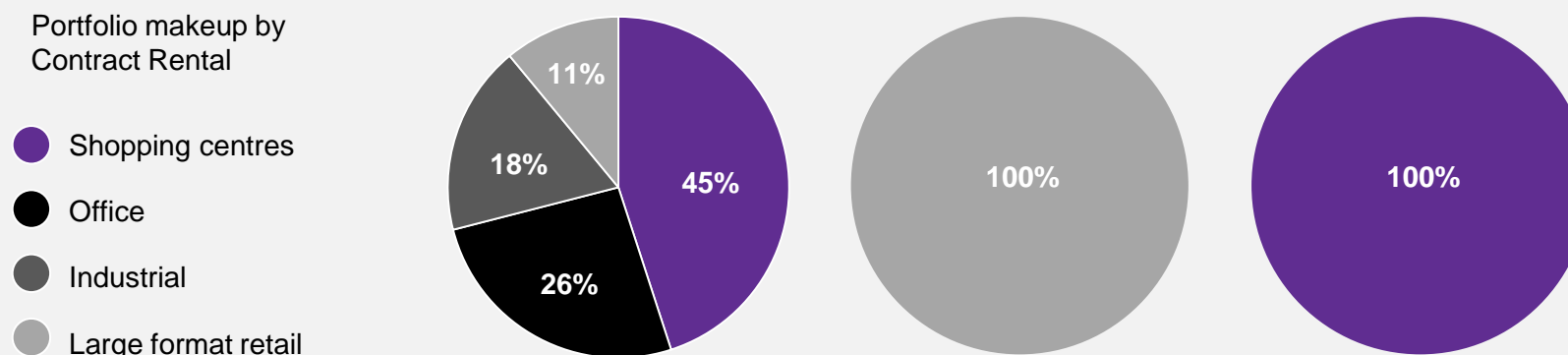
Overview of SIML's business



SIML's real estate investment management portfolio

- Upon completion of the Acquisition (and assuming the Demerger and IPO occur) SIML will be managing investment properties of over \$2 billion in value
- The total portfolio of managed investment properties includes 71 properties and 779 tenants and a total Contract Rental of \$149 million
- The Variation Proposal and subsequent Restructuring will determine whether SIML will manage the assets as a subsidiary of Stride or as a separate entity

	Stride	Investore	Diversified	Total
Value of investment properties ¹	\$832 million	\$641 million	\$578 million	\$2,051 million
# of Investment Properties	29 ²	39	4 ^{2,3}	71 ²
Investments in managed companies	-	19.9% held by Stride	2% held by Stride	-



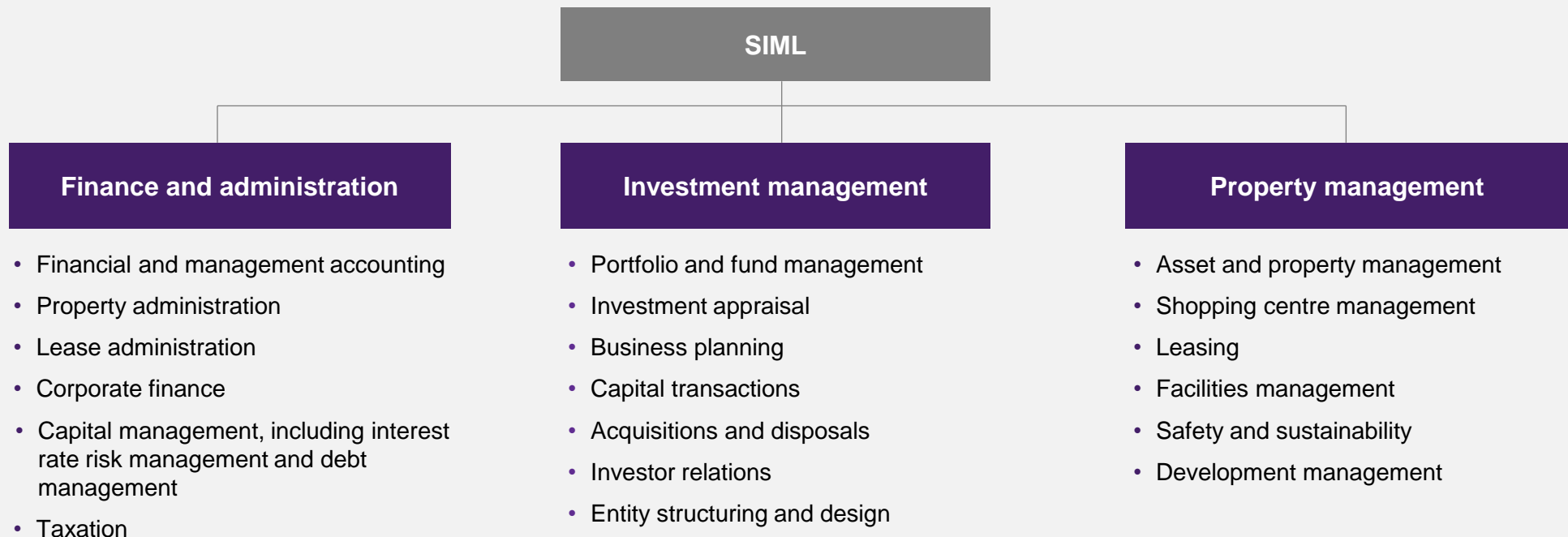
¹ Valuations as at 31 March 2016.

² Johnsonville Shopping Centre is a 50/50 joint venture between Stride and Diversified.

³ Includes Queensgate Shopping Centre and Chartwell Shopping Centre.

SIML's real estate investment management offerings

Three integrated business groups



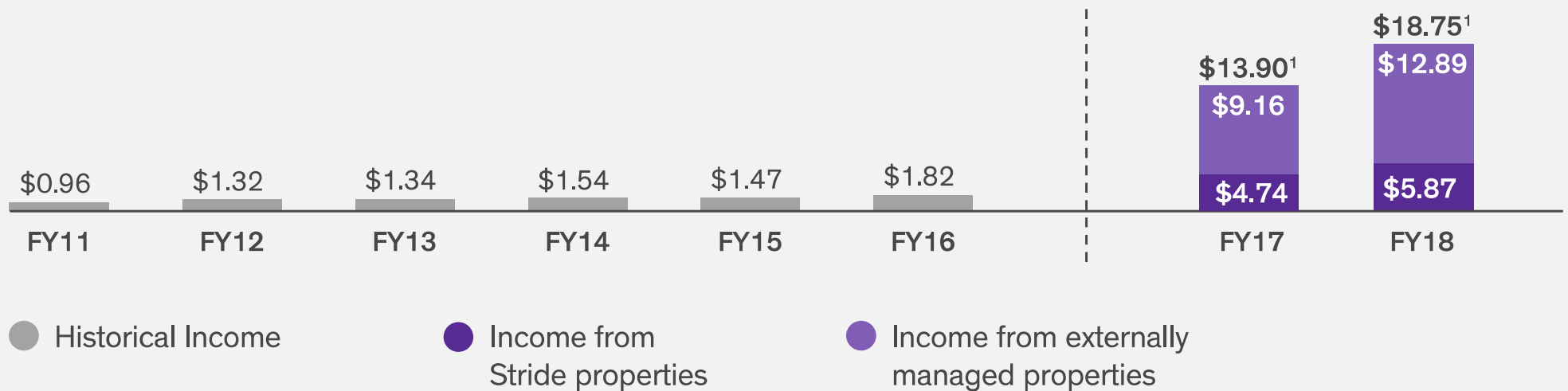
Four core competencies



Growth in SIML's REIM business

- SIML's managed fee income will increase in FY17 and FY18 due to the part-year effect in FY17 and full-year effect and FY18 of SIML becoming the exclusive manager of Investore and Diversified's portfolios

REIM fee income (FY11-FY18) (NZ\$m)



¹ Represents total SIML management fee income including Stride, which is eliminated on consolidation in the Prospective Financial Information (Schedule 2).

Highly experienced Manager (SIML) with proven capabilities, resources and expertise



Peter Alexander
Chief Executive Officer

SIML Board Members

Tim Storey - Chairman

John Harvey

Michael Stiasny

David van Schaardenburg

Michelle Tierney



Philip Littlewood
GM Investment Management
—
Investment management, research & strategy.



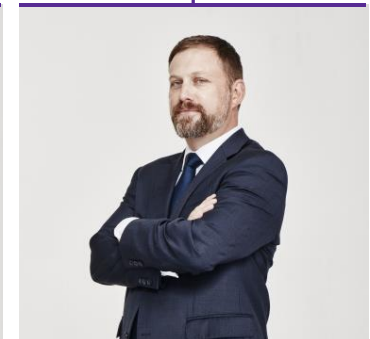
Jennifer Whooley
Chief Financial Officer and Company Secretary
—
Finance, compliance, administration, human resources.



Roy Stansfield
GM Shopping Centres
—
Shopping centre management, asset management, marketing, leasing.



Andrew Hay
GM Commercial & Industrial
—
Safety & sustainability, asset management, property management, facilities management (including Large Format Retail) and divestment.



Steve Lewis
National Manager Retail Development
—
Shopping Centre development management.

Stride / SIML management agreement – overview

- Under a management agreement dated 10 June 2016, Stride has appointed SIML as the exclusive provider to Stride of ongoing management services

Key terms	Date
Management fee	0.60% of the value of investment properties up to the value of \$750m, 0.50% thereafter
Performance fee	None
Building management fee	Services charged in respect of each property held by Stride per year, calculated on a daily basis
Property sale fee	0.5% of the sale price
Leasing fee	8.0% of the annual gross rental payable under new lease arrangements
Capital expenditure fee	4.0% of the cost of any development, project or other work of capital nature
Maintenance fee	4.0% of the cost of any repair and maintenance work
Accounting services fee	\$250,000 per year

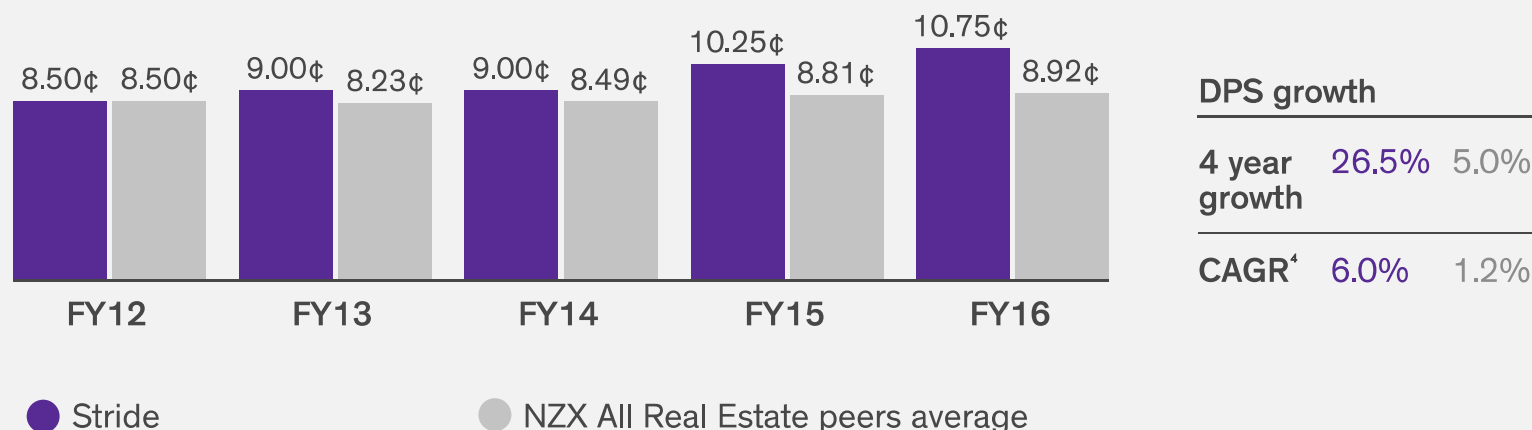
The Stapled Group's dividend policy



The Stapled Group's dividend policy

- Distribute shareholder dividends which are broadly in line with its operating cash flows
 - Current policy is to distribute between 95% and 100% of Distributable Profit¹ annually
- The payment and amount of any future dividends will however be at the discretion of the respective Boards of Stride and SIML
- As a result of the Restructuring, the Associated Transactions and expected growth in real estate investment management fees in Diversified, the Board expects combined cash dividends for Shareholders from Stride, SIML and Investore² in FY17 of 11.25c (in line with previous guidance) and FY18 of 11.77c which represents an increase of approximately 4.7% and 9.5% respectively from the Stride cash dividend paid to Shareholders in FY16

Stride dividend per share vs NZX All Real Estate peers average³ (rebased to Stride's FY12 DPS)



¹ Distributable Profit is a non-GAAP financial measure adopted by the Stapled Group to assist investors in assessing the Stapled 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. More information on the dividend policy can be found at www.strideproperty.co.nz; ² Based on PFI case; please refer to the Glossary and Schedule 2 Financial Information for further information; ³ NZX All Real Estate peers average includes Argosy Property Limited, Augusta Capital Limited, CDL Investments New Zealand Limited, Goodman Property Trust, Kiwi Property Group Limited, NPT Limited, Precinct Properties New Zealand Limited, Property for Industry Limited, Vital Healthcare Property Trust and excludes Stride. NZX All Real Estate peers average dividend per share is calculated based on the equally weighted average of each constituents' adjusted dividend per share calendarised to Stride's financial year and rebased to Stride's FY12 dividend. The adjusted dividend per share sourced from IRESS occurs on the ex-dividend date and is assumed to have been declared in the previous quarter. FY16 NZX All Real Estate peers' average dividend per share is based on actual reported results (for CDI, the FY15, Jan-Dec 2015, dividend is used as CDI declare and pay an annual dividend); ⁴ Compound Annual Growth Rate.

The Shareholder meeting and timetable



The Shareholder meeting

Meeting details

- A Special Meeting of Shareholders is being convened, at Auckland on 30 June 2016 commencing at 9.00am
- Location: Federal Room 2, Rydges Hotel, 59 Federal Street, Auckland

Directors recommendation

- The Stride Board fully supports the Variation Proposal and **unanimously recommends** that Shareholders vote in favour of the Special Resolution to be put to them at the Special Meeting

The special resolution

- “That, from a time determined by the board of directors of Stride, the Constitution of Stride be revoked and Stride adopt a replacement Constitution in the form described in the Explanatory Memorandum attached to the Notice of Meeting and tabled at the Special Meeting and signed by the Chair for the purpose of identification, provided that the Variation Proposal will be deemed not to have been passed unless the board of directors of Stride resolve that, in the board’s view, the adoption of the replacement Constitution remains in the best interests of Stride and its Shareholders.”

Please refer to the Explanatory Memorandum for further information

Timetable

	Date
Announcement of the restructuring, variation proposal and associated transactions	10-June-2016
Meeting documents despatched to shareholders	13-June-2016
Record date for voting on variation proposal	5:00 pm 27-June-2016
Latest time for receipt by Stride of proxy forms	9:00 am 28-June-2016
Special meeting of shareholders to consider variation proposal	9:00 am 30-June-2016
Restructuring completion	11-July-2016
Stapled securities commence trading on the NZX main board	12-July-2016

Shareholder Q&A

