

**Stride**  
**Property Group**  
**Interim Results**  
For the six  
months ended  
30 September  
2019

**STRIDE.**

# Contents

---

	<b>Page</b>
<b>Highlights</b>	<b>3</b>
<b>Financial Performance</b>	<b>10</b>
<b>Capital Management</b>	<b>15</b>
<b>Portfolio Overview</b>	<b>18</b>
<b>Conclusion</b>	<b>26</b>
<b>Appendices</b>	<b>28</b>



# Highlights



# Performance

Stride Property Group (Stride) - Consolidated

(Six months ended 30 September (HY19) figures in brackets)

## Earnings

- Net rental income of \$28.4m (\$27.9m), up \$0.4m
- Profit before income tax of \$44.8m (\$44.0m), up \$0.8m
- Profit after income tax of \$37.4m (\$40.2m), down \$2.8m
- Distributable profit<sup>1</sup> after current income tax of \$19.3m or 5.27cps (\$19.6m or 5.37cps), in line with HY19
- Combined 9.91cps cash dividend guidance for Stride Property Group (Stride) for FY20

## Valuation

- \$999.0 million total portfolio value (excluding land lease liability of \$22.5m)
- Net valuation gain of \$25.0m or 2.6% (excluding land lease liability movement), resulting in Net Tangible Assets (NTA) per share of \$1.97 (excludes value of management contracts), up 5 cps from \$1.92 as at 31 March 2019

## Capital management

- Loan to Value Ratio (LVR) 35.0% (34.4% as at 31 March 2019)

## Performance fee

- Stride Investment Management Limited (SIML) continues to deliver strong returns for shareholders in Investore Property Limited (Investore), earning SIML \$1m in performance fees for HY20

Values above are calculated based on the numbers in the financial statements for each respective financial period and may not sum accurately due to rounding.

1. Distributable profit is a non-GAAP financial measure adopted by Stride to assist Stride and investors in assessing Stride's profit available for distribution. It is defined as profit/(loss) before income tax, adjusted for determined 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 profit before income tax, is set out in note 4.3 to the consolidated interim financial statements for the six months ended 30 September 2019.

Profit after income tax

**\$37.4m**

Distributable profit<sup>1</sup> after current income tax

**\$19.3m**

NTA per share

**\$1.97**

LVR at

**35.0%**

# Places

Stride Property Limited (SPL)

(As at 31 March 2019 figures in brackets)

## Positive portfolio activity

- Portfolio occupancy 98.2% (97.6%), up 0.6%
- Weighted average lease term (WALT) 4.5 years (4.8 years)
- 127 leasing transactions, including rent reviews, renewals and new lettings completed resulting in a +3.0% increase on previous rentals
- As at 30 September 2019, total sales<sup>2</sup> at NorthWest Shopping Centre and NorthWest Two, and Silverdale Centre were up +4.3% and +5.8%<sup>3</sup> respectively from the prior year

## Transactions

- Stride has focussed on rationalisation of its office portfolio with the disposal of 33 Corinthian Drive, Auckland, on 1 April 2019, for a gross sale price of \$50.5m, representing an initial yield of 5.9%
- Acquisition of The Concourse, Auckland, completed on 27 June 2019 for \$35m
- On 19 November 2019, Stride announced the conditional sale of its three remaining large format retail assets to Investore for \$140.75m, consistent with its strategy of holding its exposure to large format retail property through Investore

## Developments

Development projects totalling over \$200m currently being managed by SIML. For SPL, these projects include:

### Industrial:

- 318 East Tamaki Road, Auckland (previously 11 Springs Road) – construction of a new head office for Waste Management, with practical completion expected late 2019
- The Concourse, Auckland – resource consent granted and construction has commenced to develop 2.2ha of vacant land into an industrial facility for Waste Management, with a pre-committed 25 year lease and anticipated completion late 2020

### Large format retail:

- Building extensions for both Rebel Sport and Briscoes at Bay Central Shopping Centre, with new 10 year leases commencing from practical completion, expected late 2019

2. Total sales is the moving annual turnover (MAT) on a rolling 12-month basis.

3. Sales data is not collected for all tenants at Silverdale Centre. Some tenants are not obliged to provide sales data under the terms of their lease.

# People

---



## Board Refresh – Stride

- Appointment of Nick Jacobson to the Stride Boards in July 2019. Nick has extensive international real estate advisory and capital markets experience
- David Van Schaardenburg retired as a director on 30 August 2019 after 9 years as a director

## Our people

- People continue to be a key focus for the Stride Boards and executive, as attracting and retaining the best people is seen as essential to the achievement of Stride's strategy

## Our values



Discipline  
Driven



Fresh  
thinkers



Nimble  
performers



People  
centred

# Products - existing

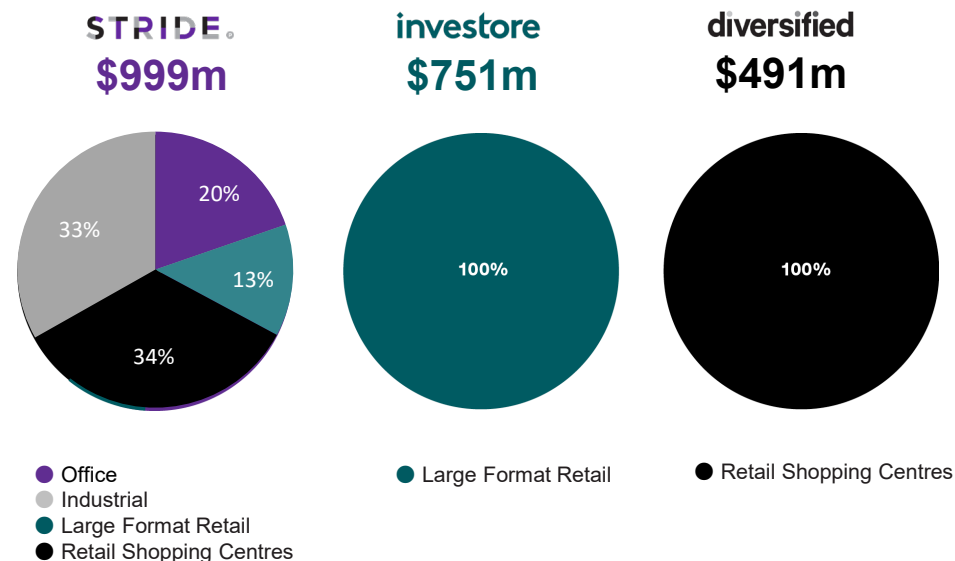
## Investore Property Limited (Investore)

- SPL owns a 19.9% shareholding
- Acquisition of Countdown New Brighton, Christchurch, completed in August for \$5.75m, at an initial yield of 7.2%
- Countdown Dunedin South disposal completed on 1 April 2019 for a sale price of \$19.3m representing a +5.6% premium to book value (31 March 2018)
- Share buyback programme concluded at an average cost of \$1.53 per share, compared to the 30 September 2019 share price of \$1.90 and net tangible assets per share of \$1.70
- Investore has a conditional agreement to purchase three large format retail properties from Stride for \$140.75m. At settlement, Investore's portfolio value will grow to \$891m
- FY20 dividend guidance confirmed at 7.60cps

## Diversified NZ Property Trust (Diversified)

- SPL owns a 2% interest
- 145 leasing transactions completed, including rent reviews, renewals and new lettings, resulting in a total increase on previous rentals of +2.4%
- Significant development activity underway, including Queensgate Shopping Centre carpark and cinema rebuild and seismic strengthening works. H&M opened at Chartwell Shopping Centre on budget and ahead of schedule in July 2019
- As at 30 September 2019, Diversified's total investment property valuation increased to \$491.4m (\$484.6m as at 31 March 2019) primarily due to the spend on the earthquake rebuild at Queensgate Shopping Centre. If these works were completed the value of the portfolio would be over \$575m. Diversified is making an insurance claim for the costs of the rebuild

## Portfolio Composition by Value<sup>4</sup>



4. Portfolio value as at 30 September 2019 and excludes land lease liability.

# Products - new

## Creation of Industrie

- Industrie will be Stride's sector-specific investment management product focussed on the industrial property sector in New Zealand, with a majority weighting to the Auckland market. The vision for Industrie is to grow a significant portfolio of high-quality New Zealand industrial properties
- Industrie is a joint venture with a group of international institutional investors, through a special purpose vehicle and advised by J.P. Morgan Asset Management (together, JPMAM)
- Initially JPMAM will commit approximately \$70m to the establishment of Industrie and SPL will contribute 12 industrial properties owned by it, as well as the agreement to acquire 439 Rosebank Road, Avondale, which SPL is party to. SPL will initially have an approximately 70% shareholding in Industrie, with JPMAM holding the remainder
- JPMAM has additionally allocated a further \$115m of capital to fund near term growth initiatives, subject to meeting certain investment return and approval thresholds, taking JPMAM's total equity committed to \$185m. This \$115m of JPMAM committed capital will result in Industrie having capacity to fund initial portfolio growth of over \$190m
- Over the long term, the strategy is for JPMAM to fund further portfolio growth until the respective shareholdings in the portfolio are 75% / 25% (JPMAM / SPL)
- The establishment of Industrie is subject to Overseas Investment Office approval

## Stride's Product strategy:

**Grow its directly-held portfolio of commercial properties that may be used to establish new investment management products, and to support and grow Stride's established products**



# SIML AUM growth

Stride Investment Management Limited

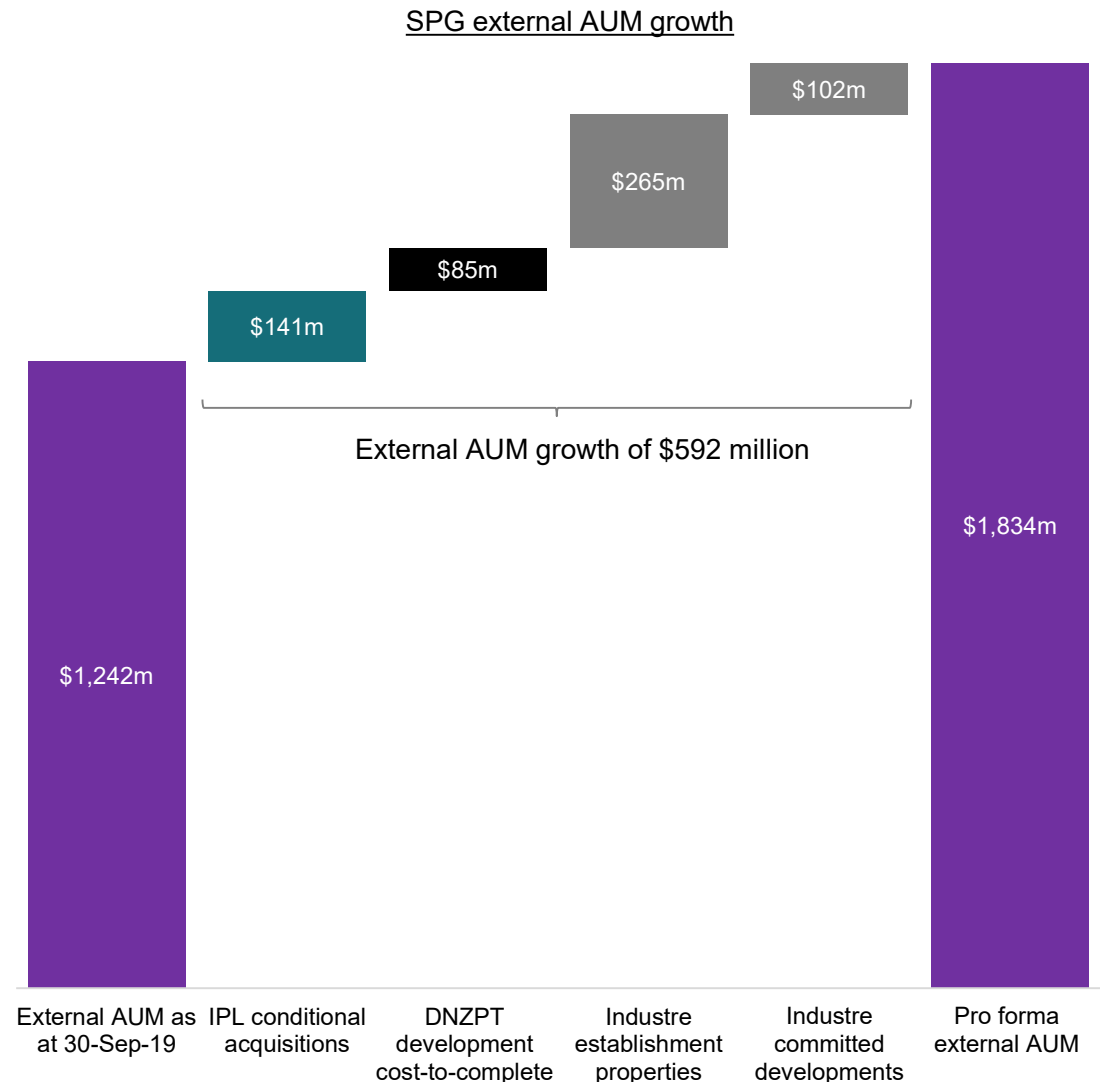
## Significant growth of SIML's Assets Under Management (AUM)

Stride has recently announced two strategic initiatives in order to further develop its Investment Management business, including:

1. The creation of Industrie Property with \$265m of establishment properties, and \$102m of committed developments; and
2. IPL's acquisition of three LFR properties from SPL for \$140.75m.

These initiatives, together with the Diversified's \$85m cost-to-complete at Queensgate, continue our strategy to grow SIML's external Investment Management business (being Investore, Diversified and Industrie and excluding SPL's directly held portfolio). In aggregate they will add approximately \$600m to SIML's investment management business, taking AUM to over \$1.8 billion. Adjusting for SPL's cornerstone holdings in each Product, pro forma external AUM will be \$1.4 billion, up from \$1.1 billion, representing growth of approximately \$300m.

After settlement of these initiatives, Stride will have a Loan to Value Ratio of less than 15%, providing significant balance sheet capacity for Stride to further grow our product strategy.





# **Financial Performance**



# Financial Performance

Stride - Consolidated

	Unaudited	Unaudited	Change	
	30 Sep 19 \$m	30 Sep 18 \$m	\$m	%
Net rental income	28.4	27.9	+0.4	+1.5
Management fee income	9.2	7.3	+1.9	+25.8
Corporate expenses	(11.6)	(9.4)	(2.2)	(23.9)
<b>Profit before net finance expense, other income/(expense) and income tax</b>	<b>25.9</b>	<b>25.8</b>	<b>0.0</b>	<b>+0.1</b>
Net finance expense	(8.0)	(7.8)	(0.1)	(1.6)
<b>Profit before other income/(expense) and income tax</b>	<b>17.9</b>	<b>18.0</b>	<b>(0.1)</b>	<b>(0.5)</b>
Other income/(expense) <sup>5</sup>	26.9	26.1	+0.8	+3.2
<b>Profit before income tax</b>	<b>44.8</b>	<b>44.1</b>	<b>+0.8</b>	<b>+1.7</b>
Income tax expense	(7.4)	(3.8)	(3.6)	(92.5)
<b>Profit after income tax attributable to shareholders</b>	<b>37.4</b>	<b>40.2</b>	<b>(2.8)</b>	<b>(7.0)</b>

Values in the table above are calculated based on the numbers in the financial statements for each respective financial period and may not sum accurately due to rounding.

5. Other income includes net change in fair value of investment properties of \$24.8m for HY20 and \$23.6m for HY20.

# Distributable Profit<sup>6</sup>

Stride - Consolidated

	Unaudited	Unaudited	Change	
	30 Sep 19 \$m	30 Sep 18 \$m	\$m	%
<b>Profit before income tax</b>	<b>44.8</b>	<b>44.1</b>	<b>+0.8</b>	<b>+1.7</b>
<b>Non-recurring and non-cash adjustments:</b>				
- Net change in fair value of investment properties	(24.8)	(23.6)	(1.2)	(5.1)
- Reversal of the land lease liability movement in investment properties	(0.2)	0.0	(0.2)	(100.0)
- Disposal fee income eliminated in SIML	0.3	0.0	+0.3	+100.0
- Share of profit in associates	(2.1)	(2.2)	+0.1	+2.9
- Dividend income from associates	2.0	2.1	(0.2)	(7.5)
- One-off project costs	1.4	0.0	+1.4	+100.0
- Capitalised lease incentives	(0.1)	(0.3)	+0.1	+46.0
- Lease incentives amortisation	0.6	0.6	0.0	+3.4
- Spreading of fixed rental increases	(0.1)	(0.2)	+0.1	+68.1
- Development fee income eliminated in SIML	1.4	0.3	+1.0	+308.9
- Depreciation and software amortisation, lease liability for head office	0.3	0.2	+0.1	+23.3
- Finance expense – swap break expense, borrowings establishment costs amortisation	0.7	0.8	(0.1)	(7.0)
- Other	0.2	0.0	0.2	+2,140.0
<b>Distributable profit before current income tax</b>	<b>24.3</b>	<b>21.9</b>	<b>2.4</b>	<b>+11.0</b>
Current tax expense	(5.0)	(2.3)	(2.8)	(121.3)
<b>Distributable profit after current income tax</b>	<b>19.3</b>	<b>19.6</b>	<b>(0.4)</b>	<b>(1.8)</b>
<b>Basic distributable profit after current income tax per share - weighted</b>	<b>5.27cps</b>	<b>5.37cps</b>		
Weighted average number of shares (million)	365.3	365.2		

Values in the table above are calculated based on the numbers in the financial statements for each respective financial period and may not sum accurately due to rounding.

6. Refer footnote 1 on page 4.

# AFFO Distributable Profit

Stride - Consolidated

	Unaudited	Unaudited	Change	
	30 Sep 19 \$m	30 Sep 18 \$m	\$m	%
<b>Distributable profit after current income tax</b>	<b>19.3</b>	<b>19.6</b>	<b>(0.4)</b>	<b>(1.8)</b>
Adjustments to funds from operations:				
- Maintenance capital expenditure	(3.8)	(3.1)	(0.7)	(21.6)
<b>Adjusted Funds From Operations (AFFO)</b>	<b>15.5</b>	<b>16.5</b>	<b>(1.0)</b>	<b>(6.2)</b>
<b>AFFO basic distributable profit after current income tax per share – weighted</b>	<b>4.23cps</b>	<b>4.52cps</b>		

## HY20 Maintenance capital expenditure

Works	Property	Cost (\$000)
Works associated with new leases	NorthWest Shopping Centre and NorthWest Two	871
Make good works	80 Grey Avenue	464
Other including common area upgrades	Various	322
<b>Sub-total</b>		<b>1,657</b>
Other including HVAC upgrades	Various	2,131
<b>Sub-total</b>		<b>2,131</b>
<b>Total</b>		<b>3,788</b>

Values in the table above are calculated based on the numbers in the financial statements for each respective financial period and may not sum accurately due to rounding.

# Financial Summary

Stride - Consolidated

	Unaudited 30 Sep 19 \$m	Audited 31 Mar 19 \$m	Change \$m
Portfolio valuation <sup>7</sup>	999.0	966.3	32.7
Bank debt drawn	349.6	332.9	16.8
<b>Bank loan to value ratio (LVR) (%)</b>	<b>35.0</b>	<b>34.4</b>	<b>0.5</b>
Equity	721.4	704.2	17.2
Shares on issue (million)	365.4	365.3	0.1
<b>NTA per share</b>	<b>\$1.97</b>	<b>\$1.92</b>	<b>\$0.05</b>
Adjusted NTA per share <sup>8</sup>	\$2.00	\$1.94	\$0.05

7. Excludes land lease liability of \$22.5m (31 Mar 19: N/A).

8. Excludes the after tax fair value of interest rate derivatives.

Values in the table above are calculated based on the numbers in the financial statements for each respective financial period and may not sum accurately due to rounding.

---

# Capital Management

---

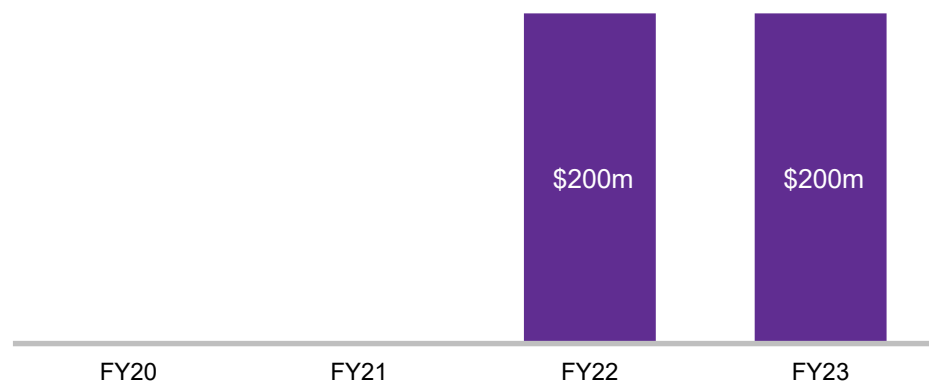
# Capital Management – Debt Facilities

SPL

## Highlights

- Next debt facility maturing is \$200m in June 2021 (FY22)
- Drawn facilities increased by \$17m, largely due to Waste Management development at 318 East Tamaki Road, Auckland, and acquisition of The Concourse, Auckland, offset by the disposal of 33 Corinthian Drive, Auckland
- \$50m of banking facility headroom available at balance date
- Additional \$105m facility secured effective 11 November 2019
- SPL will reduce its banking facilities to \$340m on settlement of the Industrie transaction

## Debt maturity profile as at 30 Sep 19



Debt facilities	As at 30 Sep 2019	As at 31 Mar 2019
Banking facility limit (ANZ, BNZ, CBA, Westpac)	\$400m	\$400m
Debt facilities drawn	\$350m	\$333m
Weighted maturity of debt facilities	2.3 years	2.8 years

## Debt covenants

Loan to Value Ratio (Drawn Debt / Property Values) Covenant: ≤ 50%	35.0%	34.4%
Interest Cover Ratio (EBIT/Interest and Financing Costs) Covenant: ≥ 1.75x	2.8x	2.9x
Weighted Average Lease Term <sup>9</sup> Covenant: > 3.0 years	4.5 years	4.8 years

9. The unexpired lease term in a property or portfolio, assuming the property or portfolio is fully leased. This is weighted by the income applicable to each lease and a current market rental with nil term for vacant space.



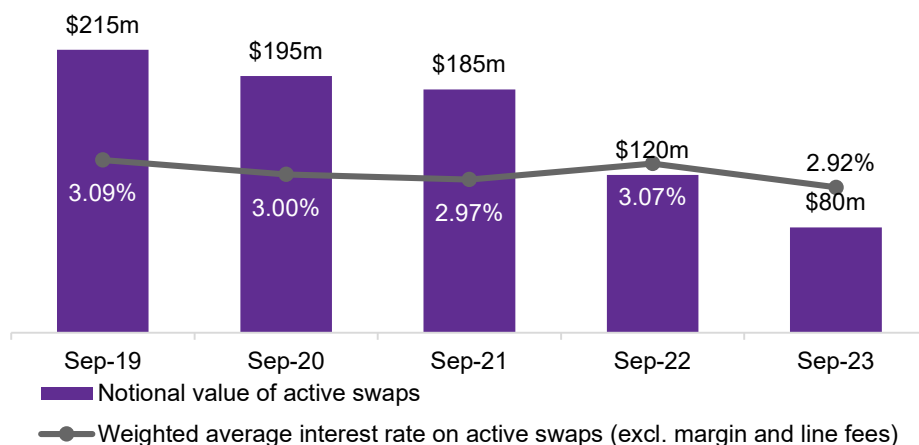
# Capital Management – Cost of Debt

SPL

## Highlights

- \$40m of swaps matured with a weighted average rate of 3.92%
- Hedging has fallen from 77% of drawn debt to 61%

## Hedging profile as at 30 Sep 2019



Cost of debt	As at 30 Sep 2019	As at 31 Mar 2019
Weighted average cost of debt (incl. margins & line fees)	<b>4.01%</b>	4.63%
Weighted average interest rate on current swaps (excl. margins & line fees)	<b>3.09%</b>	3.22%
Weighted average hedging term remaining (incl. forward starting swaps)	<b>3.1 years</b>	3.1 years
% of drawn debt hedged	<b>61%</b>	77%



# Portfolio Overview



# Portfolio Overview

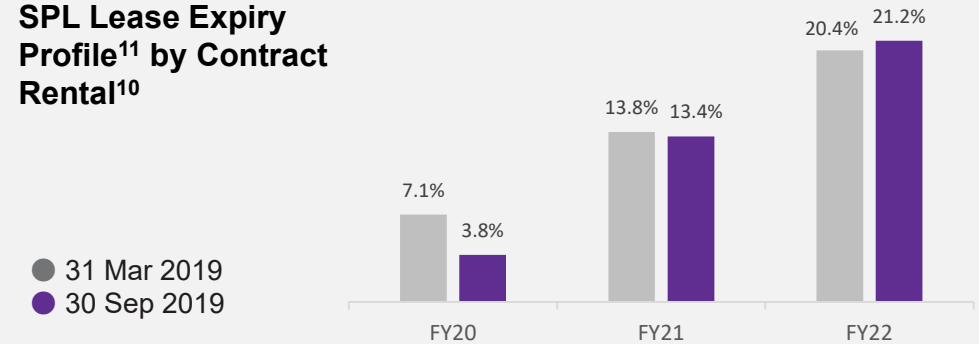
SPL

Overview	As at 30 Sep 19	As at 31 Mar 19
Properties (no.)	26	26
Tenants (no.)	391	381
Net Lettable Area (sqm)	254,318	252,014
Net Contract Rental <sup>10</sup> (\$m)	57.5	58.1
WALT (years)	4.5	4.8
Occupancy Rate (% by area)	98.2	97.6
Portfolio Valuation (\$m)	999.0	966.3

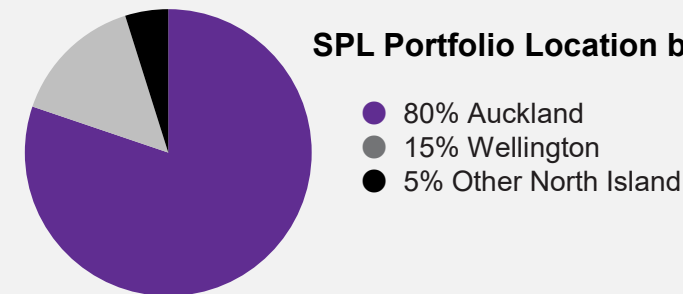
## SIML completed 127 lease transactions for SPL during the six months ended 30 September 2019:

- 87 rent reviews over 62,528sqm for a total annual rental of \$14.1m
- 21 lease renewals over 6,551sqm for a total annual rental of \$2.6m
- 19 new lettings completed over 4,113sqm for a total annual rental of \$1.6m

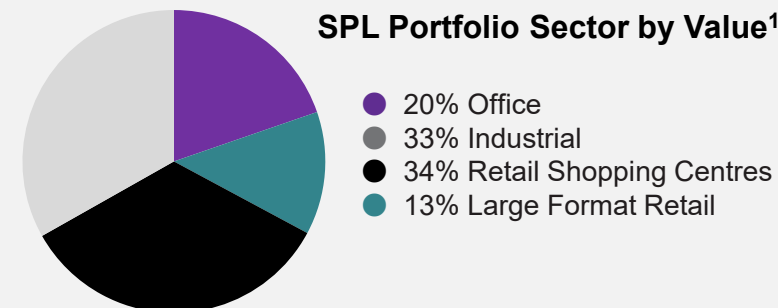
## SPL Lease Expiry Profile<sup>11</sup> by Contract Rental<sup>10</sup>



## SPL Portfolio Location by Value<sup>12</sup>



## SPL Portfolio Sector by Value<sup>12</sup>



10. Contract Rental is the amount of rent payable by each tenant, plus other amounts payable by that tenant under the terms of the relevant lease as at the relevant date, annualised for the 12 month period on the basis of the occupancy level for the relevant property as at the relevant date, and assuming no default by the tenant.

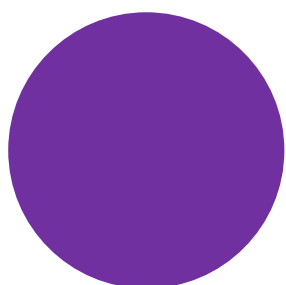
11. Represents the scheduled expiry for each lease, excluding any rights of renewal that may be granted under each lease, for the entire portfolio as at 30 September 2019, as a percentage of Contract Rental.

12. Refer footnote 4 on page 7.

Overview	As at 30 Sep 19	As at 31 Mar 19
Properties (no.)	12	11
Tenants (no.)	27	21
Net Lettable Area (sqm)	114,118	100,919
Net Contract Rental <sup>13</sup> (\$m)	13.6	12.2
WALT (years)	3.9	4.4
Occupancy Rate (% by area)	100.0	100.0
Portfolio Valuation (\$m)	331.5	262.5
Percentage of Portfolio (% by value)	33	27

## Highlights

- Net valuation movement +\$18.0m or +6.0% in HY20
- 9 rent reviews over 35,863sqm for a total annual rental of \$4.3m, increase of +2.3% on an annualised basis
- Aeroqual, a tenant at 460 Rosebank Road, Auckland, renewed for a further term of 4 years (expiry June 2024) with the market rental still to be finalised
- Acquisition of The Concourse completed June 2019, and plans are progressing for the development of an industrial facility on 2.2ha of vacant land for Waste Management, with a pre-committed 25 year lease and anticipated completion in late 2020
- Development of head office facility for Waste Management at 318 East Tamaki Road, Auckland, remains on track for completion in late 2019
- **Post balance date:** NZ Merchants, 20 Rockridge Avenue, Auckland, has renewed for a further term of four years, reducing the expiry profile for the industrial portfolio to 4.8% in the 18 month period to FY21



## Location by Contract Rental<sup>13</sup>

- 100% Auckland

## Major lease expiries FY20 and FY21 as at 30 Sep 19

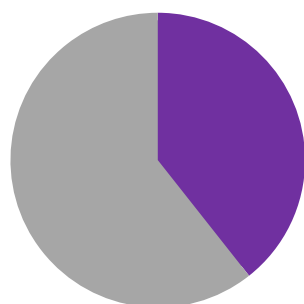
FY	Tenant	Property	% of Industrial Contract Rental <sup>12</sup>
FY20	Smart Solutions	6-12 The Concourse, Auckland	1.2
FY21	NZ Merchants	20 Rockridge Avenue, Auckland	7.0
		Balance FY20 and FY21	3.6
	<b>Total</b>		<b>11.8</b>

13. Refer footnote 10 on page 19.

Overview	As at 30 Sep 19	As at 31 Mar 19
Properties (no.)	7	8
Tenants (no.)	68	70
Net Lettable Area (sqm)	37,670	48,606
Net Contract Rental <sup>14</sup> (\$m)	13.2	15.7
WALT (years)	4.7	4.9
Occupancy Rate (% by area)	95.8	95.5
Portfolio Valuation (\$m)	196.9	236.9
Percentage of Portfolio (% by value)	20	25

## Highlights

- Net valuation movement +\$7.7m or +4.1% for HY20
- 20 rent reviews over 10,386sqm for a total annual rental of \$4.0m, increase of +4.8%, or +2.9% on an annualised basis
- Heartland Bank, 35 Teed Street, Auckland, renewed to November 2029. As a result WALT for this property increased from 5.1 years (31 March 2019) to 7.6 years at balance date
- Disposal of 33 Corinthian Drive, Auckland, completed on 1 April 2019
- **Post balance date:** No major expiries remain in FY20 following AT&T, 7-9 Fanshawe Street, Auckland, renewing for a further term of four years
- **Post balance date:** Level 5, 80 Greys Avenue, Auckland, leased from December 2019 for 3 year term, leaving one level remaining vacant, and increasing the office occupancy from 95.8% to 97.7%



Location by Contract Rental<sup>14</sup>

- 42% Auckland
- 58% Wellington

## Major lease expiries FY20 and FY21 as at 30 Sep 19

FY	Tenant	Property	% of Office Contract Rental <sup>13</sup>
FY20	AT&T	7-9 Fanshawe Street, Auckland	0.8
FY21	Clearpoint	7-9 Fanshawe Street, Auckland	3.4
FY21	Ministry of Education	22 The Terrace, Wellington	3.0
FY21	IPFX	7-9 Fanshawe Street, Auckland	2.1
		Balance FY20 and FY21	9.2
<b>Total</b>			<b>18.5</b>

14. Refer footnote 10 on page 19.

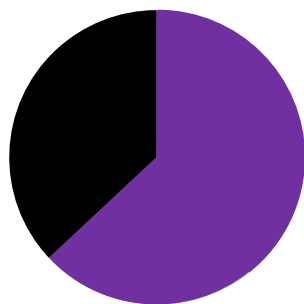
# Retail: Large Format Retail

SPL

Overview	As at 30 Sep 19	As at 31 Mar 19
Properties (no.)	3	3
Tenants (no.)	50	49
Net Lettable Area (sqm)	37,202	37,205
Net Contract Rental <sup>15</sup> (\$m)	8.1	8.1
WALT (years)	4.8	4.9
Occupancy Rate (% by area)	99.1	99.1
Portfolio Valuation (\$m)	131.2	128.9
Percentage of Portfolio (% by value)	13	13

## Highlights

- Net valuation movement -\$1.0m or -0.8% for HY20, contributed to by a net decline in 2 Carr Road, Auckland, of -\$2.1m (-4.5%) due to seismic works required
- 20 rent reviews over 8,456qm for a total annual rental of \$2.2m, increase of +2.8%, or +2.7% on an annualised basis
- Building extensions for both Rebel Sport and Briscoes at Bay Central Shopping Centre, with new 10 year leases commencing from practical completion, expected late 2019
- **Post balance date:** No major expiries remain in FY20 following the successfully back to back leasing of the Chamber of Commerce space at Bay Central Shopping Centre, Tauranga, for a 9 year term
- **Post balance date:** On 19 November 2019, SPL announced the conditional sale of its large format retail portfolio for \$140.75m



Location by Contract Rental<sup>15</sup>

- 59% Auckland
- 41% Tauranga

## Major lease expiries FY20 and FY21 as at 30 Sep 19

FY	Tenant	Property	% of Large format retail Contract Rental <sup>14</sup>
FY20	Chamber of Commerce	65 Chapel Street, Auckland	2.8
FY21	Countdown	Cnr Mt Wellington Highway & Penrose Road	15.3
		Balance	2.6
<b>Total</b>			<b>20.7</b>

15. Refer footnote 10 on page 19.

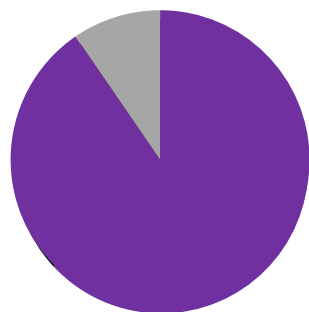
# Retail: Shopping Centres

SPL

Overview	As at 30 Sep 19	As at 31 Mar 19
Properties (no.)	4	4
Tenants (no.)	246	241
Net Lettable Area (sqm)	65,327	65,284
Net Contract Rental <sup>16</sup> (\$m)	22.6	22.2
WALT (years)	4.6	4.9
Occupancy Rate (% by area)	96.0	94.7
Portfolio Valuation (\$m)	339.4	338.0
Percentage of Portfolio (% by value)	34	35

## Highlights

- Net valuation movement +\$0.4m or +0.1% for HY20
- 38 rent reviews over 7,823sqm for a total annual rental of \$3.5m, an increase of +3.3% on an annualised basis
- Successful leasing period for NorthWest Shopping Centre and NorthWest Two with an increase in occupancy to 99.4% and 87.5% (97.4% and 81.9% as at 31 March 2019) respectively
- Total sales<sup>17</sup> (September 2019) at NorthWest Shopping Centre and NorthWest Two, and Silverdale Shopping Centre up +4.3% and +5.8%<sup>18</sup> respectively from the prior year



Location by Contract Rental<sup>16</sup>

- 90% Auckland
- 10% Wellington

## Major lease expiries FY20 and FY21 as at 30 Sep 19

FY	Tenant	Property	% of Shopping Centres Contract Rental <sup>15</sup>
FY20	Various	Johnsonville Shopping Centre (50%)	4.7
FY21	Various	Johnsonville Shopping Centre (50%)	1.7
FY21	Various	NorthWest Shopping Centre	8.2
		Balance	3.6
<b>Total</b>			<b>18.2</b>

16. Refer footnote 10 on page 19.

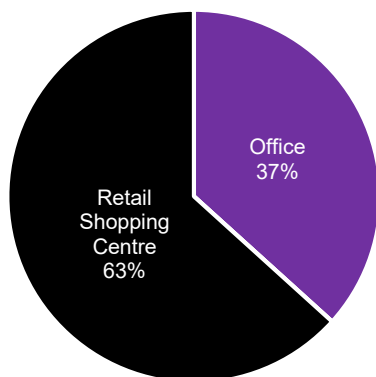
17. Refer footnote 2 on page 5.

18. Refer footnote 3 on page 5.

# SPL Portfolio Metrics by sector

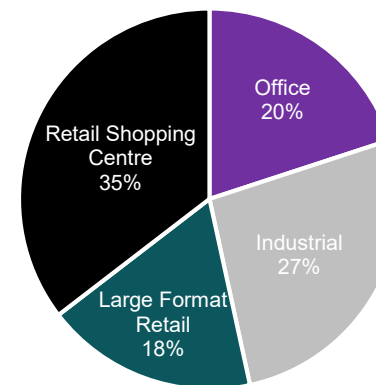
SPL

## SPL's directly-held portfolio (following establishment of Industrie and divestment of large format retail assets)



- Total portfolio value of \$536m, after establishment of Industrie and divestment of large format retail assets
- Industrial and large format retail property will be held in Stride's indirect portfolio, no-longer forming part of SPL's directly held portfolio
- SPL's directly held portfolio will be weighted to sectors where SPL has not yet established sector-specific products

## SPL's look-through portfolio<sup>19</sup> (following establishment of Industrie and divestment of large format retail assets)



- Total look-through value of investment property is \$986m
- When taking into account SPL's investments in Stride's products, industrial property will comprise 27% of SPL's total look-through portfolio
- When taking into account the divestment of SPL's large format retail to Investore, large format retail will comprise 18% of SPL's total look-through portfolio
- Shopping Centres, including SPL's 2% investment in Diversified NZ Property Trust and its directly held investments, will comprise 35%
- Office, all directly-held on SPL's balance sheet, will comprise 20%. This sector has been identified for future portfolio growth

19. Assumes the committed developments at 318 East Tamaki Road (previously 11 Springs Road) and The Concourse are complete.

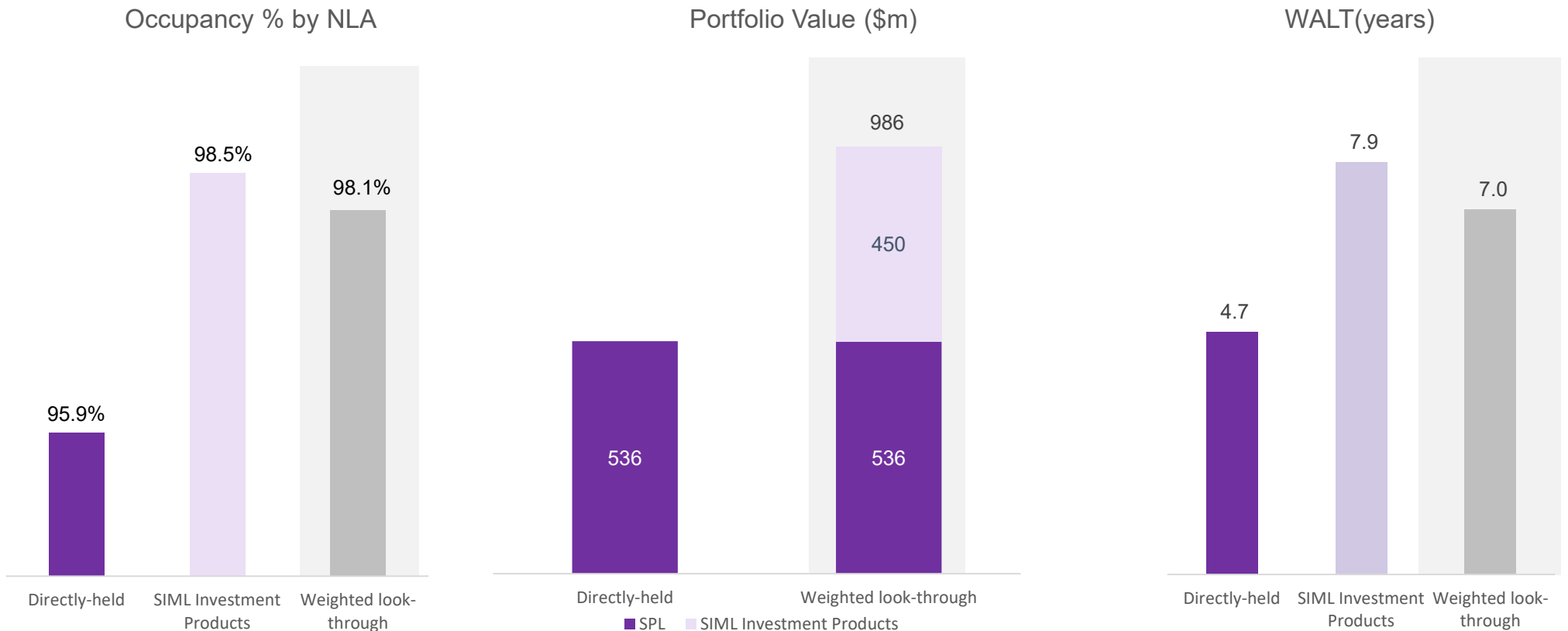


# SPL Portfolio Metrics

SPL

## SPL's directly-held and look-through portfolio metrics

- Following the establishment of Industrie and the divestment of large format retail assets, Stride will hold its investments in industrial and large format retail property through Industrie and Investore respectively
- When SPL's directly-held investment properties are combined with SPL's look-through holdings in the other SIML-managed products, including its approximate 70% holding in Industrie<sup>20</sup>, its 19.9% holding in Investore Property Limited and its 2% holding in Diversified NZ Property Trust, SPL's \$986m look-through portfolio shows strong investment metrics, including 98.1% occupancy and a WALT of 7.0 years



20. Assumes the committed developments at 318 East Tamaki Road (previously 11 Springs Road) and The Concourse are complete).

---

# Conclusion

---

# Conclusion

---

## Looking ahead

- Stride's strategy for its investment management business is to establish a group of commercial property investment management products to provide growth in our investment management business and continue to review opportunities in markets adjacent to core commercial property sectors
- The recent growth of SPL's industrial portfolio and the establishment of Industrie, together with the growth of Investore, are important steps in our delivery of this strategy. Stride's future investment management strategy is to:
  1. **Maintain a diversified investment portfolio** through a combination of investments in our investment management products and our directly-held portfolio
  2. **Support and grow Stride's established investment management products** through carefully considered transaction and development activity, while maintaining our cornerstone shareholdings
  3. **Grow our directly-held portfolio of commercial properties**, with a view to establishing sector-specific investment management products in the future
  4. **Review new investment management opportunities** in markets adjacent to the core commercial property sector

Stride's FY20 cash dividend guidance remains unchanged at a combined 9.91cps







---

# Appendices



# Appendix 1: Portfolio by Sector

Overview	Total Portfolio <sup>1</sup>	 Office	 Industrial	 Large Format Retail	 Shopping Centres
<b>Directly – held portfolio</b>					
Properties (no.)	11	7			4
Tenants (no.)	274	68			206
Net Contract Rental (\$m)	35.8	13.2			22.6
WALT (years)	4.7	4.7			4.6
Occupancy Rate (% by area)	95.9	95.8			96.0
Portfolio Valuation (\$m)	536	197			339
Percentage of Portfolio (% by value)	100	37			63
<b>SIML Investment Products</b>					
			<b>Industre<sup>2</sup></b>	<b>Investore<sup>4</sup></b>	<b>Diversified<sup>5</sup></b>
Properties (no.)	60		13	43	4
Tenants (no.)	501		29	130	342
Net Contract Rental (\$m)	117.5		19.6	55.3	42.6
WALT (years)	7.9		10.4	10.8	3.1
Occupancy Rate (% by area)	98.5		100.0	99.7	94.1
Portfolio Valuation (\$m)	1,758		375 <sup>3</sup>	891	491
<b>SPL investment metrics on a committed, weighted, look-through basis<sup>6</sup></b>					
<b>SPL investment in managed entities</b>			<b>70%</b>	<b>19.9%</b>	<b>2.0%</b>
Portfolio Valuation (\$m)	986	197	262	177	349
WALT (years)	7.0	4.7	10.4	10.8	4.6
Occupancy Rate (% by area)	98.1	95.8	100.0	99.7	96.0
Percentage of Portfolio (% by value)	100	20	27	18	35

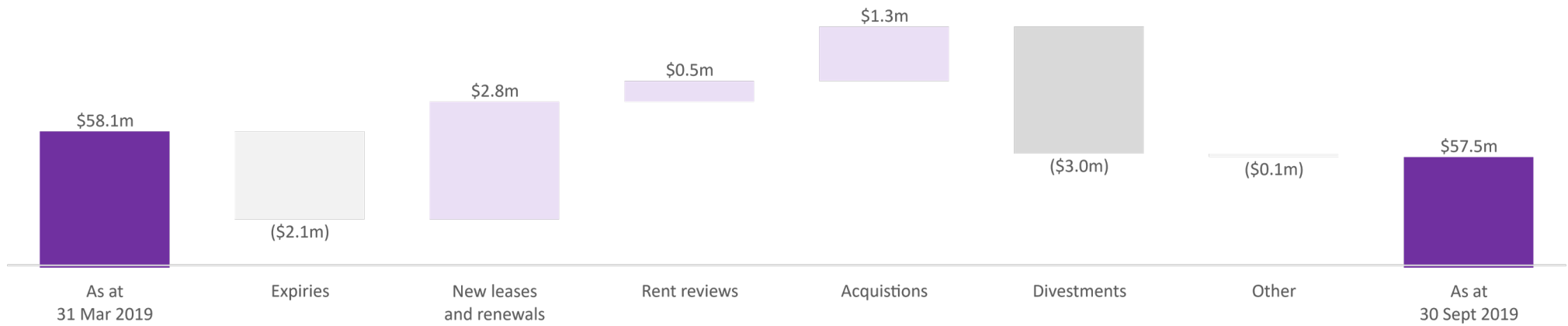
Notes:

1. Metrics as at 30 September 2019.
2. Assumes Industre is completed and the committed developments at 318 East Tamaki Road (previously 11 Springs Road) and The Concourse are complete.
3. 30 September 2019 valuations plus estimated completion value for The Concourse and 318 East Tamaki Road and the acquisition of 439 Rosebank Road at \$8.0m.
4. Assumes the divestment of the large format retail assets from SPL to Investore is completed.
5. Includes Johnsonville Shopping Centre, Wellington which is owned 50:50 by SPL and Diversified.
6. Metrics in this section are weighted according to SPL's proportionate investment in SIML's investment product.

# Appendix 2

---

## Net contract Rental



# Thank You

Level 12, 34 Shortland Street  
Auckland 1010, New Zealand

PO Box 6320, Wellesley Street  
Auckland 1141, New Zealand

P +64 9 912 2690  
W [strideproperty.co.nz](http://strideproperty.co.nz)

**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 six months ended 30 September 2019. Please refer to Stride Property Group's Interim Report 2019 for further information in relation to the six months ended 30 September 2019. 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.

No representation or warranty, express or implied, is made as to the accuracy, adequacy or reliability of any statements, estimates or opinions or other information contained in this presentation, any of which may change without notice. To the maximum extent permitted by law, each of Stride Property Limited, Stride Investment Management Limited (together, the Stride Property Group) and their respective directors, officers, employees, agents and advisers disclaim all liability and responsibility (including without limitation any liability arising from fault or negligence on the part of Stride Property Group, its directors, officers, employees and agents) for any direct or indirect loss or damage which may be suffered by any recipient through use of or reliance on anything contained in, or omitted from, this presentation.

This presentation is not a product disclosure statement or other disclosure document.