



Stride Property Group (NS)

NZX Announcement

IMMEDIATE – 17 November 2016

FY17 Interim Results

Stride Property Group¹ has released its Interim Report and Interim Results presentation for the six months ended 30 September 2016.

Key Points:

- Stride Property Group listed on the NZX Main Board on 12 July 2016
- Stapled structure of Stride Property Group provides ability to grow the real estate investment management (REIM) business
- Demerged Investore Property Limited (Investore), the specialist large format retail property investment company. Stride Investment Management Limited (SIML) remains the manager of Investore
- Stride Property Limited (Stride) retained 19.9% shareholding in Investore
- Restructured Diversified NZ Property Trust (Diversified Trust), which settled on the acquisition of Queensgate Shopping Centre and Chartwell Shopping Centre. SIML was appointed manager of Diversified Trust
- \$69m divestments completed
- NorthWest Two opened in October 2016, and revenue is expected to increase earnings in the second half of the year ended 31 March 2017 (FY17)
- New resource consent for Johnsonville Shopping Centre redevelopment filed with Council
- Distributable profit² after tax up 21.0%
- Targeting combined annual cash dividend for FY17 of 9.96cps
- Targeting combined annual cash dividend for FY18 of 9.91cps
- Net 1.4% property portfolio valuation increase³ (nine properties were independently valued)

Financial Performance Highlights: (prior period to 30 Sep 2015 figures in brackets)

- Net rental income of \$35.1m (\$28.0m)
- Management fee income of \$2.3m (\$0.9m)
- Corporate expenses of \$9.2m (\$3.7m), including \$3.1m one-off project costs
- Net profit before other income and income tax of \$17.5m (\$18.9m)
- Net profit after income tax of \$27.5m (\$34.1m)
- Distributable profit before income tax of \$22.3m (\$19.5m)
- Distributable profit after income tax of \$18.7m or 5.12cps (\$15.4m or 5.19cps)
- Targeting 8.79cps cash dividend for Stride for FY17
 - 2.02cps cash dividend for Stride for the second quarter
- Targeting 1.17cps cash dividend for SIML for FY17
 - 0.39cps cash dividend for SIML for the second quarter
- Dividend Reinvestment Plan remains suspended

Portfolio Highlights: (prior period as at 31 Mar 2016 figures in brackets)

- Net 1.4% property portfolio valuation increase (nine properties were independently valued)
- Stride loan to value ratio (LVR) 38.5%⁴ (41.7% as at 31 Mar 2016)
- Net Tangible Assets (NTA) backing per share \$1.62
- 92 lease transactions over 121,656m² for a total annual rental of \$18.7m
- FY17 lease expiries down from 4.78% (31 Mar 2016) to 2.30% of the portfolio contract rental⁵
- FY18 lease expiries at 9.6% of the portfolio contract rental
- Occupancy at 96.4% (99.6%) reflects vacant office space at NorthWest Two
- Weighted average lease term (WALT) 5.3 years (7.9 years) reflecting the demerger of Investore

Developments and Divestments:

- NorthWest Two opened in October 2016
- \$69m divestments completed
 - 650 Great South Road, Auckland
 - 39 Corinthian Drive, Auckland
 - Corner Ward, Bryce & Tristram Streets, Hamilton
 - 20-22 Pollen Street, Auckland
 - 48 Miramar Avenue, Wellington
 - Lots 83 & 85, Tauriko Industrial Estate, Tauranga

Demerger:

- Demerged Investore Property Limited on 11 July 2016

Capital Management: (Stride)

- Demerged Investore
- Stride retained 19.9% shareholding in Investore
- Refinanced bank facility; \$200m for 3 years and \$200m for 5 years

Notes:

1. The 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. 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.
2. 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 6 to the interim consolidated financial statements for the six months ended 30 September 2016.
3. Property portfolio valuation increase excludes \$0.4m arising from the elimination of the development fees charged by SIML to Stride.
4. The LVR calculation includes the value of Inventory of \$30.6m in the value of properties and ignores the value of the investments in the managed funds.
5. 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 30 September 2016, annualised for the 12 month period on the basis of the occupancy level for the relevant property as at 30 September 2016, and assuming no default by the tenant.

Ends

Attachments provided to NZX:

- Stride Property Group – NZX Appendix 1 – 171116
- Stride Property Limited – NZX Appendix 7 – 171116
- Stride Investment Management Limited – NZX Appendix 7 – 171116
- Stride Property Group – FY17 Interim Results Presentation – 171116
- Stride Property Group – FY17 Interim Report – 171116

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A Stapled Security of the Stride Property Group comprises one ordinary share in Stride Property Limited and one ordinary share in Stride Investment Management Limited. Under the terms of the constitution of each company, the shares in each can only be transferred if accompanied by a transfer of the same number of shares in the other.

Stapled Securities are quoted on the NZX Main Board under the ticker code SPG. Further information is available at www.strideproperty.co.nz or at www.nzx.com/companies/SPG.