



# Stride Property Group Interim Results

for the six months ended 30 September 2020

## and Capital Raising



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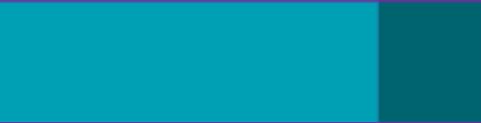


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Capitalised and technical terms are defined in the glossary on page 53.

# Execution of Strategy



# Strategy

Stride's strategy is to invest in places with enduring demand, which attracts strong demand in all market conditions. This supports our strategy of establishing a group of investment management products (or Stride Products) in specific commercial property sectors to provide growth in our investment management business

Over time, Stride Property Limited (SPL) will hold an interest in each Stride Product that is developed and which focuses on a specific sector or sectors, with the Stride Products managed by Stride Investment Management Limited (SIML). SPL and SIML together form the stapled group, Stride Property Group (Stride)

Stride will:

- Build portfolios of assets within SPL that can be used to establish new sector-specific investment management products, with SPL taking a cornerstone interest
- Continue to support and grow our existing products, Investore, Diversified and the latest product, Industrie Property Joint Venture
- Evaluate opportunities in markets adjacent to core commercial property sectors

**Stride's strategy is built on four strategic pillars:**

PERFORMANCE



PLACES



PEOPLE



PRODUCTS



# Execution of strategy

During the six months to 30 September 2020, SPL has undertaken a number of transformative transactions, which significantly advance its strategy

## Commencement and growth of Industrie

Stride's latest investment management product, Industrie Property Joint Venture (Industrie), commenced on 1 July 2020. Since then, Industrie has acquired four industrial properties for a total price of \$45.5m, taking the total Industrie portfolio value to \$473m as at 30 September 2020. Industrie continues to be active in the industrial investment and development markets

## Growth in Office Portfolio

Stride has stated that it will acquire property to support its strategy of establishing a group of investment management products in specific sectors. Following settlement of the acquisitions outlined below, SPL's office portfolio value will increase to \$571m as at 30 September 2020 (pro forma<sup>1</sup> and excluding committed works at 34 Shortland Street, Auckland, and 22 The Terrace, Wellington), an increase of \$385m since 31 March 2020, including revaluation movement. This increase is due primarily to three completed and contracted acquisitions:

- **34 Shortland Street, Auckland – \$67.5m** (including allowance for capital upgrades<sup>2</sup>) – settled 2 September 2020
- **215 Lambton Quay, Wellington (Grant Thornton House) – \$84.5m** – unconditional agreement, expected to settle 30 November 2020
- **20 Customhouse Quay, Wellington – \$228m** – conditional agreement, if the acquisition proceeds, expected to settle on or before 21 December 2020

1. As at 30 September 2020, as if the acquisition of the properties at 215 Lambton Quay, Wellington (which acquisition is unconditional and expected to settle on 30 November 2020) and 20 Customhouse Quay, Wellington (which acquisition remains conditional on completion of due diligence and successful completion of the Placement announced today, and, if the acquisition proceeds, is expected to settle on or before 21 December 2020) had settled as at that date.
2. SPL paid \$66.4m for the property at 34 Shortland Street, including \$2.25m for building upgrades, and has committed to a further \$0.8m for additional upgrades.



34 Shortland Street, Auckland

# Capital raise and acquisitions

## Acquisition of Grant Thornton House, Wellington

- **\$84.5m**
- Unconditional agreement, settlement expected 30 November 2020
- Grade A office building
- 100% NBS seismic rating

## Acquisition of 20 Customhouse Quay, Wellington

- **\$228m**
- Conditional agreement<sup>1</sup>, if conditions satisfied settlement expected 21 December 2020
- Premium grade, 5 Green Star NZ – Office Design completed in 2018
- Base isolated, >100% NBS seismic rating (IL2)
- 12.6 years WALT

## Capital raise to partly fund acquisitions

- **Capital raise<sup>2</sup> launched today for \$220m**
- Additional \$100m bank facility arranged
- \$139m bank debt facility available pro forma<sup>3</sup>, and \$115m available after committed developments at 34 Shortland Street, Auckland, and 22 The Terrace, Wellington

## Outcomes

- Post acquisitions, SPL's office portfolio will be valued at **\$595m<sup>4</sup>**, and SIML's total AUM will be **\$2.90b<sup>5</sup>**
- SPL's office and retail portfolio will comprise 66% office and 34% retail (by value) with a 5.8 year WALT
- Pro forma LVR<sup>3</sup> expected to be **30.3%**
- FY21 dividend guidance **9.91cps** combined cash dividend for SPL and SIML, assuming no further significant economic deterioration due to COVID-19

1. Conditional on completion of due diligence and successful completion of the Placement announced today.

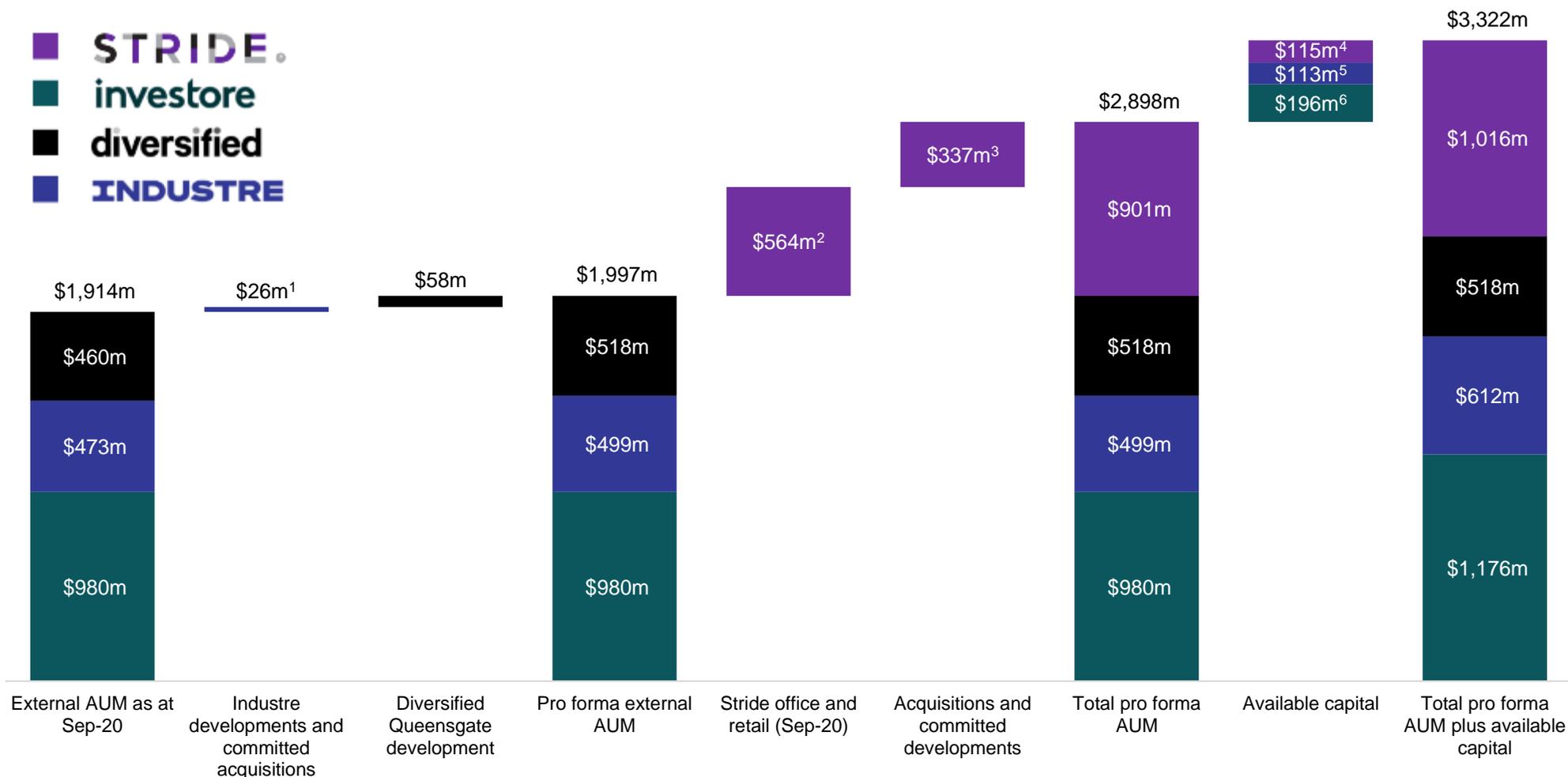
2. Capital raise comprises a \$180m underwritten placement and a \$40m non-underwritten Share Purchase Plan (with the ability to accept additional applications at Stride's discretion).

3. As at 30 September 2020, as if the following transactions had completed as that date: (1) the capital raise, assuming gross proceeds to SPL of \$215m (with SIML receiving \$5m gross proceeds); settlement of the contracted acquisitions (comprising the acquisition of 215 Lambton Quay, Wellington, which acquisition is unconditional and expected to settle on 30 November 2020 and the acquisition of 20 Customhouse Quay, Wellington, which acquisition remains conditional on completion of due diligence and successful completion of the Placement announced today); and (3) a new bank facility of \$100m which was secured in November 2020 was in place as at that date.

4. Comprising the value of SPL's office portfolio as at 30 September 2020 and including acquisitions and committed developments at 34 Shortland Street, Auckland, and 22 The Terrace, Wellington.

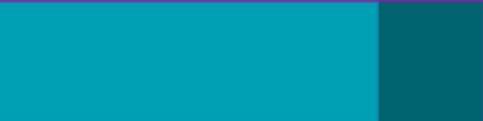
5. Assets Under Management comprise the value of the portfolios of SPL, Investore Property Limited, Industrie Property Joint Venture and Diversified NZ Property Trust as at 30 September 2020 and including acquisitions and committed developments.

# SIML assets under management



1. Comprises the purchase price of 439 Rosebank Road, Auckland, plus remaining capital expenditure as at 30 September 2020 for the developments at Selwood Road, Auckland and Wickham Street, Hamilton.
2. Includes value of Level 12, 34 Shortland Street, which houses Stride's head office, and is shown in the consolidated interim financial statements as property, plant and equipment.
3. Comprises contracted acquisitions and committed developments at 34 Shortland Street and 22 The Terrace. Contracted acquisitions comprise 215 Lambton Quay, Wellington, which acquisition is unconditional, as well as the acquisition of 20 Customhouse Quay, Wellington, which remains conditional on completion of due diligence and successful completion of the Placement announced today.
4. Available capital comprises SPL's uncommitted banking facilities available for future developments and acquisitions, calculated as at 30 September 2020, as if the additional \$100m bank facility committed post that date had been in place as at 30 September 2020.
5. Available capital comprises Industre's uncommitted banking facilities available for future developments and acquisitions, plus balance of JPMAM's committed capital contribution to Industre.
6. Available capital comprises Investore's uncommitted banking facilities available for future developments and acquisitions, calculated as at 30 September 2020, as if the additional \$30m bank facility committed post that date had been in place as at 30 September 2020.

# HY21 Highlights



# Performance

Stride Property Group (Stride) - Consolidated

Profit after income tax from continuing operations

**\$51.6m**

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

**\$21.1m**

NTA per share as at 30 September 2020

**\$2.00**

LVR as at 30 September 2020

**29.0%**

## Earnings

- Net rental income of \$20.5m (HY20: \$24.6m), down \$4.1m, of which \$3.4m relates to the sale of three large format retail assets to Investore Property Limited on 30 April 2020
- Management fee income \$13.1m (HY20: \$9.2m), up \$3.9m
- Profit before income tax from continuing operations of \$55.2m (HY20: \$32.7m), up \$22.4m
- Profit after income tax from continuing operations of \$51.6m (HY20: \$27.0m), up \$24.6m
- Distributable profit<sup>1</sup> after current income tax of \$21.1m (HY20: \$19.3m), up \$1.8m
- Combined 9.91cps total combined cash dividend forecast for Stride for FY21<sup>2</sup>

## Portfolio growth

- Total portfolio value<sup>3</sup> of \$726.3m as at 30 September 2020, a net valuation increase of \$21.1m or 2.9% from 31 March 2020. Five of the portfolio valuations remain subject to 'material valuation uncertainty' as a result of COVID-19. See *Property valuation risk* statement on page 39
- SPL office and retail portfolio value of \$564.4m as at 30 September 2020, a net valuation increase of \$9.6m or 1.7%, from 31 March 2020
- Net Tangible Assets (NTA) per share of \$2.00 as at 30 September 2020, expected to be \$2.01 on a pro forma basis<sup>4</sup> following the capital raise and acquisition of the two Wellington office properties

## Capital management

- Capital raise launched today, comprising an underwritten placement of \$180m and a Share Purchase Plan (not underwritten) seeking to raise \$40m, with the ability to accept additional applications at Stride's discretion
- Following the capital raise and contracted acquisitions, the Loan to Value Ratio (LVR) is expected to be 30.3%<sup>5</sup> and SPL is expected to have \$139m of undrawn bank facilities available<sup>5</sup> or \$115m after committed developments at 34 Shortland Street, Auckland, and 22 The Terrace, Wellington

1. See glossary on page 53.

2. Assuming no further significant restrictions or deterioration in economic activity due to COVID-19.

3. Excludes lease liabilities. Includes Stride's 62.4% interest in the unincorporated component of the Indstre Property Joint Venture. For more information, see note 3.2 to the consolidated interim financial statements. Includes value of Level 12, 34 Shortland Street, which houses Stride's head office, and is shown in the consolidated interim financial statements as property, plant and equipment. Due to COVID-19, the investment property valuations for five properties in the SPL portfolio have been reported on the basis of 'material valuation uncertainty', meaning less certainty and a higher degree of caution should be applied. The opinion of value has been determined at the valuation date based on a certain set of assumptions, however these could change in a short period of time due to subsequent events.

4. Assuming \$220m of additional equity at an issue price of \$2.10, being the floor price of the Placement, equating to an additional 104.8m stapled securities issued. Assumes total estimated costs of the capital raising of 2.1% of gross proceeds.

5. See footnote 3 on page 7.

# Places

Stride Property Limited (SPL)

## Office Acquisitions

- **34 Shortland Street, Auckland** – acquired in September 2020 for \$67.5m (including an allowance of between \$3-\$3.5m for certain capital upgrades<sup>1</sup>)
- **215 Lambton Quay, Wellington (Grant Thornton House)** - SPL has an unconditional agreement to purchase this office building at 215 Lambton Quay, Wellington for \$84.5m, with settlement expected to occur on 30 November 2020
- **20 Customhouse Quay, Wellington** - SPL has a conditional agreement<sup>2</sup> to acquire this building for \$228m, and if the acquisition proceeds, it is expected to settle on or before 21 December 2020

## Divestments

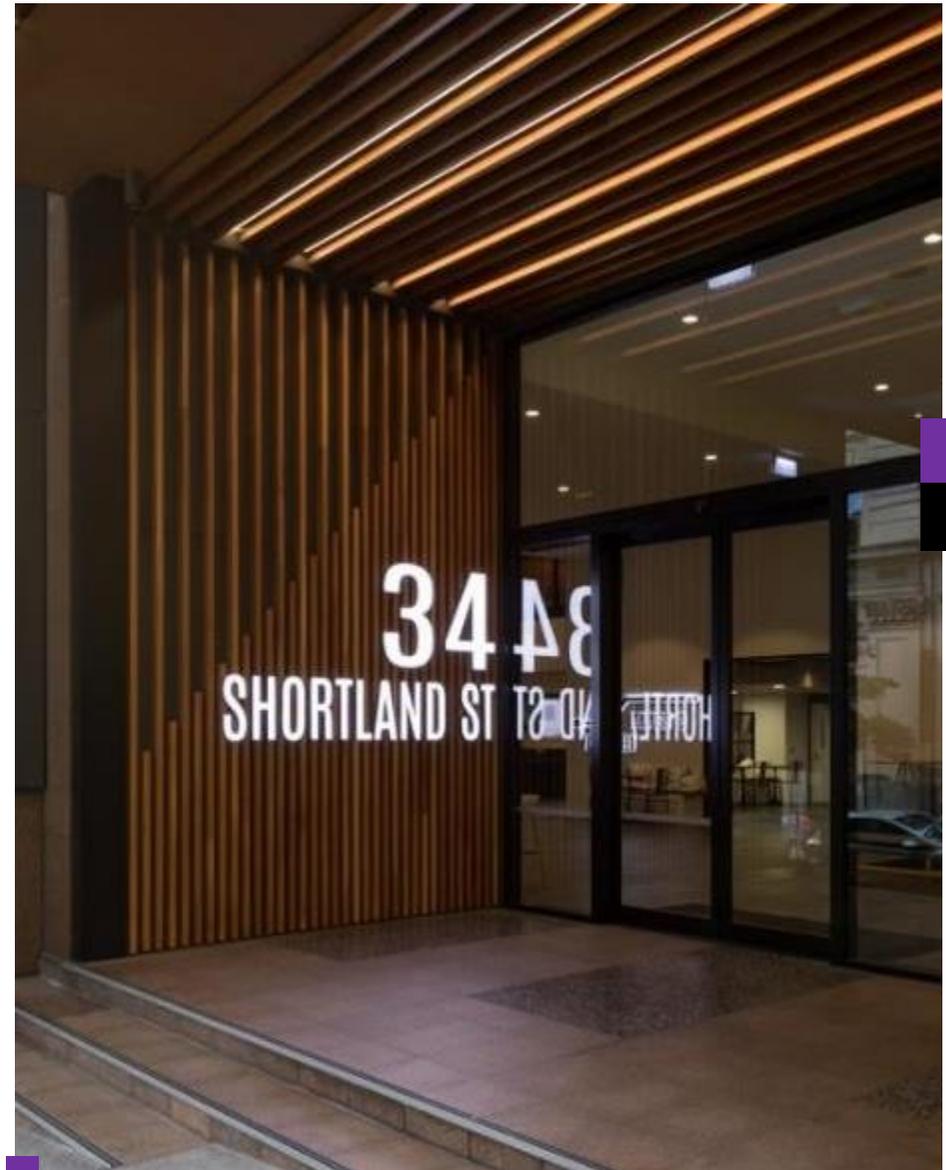
- **Sale of three large format retail properties to Investore** for \$140.75m, settled 30 April 2020

## Refurbishment and Upgrade

- **22 The Terrace, Wellington** - SPL is upgrading its existing office building on The Terrace, including undertaking seismic strengthening work, refurbishment of all floors and amenities, and installation of green building initiatives
- **34 Shortland Street, Auckland** - a number of capital upgrades and improvement projects are planned over the short to medium term to add value to this recent acquisition

1. See footnote 2 on page 6.

2. Conditional on completion of due diligence and successful completion of the Placement announced today.



34 Shortland Street, Auckland

# Acquisition overview

## 215 Lambton Quay, Wellington (Grant Thornton House)

- SPL has an unconditional agreement to acquire a quality office asset located at 215 Lambton Quay, Wellington, with settlement expected to occur 30 November 2020
- Grant Thornton House is a 16-level, grade A office building in the heart of Wellington's CBD with ground floor retail boasting extensive road frontage to Lambton Quay's golden mile
- Recently refurbished with a strong tenant base and 100% NBS seismic rating
- The transaction aligns with Stride's office strategy to grow assets within the core Auckland and Wellington CBD markets

### Key metrics

**Purchase price** \$84.5m

**Net income** \$5.0m

**Initial Yield** 6.0%

**WALT<sup>1</sup>** 3.4 years

**Net Lettable Area** 10,934 sqm

**Occupancy (by area)** 99.0%

**Key tenants** ANZ, Grant Thornton, NZIER, NZ Government departments

1. See glossary on page 53.



215 Lambton Quay, Wellington (Grant Thornton House)

# Acquisition overview

## 20 Customhouse Quay, Wellington

- SPL has a conditional agreement<sup>1</sup> to acquire a premium grade office asset located at 20 Customhouse Quay, Wellington
- The building was completed in 2018, and is a unique office building, being base isolated, located in a prime central location, with a 5 Green Star NZ – Office Design
- The transaction aligns with Stride’s office strategy to grow assets within the core Auckland and Wellington CBD markets
- Following the acquisition of this property and Grant Thornton House:
  - SPL’s office portfolio WALT<sup>3</sup> increases from 3.9 to 6.6 years
  - SPL’s office and retail portfolio will be weighted (by value) 66% to office and 34% to retail shopping centres
  - SPL’s portfolio exposure on a look through basis<sup>2</sup> by value is 42% office, 22% industrial, 23% retail shopping centres and 13% large format retail

### Key metrics

**Purchase price** \$228m

**Net income** \$10.2m

**Initial Yield** 4.5%

**WALT<sup>3</sup>** 12.6 years

**Net Lettable Area** 17,359 sqm

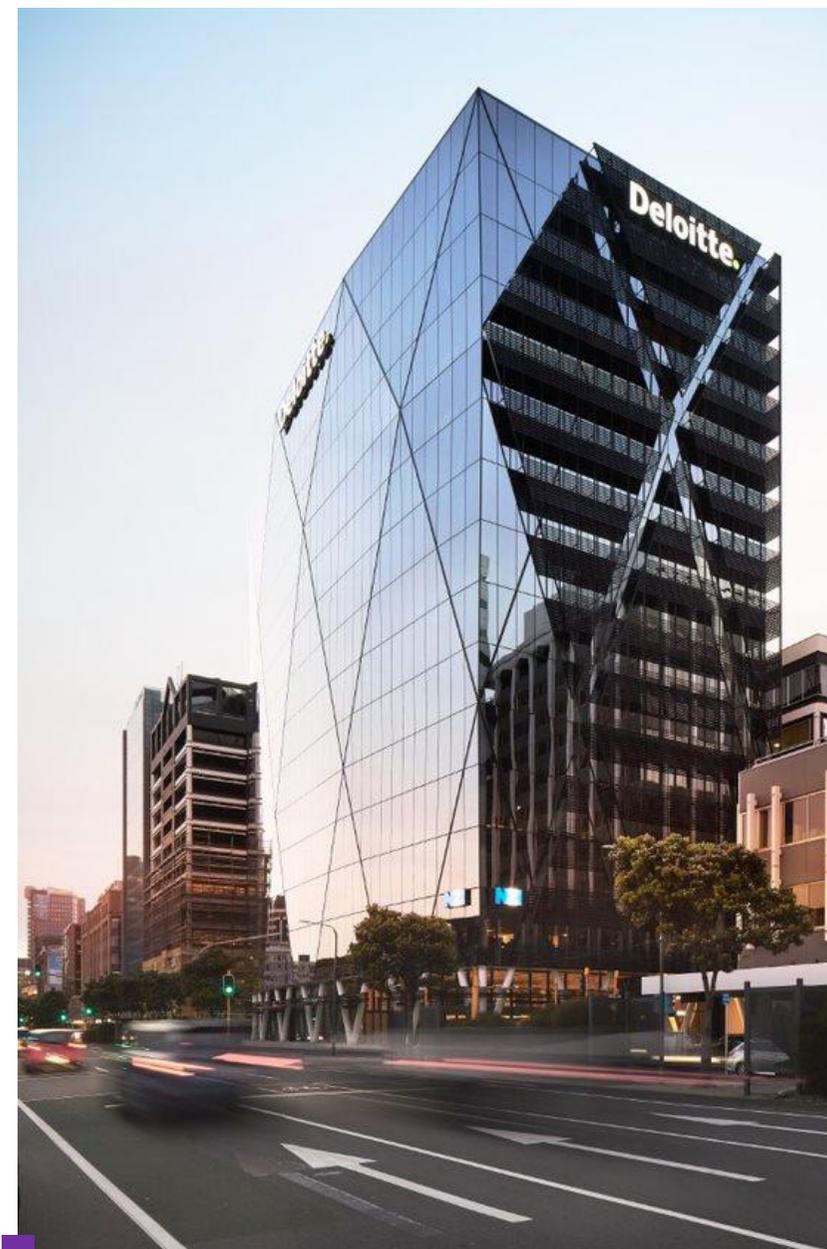
**Occupancy (by area)** 100.0%

**Key tenants** Deloitte, IAG, Kiwibank

1. Conditional on completion of due diligence and successful completion of the Placement announced today.

2. Calculated taking into account SPL’s directly owned properties plus its indirect interest through its shareholding in each of the Stride Products, Industrie, Investore and Diversified.

3. See glossary on page 53.



20 Customhouse Quay, Wellington. Photo by Thomas Seear-Budd

# People

- Stride has established a Sustainability Committee that reports to the Stride Boards to set sustainability initiatives and focus areas
- Stride's people continue to go to great lengths to support our tenants and the business of Stride and its Products, particularly during COVID-19
- During the six months to 30 September 2020, Stride undertook a review of benefits provided to staff, and as a result has increased annual leave by one week per year and, from 1 April 2021, employer KiwiSaver contributions will increase to 5%, when matched by employee contributions. These benefits are designed to ensure Stride attracts and retains the best people
- The Stride team has undertaken a number of events and initiatives to support wellbeing during Stride's mental health awareness month, with each week devoted to one of the key mental health awareness pillars of giving, being active, taking notice, learning and connecting

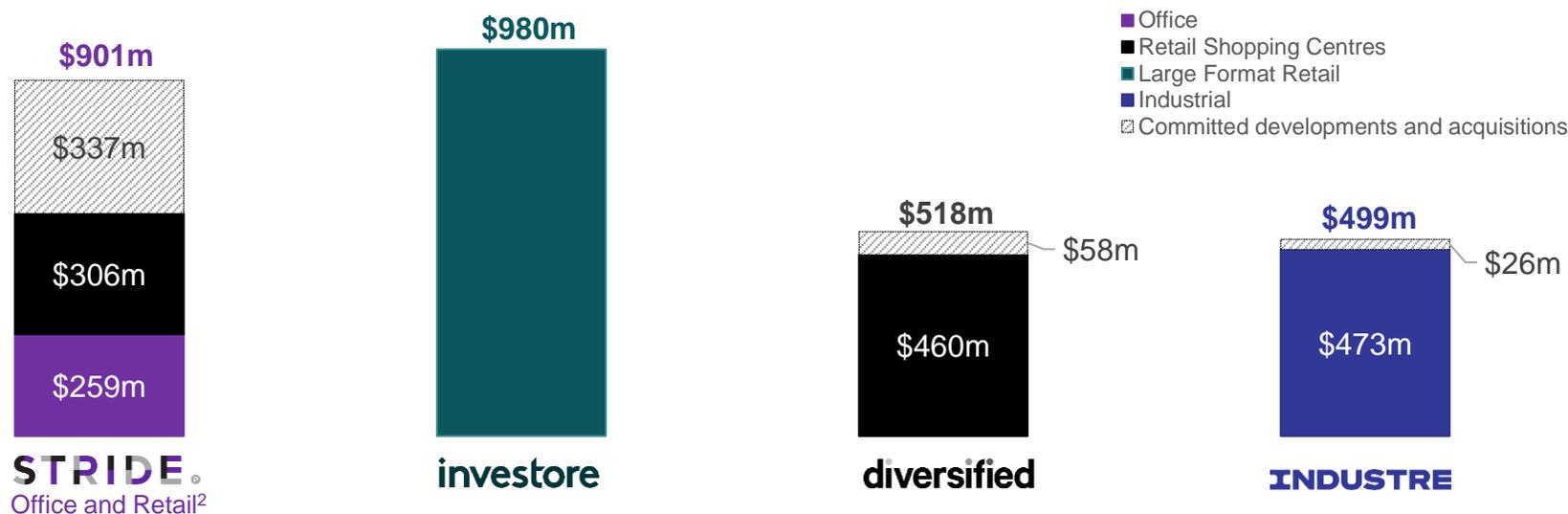


Foodbank donations and LOUD shirt day

# Products

Since 31 March 2020, Stride's Assets Under Management (AUM) has grown from \$2.17b to \$2.48b (\$2.90b following completion of contracted acquisitions and committed developments), with external AUM increasing from \$1.18b to \$1.91b. SPL will continue to own an interest in each of the Stride Products.

## Portfolio composition by value as at 30 September 2020<sup>1</sup>



Stride Property Limited is an NZX listed company which invests directly in commercial property and also indirectly through its interests in the Stride Products

Investore Property Limited is an NZX listed company which has a singular and unique focus on investing in large format retail property

Diversified NZ Property Trust is an Australian trust which owns retail shopping centres in New Zealand

Industre is a joint venture between SPL and a group of international institutional investors advised by JPMAM. Industre is focused on the industrial property sector in New Zealand

SPL investment in Stride Product:

18.8%

2.0%

62.4%<sup>3</sup>

- As at 30 September 2020. Committed developments and acquisitions include: (1) Stride: the acquisition of 215 Lambton Quay, Wellington (which acquisition is unconditional and is expected to settle on 30 November 2020); the acquisition of 20 Customhouse Quay, Wellington, which acquisition remains conditional on completion of due diligence and successful completion of the Placement announced today; and committed developments at 34 Shortland Street, Auckland, and 22 The Terrace, Wellington; (2) Industre: the acquisition of 439 Rosebank Road, Auckland and committed developments and (3) Diversified: the committed development at Queensgate Shopping Centre.
- Stride office and retail property excludes SPL's interest in the Industre unincorporated portfolio which is reported as part of the assets of SPL in the consolidated interim financial statements (see note 3.2 to the consolidated interim financial statements for further information). These assets are reported as part of the Industre portfolio on this page.
- SPL expects its participating interest in Industre will reduce over time as the strategy is for JPMAM to fund further portfolio growth until the respective shareholdings in the portfolio are 75% / 25% (JPMAM / SPL).

# Products

## investore

### Active Portfolio Management

- WALT<sup>1</sup> of 10.2 years
- 57 lease extensions and renewals completed, including COVID-19 related deals, with a weighted average lease extension of seven months across all COVID-19 deals

### Targeted Growth

- Portfolio valued<sup>2</sup> at \$980.3m, a 9.4% net revaluation gain<sup>3</sup> for HY21
- 6-month total shareholder return<sup>4</sup> to 30 September 2020 of 36.2% (24.6% in the nine months since 31 December 2019), outperforming gross S&P/NZX 50 and gross All Real Estate index by 16.3% and 15.4% respectively (or 22.3% and 28.3% respectively in the nine months since 31 December 2019)

### Continued Optimisation of the Portfolio

- Property adjacent to Countdown Papakura acquired in March 2020 for \$1.2m enabling expansion of carpark and improved customer access
- Collaboration with Countdown on redevelopment of the Rotorua supermarket including full internal store refurbishment, parking amenity, new energy efficient heating and ventilation systems

### Proactive Capital Management

- \$105m equity raised in April / May 2020, with net proceeds used to repay bank debt
- \$125m 7-year listed bonds issued in August 2020 at a 2.4% interest rate
- New \$50m, 5-year facility secured and \$101m existing facility extended for three additional years, with additional 3-year \$30m facility agreed post-balance date, introducing ICBC into the banking group
- Loan to value ratio (LVR) as at 30 September 2020 of 28.3%<sup>5</sup>, compared to 31.3% as at 31 March 2020



Countdown, Rotorua

1. See glossary on page 53.

2. Portfolio value excludes: (1) \$7.0m of seismic works to be completed by SPL on the three large format retail properties acquired from SPL on 30 April 2020, and the balance of the rental guarantee of \$0.4m from SPL; and (2) lease liabilities. The valuation of the property at 35 MacLaggan Street, Dunedin, remains subject to 'material valuation uncertainty' due to the expiry of the tenant lease in July 2021.

3. Compared to Investore's property portfolio as at 31 March 2020, and including the three properties acquired from SPL as if those properties had been acquired as at that date, based on the purchase price for those three properties excluding (1) the \$7.0m of seismic works to be completed by SPL on the properties, and (2) the rental guarantee of \$0.5m from SPL.

4. Total shareholder return calculated as cumulative share price and dividend returns.

5. LVR is calculated based on independent valuations, which include seismic works and rental underwrites to be funded by SPL in relation to the three properties acquired from SPL and settled in April 2020. The independent valuations also exclude lease liabilities.

# Products

## diversified

- Total portfolio value of \$460.2m, representing a \$19.1m or 4.6% net valuation increase for HY21
- COVID-19 rental relief arrangements completed for approximately 70% of tenants resulting in a weighted average lease extension of 10 months across all COVID-19 relief arrangements
- The redevelopment of part of the Queensgate Shopping Centre is progressing well and the construction team has worked hard to mitigate the impacts of COVID-19, with the carpark remaining on track to open in early 2021 and the state of the art cinema complex scheduled to open in early 2022

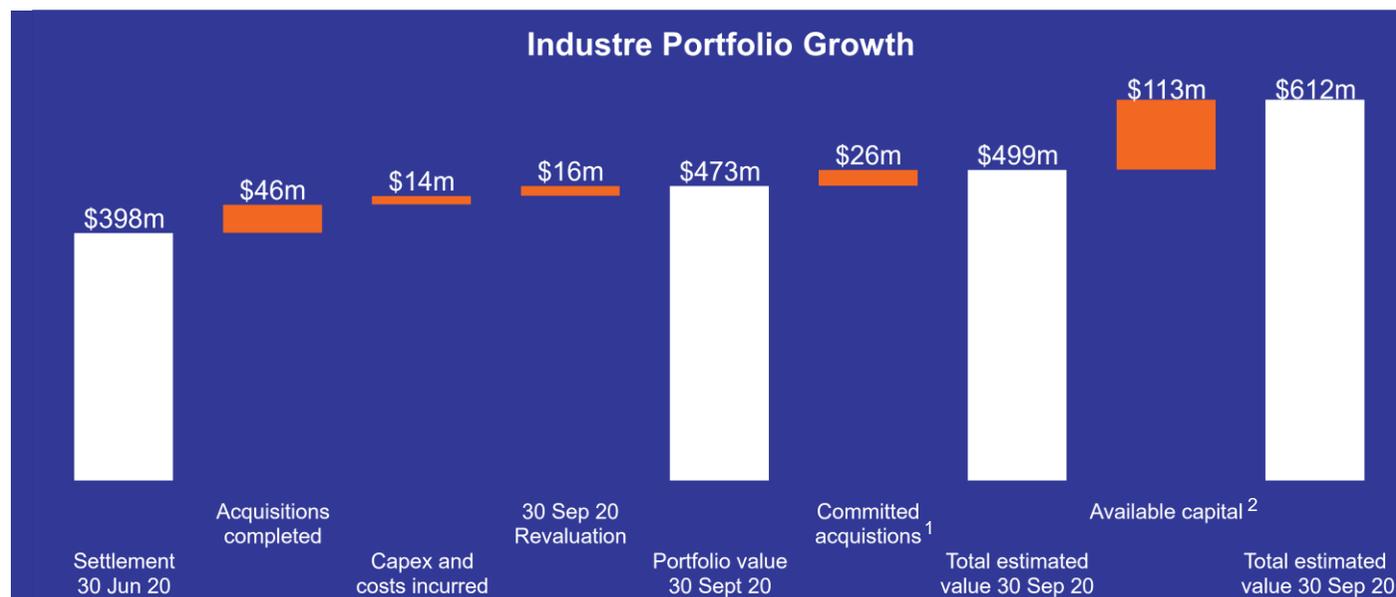


Cinema and carpark rebuild, Queensgate Shopping Centre, Lower Hutt

# Products

## INDUSTRE

- Stride's latest product, Industrie, commenced operations from 1 July 2020. Industrie is a joint venture between SPL and a group of international institutional investors, through a special purpose vehicle and advised by J.P. Morgan Asset Management (together, JPMAM)
- SPL and JPMAM have strong growth ambitions for Industrie. Since commencement, the joint venture has acquired four additional industrial properties for a net purchase price of \$45.5m, with 439 Rosebank Road, Avondale (\$8m) settlement expected to occur in the next few months
- Industrie has completed the development of two industrial facilities for Waste Management - Selwood Road, Henderson, Auckland (October 2020) and Wickham Street, Hamilton (November 2020), each with 25-year leases
- JPMAM contributed all of the equity amounts in relation to the above acquisitions and accordingly Stride's shareholding in Industrie has reduced from approximately 68.3% at establishment of Industrie, to approximately 62.4% as at 30 September 2020
- SPL expects its participating interest in Industrie will reduce over time as JPMAM funds further portfolio growth until the respective shareholdings in the portfolio are 75% / 25% (JPMAM / SPL)



Waste Management Facility, Selwood Road, Henderson, Auckland

1. Comprises the purchase price of 439 Rosebank Road, Auckland, plus remaining capital expenditure as at 30 September 2020 for the developments at Selwood Road, Auckland and Wickham Street, Hamilton.  
 2. Available capital comprises the uncommitted portion of Industrie's banking facilities available for future developments and acquisitions, plus balance of JPMAM's committed capital contribution to Industrie.

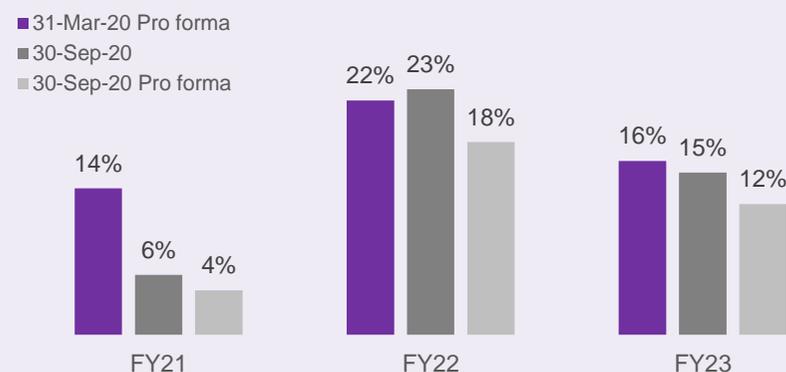
# SPL office and retail portfolio

Overview	Pro forma <sup>1</sup> as at 30 Sept 20	As at 30 Sept 20	Pro forma <sup>2</sup> as at 31 Mar 20	As at 31 Mar 20
Properties (no.)	14	12	11	26
Tenants (no.)	343	311	310	388
Net Lettable Area (sqm)	134,667	106,374	103,026	259,285
Net Contract Rental <sup>3</sup> (\$m)	54.6	39.3	36.1	63.0
WALT <sup>3</sup> (years)	5.8	4.3	4.4	5.8
Occupancy (% by area)	96.7	95.9	95.9	98.1
Portfolio Valuation <sup>4</sup> (\$m)	876.9 <sup>5</sup>	564.4 <sup>5</sup>	488.1	996.1 <sup>6</sup>

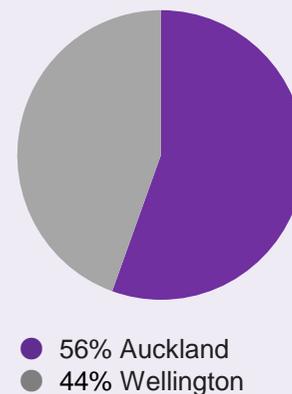
## Excluding COVID-19 negotiations, SIML completed 141 lease transactions for SPL during the six months ended 30 September 2020:

- 96 rent reviews over 27,248 sqm for a total annual rental of \$14.5m. All of the reviews completed were CPI or fixed and equated to an annualised increase of +3.2%
- 34 lease renewals over 4,470 sqm for a total annual rental of \$1.8m
- 11 new lettings completed over 3,060 sqm for a total annual rental of \$1.1m

SPL Lease Expiry Profile<sup>3</sup> by Contract Rental<sup>3</sup>



SPL Location<sup>1</sup>  
by Contract Rental<sup>3</sup>



SPL Sector<sup>1</sup>  
by Contract Rental<sup>3</sup>



1. As at 30 September 2020, as if the acquisition of the properties at 215 Lambton Quay, Wellington (which acquisition is unconditional and expected to settle on 30 November 2020) and 20 Customhouse Quay, Wellington (which acquisition remains conditional on completion of due diligence and successful completion of the Placement announced today, and, if the acquisition proceeds, is expected to settle on or before 21 December 2020) had settled as at 30 September 2020. Excludes committed developments and SPL's interest in the Industrie unincorporated portfolio which is reported as part of the assets of SPL in the consolidated interim financial statements (see note 3.2 to the interim consolidated financial statements for further information).
2. As at 31 March 2020, as if the following transactions had completed as at that date: (1) the sale of the three large format retail properties to Investore which settled on 30 April 2020; and (2) the commencement of Industrie.
3. See glossary on page 53.
4. Excludes lease liabilities.
5. Includes value of Level 12, 34 Shortland Street, which houses Stride's head office, and is shown in the consolidated interim financial statements as property, plant and equipment.
6. The portfolio as at 31 March 2020 includes the three large format retail properties that SPL agreed to sell to Investore for \$140.75m. These properties were classified as investment properties held for sale and were recorded at \$132.2m as at 31 March 2020, after allowing for the cost of certain seismic upgrade works that SPL has committed to undertake on the properties, a rental underwrite and disposal costs. This transaction settled on 30 April 2020.

# SPL office and retail portfolio

Office Overview	Pro forma <sup>1</sup> as at 30 Sept 20	As at 30 Sept 20	As at 31 Mar 20
Properties (no.)	10	8	7
Tenants (no.)	108	76	66
Net Lettable Area (sqm)	69,311	41,018	37,670
Net Contract Rental <sup>2</sup> (\$m)	31.9	16.6	13.2
WALT <sup>2</sup> (years)	6.6	3.9	4.6
Occupancy (% by area)	97.8	96.6	95.2
Portfolio Valuation <sup>3</sup> (\$m)	571.3 <sup>4</sup>	258.8 <sup>4</sup>	186.1

Retail Overview	As at 30 Sept 20	As at 31 Mar 20
Properties (no.)	4	4
Tenants (no.)	235	244
Net Lettable Area (sqm)	65,356	65,356
Net Contract Rental <sup>2</sup> (\$m)	22.7	22.9
WALT <sup>2</sup> (years)	4.5	4.3
Occupancy (% by area)	95.5	96.3
Portfolio Valuation <sup>3</sup> (\$m)	305.6	302.0

1. See footnote 1 on page 19.

2. See glossary on page 53.

3. Excludes lease liabilities.

4. Includes value of Level 12, 34 Shortland Street, which houses Stride's head office, and is shown in the consolidated interim financial statements as property, plant and equipment.

5. See footnote 2 on page 6.

6. Sales data is not collected for all tenants at Silverdale Centre as not all tenants are obliged to provide this information under the terms of their lease.

## Office Highlights

- Net valuation movement of +\$7.2m or +2.9% for HY21
- Acquisition of 34 Shortland Street, Auckland for \$67.5m, which includes an allowance of between \$3.0-\$3.5m for building upgrades<sup>5</sup>
- SPL has entered into an unconditional agreement to acquire an office building at 215 Lambton Quay, Wellington, for a purchase price of \$84.5m, with settlement expected to occur on 30 November 2020
- SPL has entered into a conditional agreement to acquire 20 Customhouse Quay, Wellington, for \$228m. If the acquisition proceeds, it is expected to settle on or before 21 December 2020
- Successful leasing activity resulting in an increase in occupancy to 96.6% from 95.2% (as at 31 March 2020)
- Seismic upgrade and refurbishment programme at 22 The Terrace Wellington commenced
- On a pro forma basis, 71% of the office portfolio is in Wellington and the remainder in Auckland based on contract rental

## Retail Shopping Centre Highlights

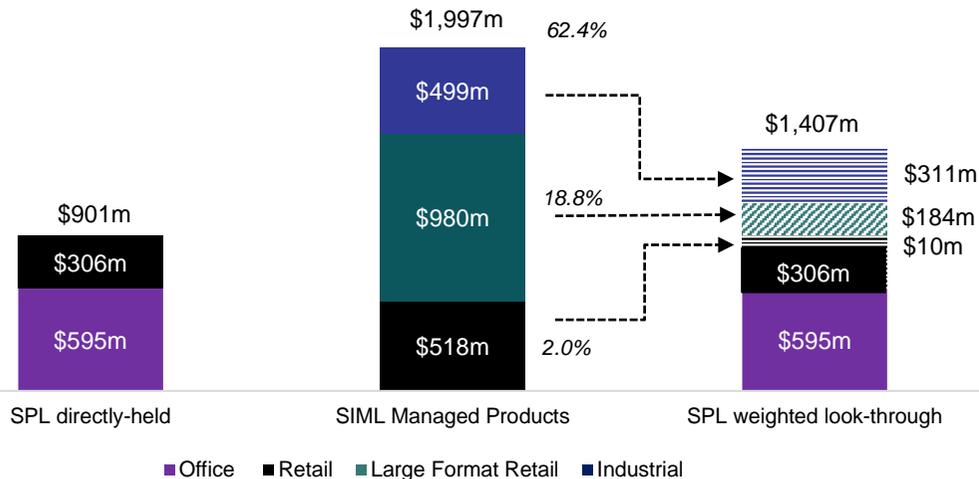
- Net valuation movement of +\$2.4m or +0.8% for HY21
- WALT increased to 4.5 years from 4.3 years (31 March 2020) as a result of positive leasing activity and COVID-19 negotiations
- Strong leasing activity at Silverdale Centre, with seven tenants renewing or entering into new leases, including Macpac, Noel Leeming and Beds R Us, resulting in a WALT for this asset of 5.1 years (4.6 years as at 31 March 2020)
- MAT<sup>2</sup> for NorthWest was -9.3% for the year to 31 October 2020, despite having lost 18.5% of trading days due to Alert Levels 3 and 4 in Auckland. When excluding travel-related retailers, MAT was -1.4%. Silverdale Centre's<sup>6</sup> MAT was +5.0% over the same period
- 91% of the retail portfolio is in Auckland and the remainder in Wellington based on contract rental

# SPL portfolio metrics

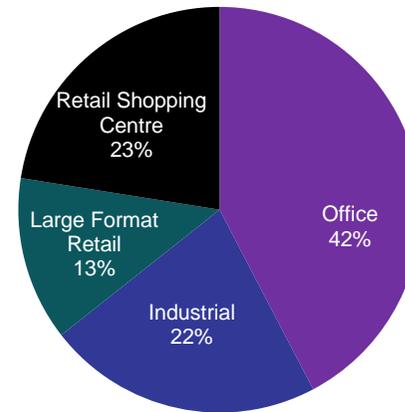
## SPL's property interests

- Stride's strategy is to establish a group of Products in specific commercial property sectors to provide growth in its investment management business. SPL will continue to take an ownership interest in each of the Stride Products. SPL's property interests comprise a combination of SPL's directly-held investment properties, as well as indirect ownership through the interests SPL holds in the Stride Products: Investore, Industrie and Diversified.
- When SPL's directly held investment properties are combined with SPL's look-through holdings in the other Stride Products, including its 62.4% holding in Industrie, its 18.8% holding in Investore and its 2.0% holding in Diversified, SPL's \$1.4b look-through portfolio<sup>1</sup> shows strong investment metrics, including 97.7% occupancy and a WALT of 7.2 years.

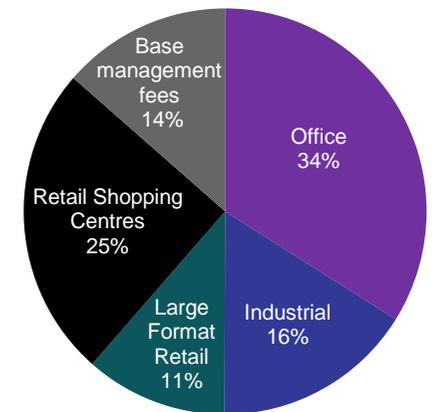
Portfolio value<sup>1</sup>



SPL's weighted look-through portfolio value<sup>1</sup>



Stride look-through revenue sources<sup>2</sup>



1. As at 30 September 2020 and includes committed developments and acquisitions. Committed developments and acquisitions include: (1) Stride: the acquisition of 215 Lambton Quay, Wellington (which is expected to settle on 30 November 2020), the acquisition of 20 Customhouse Quay, Wellington, which acquisition remains conditional on completion of due diligence and successful completion of the Placement announced today; and committed developments at 34 Shortland Street, Auckland, and 22 The Terrace, Wellington; (2) Industrie: the acquisition of 439 Rosebank Road, Auckland and committed developments and (3) Diversified: the committed development at Queensgate Shopping Centre. SPL's look-through holdings are calculated as 100% of SPL's directly-held office and retail portfolio plus SPL's percentage interest in the portfolio of each of the Stride Products, Investore, Industrie and Diversified.

2. Stride's revenue comprises SIML management fees and SPL revenue. SPL revenue comprises income derived from SPL's directly-held property plus revenue derived from its interests in the Stride Products which is calculated based on net Contract Rental on a look-through basis as at 30 September 2020 as if the acquisitions in footnote 1 had completed as at the date. Base management fees comprise estimated FY21 management fees from Stride Products (i.e. excluding fees from SPL in relation to the office and retail portfolio) and exclude capex fees, planned maintenance fees, leasing fees, development fees, performance fees and other one-off or activity-based fees.

# COVID-19 update

Stride Property Group (Stride)

- Stride has worked hard to minimise the financial impact of COVID-19 on its business, and based on rent abatement arrangements agreed to date, as well as expected performance for the remainder of FY21, Stride considers the financial impact from COVID-19 will be lower than the estimate stated in the FY20 Annual Report
- COVID-19 rental relief arrangements have been agreed across approximately 81% of Stride's office and retail shopping centre portfolios. In many cases this has involved providing rental abatement and deferrals in return for an extension on the lease term or an early renewal of the lease, resulting in a weighted average lease extension of 10 months across all COVID-19 deals
- The table set out on this page shows the updated estimated impact of COVID-19 on Stride's distributable profit<sup>1</sup> for FY21, having regard to, among other things, performance during HY21 and Stride's expectations for the remainder of FY21, including rent relief arrangements yet to be agreed
- See also the COVID-19 risk discussion on pages 37 and 38

Impacted item	Updated estimated impact on FY21 distributable profit <sup>1</sup>	Previously estimated <sup>2</sup> impact on FY21 distributable profit
Rent relief arrangements with tenants	(\$3.7m-\$4.2m)	(\$5.8m - \$8m)
Reduction in corporate costs from original FY21 budget	\$1.0m-\$2.2m	\$2.2m
Re-introduction of depreciation allowances for commercial buildings <sup>3</sup>	\$1.1m	\$1.1m
Lower interest and financing costs <sup>4</sup>	\$0.5m	\$0.5m
Lower SIML fees	(\$0.3m)	(\$0.9m)
<b>Total impact</b>	<b>(\$0.2m to \$1.9m)</b>	<b>(\$2.9m to \$5.1m)</b>

1. See glossary on page 53.

2. Estimate set out in Stride's FY20 Annual Report, released 23 June 2020.

3. Excluding depreciation deductions on acquisitions of property since 1 April 2020.

4. Including the tax impact of higher derivative break costs associated with the settlement of the Industrie transaction as a result of lower market interest rates.

# Sustainability

Stride Property Group (Stride)

Stride is committed to developing its sustainability practices, including understanding the impact of climate change on Stride's business and the businesses of the Stride Products. Following completion of a gap analysis and materiality assessment which identified the key sustainability issues for Stride and its stakeholders, Stride has established a Sustainability Committee which reports to the Boards and comprises three independent directors plus members of SIML Management. The Sustainability Committee oversees Stride's sustainability initiatives, actions, and risk management and reporting. The Sustainability Committee is working with SIML Management to refine Stride's sustainability objectives and goals into a sustainability strategy to 2025. SIML is also implementing a New Zealand sustainability software product from BraveGen, to enable it to better track and report on greenhouse gas emissions and resource usage

Stride was very proud that the Waste Management Auckland headquarters building, built by Stride and now owned by Industre, won the Green Building Award at the Property Council New Zealand Awards for 2020 due to its sustainability initiatives. This building was also the Supreme Award Winner

## Draft Sustainability Strategy 2025

**Purpose – To Create Enduring Shared Value**

### Contribute to a resilient community

*We want to provide leading health and safety performance and support a connected and inclusive community*

### Develop shared prosperity

*We want to foster long term prosperity by investing in and managing outstanding places that reward everyone connected with them*

### Protect the planet

*We want to create efficient, climate-resilient places that deliver long term value and support a low carbon future*

**Ensure health, safety and wellbeing**

**Promote inclusivity and connectivity**

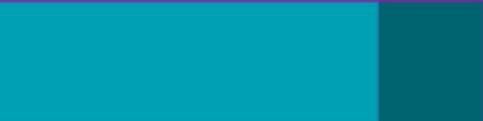
**Create sustainable products and places**

**Contribute to a prosperous economy**

**Reduce environmental impacts**

**Take action on climate change**

# Interim Results



# Financial Performance

Stride – Consolidated

	Unaudited	Unaudited	Change	
	30 Sep 2020 \$m	30 Sep 2019 \$m	\$m	%
Net rental income	20.5	24.6	(4.1)	(16.5)
Management fee income	13.1	9.2	+3.9	+42.7
Corporate expenses	(9.4)	(10.2)	+0.8	+7.9
<b>Profit before net finance expense, other income/(expense) and income tax from continuing operations</b>	<b>24.1</b>	<b>23.5</b>	<b>+0.7</b>	<b>+2.9</b>
Net finance expense	(7.4)	(8.0)	+0.6	+7.4
<b>Profit before other income/(expense) and income tax from continuing operations</b>	<b>16.7</b>	<b>15.5</b>	<b>+1.3</b>	<b>+8.1</b>
Other income/(expense) <sup>1</sup>	38.4	17.3	+21.2	+122.7
<b>Profit before income tax from continuing operations</b>	<b>55.2</b>	<b>32.7</b>	<b>+22.4</b>	<b>+68.5</b>
Income tax expense	(3.6)	(5.7)	+2.2	+37.8
<b>Profit after income tax from continuing operations</b>	<b>51.6</b>	<b>27.0</b>	<b>+24.6</b>	<b>+91.1</b>
(Loss) / profit from discontinued operations	(0.1)	10.4	(10.5)	(100.8)
<b>Profit attributable to shareholders</b>	<b>51.5</b>	<b>37.4</b>	<b>+14.1</b>	<b>+37.7</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.

1. Other income/(expenses) includes net change in fair value of investment properties of \$16.6m. (Sept 19 : \$15.1m) and share of profit in equity-accounted investments \$22.3m (Sept 19 : \$2.1m). September 2020 also includes hedge ineffectiveness of cashflow hedges (\$0.4m) and a loss on disposal of investment property (\$0.1m).

# Distributable Profit<sup>1</sup>

Stride – Consolidated

	Unaudited 30 Sep 2020 \$m	Unaudited 30 Sep 2019 \$m	Change	
			\$m	%
<b>Profit before income tax (including discontinued operations)</b>	<b>57.0</b>	<b>44.8</b>	<b>+12.2</b>	<b>+27.2</b>
<b>Non-recurring, non-cash and other adjustments:</b>				
- Net change in fair value of investment properties	(21.1)	(24.8)	+3.7	+14.9
- Reversal of lease liability movement in investment properties	(0.0)	(0.2)	+0.2	+83.7
- Disposal fee income eliminated in SIML	0.7	0.3	+0.5	+178.3
- Acquisition fee income eliminated in SIML	0.8	-	+0.8	+100.0
- Development fee income eliminated in SIML	0.2	1.4	(1.2)	(83.7)
- Share of profit in equity-accounted investments	(22.3)	(2.1)	(20.2)	(951.0)
- Dividend income from equity-accounted investments	2.6	2.0	+0.6	+32.4
- Loss on disposal of investment properties	4.2	-	+4.2	+100.0
- Capitalised lease incentives	(2.5)	(0.1)	(2.3)	(1577.6)
- Lease incentives amortisation	0.5	0.6	(0.1)	(18.2)
- Spreading of fixed rental increases	0.2	(0.1)	+0.3	+448.3
- Depreciation and software amortisation, lease liability for head office	0.3	0.3	+0.0	+8.4
- Hedge ineffectiveness of cash flow hedges	1.1	-	+1.1	+100.0
- Finance expense – swap break expense, borrowings establishment costs amortisation	1.6	0.7	+0.8	+115.0
- Other	0.2	1.6	(1.4)	(90.1)
<b>Distributable profit before current income tax</b>	<b>23.4</b>	<b>24.3</b>	<b>(0.8)</b>	<b>(3.5)</b>
Current tax expense	(5.8)	(6.5)	+0.7	+11.1
Tax expense on bank borrowings capitalised interest	(0.1)	(0.2)	+0.1	+67.1
Tax expense on depreciation recovered on disposal of investment properties	3.8	1.8	+2.0	+113.7
Income tax movement in cash flow hedges	(0.4)	(0.2)	(0.2)	(117.4)
<b>Distributable profit after current income tax</b>	<b>21.1</b>	<b>19.3</b>	<b>1.8</b>	<b>+9.4</b>
<b>Basic distributable profit after current income tax per share - weighted</b>	<b>5.77cps</b>	<b>5.27cps</b>		
Weighted average number of shares (million)	365.4	365.3		

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.

1. See glossary on page 53.

# AFFO Distributable Profit

Stride – Consolidated

	Unaudited 30 Sep 2020 \$m	Unaudited 30 Sep 2019 \$m	Change	
			\$m	%
<b>Distributable profit after current income tax</b>	<b>21.1</b>	<b>19.3</b>	<b>1.8</b>	<b>+9.4</b>
Adjustments to funds from operations:				
- HY21 Maintenance capital expenditure	(1.0)	(3.8)	+2.7	+72.5
<b>Adjusted Funds From Operations (AFFO)</b>	<b>20.0</b>	<b>15.5</b>	<b>4.5</b>	<b>+0.3</b>
<b>AFFO basic distributable profit after current income tax per share – weighted</b>	<b>5.48cps</b>	<b>4.23cps</b>		

## HY21 maintenance capital expenditure

Works	Properties	Unaudited 30 Sep 2020 \$000
Works associated with new leases	35 Teed Street, Silverdale Centre, Northwest	792
Other	Various	250
<b>Total</b>		<b>1,042</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

	Pro forma <sup>1</sup> as at 30 Sep 2020	As at 30 Sep 2020	As at 31 Mar 2020	31 Mar 2020 v 30 Sep 2020 Change
Investment Properties <sup>2</sup> (\$m)	1,038.8	726.3	996.1	(269.8)
Bank debt drawn (\$m)	265.7	163.7	386.2	(222.5)
Equity (\$m)	948.3	732.9	698.2	34.7
Shares on issue (million)	470.1	365.4	365.4	-
<b>NTA per share</b>	<b>\$2.01</b>	<b>\$2.00</b>	<b>\$1.91</b>	<b>\$0.09</b>
Adjusted NTA per share <sup>3</sup>	\$2.02	\$2.01	\$1.93	\$0.08

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.

- See footnote 3 on page 7. Assuming \$220m of additional equity at an issue price of \$2.10, being the floor price of the Placement, equating to an additional 104.8m stapled securities issued. Assumes total estimated costs of the capital raising of 2.1% of gross proceeds.
- Includes Stride's 62.4% interest in the unincorporated component of the Industrie Property Joint Venture. Includes value of Level 12, 34 Shortland Street, which houses Stride's head office, and is shown in the consolidated interim financial statements as property, plant and equipment For more information, see note 3.2 to the consolidated interim financial statements. Excludes lease liabilities.
- Excludes the after tax fair value of interest rate derivatives.

# Capital Management



# Capital Management – Debt Facilities

SPL (excl. Industrie properties and debt)

## Highlights

- \$135m extended by three years to June 2024
- Next debt facility maturing is \$170m in August 2022 (FY23)
- \$200m facilities cancelled on Industrie commencement, reducing total facility limit to \$305m
- Capital raise comprising \$180m placement and Share Purchase Plan to raise \$40m (with the ability to accept additional applications at Stride’s discretion) announced today to partly fund acquisitions
- Additional \$100m committed 3-year debt facility to support growth, will become available subject to settlement of 20 Customhouse Quay and documentation finalisation
- LVR of 29.0% as at 30 September 2020, expected to increase slightly to 30.3% on a pro forma basis<sup>1</sup>, following capital raise and settlement of the two office acquisitions
- SPL will have \$139m undrawn facility (including new committed \$100m facility) available for further growth initiatives, on a pro forma basis<sup>1</sup>, or \$115m after committed developments at 34 Shortland Street, Auckland, and 22 The Terrace, Wellington

### Debt maturity profile



1. See footnote 3 on page 7.

2. Includes SPL's office and retail properties only. Excludes SPL's interest in the Industrie unincorporated portfolio which is reported as part of the assets of SPL in the consolidated interim financial statements (see note 3.2 to the consolidated interim financial statements for further information).

3. 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.

Debt facilities	Pro forma <sup>1</sup> 30 Sep 2020	As at 30 Sep 2020	As at 31 Mar 2020
Banking facility limit (ANZ, CBA, Westpac)	\$405m	\$305m	\$505m
Debt facilities drawn	\$266m	\$164m	\$386m
Weighted average maturity of debt facilities	2.9 years	2.7 years	1.8 years
<b>Debt covenants</b>			
Loan to Value Ratio (Drawn Debt / Property Values) Covenant: ≤ 50%	30.3%	29.0% <sup>2</sup>	39.1%
Interest Cover Ratio (EBIT/Interest and Financing Costs) Covenant: ≥ 1.75x	N/A	2.5x	2.6x
Weighted Average Lease Term <sup>3</sup> Covenant: > 3.0 years	5.7 years	4.2 years	5.7 years

# Capital Management – Cost of Debt

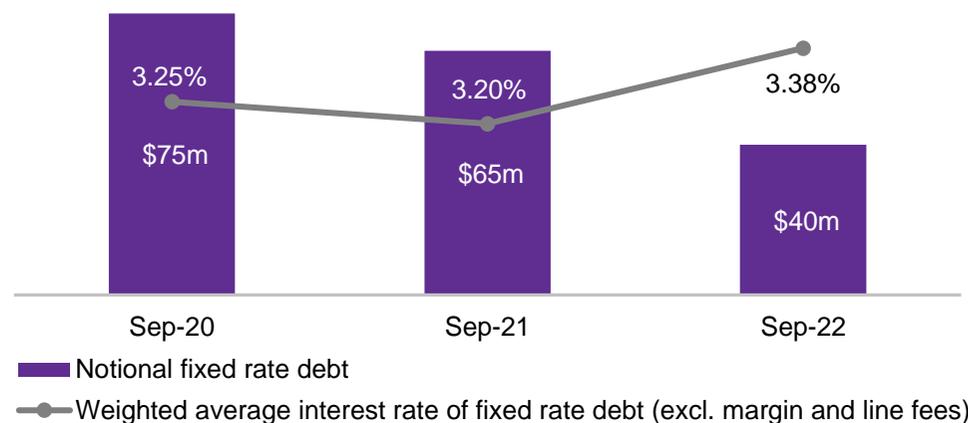
SPL (excl. Industrie unincorporated joint venture assets and debt)

## Highlights

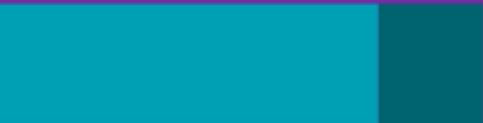
- Cost of debt at as 30 September 2020 has increased primarily as a result of holding relatively more facility headroom to fund growth initiatives
- \$120m of swaps were broken on the commencement of Industrie to avoid over-hedging, at a cost of \$9.3m
- No new hedging entered into given the current interest rate environment, including historically low base interest rates

Cost of debt	As at 30 Sep 2020	As at 31 Mar 2020
Weighted average cost of debt (incl. margins & line fees)	4.44%	3.61%
Weighted average interest rate on current swaps (excl. margins & line fees)	3.25%	3.00%
Weighted average hedging term remaining (incl. forward starting swaps)	1.7 years	2.9 years
% of drawn debt hedged	46%	50%

## Fixed rate interest profile



# Capital Raise



# Offer Overview

- Stride is seeking to raise \$220m through a \$180m underwritten Placement and a \$40m non-underwritten Share Purchase Plan (SPP) (with the ability to accept additional applications at Stride's discretion) (the Placement and the SPP together are the Offer)
- SPL has an unconditional agreement to acquire Grant Thornton House at 215 Lambton Quay, Wellington, for \$84.5m. SPL will settle this acquisition with available debt facilities pending settlement of the Placement
- SPL has also conditionally agreed to acquire 20 Customhouse Quay, Wellington, for \$228m. This acquisition remains conditional on completion of due diligence by SPL and successful completion of the Placement
- Proceeds from the capital raising will be used to partly fund these acquisitions and capitalise SIML. Pro forma<sup>3</sup> gearing after the capital raising and acquisitions is expected to increase slightly to 30.3% (from 29.0% as at 30 September 2020)
- New stapled securities will be offered to eligible investors under the Placement via a bookbuild to determine the final placement price with an underwritten floor price. New stapled securities under the SPP will be offered at the lower of the Placement price and a 2.5% discount to the volume weighted average market price (VWAP) of stapled securities over the five trading days prior to and including the closing date of the SPP
- The Offer is for stapled securities, comprising one ordinary share in SPL and one ordinary share in SIML, which are stapled and trade together as a single security. Information on the implications of investing in stapled securities can be found on page 142 of Stride's FY20 annual report
- Dividend guidance for FY21 remains unchanged at 9.91 cents per share, assuming no further significant restrictions or deterioration in economic activity due to COVID-19
- All stapled securities issued under the Placement and SPP will be eligible to receive Stride's FY21 second quarter combined cash dividend of 2.4775 cents per share, expected to be declared on 30 November 2020

1. Stride has the ability to accept additional applications under the SPP at its discretion.

2. Comprises the properties at 215 Lambton Quay, Wellington (which acquisition is unconditional and expected to settle on 30 November 2020) and 20 Customhouse Quay, Wellington (which acquisition remains conditional on completion of due diligence and successful completion of the Placement announced today, and, if the acquisition proceeds, is expected to settle on or before 21 December 2020).

3. See footnote 3 on page 7.

Raise<sup>1</sup> **\$220m**

Key Offer Metrics **\$180m**  
Underwritten Placement

**\$40m**  
Share Purchase Plan<sup>1</sup>

Pricing **\$2.10** per stapled security  
Underwritten Placement price

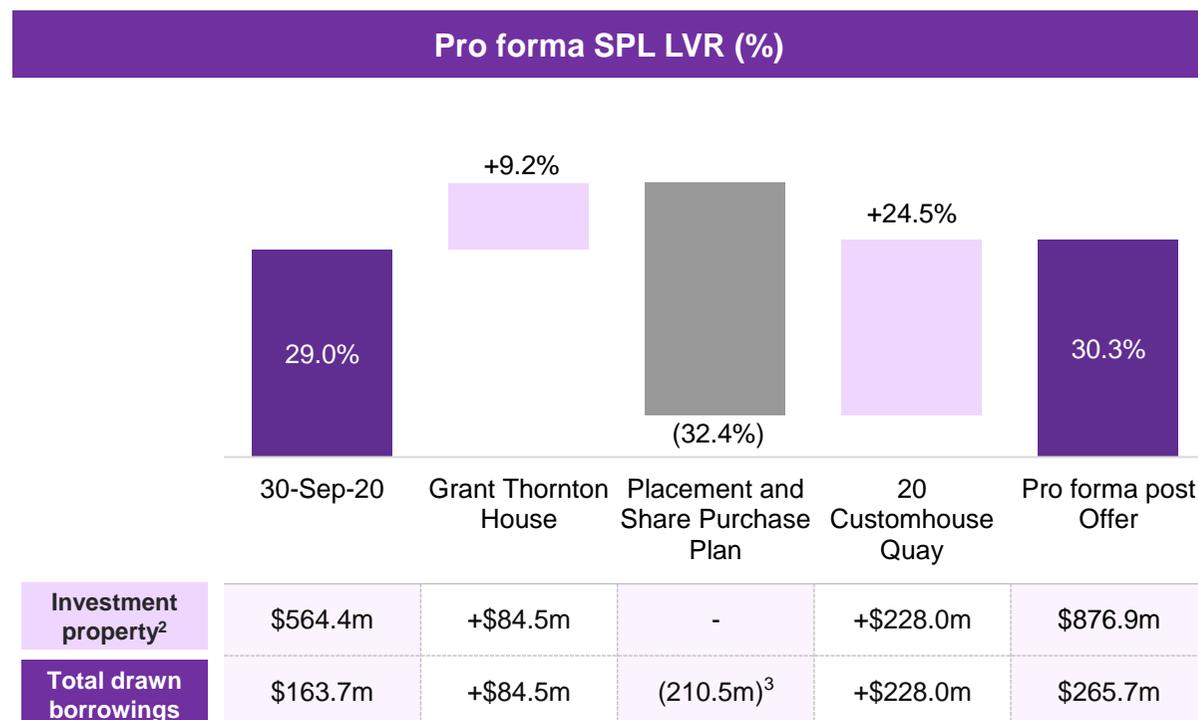
**8.7%**  
Underwritten Placement floor price  
discount to last close

Office Acquisitions<sup>2</sup> **\$313m**

Post raise LVR<sup>3</sup> **30.3%**

# Use of Proceeds

- The net proceeds of the Offer received by SPL will be used to partly fund the acquisitions of Grant Thornton House and 20 Customhouse Quay, which total \$312.5m
- The remainder of the aggregate purchase price will be funded through bank debt
- Following the acquisition and the Offer, Stride expects pro forma<sup>1</sup> LVR to increase slightly to 30.3% (from 29.0% as at 30 September 2020), well below the bank covenant maximum of 50%
- In the event that either acquisition does not settle, Stride will use the net proceeds of the Offer to repay debt and seek alternative acquisitions to utilise available capital
- Stride expects to maintain a combined cash dividend of 9.91 cents per share for FY21
- Stride will continue to pursue further investment opportunities as they arise
- \$5m of the gross proceeds of the Offer are expected to be used to capitalise SIML



Waste Management Auckland headquarters, Auckland

- See footnote 3 on page 7.
- Includes SPL's office and retail properties only. Excludes SPL's interest in the Industrie unincorporated portfolio which is reported as part of the assets of SPL in the consolidated interim financial statements (see note 3.2 to the consolidated interim financial statements for further information). Includes value of Level 12, 34 Shortland Street, which houses Stride's head office, and is shown in the consolidated interim financial statements as property, plant and equipment.
- Assumes \$215m gross proceeds received by SPL from the Offer, with the remaining \$5m gross proceeds received by SIML and taking into account estimated raising costs of 2.1%.

# Offer Details

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## Structure

- Underwritten Placement to eligible investors
- Non-underwritten Share Purchase Plan offer to all eligible shareholders with a registered address in New Zealand on the Record Date, under which each eligible shareholder can apply for up to \$50,000 of new stapled securities
- Structured to be as fair as possible for all existing shareholders. Almost all shareholders (unless restricted due to legal constraints) will be able to participate (through the Placement or Share Purchase Plan). If scaling is required for the Share Purchase Plan, it will be by reference to existing shareholdings on the Record Date for the Share Purchase Plan

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## Gross proceeds

- \$220m comprising:
  - Placement of \$180m, which is ~23.5% of the pre-Placement stapled securities on issue (at the underwritten floor price)
  - Share Purchase Plan of \$40m (with the ability to accept additional applications at Stride's sole discretion)

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## Issue price

- New stapled securities under the Placement will be issued at a price determined via a bookbuild process with an underwritten floor price of \$2.10
- The underwritten floor price in the Placement represents a discount of:
  - 8.7% to the last close on 24 November 2020 of \$2.30
  - 9.1% to the 5-day VWAP up to and including 24 November 2020 of \$2.31
- New stapled securities under the Share Purchase Plan will be issued at the lower of:
  - The final Placement price
  - A 2.5% discount to the 5-day VWAP up to and including the end of the Share Purchase Plan offer period

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## Ranking

- New stapled securities will rank equally with stapled securities on issue at the date of issue of the new stapled securities
- The new stapled securities under both the Placement and Share Purchase Plan will be entitled to any future distributions declared by Stride after the relevant allotment date. This will include the FY21 Q2 combined cash dividend of 2.4775 cents per share (which is expected to be declared on 30 November)

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## Underwriting

- The Placement is underwritten by Goldman Sachs New Zealand Limited on terms customary for an offer of this nature, including relevant termination events, warranties and indemnities
-

# Offer Timetable

## Placement

Announcement of Offer and cleansing notice released to the NZX	Wednesday 25 November 2020
Stride enters trading halt and bookbuild undertaken	Wednesday 25 November 2020
Announcement of results of Placement and trading halt lifted	Thursday 26 November 2020
Placement settlement date, allotment of new stapled securities under the Placement and trading commences on the NZX	Tuesday 1 December 2020

## Share Purchase Plan

Share Purchase Plan Record Date – 5pm NZT	Tuesday 24 November 2020
Expected release of the Share Purchase Plan offer document and application form, Share Purchase Plan opens	Monday 30 November 2020
Share Purchase Plan closing date – 5pm NZT	Wednesday 9 December 2020
Announcement of results of Share Purchase Plan and Share Purchase Plan price	Monday 14 December 2020
Share Purchase Plan settlement date, allotment of new stapled securities under the Share Purchase Plan and trading commences on the NZX	Tuesday 15 December 2020

## Dividend

Quarterly dividend expected to be declared	Monday 30 November 2020
Dividend record date – 5pm NZT	Tuesday 15 December 2020
Dividend payment date	Tuesday 22 December 2020

Dates above are subject to change and are an indicative only. Stride reserves the right to amend this timetable subject to applicable laws and NZX Listing Rules. Stride reserves the right to withdraw the Offer at any time at its absolute discretion.

# Key risks

This section outlines the key risks which Stride has identified in connection with the Offer. Stride's business activities are subject to a number of risks which may, individually or in combination, affect the future operating and financial performance of Stride and the value of an investment in Stride. Investors should carefully consider, and make their own assessment of, these risks, including the risk factors described below, before deciding whether to invest in stapled securities.

In light of the COVID-19 pandemic, extra caution should be taken when assessing the risks associated with an investment in Stride. Events relating to COVID-19 have resulted in significant market volatility, including in the prices of securities trading on the NZX Main Board. It is not currently clear when these negative impacts will begin to abate. There is continuing uncertainty as to the further impact of COVID-19, including in relation to the NZ Government response, work stoppages, lockdown, quarantines, travel restrictions and unemployment. Any of these events and resulting fluctuations (as well as other factors) may adversely impact the market price of Stride's stapled securities, impacting the price at which investors are able to sell stapled securities, if at all.

This section does not set out all the risks related to an investment in Stride, including the inherent uncertainties as to the impact of COVID-19 noted above, and any other risks associated with an investment in stapled securities and Stride's business, and has been prepared without reference to your personal circumstances. Some risks may be unknown and other risks, currently believed to be immaterial, could turn out to be material. You should seek independent advice before deciding whether to invest in stapled securities.

Key Risk	Details
<b>Key risks relating to COVID-19</b>	
Stride's assessment of COVID-19 impacts reflect information known to Stride but is not certain	<ul style="list-style-type: none"><li>• Stride and its tenants have been adversely impacted by COVID-19. Stride has provided an update on the expected impact of COVID-19 on its business on page 22 of this presentation. This is based on the best information known by Stride as at the date of this presentation. However, due to a number of factors, including many outside the control of Stride, the actual outcome could be better or worse than as set out in this presentation.</li></ul>
Arrears are higher than usual	<ul style="list-style-type: none"><li>• Some tenants have been slow to pay rent due to the impact of COVID-19, and accordingly Stride has an arrears balance that is higher than as at the same time in 2019.</li><li>• While Stride has considered the likelihood of receipt of these arrears and has made an additional provision in its interim consolidated financial statements for the six months ended 30 September 2020 of \$0.6m, there is no guarantee that this provision will be sufficient or that Stride will be able to recover any or all arrears owed to it.</li><li>• If tenants default under their leases and Stride is unable to recover arrears and the amount unable to be recovered is greater than the provision in the interim consolidated financial statements for the six months to 30 September 2020, this could impact the future financial performance, including Distributable Profit, of Stride.</li><li>• In addition, if tenants default in payment, Stride may not be able to replace those tenants on terms where Stride can achieve the same rental or lease provisions, including tenure, with new tenants. Stride has also agreed with certain tenants to defer rent for certain periods impacted by COVID-19 lockdown restrictions, and is expecting to receive this deferred rent in FY21. However, if tenants fail to pay, this could impact Stride's cash flow and profitability.</li></ul>

# Key risks (cont.)

Key Risk	Details
<b>Key risks relating to COVID-19 (cont.)</b>	
Rent abatements affect financial performance	<ul style="list-style-type: none"><li>• While many of Stride's leases do not provide for a contractual right to abatement of rent where premises cannot be accessed, Stride has approached each lease on a case by case basis. Stride has agreed rent abatements for periods impacted by COVID-19 lockdown restrictions with the significant majority of its tenants.</li><li>• The current expected impact of COVID-19 on Stride's gross rental income for FY21 is set out on page 22 of this presentation. However, there is no certainty that Stride's expectation will be correct in relation to those arrangements that are yet to be agreed. In addition, if the New Zealand Government imposes further lockdown restrictions for an extended period, Stride could be subject to additional rent abatement requests from tenants, which could further impact its gross rental income, thus impacting distributable profit.</li></ul>
<b>Key risks relating to the portfolio</b>	
Stride is exposed to the retail property market sector	<ul style="list-style-type: none"><li>• Stride directly owns two retail shopping centres, located in Auckland, and has a 50% interest in another retail shopping centre located in Johnsonville, Wellington. In addition, Stride has an indirect exposure to further retail shopping centres due to its 2% ownership interest in Diversified and management fee income from Diversified.</li><li>• Retail tenants are facing pressure on costs as they have reduced income and rising costs, including due to the increase in the minimum wage from 1 April 2021.</li><li>• In addition, the impact of COVID-19 has contributed to a reduction in foot traffic in some retail centres and may reduce consumer consumption and discretionary spending. COVID-19 restrictions may also have increased consumers' preference to purchase online. This puts pressure on the total retail store occupancy costs that retailers are willing to bear, which could result in potential vacancies and lower overall rental receipts for Stride.</li></ul>
Stride is exposed to the office property market sector, and this exposure is increasing	<ul style="list-style-type: none"><li>• Stride's portfolio includes a number of office properties, and Stride's portfolio concentration of office properties has been increasing due to acquisitions. Stride is therefore exposed to market conditions for office properties.</li><li>• Recently there has been more office space available, including through tenants seeking to sub-lease their properties as they seek to reduce their leased space. This may be because of more people working from home. There is a risk of these shifts becoming permanent, resulting in an overall and longer-term reduction in demand for office space. While Stride seeks to manage this risk through the nature of the properties it owns and the tenants it targets (often smaller tenants who have less ability to reduce their space needs), Stride may be impacted by changes in the market for office space, including increased supply and reduced demand. This could result in lower effective rents, which could impact on Stride's profitability.</li><li>• Following completion of the Acquisitions, Stride's office portfolio will have a 75% weighting (by value) to the Wellington market. This results in concentration risk, particularly risk of earthquakes, as well as exposure to demand changes in the Wellington region.</li></ul>

# Key risks (cont.)

Key Risk	Details
<b>Key risks relating to the portfolio (cont.)</b>	
Property valuation risk	<ul style="list-style-type: none"><li>• This presentation includes valuations of SPL's portfolio as at 30 September 2020 as assessed by SPL's external independent valuers, which have been reviewed by auditors, PwC and approved by the SPL Board. A higher degree of caution should be applied before relying on the valuations given the uncertain impacts of COVID-19.</li><li>• Valuations ascribed to any property are influenced by a number of factors including supply and demand for property, general property market conditions, including prices of transactions in the market, and the ability to attract and implement economically viable rental arrangements.</li><li>• Property values may change if the underlying assumptions on which the property valuations are based differ in the future. Due to COVID-19, five of Stride's 30 September 2020 valuations have been reported on the basis of 'material valuation uncertainty', meaning less certainty and a higher degree of caution should be applied. The remainder of the portfolio valuations contain a 'market volatility/risk clause' meaning a higher degree of risk applies to valuations and the market price of property is subject to increased volatility due to the uncertainty surrounding the impact of COVID-19. These warnings mean there is less certainty around the valuations and a greater degree of caution around the valuer's opinion of market value should be applied than would normally be the case absent the impacts of COVID-19.</li><li>• As changes in valuations of investment properties are required to be reflected in Stride's income statement, any decreases in value will have a negative impact on Stride's income statement. A valuation fall could also impact the price at which Stride would be able to sell the property in the market (which may be significantly below the price paid for the property or current market values) and could affect Stride's capacity to borrow or its ability to comply with its banking covenants. In addition, while the independent valuations represent the best estimates of the independent valuers, they may not reflect the actual price a property would realise if sold.</li></ul>
<b>Other key risks relating to the business</b>	
Tax risks	<ul style="list-style-type: none"><li>• The New Zealand Government has introduced changes to support the economy during COVID-19, including reintroducing rules permitting tax deductibility of depreciation on commercial buildings. This is currently expected to provide some financial benefit to Stride in FY21 and future years. However, there is no certainty that this new depreciation allowance on commercial buildings will remain in place.</li><li>• Stride has the benefit of a binding tax ruling that enables SPL to retain its Portfolio Investment Entity (PIE) status, notwithstanding the stapled share structure with SIML. This binding ruling was originally issued in 2016 and was renewed with effect from 1 April 2019 for a five year term until 31 May 2024. Stride intends to seek further renewal of the binding tax ruling in the future but there is a risk that Inland Revenue may refuse to renew it (and challenge the PIE status of SPL after the binding ruling expires) or assert that the facts on which the binding ruling is based were not correct.</li><li>• There is also the risk that the New Zealand Government could change the applicable taxation law to prevent stapling of investments in a PIE to other shares. Stride will continue to monitor compliance with conditions specified in its binding ruling and the statutory PIE eligibility requirements to preserve its PIE tax status.</li></ul>

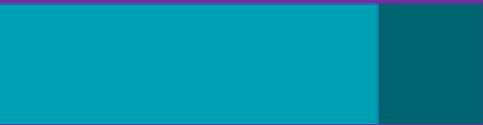
# Key risks (cont.)

Key Risk	Details
<b>Other key risks relating to the business (cont.)</b>	
Risk of changes in environmental requirements	<ul style="list-style-type: none"> <li>More tenants are requiring sustainable environments, including buildings that have a specific Green Star or equivalent rating. Green Star is a rating system administered in New Zealand by the New Zealand Green Building Council. Currently, only one of Stride's office buildings is Green Star rated. If Stride does not evolve its office portfolio to include green building initiatives to meet tenant and market requirements, this could impact on the rent that Stride receives for its buildings, impacting on profitability.</li> <li>In addition, the Government has proposed imposing more stringent carbon requirements for new buildings, and potentially existing buildings, which could impact the cost of building new buildings or renovating old buildings, if these proposals are implemented.</li> </ul>
FY21 dividend guidance is not guaranteed	<ul style="list-style-type: none"> <li>The Stride Boards have indicated that they expect to pay a combined cash dividend for SPL and SIML of 9.91 cents per share for the FY21 financial year.</li> <li>That view is based upon Stride's dividend policy and its business plan and internal forecasts, taking into account the currently expected effect on net rental income and total expenses as a result of COVID-19.</li> <li>The Boards believe the assumptions underlying this guidance are reasonable given its discussions with tenants and contractual position, but if there are more lockdown restrictions imposed during FY21 or the actual impacts of COVID-19 on Stride and the economy are worse than currently anticipated, then this could impact on Stride's ability to pay a dividend.</li> <li>Dividends for FY21 or any other period are not certain, and dividends remain payable at the discretion of each Board. No return is guaranteed by Stride, SPL, SIML, the SPL Board, the SIML Board, the Underwriter, or any other person.</li> </ul>
<b>Funding risks</b>	
Risks relating to debt funding and interest rates	<ul style="list-style-type: none"> <li>Stride is reliant upon the support of its lenders. The ability of Stride to raise funds or refinance debt facilities on favourable terms, or at all, for future activities is dependent on a number of factors including general economic, political, capital and credit market conditions. The inability of Stride to raise funds or refinance debt facilities on favourable terms for future activities, or at all, could adversely affect its ability to acquire or develop new properties. This risk is exacerbated by COVID-19.</li> <li>Interest costs are one of Stride's most significant expenses, with net finance expenses being approximately 28% of Stride's net rental income in FY20. Adverse fluctuations in interest rates or other changes in the cost of Stride's funding, to the extent that they are not hedged or otherwise fixed, may impact Stride's earnings as well as asset values where there is an impact on property markets in which Stride operates.</li> <li>SPL's banking facility requires that the borrowing group's LVR not exceed 50% other than in limited, temporary circumstances. A number of events may arise which negatively impact SPL's LVR, including:               <ul style="list-style-type: none"> <li>a material fall in the valuation of SPL's retail and office portfolio (see property valuation risk above);</li> <li>SPL needing to borrow to meet operational costs, including debt finance costs, in the event of further COVID-19 related restrictions adversely affecting it or its tenants; and</li> <li>SPL being unable to divest assets at market value.</li> </ul> </li> </ul>

# Key risks (cont.)

Key Risk	Details
<b>Funding risks (cont.)</b>	
Risks relating to completion of the Offer	<ul style="list-style-type: none"><li>• Failure to complete the Placement is likely to result in Stride being unable to satisfy the equity funding condition contained in the agreement to purchase 20 Customhouse Quay by the relevant condition date (8 December 2020). If this were to occur, and Stride was unable to secure alternative funding on satisfactory terms, Stride would be unable to complete the acquisition of this property.</li><li>• In addition, Stride is obliged to complete the acquisition of Grant Thornton House irrespective of the outcome of the Placement or the SPP so in the event that one or both of these components of the Offer are unsuccessful, Stride's LVR will be higher than is set out in this presentation.</li><li>• To mitigate these risks, Stride has arranged for the Placement to be underwritten by Goldman Sachs New Zealand Limited. Stride has no reason to believe that the Offer will not be successful.</li></ul>

# Conclusion



# Conclusion

- Stride will continue to pursue growth in its investment management business, including through the establishment of a group of Products in specific commercial property sectors, while also supporting the growth of its current Products, in line with the activity seen in the first half of FY21
- Contributing to this growth are the proposed acquisitions of the office properties at 215 Lambton Quay, Wellington, and 20 Customhouse Quay, Wellington<sup>1</sup>
- The capital raise launched today will be used to partly fund these acquisitions
- Stride has balance sheet capacity to continue to grow its portfolio as opportunities arise
- The Stride Boards confirm they currently anticipate that the combined dividends per share for SPL and SIML for FY21 will be 9.91 cps, assuming no further significant restrictions or deterioration in economic activity due to COVID-19

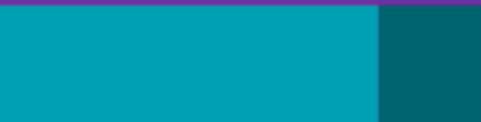


Property Council New Zealand  
Supreme Award Winner 2020

Waste Management Auckland Headquarters, 318 East Tamaki Road, Auckland  
(Developed by Stride, owned by Industre)

1. The acquisition of 20 Customhouse Quay, Wellington, remains conditional on completion of due diligence and successful completion of the Placement announced today.

# Appendices



# Appendix 1: About Stride Property Group

**STRIDE**



## Stride Property Group

- A fund manager and investor, listed on the NZX
- Stride creates and manages sustainable commercial property funds for investors

## Our people

- Auckland based head office
- Specialist real estate investment, development and management capability

## Specialist real estate investment manager

Managing one of New Zealand's largest property portfolios:

### NZX-listed funds

- Investore Property Limited
- Stride Property Limited

### Wholesale funds

- Diversified NZ Property Trust
- Industrie Property JV

## Investment philosophy

- Places, People, Performance and Products
- Invest in properties with enduring demand

NZX's only stapled security

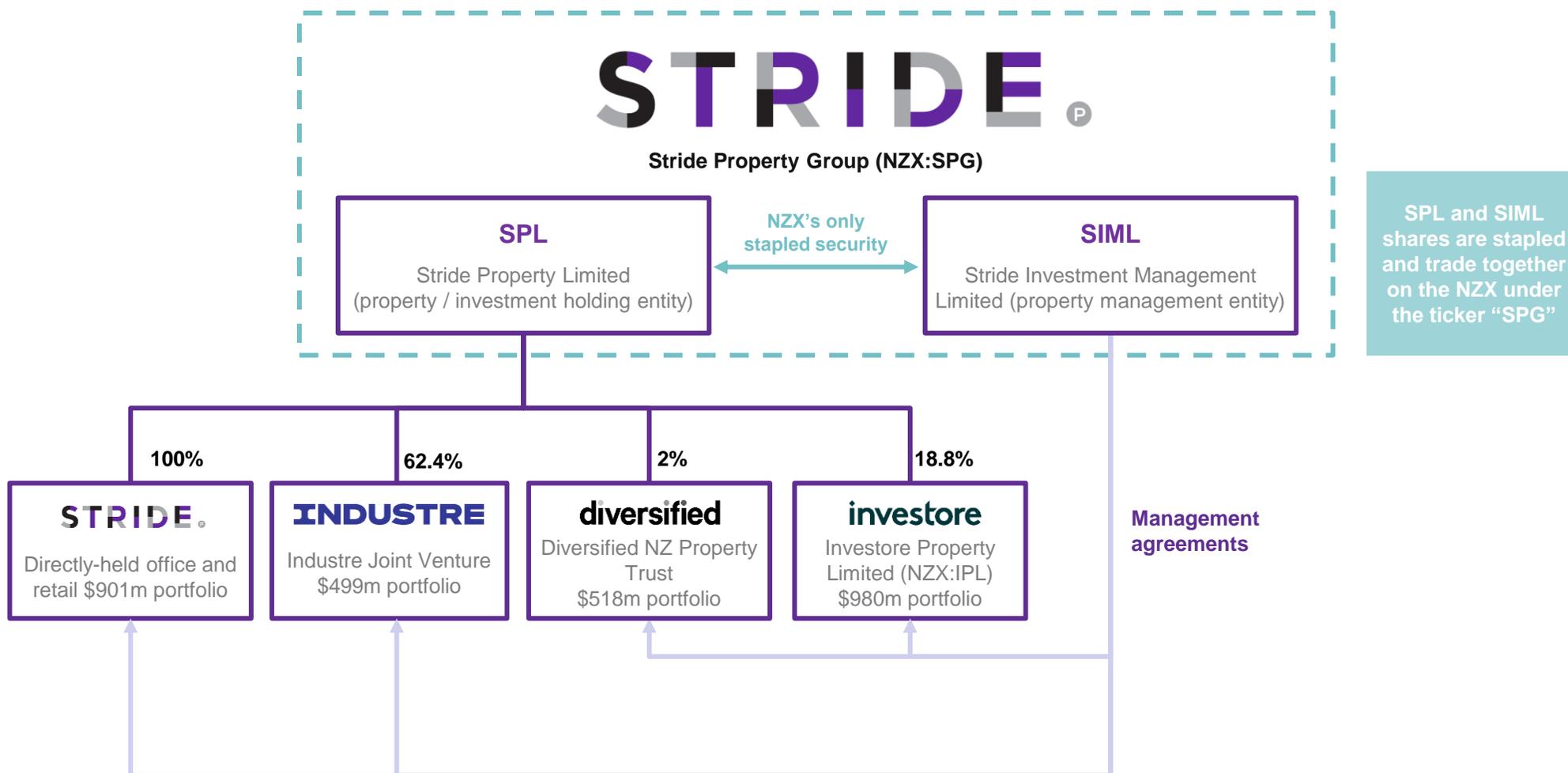
100+ employees  
7 locations

NZ\$2.9b AUM<sup>1</sup>  
78 properties<sup>1</sup>

+15.9% p.a.  
Total Shareholder Return<sup>2</sup> since inception  
(16-Aug-2010 to 30-Sep-2020)

1. Assets Under Management comprise the value of the portfolios of SPL, Investore Property Limited, Industrie Property Joint Venture and Diversified NZ Property Trust as at 30 September 2020 and including contracted acquisitions and committed developments.  
2. Stride total shareholder return based on reinvested dividends since listing on 16-Aug-2010 to 30-Sep-2020. Assumes that shares issued in Investore Property Limited on 12-July-2016 as part of demerger process were sold on-market and reinvested in Stride shares at their respective volume weighted average price on the same day.

# Appendix 2: Stride Fund Structure



Portfolio values above are as at 30 September 2020 as if all committed acquisitions and developments were complete. The SPL directly-held office and retail portfolio includes the acquisitions of 215 Lambton Quay, Wellington, which acquisition is unconditional and expected to settle on 30 November 2020, and 20 Customhouse Quay, Wellington, which acquisition remains conditional on completion of due diligence investigations and successful completion of the Placement announced today, and, if the acquisition proceeds, is expected to settle on or before 21 December 2020. The SPL directly-held office and retail portfolio excludes SPL's interest in the Industrie unincorporated portfolio which is reported as part of the assets of SPL in the consolidated interim financial statements (see note 3.2 to the consolidated interim financial statements for further information). SPL's participating interest in Industrie is expected to reduce over time as JPMAM contributes further capital for acquisitions and developments.

# Appendix 3: Portfolio by Sector

Overview	Total Portfolio	Office 	Industrial 	Large Format Retail 	Shopping Centres 
<b>Office and retail portfolio<sup>1</sup></b>					
Properties (no.)	14	10			4 <sup>4</sup>
Net Contract Rental <sup>3</sup> (\$m)	54.6	31.9			22.7
WALT <sup>3</sup> (years)	5.8	6.6			4.5
Occupancy Rate (% by area)	96.7	97.8			95.5
Portfolio Valuation (\$m)	901	595			306
Percentage of Portfolio (% by value)	100	66			34
<b>Stride Products<sup>2</sup></b>					
			<b>Industre</b>	<b>Investore</b>	<b>Diversified</b>
Properties (no.)	65		18	43	4 <sup>4</sup>
Net Contract Rental <sup>3</sup> (\$m)	120.0		24.3	57.1	38.6
WALT <sup>3</sup> (years)	8.0		10.4	10.2	3.2
Occupancy Rate (% by area)	97.8		98.3	99.7	92.6
Portfolio Valuation (\$m)	1,997		499	980	518
<b>SPL investment metrics on a committed, weighted, look-through basis<sup>5</sup></b>					
<b>SPL investment in managed entities</b>			<b>62.4%</b>	<b>18.8%</b>	<b>2.0%</b>
Portfolio Valuation (\$m)	1,407	595	311	184	316
WALT <sup>3</sup> (years)	7.2	6.6	10.4	10.2	4.5
Occupancy Rate (% by area)	97.7	97.8	98.3	99.7	95.4
Percentage of Portfolio (% by value)	100	42	22	13	23

- As at 30 September 2020, as if the acquisitions of 215 Lambton Quay, Wellington (which acquisition is unconditional and expected to settle on 30 November 2020) and 20 Customhouse Quay, Wellington (which acquisition remains conditional on completion of due diligence and successful completion of the Placement announced today) and committed developments at 34 Shortland Street, Auckland, and 22 The Terrace, Wellington, had completed as at 30 September 2020. Stride office and retail property excludes SPL's interest in the Industre unincorporated portfolio which is reported as part of the assets of SPL in the consolidated interim financial statements (see note 3.2 to the consolidated interim financial statements for further information).
- As at 30 September 2020, as if all committed developments and acquisitions had completed as at that date.
- See glossary on page 53.
- Includes Johnsonville Shopping Centre, Wellington which is owned 50:50 by SPL and Diversified.
- Metrics in this section are weighted according to SPL's interests in each Stride Product.

# Appendix 4: SPG Pro Forma Balance Sheet

\$m	30 September 2020	Acquisition of Grant Thornton House	Placement and Share Purchase Plan <sup>3</sup>	Acquisition of 20 Customhouse Quay	Pro forma post Offer and acquisitions
Cash and cash equivalents	15.6		+4.9		20.5
Investment properties <sup>1</sup>	748.1	+84.5		+228.0	1,060.6
Other assets	238.1				238.1
<b>Total assets</b>	<b>1,001.8</b>	<b>+84.5</b>	<b>+4.9</b>	<b>+228.0</b>	<b>1,319.2</b>
Bank borrowings	163.3	+84.5	(210.5)	+228.0	265.3
Other liabilities	105.6				105.6
<b>Total liabilities</b>	<b>268.9</b>	<b>+84.5</b>	<b>(210.5)</b>	<b>+228.0</b>	<b>370.9</b>
<b>Net assets</b>	<b>732.9</b>	<b>-</b>	<b>+215.4</b>	<b>-</b>	<b>948.3</b>
<b>Net tangible assets (NTA)<sup>2</sup></b>	<b>731.8</b>	<b>-</b>	<b>+215.4</b>	<b>-</b>	<b>947.2</b>
Number of shares (m)	365.4		+104.8		470.1
NTA per share (\$)	2.00				2.01
LVR (SPL)	29.0%				30.3%

1. Includes Stride's 62.4% interest in the unincorporated component of the Industrie Property Joint Venture. For more information, see note 3.2 to the consolidated interim financial statements. Excludes value of Level 12, 34 Shortland Street, which houses Stride's head office, and is shown in the consolidated interim financial statements as property, plant and equipment (in other assets in the above table).

2. Reported 30 September 2020 net tangible assets excludes \$1.1m of intangible assets which is included in Other Assets value of \$238.1m.

# Appendix 5: Shareholder returns

## Stride continues to outperform the S&P/NZX All Real Estate Index

- Stride has outperformed against the S&P/NZX All Real Estate index since inception
- Outperformance highlights the defensive nature of Stride's broad direct and indirect property asset class exposure

Stride vs S&P/NZX All Real Estate Index total shareholder return



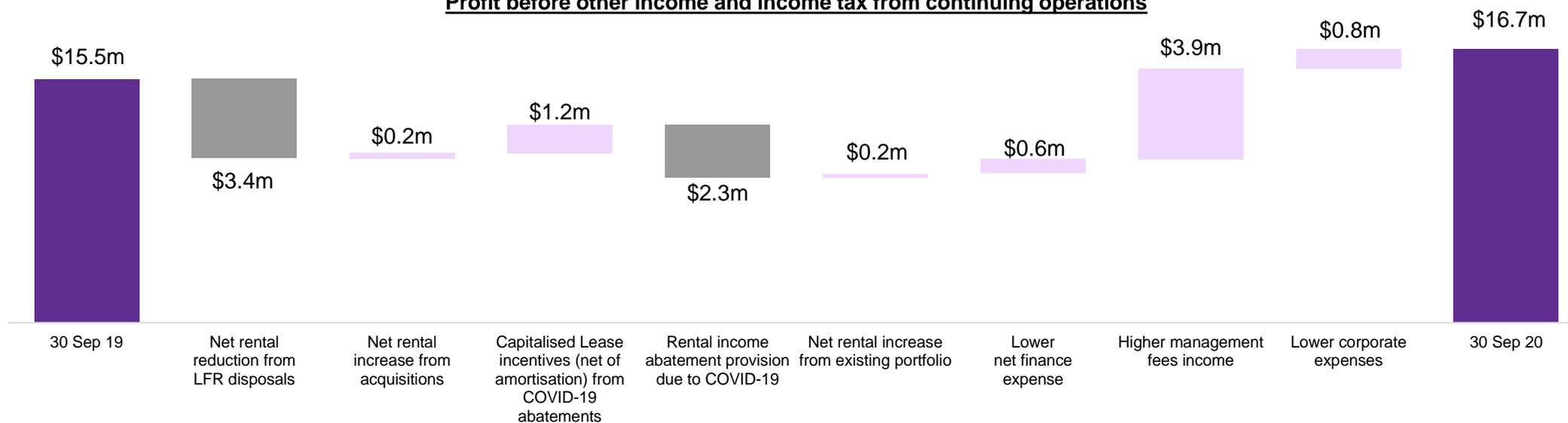
Source: Goldman Sachs. Stride total shareholder return based on reinvested dividends since listing on 16-Aug-2010 to 30-Sep-2020. Assumes that shares issued in Investore Property Limited on 12-July-2016 as part of demerger process were sold on-market and reinvested in Stride shares at their respective volume weighted average price on the same day.

# Appendix 6

## Net Contract Rental

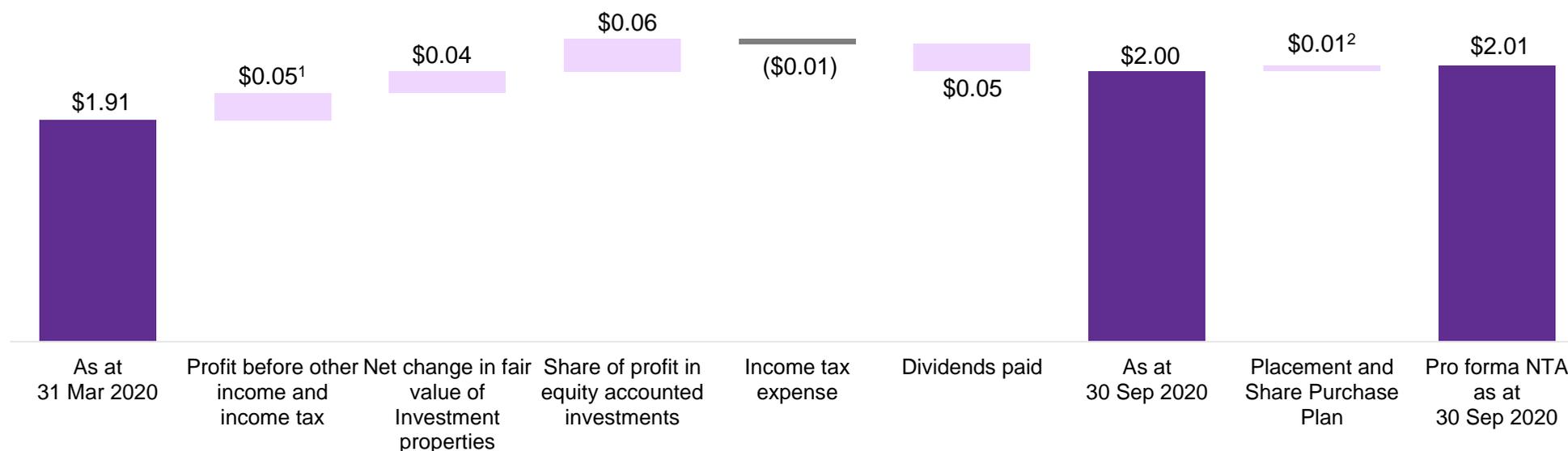


## Profit before other income and income tax from continuing operations

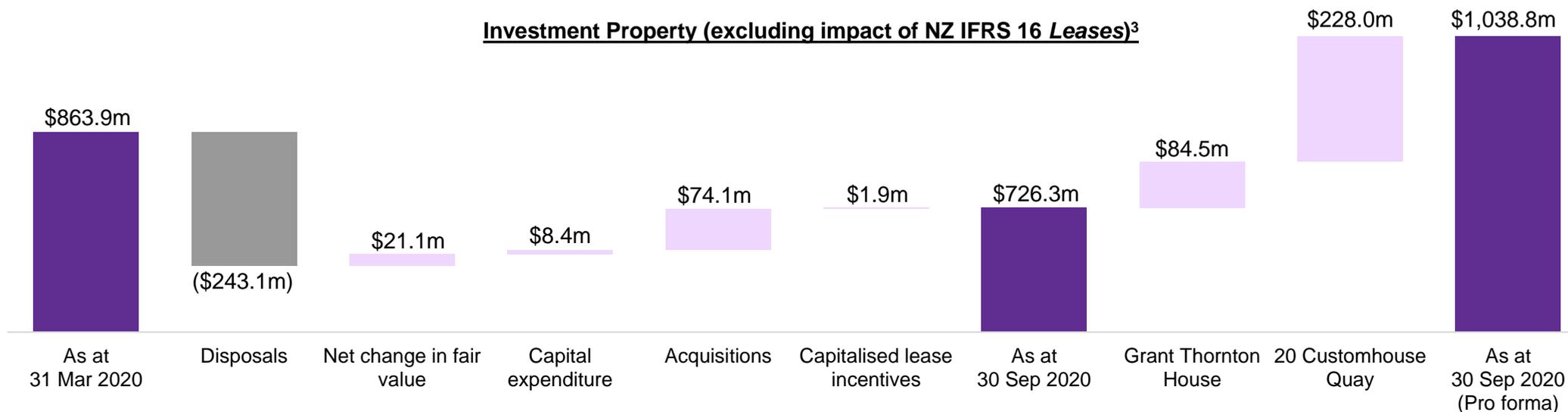


# Appendix 6 (cont.)

## Net Tangible Assets per share



## Investment Property (excluding impact of NZ IFRS 16 Leases)<sup>3</sup>

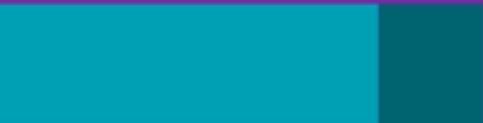


1. Net profit before other income/(expense) and income tax from continuing operations.

2. Assuming \$220m of additional equity at an issue price of \$2.10, being the floor price of the Placement, equating to an additional 104.8m stapled securities issued. Assumes total estimated costs of the capital raising of 2.1% of gross proceeds.

3. Includes Stride's 62.4% interest in the unincorporated component of the Industrie Property Joint Venture. For more information, see note 3.2 to the consolidated interim financial statements. Includes value of Level 12, 34 Shortland Street, which houses Stride's head office, and is shown in the consolidated interim financial statements as property, plant and equipment.

# Glossary



# Glossary

Contract Rental	Contract Rental is the amount of rent payable by each tenant, plus other amounts payable to SPL (or the relevant landlord) 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
Distributable profit	Distributable profit is a non-GAAP measure and consists of profit/(loss) before income tax, adjusted for determined non-recurring and/or non-cash items, share of profits in equity-accounted investments, dividends received from equity-accounted investments and current tax. Further information, including the calculation of distributable profit and the adjustments to profit before income tax, is set out in note 4.2 to the consolidated interim financial statements
Diversified	Diversified NZ Property Trust, a Stride Product
FY20	The financial year ended 31 March 2020
FY21	The financial year ending 31 March 2021
HY20	The six months ended 30 September 2019
HY21	The six months ended 30 September 2020
Industre	Industre Property Joint Venture, a joint venture between SPL (through its wholly owned subsidiary, Stride Industrial Property Limited) and JPMAM (through its special purpose vehicle, AP SG 17 Pte Ltd), which commenced on 1 July 2020 and which focuses on owning and developing for ownership industrial property. Industre is a Stride Product
Investore	Investore Property Limited, a Stride Product
JPMAM	A group of international institutional investors, through a special purpose vehicle, and advised by J.P. Morgan Asset Management
Lease Expiry Profile	Represents the scheduled expiry for each lease, excluding any rights of renewal that may be granted under each lease, for the portfolio as at 30 September 2020, as a percentage of Contract Rental
LVR	Loan to Value Ratio
MAT	Moving Annual Turnover, which is the annual sales on a rolling 12 month basis (excluding GST)
NTA	Net Tangible Assets
SIML	Stride Investment Management Limited
SPL	Stride Property Limited
Stapled security	A stapled security comprising one ordinary share in SPL and one ordinary share in SIML
Stride	Stride Property Group, comprising the stapled entities of SPL and SIML
Stride Boards or Boards	The Boards of SPL and SIML together
Stride Product	Any or all, as the context may require, of Diversified, Investore and Industre, being entities or funds managed by SIML
WALT	Weighted Average Lease Term which is the lease term remaining to expiry across a property or portfolio and weighted by rental income

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# Thank you



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