

STRIDE[®]

Stride Property Group
Office fund demerger and IPO

September 2021



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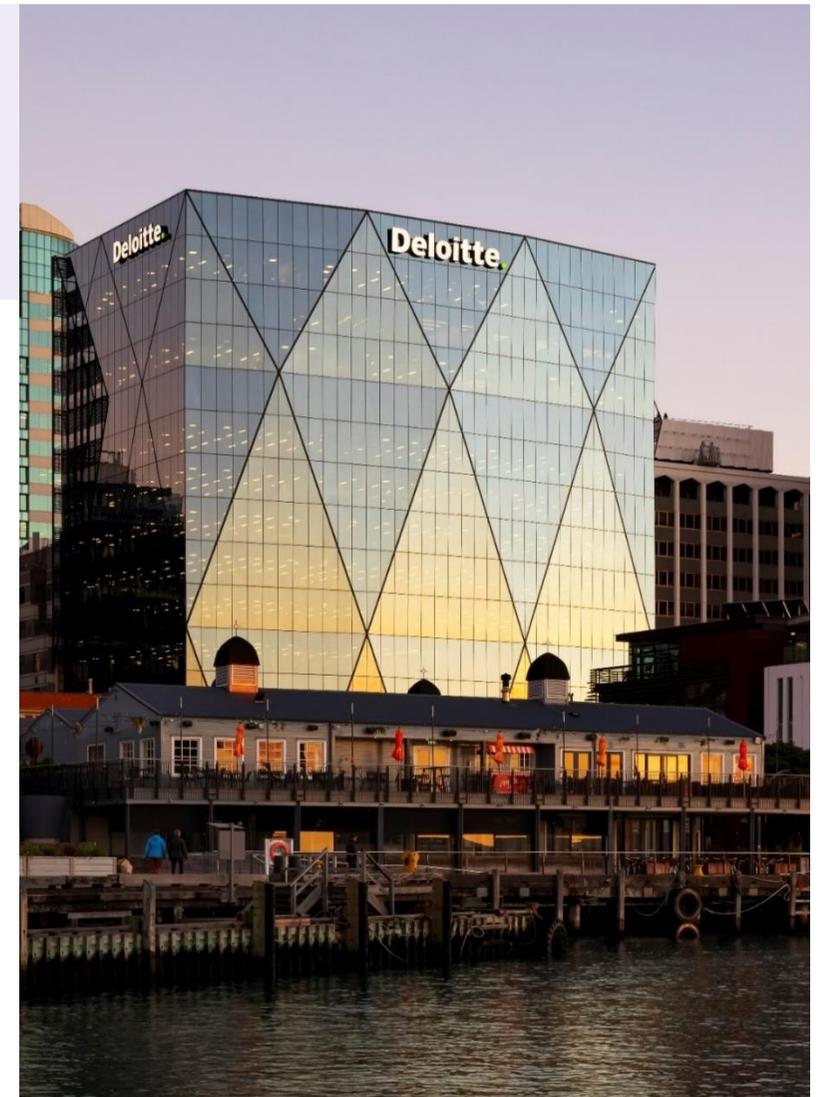
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Overview of the demerger

Stride Property Group (**Stride**) has established Fabric Property Limited (**Fabric**) to invest in quality, sustainable office properties that exhibit 'enduring demand'. Fabric is intended to be demerged from Stride Property Limited (**SPL**) and undertake a \$250m - \$290m initial public offering (**IPO**), following which it will be listed on the NZX

Key offer metrics

- **Demerger:** Fabric holds an initial portfolio of ten office properties valued at \$713.9m. Fabric will be demerged from SPL and listed as a standalone vehicle on the NZX following the IPO
- **Cornerstone stake:** SPL will retain a cornerstone holding of between 24.6% - 32.2% in Fabric following a successful demerger and listing
- **In-specie distribution:** Existing Stride shareholders will receive shares in Fabric on a 1:4 basis for no consideration as part of the demerger
- **Purpose:** Fabric intends to raise \$250m - \$290m under the IPO to fund the acquisition of 110 Carlton Gore Road, Newmarket for \$217.5m and repay part of the loan by SPL used to fund the acquisition of the initial portfolio
- **Dividend:** Stride confirms a combined cash dividend for FY22 of 9.34cps - 9.36cps. When combined with the forecast Fabric cash dividend for FY22 equating to 0.55 - 0.57 cents per Stride share held immediately prior to the demerger (given the distribution to Stride shareholders of 1 Fabric share per 4 Stride shares held), this will provide existing Stride shareholders with a combined cash dividend of 9.91cps, in line with Stride's existing guidance
- **Gearing:** Upon completion of the demerger, SPL's direct gearing is expected to reduce to between 10.0% - 21.4%, or 21.3% - 24.6% on a look-through basis, depending on Fabric's raise size
- **Management agreement:** Stride Investment Management Limited (**SIML**) will be the manager of Fabric



20 Customhouse Quay, Wellington

Delivery of strategy

1 Continuation of Stride's long-term strategy to develop an enduring Real Estate Investment Management (REIM) platform with total AUM of \$3.6bn¹

2 New NZX listed Stride Product with an office sector focus

3 Establishment of a high quality portfolio valued at \$931m², with a 7.2 year WALT², and 68% green assets³ by value, located in Auckland and Wellington

4 SIML external AUM of \$3.2bn¹ is ~90% of Stride's total AUM, reducing capital required from Stride to deliver future AUM growth

5 SPL's directly held portfolio LVR reduces from 39.7% to between 10.0% and 21.4%⁴, creating headroom for future growth

1. Includes committed acquisitions and developments and the conditional acquisition of 110 Carlton Gore Road, Auckland.

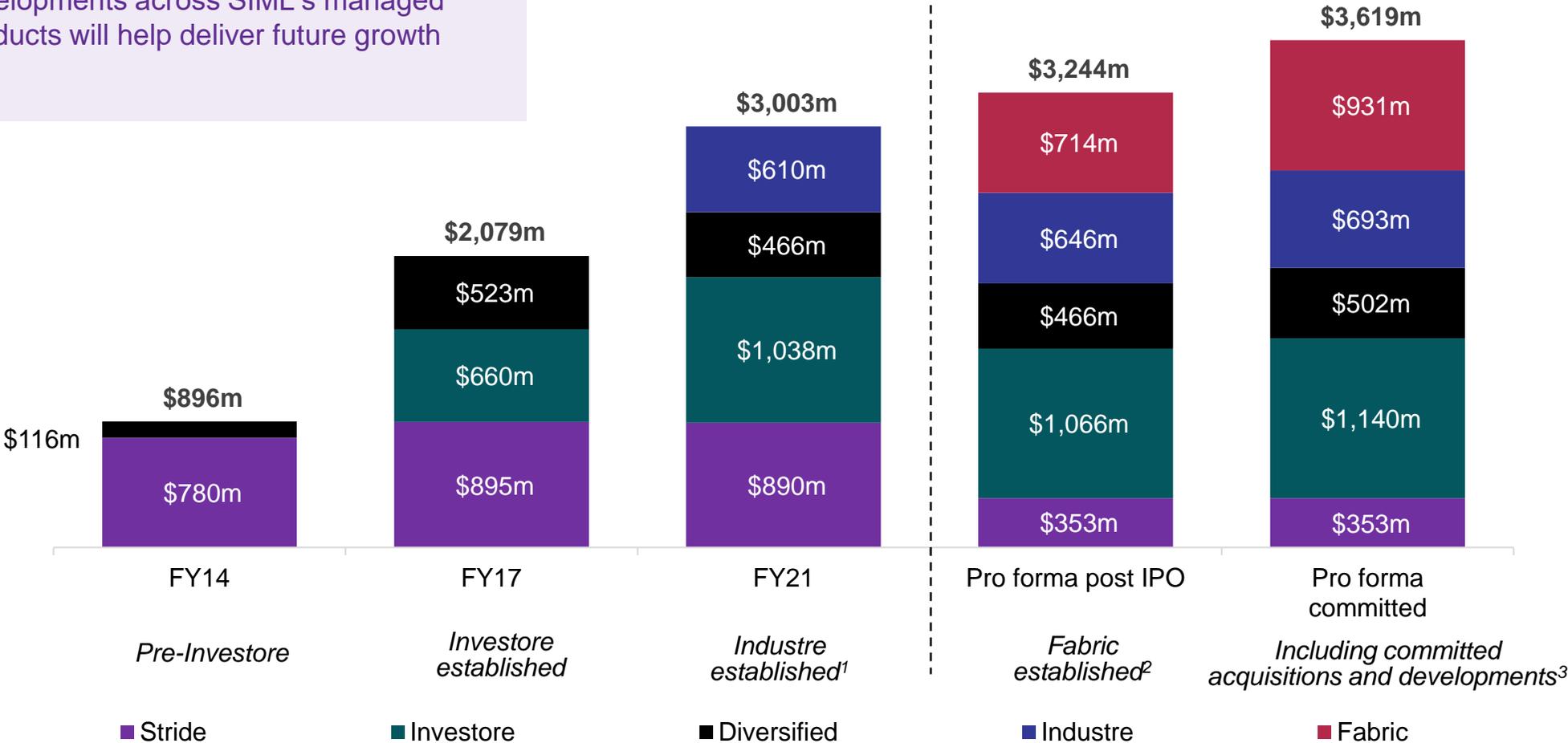
2. Pro forma as at 31 July 2021, assuming (1) the conditional acquisition of 110 Carlton Gore Road, Auckland, had completed as at that date and (2) the 22 The Terrace, Wellington, refurbishment project was complete as at that date.

3. Green Assets are Eligible Assets as defined in Fabric's Green Finance Framework, which are properties rated at least 4 Star NABERSNZ or 5 Star Green Star.

4. Pro forma as at 31 March 2021, adjusted for the acquisition of 46 Sale Street and the Fabric demerger.

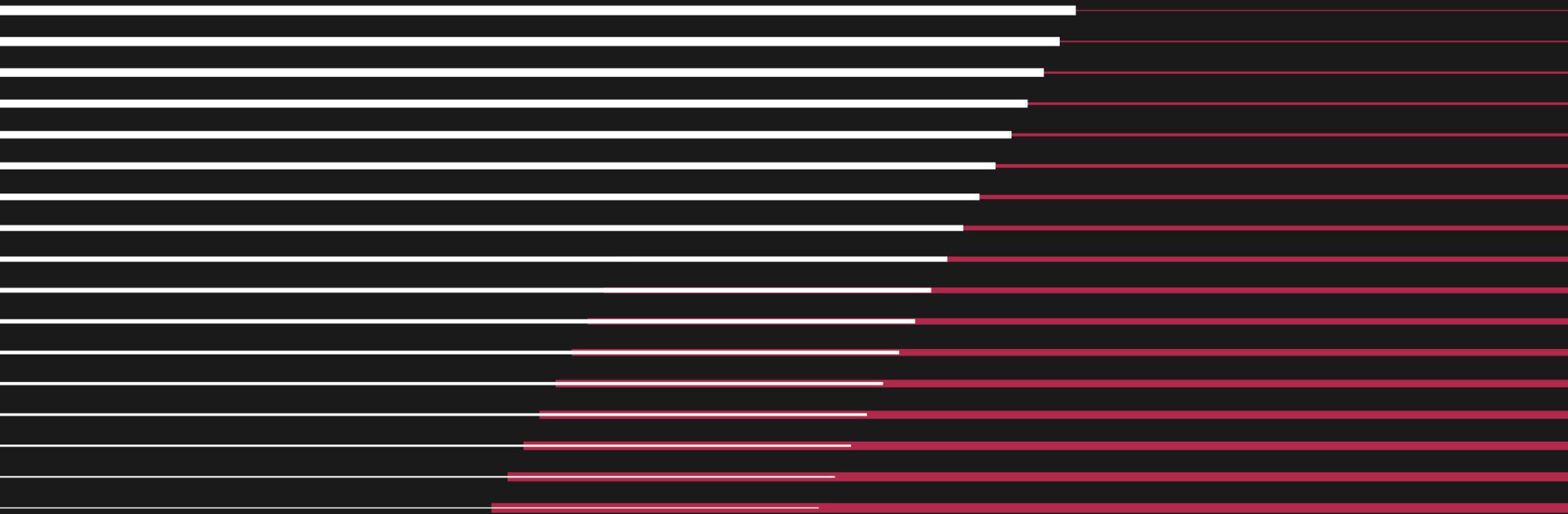
Growth in SIML's Assets Under Management

Execution of strategy has led to further growth in SIML's business. A further \$0.4bn of committed acquisitions and developments across SIML's managed Products will help deliver future growth



1. As at 31 March 2021 excluding lease liabilities.
 2. As at 31 July 2021 excluding lease liabilities.
 3. Includes the conditional acquisition of 110 Carlton Gore Road, Auckland in connection with the Offer.

Overview of Fabric



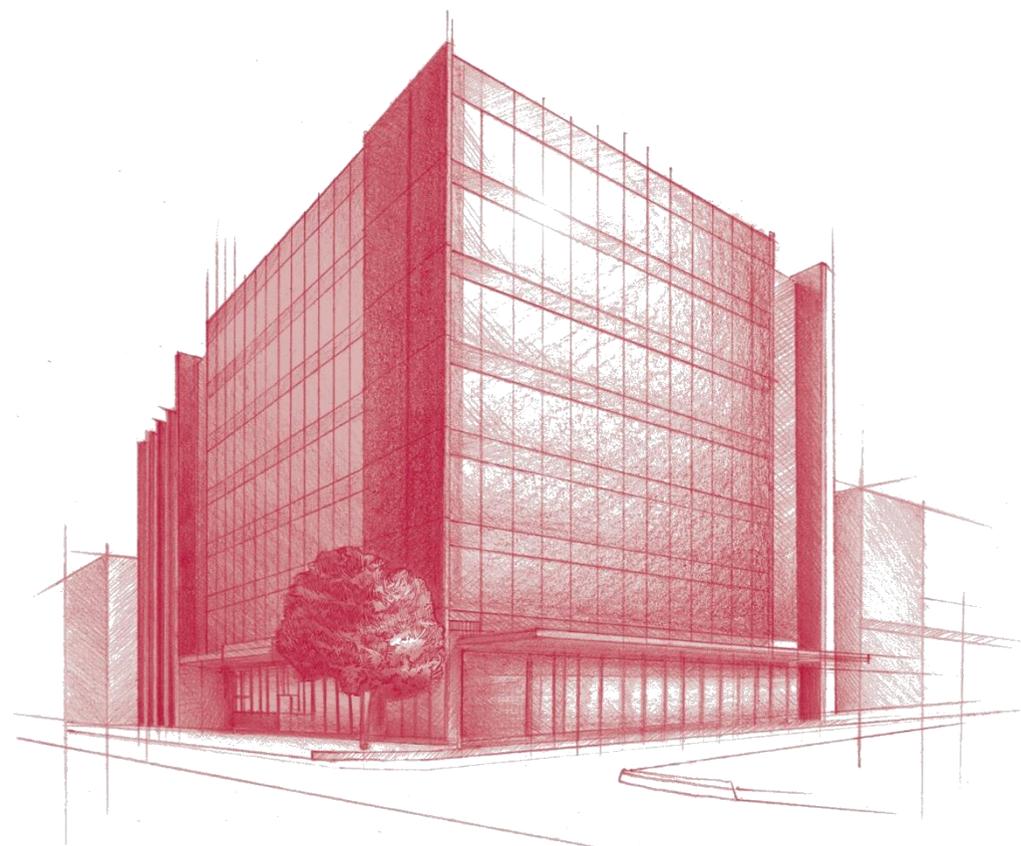
Fabric establishment portfolio

Fabric's establishment portfolio is a sustainable, high-quality office portfolio located in Auckland and Wellington. It has strong tenant covenants, with a robust occupancy and long WALT

Portfolio summary

- **Current Portfolio:** The current Fabric portfolio consists of 10 properties in Wellington and Auckland, valued at \$714m
- **New Acquisition:** Fabric has entered a conditional agreement¹ to acquire the property under development at 110 Carlton Gore Road, Auckland for \$217.5m at an initial yield of 5.0%. The property, which is due for completion in February 2023, will be a prime, 6 star Green Star (v3.2) and 5 star NABERSNZ rated building and will have minimum 10.5 year WALT at completion
- **Total Fabric Portfolio:** On a pro forma² basis, the Fabric Portfolio will be valued at \$931m, with 98.5% occupancy and 7.2 year WALT
- **Meridian building:** The building at 55 Lady Elizabeth Lane, currently majority leased to Meridian, will be retained in the SPL portfolio to carry out works

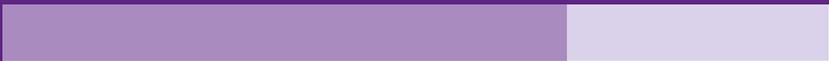
Please refer to the Fabric Product Disclosure Statement ("PDS") for additional information regarding the Offer



110 Carlton Gore Road, Newmarket, Auckland (under development) - concept image

1. Agreement is conditional on the successful completion of the Offer; the vendor entering into an unconditional agreement to lease with a third party tenant for a further 2,500sqm of net lettable area, which together with Aurecon, will result in the asset being 43% let; and an executed deed of impartiality between the vendor, Fabric and the vendor's architect being completed.
2. As at 31 July 2021 and assuming the acquisition of 110 Carlton Gore Road had completed as at that date. This property is currently subject to one unconditional lease with a further lease to be entered into as a condition of the acquisition. This further leasing will result in the property being 43% leased. The vendor has committed to take a lease of any vacant space on completion of the development to provide a minimum net rental, WALT and occupancy.

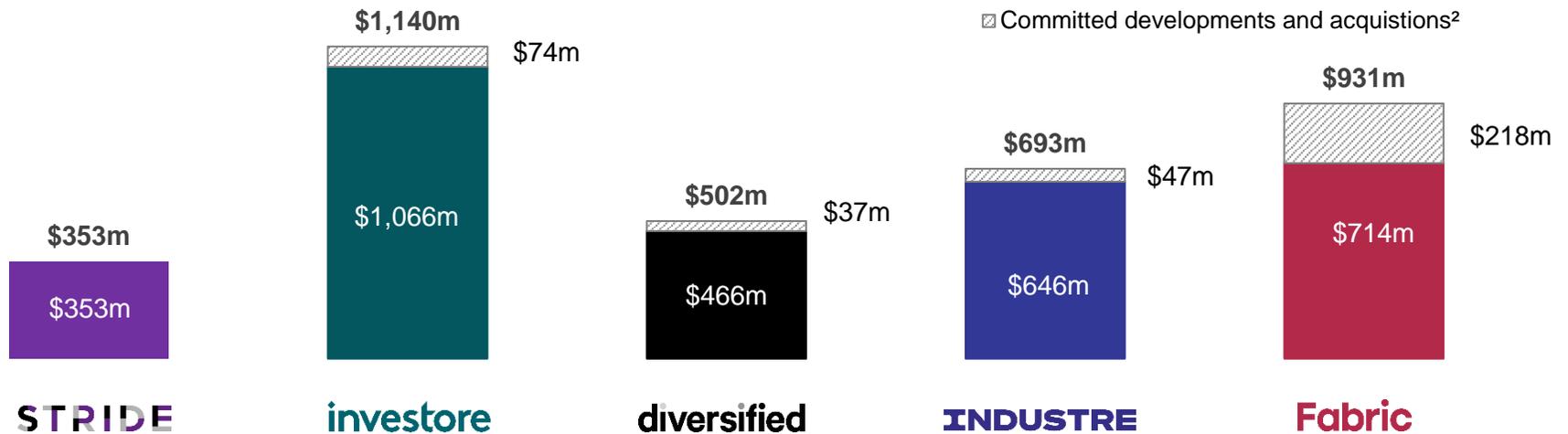
Overview of Stride Portfolio



Products

Fabric is Stride's fourth Product and the second to be NZX listed. Fabric will be managed by SIML and SPL will retain a 24.6%-32.2% cornerstone stake subject to raise size

Portfolio composition by value as at 31 July 2021¹



Sector focus:	Town Centre ³	Large Format Retail	Retail Shopping Centres	Industrial	Office
Entity structure:	NZX listed	NZX listed	Private Trust	Joint Venture	NZX listed ⁴
SPL investment:	100%	18.8%	2%	52.2%	24.6%-32.2%

1. Valuation of Fabric properties is as at 31 July 2021; valuation of Stride, Investore, Diversified and Industrie portfolios is as at 31 March 2021 and inclusive of completed post balance date acquisitions and divestments.
2. Includes conditional acquisitions.
3. Includes 55 Lady Elizabeth Lane, Wellington. Excludes SPL's interest in the Industrie unincorporated portfolio which is reported as part of the assets of SPL in the consolidated financial statements (see note 3.2 to the consolidated financial statements for further information).
4. Upon successful completion of the offer.

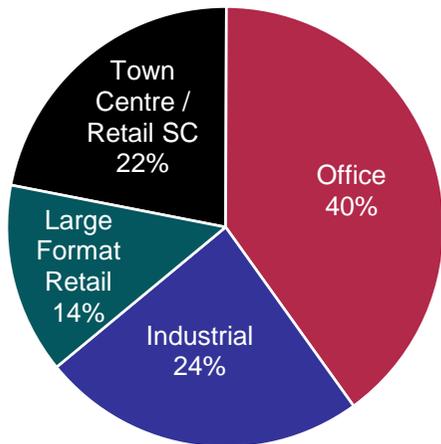
Impact of transaction on Stride

Establishment of Fabric delivers:

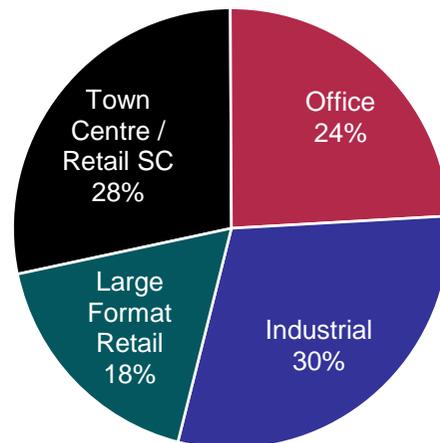
- A well diversified SPL investment portfolio on a weighted look through basis
- Greater scale to SIML's REIM platform, leading to incremental annual growth in base management fees of +\$5.2m

SPL's weighted look-through portfolio composition

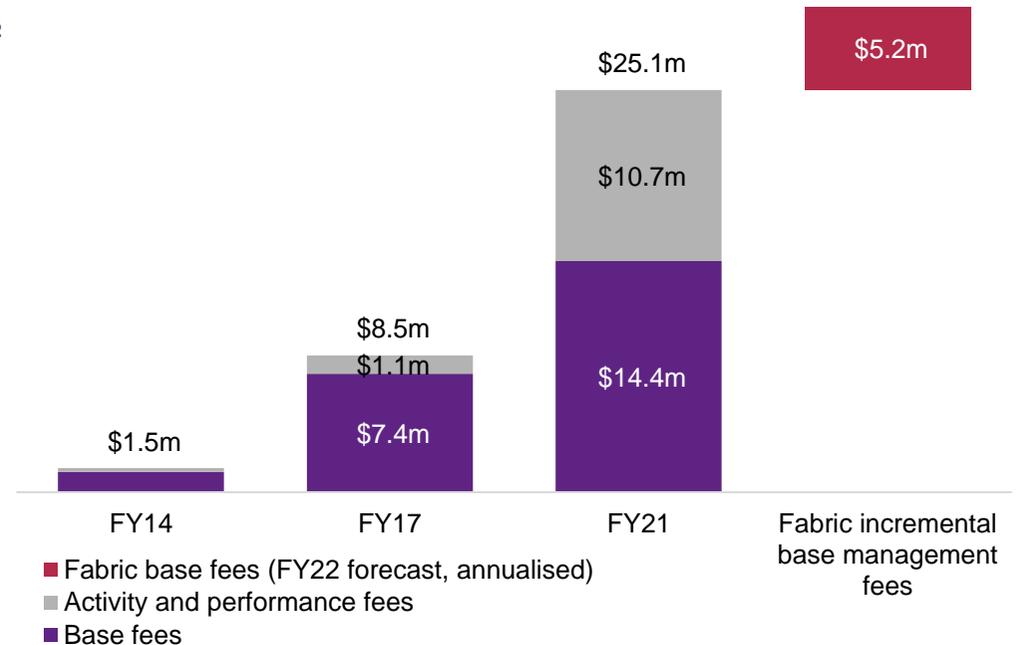
As at 31 March 2021



As at 31 March 2021
pro forma for Fabric transaction^{1,2}



SIML management fees growth over time³



1. Excludes the office property under development at 110 Carlton Gore Road, for which Fabric has entered into a conditional agreement to acquire on completion of the development, which is expected to be February 2023.

2. Assumes SPL will hold a 31.6% cornerstone interest in Fabric, being the midpoint assuming a \$250m raise size. SPL's ultimate shareholding will range between 24.6% and 32.2% depending on the final issue price and size of the IPO capital raise. Fabric's portfolio size reflects the independent valuations received for Fabric properties subsequent to 31 March.

3. Excludes management fees paid by SPL.

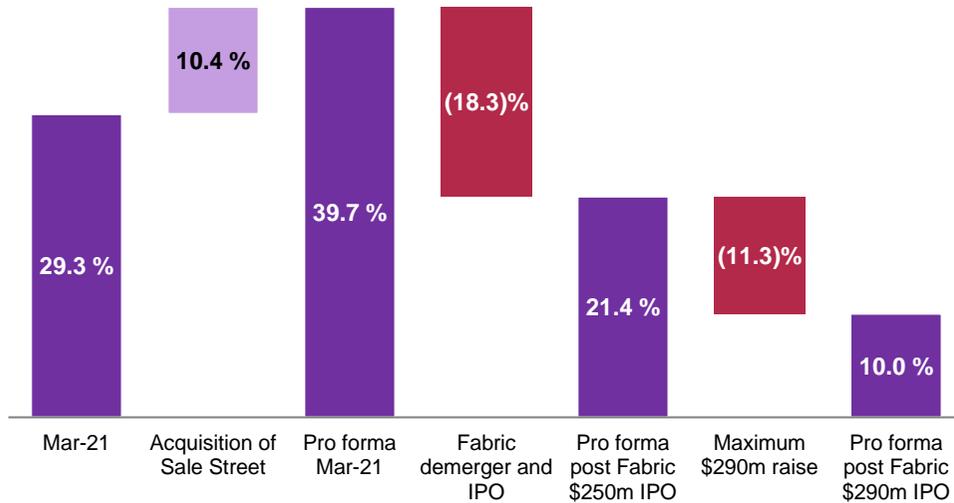
Impact and outlook



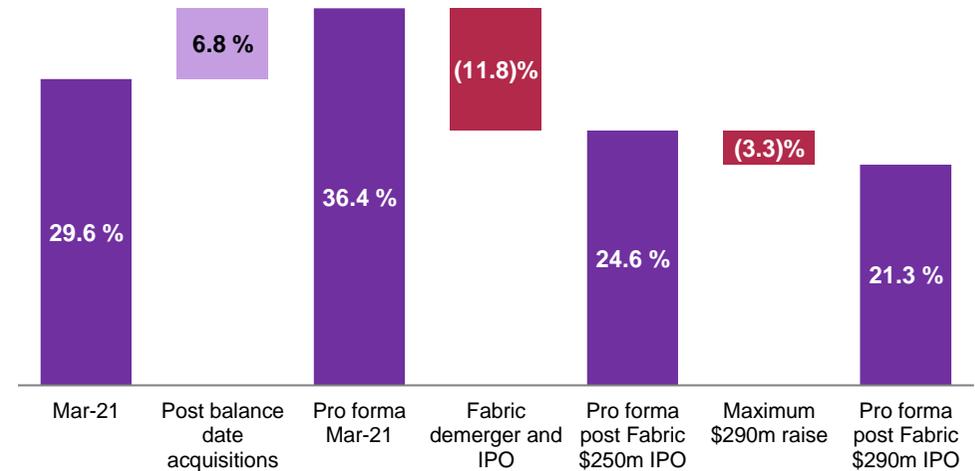
Deleveraged balance sheets

At demerger Fabric will repay SPL for monies advanced to it. On a pro forma basis as at 31 March 2021, this will result in SPL's directly-held LVR reducing to between 10.0% and 21.4% with a total bank facility size of \$200m. On a look-through¹ basis, SPL's LVR reduces to between 21.3% and 24.6%

SPL pro forma directly held LVR



SPL pro forma look-through¹ LVR



1. Look-through LVR is a combination of SPL's directly-held property and interests owned in each of the Stride Products.

Combined dividend maintained

Stride shareholders will receive shares in Fabric on a 1:4 basis for no consideration, with total combined FY22 dividends to Stride shareholders (including Stride and Fabric dividends) of 9.91cps, in line with previous guidance and providing flexibility to reinvest capital for further growth

Entity	A Stride FY21			B FY22 including Fabric demerger		
	# shares	Cash Div (cps)	Div (\$)	# shares	Cash Div (cps)	Div (\$)
Stride (SPL + SIML)	1,000	9.91	\$ 99.10	1,000	9.34 – 9.36	\$ 93.43 - \$93.63
Fabric	–	–	–	250	2.19 – 2.27	\$5.47 - \$5.67
Total			\$ 99.10			\$ 99.10

Outlook and strategic focus

Establishment of Fabric is an important step towards growing Stride's REIM platform. Transition to a capital light model provides further reinvestment opportunities to create value for shareholders

Outlook

- **Dividend guidance:** Following the IPO of Fabric, revised dividend guidance for FY22 will be 9.34 - 9.36 cps which equates to 9.91cps for an existing Stride shareholder when coupled with the demerged Fabric holding
- The FY22 dividend guidance assumes no further economic deterioration associated with COVID-19. The Board will continue to monitor the impacts of the government enforced lockdowns associated with COVID-19

Strategic focus

- **Platform growth:** Stride will remain active in supporting its existing Products to continue to grow and enhance these portfolios and investor returns
- **New Product establishment:** Capital released from establishment of Fabric to be recycled into new Product opportunities, including:
 - **Town centres:** Primary focus as Stride holds \$310m of these properties directly. Will target growth through development opportunities at existing properties or strategic acquisitions
 - **Alternatives:** Explore opportunities outside of core commercial property sectors

