



Stride Property Group (NS)

NZX Announcement

IMMEDIATE — 23 November 2017

Stride Property Group - FY18 Interim Results

Stride Property Group¹ has released its Interim Report and Interim Results presentation for the six months ended 30 September 2017.

Key Points:

- Profit after income tax of \$33.3m, up \$9.2m²
- Distributable profit³ after income tax of \$19.7m or 5.41cps, up 5.8%²
- 9.91cps combined Stride Property Group cash dividend targeted for FY18
- Total portfolio value of \$918.7m⁴
- Bank loan to value ratio for Stride Property Limited of 38.8%
- Occupancy at 98.2%
- Weighted average lease term (WALT) 4.9 years

Financial Performance Highlights: (Prior six month period to 30 September 2016 figures in brackets)

- Net rental income of \$28.7m (\$29.5m)
- Management fee income of \$6.5m (\$2.3m)
- Corporate expenses of \$6.2m (\$9.1m, including \$3.1m one-off project costs)
- Profit before other income and income tax of \$20.7m (\$14.1m)
- Profit after income tax of \$33.3m (\$24.1m)
- Distributable profit³ before income tax of \$24.5m (\$22.3m)
- Distributable profit after income tax of \$19.7m or 5.41cps (\$18.7m or 5.12cps), up 5.8%
- 9.91cps combined Stride Property Group cash dividend targeted for FY18
- Dividend Reinvestment Plan remains suspended

Portfolio: (As at 31 March 2017 figures in brackets)

- Net 1.7% property portfolio valuation increase⁵
- Stride Property Limited (Stride) loan to value ratio (LVR) 38.8%⁶ (38.8%)
- Net Tangible Assets (NTA) backing per share \$1.70 (\$1.67)
- Completed 92 lease transactions over 119,633m² for a total annual rental of \$21.6m
- FY18 remaining lease expiries at 6.38% of the portfolio contract rental⁷
- FY19 remaining lease expiries at 7.45% of the portfolio contract rental
- Occupancy at 98.2% (96.8%)
- Weighted average lease term (WALT) 4.9 years (4.9 years)
- Post 30 Sep 2017 - New 12 year leases with Bunnings for properties located at Hamilton, Rotorua and Palmerston North

Developments and Divestments: (for Stride)

- \$13.3m development of 8,000 m² modern industrial building at 15 Rockridge Avenue, Auckland, anticipated to be complete Jan 2018
- Post 30 Sep 2017 - New redevelopment project with Waste Management Limited at 11 Springs Road, Auckland, forecast to cost \$43m, with possible expansion of scope of works by up to \$23m
- Post 30 Sep 2017 - Three Bunnings properties at Hamilton, Rotorua and Palmerston North, sold to Investore Property Limited (Investore) for \$78.5m, subject to Investore shareholder approval

REIM Business:

- Significant growth in real estate investment management business contributing to 23% of total revenue⁸
- 66% of total revenue derived from wholly owned properties
- 11% of total revenue derived from investments in associates

Execution of Strategy:

- Portfolio repositioning and REIM growth
- Development activity - 15 Rockridge Avenue and 11 Springs Road, Auckland
- 9.91cps combined Stride Property Group cash dividend targeted for FY18

Notes:

1. The Stride Property Group comprises Stride Investment Management Limited (SIML) and Stride Property Limited (Stride). A stapled security of the Stride Property Group comprises one share in SIML and one share in Stride. The stapled securities are quoted on the NZX Main Board under the ticker code SPG. Information presented in this presentation is on a combined basis unless otherwise specified.
2. Compared to prior six month period to 30 September 2016.
3. Distributable profit is a non-GAAP financial measure adopted by Stride Property Group to assist Stride Property Group and investors in assessing Stride Property Group's profit available for distribution. It is defined as profit/(loss) before income tax, adjusted for non-recurring and/or non-cash items, share of profits in associates, dividends received from associates and current tax. Further information, including the calculation of distributable profit and the adjustments to net profit before income tax, is set out in note 7 of the consolidated interim financial statements for the six months ended 30 September 2017.
4. Asset divestments were completed during the relevant period and are reflected in the property value figures presented in this table.
5. Property portfolio valuation increase excludes \$0.3m arising from the elimination of the development fees charged by SIML to Stride. As at 31 March 2017, the portfolio was valued at \$895.3m.
6. The LVR calculation includes NorthWest Two, Auckland, which is classified as inventory (\$36.3m), and 15 Rockridge Avenue, Auckland, work in progress value (\$10.6m), in the value of properties and ignores the value of the investments in the managed funds.
7. Contract rental is the amount of rent payable by each tenant, plus other amounts payable to Stride by that tenant under the terms of the relevant lease as at 30 September 2017, annualised for the 12 month period on the basis of the occupancy level for the relevant property as at 30 September 2017, and assuming no default by the tenant.
8. Total revenue represents net rental income from Stride, net rental income from interest in associates and total management fee income from SIML, including management fee income from Stride, which is eliminated on consolidation in the consolidated interim financial statements. This is a non-GAAP measure.

Ends

Attachments provided to NZX:

- Stride Property Group – NZX Appendix 1 – 231117
- Stride Property Limited – NZX Appendix 7 – 231117
- Stride Investment Management Limited – NZX Appendix 7 – 231117
- Stride Property Group – FY18 Interim Results Presentation – 231117
- Stride Property Group – FY18 Interim Report – 231117

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

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