STRIDE.

Annual Report 2016

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Highlights

Operating profit before other income and income tax **$44.7m** up 13.1%

Distributable profit[1] after income tax **$37.1m** up 15.6%

Annual Cash Dividend **10.75** cps up 4.9%

Net Valuation Increase[2] **5.2%**

NTA[3] **$1.97** up from $1.81 as at 31 March 2015

Portfolio WALT[4] **7.9** years

Occupancy **99.6%**

NorthWest Shopping Centre **opened** and fully operational

Large Format Retail acquisition **19** Countdown properties

NorthWest Two development **on target** to open by October 2016

Successful **$115m** capital raise

Share Purchase Plan Offer of **$15m** over-subscribed

Corporate Identity **Stride** launched

1. Distributable profit is a non-GAAP financial measure adopted by Stride to assist Stride and investors in assessing Stride's profit available for distribution. It is defined as net profit/(loss) before income tax adjusted for non-recurring and/or non-cash items and current tax. Further information, including the calculation of distributable profit and the adjustments to net profit before income tax, is set out in note 6 to the financial statements on page 34.
2. The valuations of all properties disposed of during the 12 months from 1 April 2015 have been disregarded in this calculation. The portfolio was independently valued at $872.4 million as at 31 March 2015 and $1,274.8 million as at 31 March 2016.
3. Net Tangible Assets (NTA) per share.
4. Weighted Average Lease Term (WALT).

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Results Overview

Financial Performance	2016 ($m)	2015 ($m)	Change ($m)	Change %
Net rental income	69.3	57.2	12.0	21.0
Operating profit before net finance expenses, other income and income tax	62.7	52.6	10.1	19.3
Net finance expenses	(18.0)	(13.0)	(5.0)	(38.2)
Operating profit before other income and income tax	44.7	39.6	5.2	13.1
Other income	57.5	37.7	19.8	52.4
Net profit before income tax	102.2	77.3	24.9	32.3
Income tax expense	(9.8)	(8.5)	(1.4)	(16.2)
Net profit after income tax attributable to shareholders	92.4	68.8	23.6	34.2
Basic earnings per share - weighted[1]	27.93 cents	23.16 cents	4.77 cents	20.6
Distributable profit before income tax	46.3	40.3	6.1	15.1
Distributable profit after income tax	37.1	32.1	5.0	15.6
Basic distributable profit after income tax per share - weighted	11.22 cents	10.80 cents	0.42 cents	3.9

Five Year Financial Summary	2016 ($m)	2015 ($m)	2014 ($m)	2013 ($m)	2012 ($m)
Net rental income	69.3	57.2	57.4	53.5	52.9
Operating profit before net finance expenses, other income and income tax	62.7	52.6	49.9	47.0	46.8
Net finance expenses	(18.0)	(13.0)	(14.9)	(15.6)	(18.0)
Operating profit before other income and income tax	44.7	39.6	35.0	31.3	28.8
Other income	57.5	37.7	14.0	22.2	(3.0)
Net profit before income tax	102.2	77.3	49.0	53.5	25.8
Income tax expense	(9.8)	(8.5)	(7.4)	(8.0)	(5.0)
Net profit after income tax attributable to shareholders	92.4	68.8	41.6	45.5	20.8
Basic earnings per share - weighted[1]	27.93 cents	23.16 cents	14.50 cents	18.33 cents	8.39 cents
Distributable profit before income tax	46.3	40.3	35.0	29.8	27.8
Distributable profit after income tax	37.1	32.1	27.7	24.0	27.8
Basic distributable profit after income tax per share - weighted	11.22 cents	10.80 cents	9.67 cents	9.64 cents	11.22 cents
Property values	1,274.8	872.4	780.2	667.0	658.3
Bank debt drawn	532.2	305.9	268.2	246.4	267.3
Bank loan to value ratio	41.7%	35.1%	34.4%	36.9%	40.6%
NTA per share[2]	$1.97	$1.81	$1.69	$1.62	$1.53
Adjusted NTA per share[3]	$2.00	$1.82	$1.69	$1.64	$1.55

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

1. Earnings per share has increased from 14.50 cents in FY2014 to 23.16 cents in FY2015, to 27.93 cents in FY2016 (note that in FY2016, earnings per share was diluted by the issue of new shares as set out in Note 18 to the Consolidated Financial Statements on page 48 and rights under Stride's long term share incentive plan as set out in Note 21 to the Consolidated Financial Statements on page 54).
2. Excludes intangibles.
3. Excludes intangibles and after tax fair value of interest rate derivatives.

The 2016 financial year marked the beginning of a significant step forward for Stride. It has seen the company adopt a strong outward-facing brand to reflect the positive and transformative nature of its business. In addition, Stride has adopted a number of initiatives designed to accelerate the Company's rise to a leadership position in its sector.

Our Strategy

In September 2015, Stride became the new corporate identity for a company that has a strategy to deliver market-leading returns to its investors. This success has been based on strategic investment in properties that exhibit the qualities necessary to create enduring demand through varying market conditions and development of an adjacent real estate investment management business.

The progressive and forward-looking identity represents the purposeful and innovative approach taken by Stride, the culture it fosters within the company, and the strong focus on performance across its business.

The launch of the new identity coincided with the introduction of formative changes within Stride. These were designed to further increase its investment performance, streamline its operations, expand its activities into related areas of growth and enhance its skill and capability.

Stride is both a real estate investor and real estate investment manager. It commits fully to the real estate investment products that it manages by investing and co-investing in them and, in doing so, makes effective use of its core Real Estate Investment Management (REIM) capabilities.

This approach is underpinned by the company's investment strategy which is driven by the concept of 'Enduring Demand' — the selection of properties that deliver high, long term demand and consistently strong returns through varying market conditions.

To ensure that Stride's portfolios are expertly managed, Stride has a structure and team that possess a wealth of expertise and knowledge based on many years of experience.

With its flat management structure and highly collaborative team approach, Stride is able to react quickly to market opportunities, formulate and implement strategic initiatives and assess potential opportunities. The company is closely attuned to the market and astutely navigates risk to ensure that it delivers consistent and healthy returns for investors.

Embodied within Stride's ethos is a commitment to deliver what it promises to its customers, its investors and other key stakeholders. The Stride name reflects its clarity of vision, ambitious but achievable objectives, its determination to achieve them, and the confidence that the company has in its future.

Within the New Zealand property sector Stride is making its mark, achieving ambitious goals with a practiced and knowledgeable eye on market conditions and trends. For Stride, this growth is not undertaken merely for its own sake. It is carefully judged to deliver the best possible outcomes for shareholders, investors and customers alike. The company is poised to make an even greater impact in the New Zealand market as it continues to deliver outstanding returns from astute investment and management.

The 2016 financial year was a year marked by strategic innovation, planned expansion and streamlined productivity for Stride. These developments have set the stage for the company's future growth.

In November, Stride acquired 19 Large Format Retail properties previously owned by Antipodean Supermarkets Limited and Antipodean Properties Limited. The supermarkets included in the acquisition are leased to the operator of Countdown supermarkets in New Zealand, an ultimate subsidiary of Woolworths Limited.

This portfolio has unique attributes delivering a long weighted average lease term and is being considered as a potential option to expand Stride's REIM activity.

At the beginning of October, the $175 million[1] NorthWest Shopping Centre was opened to a large local crowd by Upper Harbour MP, the Hon. Paula Bennett. The shopping centre has approximately 100 retail stores and is estimated to have generated up to 700 new jobs for the region.

NorthWest Shopping Centre is a cornerstone to a broader vision for the Westgate Town Centre that is progressively coming to fruition during 2016-2018. This rapidly growing part of Auckland's burgeoning urban environment will benefit immensely from the next stages of development, including NorthWest Two, another Stride development, which will open on schedule by October 2016.

NorthWest Two is located opposite NorthWest Shopping Centre and will comprise four separate buildings that will provide a wide range of additional dining, retail and office space in a purpose-built main street environment.

Interest in NorthWest Two has been considerable with over half of the available office space and 100% of the food and beverage space leased. Constellation Brands, New Zealand's leading wine company, confirmed a tenancy amounting to 25% of the expected annual rent for the NorthWest Two project.

Stride is actively pursuing growth opportunities in its REIM activities. In November, Diversified NZ Property Fund Limited (Diversified), managed by Stride, entered into an agreement to acquire the Westfield Queensgate Shopping Centre in Wellington and the Westfield Chartwell Shopping Centre in Hamilton. The acquisition is subject to the approval of the Overseas Investment Office.

Stride sees significant potential in this sector of its business, in particular the opportunity to leverage the expertise of its management team. The two shopping centres are highly complementary to Diversified's current portfolio and to Stride's ambition to grow its REIM business.

[1] Valuation as at 31 March 2016

NorthWest Shopping Centre, Auckland

Stride's Vision

Our vision is to be the best, though not necessarily the largest, player in our field. This means that we have the best people investing and managing the best places and delivering the best performance in the New Zealand property market.

We are a company that is looking to the future, moving forward with the reputation, confidence and motivation to take everyone involved in our business on the journey and to collectively see it unfold.

We work together to ensure that our properties have high, long term demand and deliver consistently good returns through varying market conditions.

People are at the centre of everything we do. Our point of difference is our customer-centric model and the ability to respond quickly to what people need and want.

Customer belief in our ability to deliver is key to realising our goals.

Collectively, we all drive our business to success.

Behaviours

Four distinctive behaviours and business practices differentiate us from our competitors:

Discipline driven: Stride goes to great lengths to perform the basics of our business incredibly well. This means getting all the details right and having a rigorous process to evaluate every opportunity. We astutely navigate risk, manage downside and seize opportunities.

People-centred: The success of every place we are involved with ultimately depends on satisfying the wants and needs of people — so we imagine ourselves in our tenants' and guests' shoes and create an environment they can enjoy and prosper in.

Fresh thinkers: We strive to be at the forefront of new thinking on capturing the optimum value for people from properties, and we continuously scan new horizons for better ways of doing things.

Nimble performers: Our flat, tight structure and our size allow us to be highly responsive to changing conditions and to make fast decisions.

Our People

Peter Tuck
National Manager Retail Leasing

"Properties we invest in are places that are important to our customers, their staff, their visitors and their own customers. To be the best, our places need to provide accessibility, amenity, functionality and a compelling value proposition. We go to great lengths to ensure they do."

Kylie Wong
Compliance & Governance Manager

"Every step we take in developing our business has, at its heart, the desire to deliver outstanding returns to our investors and the best possible places for all who use them. This is the essence of how we do business."

Joel Buckingham
Property Manager Industrial

"We are building our own brand with the same care and attention that we bring to engaging with our customers and their businesses. We see our customer relationships as enduring partnerships with strong bonds of common interest. When our customers succeed, so do we."

Jessica Rod
Investment Manager

"Stride has a portfolio of office, retail and industrial properties which gives us exposure to a wide cross section of the economy and the flexibility to invest across all sectors. We select our properties in prime locations and ensure they meet the needs of our customers."

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Our Executive Team

"We're aiming to become the best, not necessarily the largest player in our field. That means having the best people investing in and managing the best places and delivering the best performance in the New Zealand property market."

Peter Alexander
Chief Executive

"Becoming 'Stride' has given us a brand that is a true reflection of us. It reinforces the confidence we bring to our work, the motivation we have to succeed and the journey we embark on with every new project and undertaking."

Jennifer Whooley
Chief Financial Officer & Company Secretary

"Stride's aim is to deliver consistently outstanding returns for our investors and for our customers through varying market conditions. Taking the long view of what the market needs and what we need to do to deliver it is what we are all about."

Andrew Hay
General Manager Commercial & Industrial

"The key to delivering a really great property that generates first-rate value over an extended period is a combination of top quality building design in locations carefully selected for their enduring demand in whatever economic cycle we find ourselves."

Steve Lewis
National Manager Retail Development

"We take great pride in delivering property that exceeds the expectations of everyone who uses it, whether they are our tenants, their staff or their customers. To do that consistently requires enormous attention to detail and a painstaking evaluation of every opportunity."

Philip Littlewood
General Manager Investment Management

"What sets Stride apart is the people who work here and the incredible range of skills and experience they bring to the business every day. We connect with our customers not just to deliver outstanding practical outcomes for them but to develop an affinity for their businesses."

Roy Stansfield
General Manager Shopping Centres

Stride aims to stand out from the market by consistently delivering results that are above market trends and expectations. The 2016 financial year is no exception to this and the company has delivered a result well ahead of the overall property sector market performance.

The ability to provide consistent growth and returns to investors over a sustained period sets Stride apart in its industry sector. This is achieved by maintaining a tight focus on clearly defined and ambitious goals delivered by a management team that is fully committed to achieving them.

This year can be considered to be a period in which the company has undergone a marked transformation, not just in its corporate identity but in every facet of its business.

Chairman's Report

All of Stride's key measures in the 2016 financial year show the company's positive performance.

Stride's dividends to its investors over the last three years have shown continued growth. The full 2016 year's cash dividend of 10.75 cps has resulted in an increase of 4.9% on the previous year's cash dividend of 10.25 cps.

This has been a very deliberate and managed growth, overseen by a fully engaged Board of Directors and an experienced and innovative management team. It is the outcome of thorough and on-going scrutiny of the company's portfolio and market opportunities to ensure that Stride delivers optimum returns in varying market conditions.

Shareholder support for the company was clearly shown with the response to the Share Purchase Plan (SPP) that closed in November 2015. The SPP closed fully subscribed, with applications received well in excess of the $15 million sought. This reflects the high level of confidence in our business strategy and the acquisition of 19 Large Format Retail properties that was announced in September.

In addition to this transaction, Diversified NZ Property Fund Limited, the wholesale investment vehicle managed by Stride, entered into an agreement to acquire the Westfield Queensgate Shopping Centre in Wellington and the Westfield Chartwell Shopping Centre in Hamilton. This agreement is subject to the approval of the Overseas Investment Office. This transaction marks a significant milestone in Stride's approach to delivering returns to the funds we manage, as well as expanding its Real Estate Investment Management activity.

Advancing Our Strategy

We have been evaluating opportunities and are continuing to advance initiatives to grow Stride's Real Estate Investment Management business. The Board is proposing to separate and staple Stride's Real Estate Investment Management business to its property ownership business. This structure ensures Stride is "fit for purpose", permitting Stride to grow its Real Estate Investment Management business whilst retaining its Portfolio Investment Entity (PIE) taxation status. The Board expects to provide shareholders more information on this proposal before the end of June.

Distribution Policy and Dividend

In keeping with previous years, Stride's policy is to deliver consistent dividends and long-term growth for its shareholders. Its policy of distributing between 95% and 100% of Distributable Profit, defined as net profit/(loss) before tax adjusted for non-recurring and/or non-cash items and current taxation remains unchanged, with the intention that dividends are paid broadly in line with operating earnings.

For the fourth quarter of the 31 March 2016 financial year, being the period 1 January 2016 to 31 March 2016, the Board has approved a cash dividend of 2.75 cps. The final quarter's dividend will lift the full year's cash dividend to 10.75 cps, an increase of 4.9% on the previous year's cash dividend of 10.25 cps.

Stride is a company that is transforming its business with innovative and progressive ways of maximising returns for shareholders.

Thank you for your ongoing support.
On behalf of the Board

Tim Storey
Chairman

Board of Directors

Tim Storey
Chairman (Independent)

Tim was appointed Chair of Stride in 2009. He has more than 30 years' business experience across a range of sectors and has practised as a lawyer in Australia and New Zealand, retiring from the Bell Gully partnership in 2006. Tim is a member of the Institute of Directors in New Zealand (Inc) and is a director of JustKapital Litigation Partners Limited (ASX Listed) and a number of private companies.

Michelle Tierney
Director (Independent)

Michelle has more than 20 years' experience in the property industry and is a senior executive with the National Australia Bank, where she is the General Manager of Business Development and Strategy for Global Institutional Bank. Prior to this, Michelle was Fund Manager of the $3.8 billion GPT Wholesale Shopping Centre Fund for ASX50 company The GPT Group. Michelle holds a Master of Business Administration, a Postgraduate Diploma in Business Administration and a Bachelor of Arts (Journalism & Communication). Michelle is a member of the Australian Institute of Company Directors, Women on Boards Australia and the Women's Leadership Institute Australia and is an Associate of the Australian Property Institute.

David van Schaardenburg
Director (Independent)

David is a Principal of the investment firm, New Zealand Funds Management. He has worked in financial analysis and portfolio management roles for 25 years, including three years in London. From 1994, he directed Fundsource Limited, New Zealand's leading investment research group, and from 1997 was Chief Investment Officer at NZ Funds, overseeing the management of $1 billion across a variety of asset classes. David has a Bachelor of Commerce from The University of Auckland and holds a Chartered Accountant (CA) designation from Chartered Accountants Australia and New Zealand. He is a member of the Institute of Directors in New Zealand (Inc).

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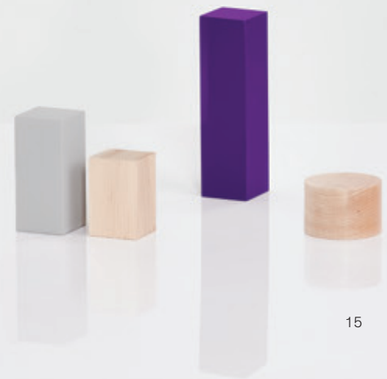
John Harvey
Director (Independent)

John has over 35 years' professional experience as a chartered accountant. He was a partner in PricewaterhouseCoopers for 23 years and held a number of management and governance responsibilities. John retired from PwC in June 2009 to pursue a career as a professional independent director. He holds a Bachelor of Commerce degree from the University of Canterbury. He is a member of the Institute of Directors in New Zealand (Inc) and is currently a director of Port Otago Limited, Kathmandu Holdings Limited, Heartland Bank Limited, Ballance Agri-Nutrients Limited and is Chairman of New Zealand Opera Limited.

Michael Stiassny
Director (Independent)

Michael has widespread experience in all matters financial. He is the senior partner of KordaMentha in New Zealand – a chartered accountancy firm specialising in financial consulting work. He is currently Chairman of Vector Limited, Tower Limited and Ngāti Whātua Ōrākei Whai Rawa Limited, as well as a director of a number of public and private companies. Michael is a Fellow of the Institute of Directors in New Zealand (Inc) (FInstD), a Fellow of Chartered Accountants Australia and New Zealand and President of the Institute of Directors in New Zealand (Inc).



Management Report

The 2016 financial year has been a transformational year for Stride, the result of a clear strategy, strong governance, and a focused and driven management team.

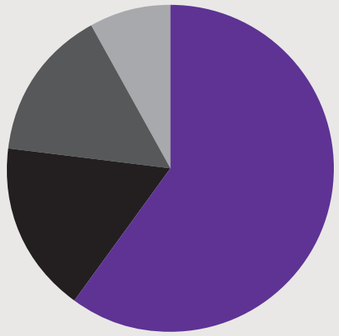
Key performance indicators for Stride improved markedly over the previous year. With the support of its shareholders and careful management of assets, Stride has taken advantage of significant market opportunities.

Central to Stride's approach to its business is to continue to grow returns for shareholders. The significant gains made during the year have been underpinned with a clear focus on return on investment. This approach will continue in future years and see Stride take an even stronger leadership position in the New Zealand property sector.

Peter Alexander *Chief Executive*
Jennifer Whooley *Chief Financial Officer*

Portfolio by Location

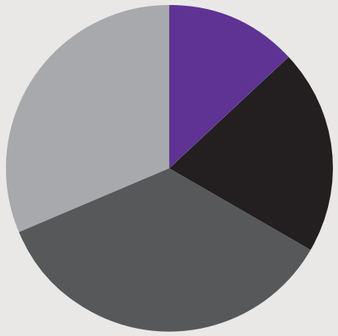
as at 31 March 2016 (by contract rental[1])



- Auckland 60%
- Wellington 17%
- Northern Regional 15%
- South Island 8%

Portfolio by Sector

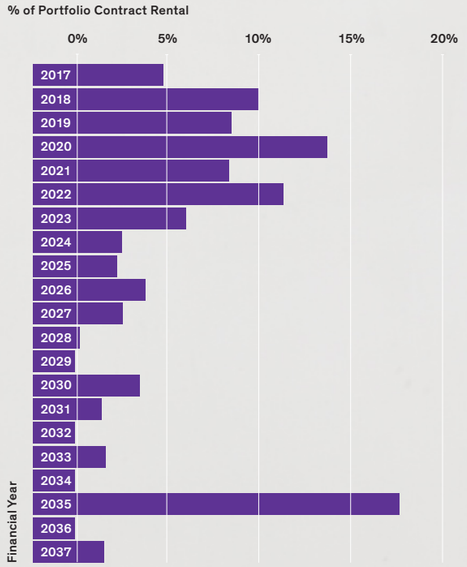
as at 31 March 2016 (by contract rental[1])



- Industrial 13%
- Office 20%
- Large Format Retail 36%
- Retail 31%

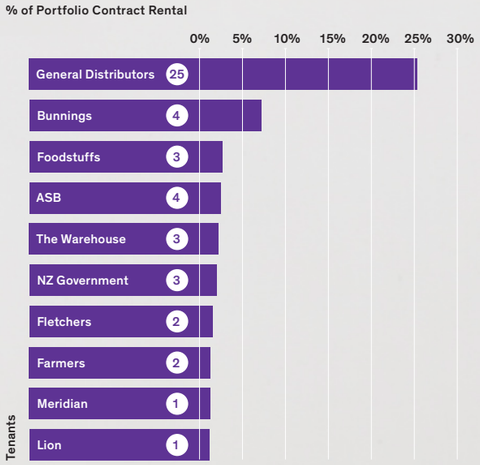
Lease Expiry Profile[2]

as at 31 March 2016 (by contract rental[1])



Top Ten Tenants[3]

as at 31 March 2016 (by contract rental[1])



1. 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 31 March 2016, annualised for the 12 month period on the basis of the occupancy level for the relevant property as at 31 March 2016, and assuming no default by the tenant.
2. Represents the scheduled expiry for each lease, excluding any rights of renewal that may be granted under each lease, for the entire portfolio as at 31 March 2016, as a percentage of Portfolio Contract Rental.
3. Based on Contract Rental for all properties leased to individual tenants and their affiliates as at 31 March 2016. The numbers on each bar represent the number of properties leased by the tenant.

Key Points:

- All key indicators showing significant improvement
- New corporate identity launched
- NorthWest Shopping Centre opened
- NorthWest Two development underway and on track to open by October 2016
- Substantial growth in Real Estate Investment Management opportunities

Portfolio Valuation

The annual independent market valuations at year-end resulted in the property portfolio value increasing by a net 5.2%, or $60 million, on a like-for-like basis.[1]

Stride's property portfolio is now valued at $1,274.8 million with a weighted average capitalisation rate across the portfolio of 6.95%.

Lease Transactions

Stride completed a total of 200 lease transactions in the 12 months to 31 March 2016 comprising the following:

- 118 rent reviews over 226,152m^2 for a total annual rental of $32.8 million
- 46 lease renewals over 33,284m^2 for a total annual rental of $7.8 million
- 36 new lettings completed over 18,639m^2 for a total annual rental of $3.6 million

Renewals

Lease transactions of note include the renewal of the ASB lease at 33 Corinthian Drive, Auckland, for a term of nine years and The Warehouse, 35 MacLaggan Street, Dunedin, for a term of six years. Other renewals of note include NZ Post, 65 Chapel Street, Tauranga, (six years) and IPFX, 7-9 Fanshawe Street, Auckland, (four years).

New Lettings

New lettings of note include a three year lease to Tasman Liquor at 22 Ha Crescent, Auckland. A new lease to Fletchers of the remaining vacant space (1,310m^2) at 650 Great South Road, Auckland, was also agreed. Stride's occupancy level is 99.6% as at 31 March 2016.

The remaining expiries as at 31 March 2016 for the 2017 financial year represent 4.78% of contract rental. Based on the current lease profile, 9.99% of contract rental expires in the 2018 financial year.

[1] The valuations of all properties disposed of during the 12 months from 1 April 2015 have been disregarded in this calculation. As at 31 March 2015, the portfolio was independently valued at $872.4 million.

The Launch of Stride Property Limited

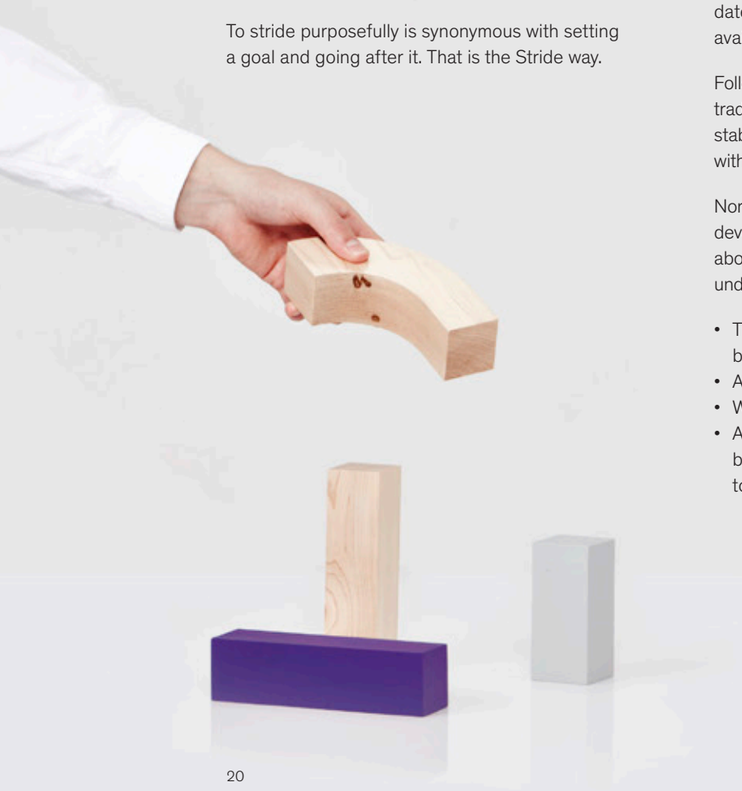
In September 2015, DNZ Property Fund Limited became Stride Property Limited after a thorough review of the company, its visibility in the marketplace and in recognition of the changing and expanding nature of the business.

The new brand and corporate identity reflect the steps that Stride is taking to deliver sector leading investment returns and brings to life its strategy of investing in properties with enduring demand. This approach results in maximising returns on a sustained basis and is aligned with the company's philosophy of investing in places that reward and give value to all who use them.

'Stride' reflects a progressive and forward thinking organisation and better represents the company's purposeful and innovative approach. It is strongly symbolic of the culture within the company and with the performance of the places that it invests in.

It also reflects the purposeful and deliberate approach taken to property selection, acquisition and divestment. These are hallmarks of Stride's business philosophy and have resulted in the creation of consistently above average returns for its investors.

To stride purposefully is synonymous with setting a goal and going after it. That is the Stride way.



35 Teed Street, Auckland

Development Projects

NorthWest Shopping Centre
NorthWest Shopping Centre, located at the Westgate Town Centre in North West Auckland, opened in October 2015. The retail tenancies incorporate a number of New Zealand's leading brands in a mix of specialty stores, kiosks and two anchor tenants, Farmers and Countdown. At 31 March 2016, its sixth month of operation, the centre had maintained 100% of retail occupancy and 84% of the available office space is also leased. At that date, three remaining office suites totalling 545m^2 were available for lease.

Following a well-attended opening week and the Christmas trading period, the NorthWest Shopping Centre is now in a stabilisation phase as customers in the area become familiar with the centre.

NorthWest Shopping Centre is the first stage of a larger development located at the Westgate Town Centre with about 40,000m^2 of retail, office and commercial facilities under construction. These include:

- The NorthWest Two development being undertaken by Stride
- A Bunnings warehouse
- Westgate lifestyle bulk retail centre
- A multi-purpose facility, including a library, to be built by Auckland Council and currently expected to be completed early 2018

NorthWest Two Development
The NorthWest Two development is progressing steadily and is on track to be completed by October 2016, as anticipated. In December 2015, the arbitration with Westgate Town Centre Limited (WTCL) to determine the size of one of Stride's four NorthWest Two buildings was completed. On 9 February 2016, Stride announced that the decision of the arbitrator had been released. The decision confirmed that Stride's plans for the particular NorthWest Two building met all relevant requirements, including those under the arrangements that Stride has with WTCL.

Leasing for NorthWest Two is also progressing satisfactorily, with 100% of the food and beverage space and 51% of the office accommodation committed. The focus is now on the specialty retail space which is planned to be a mix of fashion, homeware and services.

Johnsonville Shopping Centre
Stride has a resource consent in place to extend the Johnsonville Shopping Centre and continues to review the most appropriate approach to this development.

Since the project was first proposed, market conditions have shifted markedly and Stride is carefully assessing the implications of these for the timing and make-up of the proposed development.

In the meantime, the centre is being carefully managed to best serve the retailers and local community.

Real Estate Investment Management (REIM)

Stride manages Diversified NZ Property Fund Limited and has committed an additional investment of $5.3 million to support the acquisition of Westgate Queensgate Shopping Centre, Wellington, and Westfield Chartwell Shopping Centre, Hamilton. The acquisition of the shopping centres is subject to the approval of the Overseas Investment Office. Settlement of the acquisition is expected to occur in a restructured investment vehicle, which will continue to comprise the existing investors and be managed by Stride.

Stride is also considering the potential to establish a specialist investment vehicle focused on larger format retail property and, if this is determined to be progressed, Stride would plan to retain a material investment.

As both a real estate investor and investment manager, Stride commits fully to the real estate investment products it offers and manages by investing in and co-investing with the investors in these products.

Capital Management

In September 2015, Stride announced that it had entered into an unconditional agreement to acquire 19 Large Format Retail properties for an aggregate purchase price of $287 million. This acquisition was funded through a mix of debt and equity. On 7 October 2015, Stride issued 59,400,000 ordinary shares under a placement to eligible shareholders and investors. The shares were issued at $1.94 and raised gross proceeds of $115,236,000. A share purchase plan offer to New Zealand shareholders of up to $15,000 per shareholder closed on 28 October 2015 and raised a further $15 million. The property acquisitions settled in November 2015.

On 5 November 2015, Stride refinanced its bank facility and entered into an additional $160 million facility for a term of three years to enable the settlement of the 19 Large Format Retail properties.

As at 31 March 2016, Stride had drawn bank facilities of $532 million and had interest rate hedging in place equivalent to 65% of drawn bank borrowings. The LVR ratio was 41.7%, which sits within Stride's target of a mid 30% to low 40% range and well below Stride's banking covenant limit of 50%. Our exposure to interest rate fluctuations is minimal and only extends to the non-hedged portions of drawn bank borrowings.

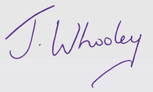
Stride's weighted average cost of debt (including margins and line fees) was 4.7% as at 31 March 2016 and the weighted average hedging term, including forward rate swaps, was 3.1 years.

Outlook

The growth of Stride's business during 2016 has provided an excellent platform for continued growth in earnings and profitability. In the current low interest rate environment there is good demand from both retail and wholesale investors for REIM services and products. Stride has excellent deal flow and the capability to capture investment opportunities for both its own investment and for clients of its REIM business.

The programme to reposition the portfolio will continue alongside careful capital management to ensure that market opportunities can be realised when they occur.

Peter Alexander
Chief Executive



Jennifer Whooley
Chief Financial Officer

Portfolio 2016

Overview	As at 31 March 2016	As at 31 March 2015
Properties	59	41
Tenants	415	281
Net Lettable Area (m^2)	432,337	334,694
Net Contract Rental[1] ($m)	90.9	58.5
WALT[2] (years)	7.9	5.1
Occupancy Rate (% by area)	99.6	96.6
Portfolio Vale ($m)	1,274.8	872.4

Address	City	Tenants (no.)	Major Tenant(s)	Occupancy	Net Lettable Area (m^2)	WALT[2] (years)	Valuation ($000)	Net Contract Rental[1] ($000)	Market Cap Rate	Contract Yield
Office										
33 Corinthian Drive	Auckland	1	ASB Bank	100.0%	10,936	9.5	40,800	2,800	6.38%	6.86%
7 – 9 Fanshawe Street	Auckland	13	IAG, IPFX, ClearPoint	100.0%	4,817	3.2	12,200	1,654	9.75%	13.56%
80 Greys Avenue	Auckland	2	DDB New Zealand, Serato	100.0%	5,450	3.6	19,000	1,371	7.50%	7.22%
21 – 25 Teed Street	Auckland	11	Beam Global (NZ), NZACU	100.0%	4,071	2.9	20,800	1,451	6.75%	6.97%
35 Teed Street	Auckland	10	Heartland Bank	100.0%	2,874	5.0	17,200	1,208	7.00%	7.02%
33 Customhouse Quay	Wellington	5	Meridian Energy	100.0%	5,245	3.7	34,000	2,447	7.00%	7.20%
1 Grey Street	Wellington	14	Westpac (NZ) Investments	100.0%	10,472	4.6	49,750	3,891	7.63%	7.82%
22 The Terrace	Wellington	8	Qual IT, Department of Internal Affairs	91.1%	4,780	3.1	15,700	1,200	8.25%	7.64%
Office Total		**64**		**99.1%**	**48,646**	**4.9**	**209,450**	**16,021**	**7.30%**	**7.65%**
Industrial										
30 Airpark Drive	Auckland	1	DHL Supply Chain (New Zealand)	100.0%	13,733	3.7	20,350	1,372	7.00%	6.74%
22 Ha Crescent	Auckland	1	Tasman Liquor	100.0%	8,757	2.2	10,300	727	7.00%	7.06%
8 Reg Savory Place	Auckland	1	National Glass	100.0%	4,025	1.4	6,600	478	6.38%	7.25%
20 Rockridge Avenue	Auckland	1	NZ Merchants	100.0%	10,239	1.0	12,300	840	7.25%	6.83%
460 Rosebank Road	Auckland	1	Croxley Stationery	100.0%	12,263	0.0	12,000	875	7.75%	7.29%
11 Springs Road	Auckland	1	Lion - Beer, Spirits and Wine	100.0%	21,349	1.5	20,000	1,929	7.88%	9.65%
25 O'Rorke Road	Auckland	5	Laminex, AA Insurance, Hydraulink	100.0%	27,086	6.8	57,175	3,468	6.33%	6.07%
415 East Tamaki Road	Auckland	1	Goodyear & Dunlop Tyres (NZ)	100.0%	9,727	5.0	16,250	1,137	6.38%	7.00%
15 Ride Way	Auckland	1	Express Couriers	100.0%	6,027	1.4	8,650	600	6.75%	6.93%
34 Airpark Drive	Auckland	1	MPI International	100.0%	–	11.8	5,700	252	5.25%	4.42%
Industrial Total		**14**		**100.0%**	**113,207**	**3.8**	**169,325**	**11,678**	**6.79%**	**6.90%**
Retail										
Cnr Mt Wellington Highway & Penrose Road	Auckland	22	Countdown, Supercheap Auto	98.9%	9,011	3.3	37,200	2,497	6.88%	6.71%
Johnsonville Shopping Centre (50%)	Wellington	89	Specialty Retail	98.2%	6,972	3.4	32,935	2,504	8.29%	7.60%
61 Silverdale Street	Auckland	38	Countdown, The Warehouse	99.8%	22,961	7.1	85,500	5,804	6.75%	6.79%
65 Chapel Street	Tauranga	26	Rebel Sport, Briscoes	99.6%	16,290	3.2	38,700	3,017	7.63%	7.80%
NorthWest Shopping Centre	Auckland	104	Countdown, Farmers	98.0%	27,531	8.1	175,000	11,920	6.88%	6.81%
Retail Total		**279**		**98.9%**	**82,766**	**6.4**	**369,335**	**25,741**	**7.05%**	**6.97%**

Address	City	Tenants (no.)	Major Tenant(s)	Occupancy	Net Lettable Area (m^2)	WALT[2] (years)	Valuation ($000)	Net Contract Rental[1] ($000)	Market Cap Rate	Contract Yield
Large Format Retail										
Cnr Anglesea & Liverpool Streets	Hamilton	1	Countdown	100.0%	5,265	2.8	6,300	811	9.50%	12.87%
446 Te Rapa Road	Hamilton	1	Bunnings	100.0%	12,763	3.2	18,400	1,574	8.13%	8.56%
Cnr Tremaine Avenue & Railway Road	Palmerston North	1	Bunnings	100.0%	13,730	3.2	14,700	1,496	9.80%	10.18%
26 – 48 Old Taupo Road	Rotorua	1	Bunnings	100.0%	13,940	3.2	16,700	1,461	8.25%	8.75%
230 – 240 Fenton Street	Rotorua	1	Countdown	100.0%	5,172	4.4	14,200	1,050	7.63%	7.39%
78 Courtenay Street	New Plymouth	1	Pak'nSave	100.0%	8,522	13.5	25,000	1,629	6.50%	6.52%
9 Gloucester Street	Napier	1	New World	100.0%	4,386	13.5	14,750	909	6.25%	6.16%
2 Carr Road	Auckland	1	Bunnings	100.0%	11,601	10.9	31,500	2,169	6.50%	6.89%
Cnr Te Irirangi Drive & Bishop Dunn Place	Auckland	1	Mitre 10	100.0%	12,124	1.6	17,200	1,517	7.50%	8.82%
48 Miramar Avenue	Wellington	1	New World	100.0%	3,162	13.5	11,300	754	6.25%	6.67%
35 MacLaggan Street	Dunedin	1	The Warehouse	100.0%	6,433	5.3	9,500	819	8.25%	8.62%
24 Anzac Avenue	Auckland	1	Countdown	100.0%	4,382	18.9	20,700	1,251	6.00%	6.04%
326 Great South Road	Auckland	1	Countdown	100.0%	4,633	18.9	29,000	1,715	6.00%	5.92%
35a St Johns Road	Auckland	1	Countdown	100.0%	4,457	18.9	21,400	1,326	6.13%	6.20%
507 Pakuranga Road	Auckland	1	Countdown	100.0%	4,812	18.9	17,400	1,063	6.00%	6.11%
3 Averill Street	Auckland	2	Countdown	100.0%	5,435	17.3	16,400	1,287	7.00%	7.85%
Cnr Church & Selwyn Streets	Auckland	1	Countdown	100.0%	2,011	8.9	10,100	628	6.25%	6.22%
66 Studholme Street	Morrinsville	1	Countdown	100.0%	1,724	8.9	6,500	436	6.25%	6.71%
47 Bay Road	Wellington	1	Countdown	100.0%	3,490	18.9	11,500	724	6.25%	6.29%
91 Johnsonville Road	Wellington	2	Countdown, The Warehouse	100.0%	6,316	13.7	20,800	1,484	6.50%	7.13%
13 – 19 Queen Street	Upper Hutt	1	Countdown	100.0%	3,427	18.9	9,600	657	6.63%	6.85%
14 Russell Street	Upper Hutt	1	Countdown	100.0%	3,037	8.9	9,000	616	6.63%	6.85%
261 High Street	Lower Hutt	1	Countdown	100.0%	5,078	18.9	17,200	1,080	6.13%	6.28%
51 Arthur Street	Blenheim	1	Countdown	100.0%	3,136	18.9	11,500	738	6.25%	6.41%
87 – 97 Hilton Street	Kaiapoi	1	Countdown	100.0%	3,025	18.9	12,100	778	6.25%	6.43%
219 Colombo Street	Christchurch	1	Countdown	100.0%	3,976	18.9	18,400	1,151	6.00%	6.25%
Cnr Victoria & Browne Streets	Timaru	1	Countdown	100.0%	2,767	18.9	8,600	575	6.25%	6.69%
64 Gorge Road	Queenstown	1	FreshChoice	100.0%	1,727	18.9	10,300	586	5.75%	5.69%
309 Cumberland Street	Dunedin	1	Countdown	100.0%	4,123	18.9	18,500	1,177	6.25%	6.36%
172 Tay Street	Invercargill	1	Countdown	100.0%	4,341	18.9	18,000	1,175	6.50%	6.53%
Large Format Retail Total		**32**		**100.0%**	**168,993**	**12.8**	**466,550**	**32,638**	**6.71%**	**7.00%**
Land										
15 Rockridge Avenue	Auckland	–	Land	–	–	–	2,100	243	–	–
Land Total							**2,100**	**243**		
Investment Properties Total		**389**		**99.7%**	**413,612**	**8.2**	**1,216,760**	**86,321**	**6.93%**	**7.09%**
Non-Current Assets Held For Sale										
39 Corinthian Drive	Auckland	–	Land	–	–	–	5,910	176	–	–
650 Great South Road	Auckland	6	Inland Revenue Department, healthAlliance	100.0%	8,335	2.3	29,500	2,625	8.00%	8.90%
Lot 83 Tauriko Industrial Estate[3]	Tauranga	–	Land	–	–	–	529	–	–	–
Lot 85 Tauriko Industrial Estate	Tauranga	–	Land	–	–	–	690	–	–	–
Cnr Ward, Bryce & Tristram Streets[3]	Hamilton	19	Kmart	95.3%	8,119	2.1	13,425	1,353	–	–
20 – 22 Pollen Street[3]	Auckland	1	Colorite	100.0%	2,271	0.4	8,000	433	–	–
Non-Current Assets Held For Sale Total		**26**		**98.0%**	**18,726**	**2.0**	**58,054**	**4,586**	**8.00%**	**8.90%**
Total Portfolio		**415**		**99.6%**	**432,337**	**7.9**	**1,274,814**	**90,908**	**6.95%[4]**	**7.13%[4]**

Totals may not sum due to rounding. The occupancy %, WALT, market cap rate and contract yield for the property class and overall totals are a weighted average.

Footnotes:

1. Contract Rental is the amount of rent payable by each tenant, plus other amounts payable by that tenant under the terms of the relevant lease as at 31 March 2016, annualised for the 12 month period on the basis of the occupancy level for the relevant property as at 31 March 2016, and assuming no default by the tenant.
2. Weighted Average Lease Term (WALT).
3. Properties contracted for sale as at 31 March 2016 at contracted sale price.
4. This calculation excludes land and those properties contracted for sale as at 31 March 2016.

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Consolidated Statement of Comprehensive Income

For the year ended 31 March 2016

	Notes	2016 $000	2015 $000
Rental income	3	73,942	60,713
Property operating expenses		(4,688)	(3,497)
Net rental income		69,254	57,216
Management fee income		1,823	1,474
Less corporate expenses			
Corporate overhead expenses		(5,205)	(4,294)
Administration expenses		(3,168)	(1,827)
Total corporate expenses	4	(8,373)	(6,121)
Operating profit before net finance expenses, other income/ (expenses) and income tax		62,704	52,569
Finance income		294	257
Finance expenses		(18,277)	(13,270)
Net finance expenses	5	(17,983)	(13,013)
Operating profit before other income/(expenses) and income tax		44,721	39,556
Other income/(expenses)			
Gain/(loss) on disposal of investment properties	9,11	313	(460)
Net change in fair value of other investments		256	(244)
Net change in fair value of investment properties	9,11	59,938	38,435
Impairment of intangible asset	22	(3,000)	–
Net profit before income tax		102,228	77,287
Income tax expense	15	(9,822)	(8,452)
Net profit after income tax attributable to shareholders		92,406	68,835
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Movement in cash flow hedges, net of tax	18	(7,751)	(4,683)
Total other comprehensive income after tax		(7,751)	(4,683)
Total comprehensive income after tax attributable to shareholders		84,655	64,152
Basic earnings per share (cents)	18	27.93	23.16
Diluted earnings per share (cents)	18	27.89	23.14

The attached notes form part of and are to be read in conjunction with these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2016

	Notes	Share capital $000	Retained earnings $000	Other reserves $000	Total $000
Balance at 31 March 2014		505,834	(2,390)	1,797	505,241
Transactions with shareholders:					
Dividends paid	7	–	(27,865)	–	(27,865)
Share based payment expense	18	–	–	18	18
Total transactions with shareholders		–	(27,865)	18	(27,847)
Other comprehensive income:					
Transfer from options reserve on forfeiture of employee long term share incentive plan	18	–	267	(267)	–
Movement in cash flow hedges, net of tax	18	–	–	(4,683)	(4,683)
Total other comprehensive income		–	267	(4,950)	(4,683)
Net profit after income tax		–	68,835	–	68,835
Total comprehensive income		–	69,102	(4,950)	64,152
Balance at 31 March 2015		505,834	38,847	(3,135)	541,546
Transactions with shareholders:					
Dividends paid	7	–	(34,913)	–	(34,913)
Issue of shares	18	130,236	–	–	130,236
Capital raising expenses		(2,621)	–	–	(2,621)
Share based payment expense	18	–	–	513	513
Total transactions with shareholders		127,615	(34,913)	513	93,215
Other comprehensive income:					
Movement in cash flow hedges, net of tax	18	–	–	(7,751)	(7,751)
Total other comprehensive income		–	–	(7,751)	(7,751)
Net profit after income tax		–	92,406	–	92,406
Total comprehensive income		–	92,406	(7,751)	84,655
Balance at 31 March 2016		633,449	96,340	(10,373)	719,416

The attached notes form part of and are to be read in conjunction with these financial statements.

Consolidated Statement of Financial Position

As at 31 March 2016

	Notes	2016 $000	2015 $000
Current assets			
Cash and cash equivalents	8,19	5,086	4,431
Trade and other receivables	13,19,20	980	654
Prepayments		432	184
Other current assets		444	431
Non-current assets held for sale	11	58,054	12,265
Inventory	12	10,688	685
		75,684	18,650
Non-current assets			
Investment properties	9	1,216,760	860,105
Work in progress	10	326	161
Property, plant and equipment		805	363
Intangible asset	22	–	3,000
Derivative financial instruments	16,19	–	126
Other investments	19,20	1,944	1,358
		1,219,835	865,113
Total assets		1,295,519	883,763
Current liabilities			
Trade and other payables	14,19	14,448	14,865
Current tax liability		700	1,931
Derivative financial instruments	16,19	645	48
		15,793	16,844
Non-current liabilities			
Bank borrowings	17,19	531,600	305,339
Deferred tax liability	15	14,236	15,602
Derivative financial instruments	16,19	14,474	4,432
		560,310	325,373
Total liabilities		576,103	342,217
Net assets		719,416	541,546
Share capital	18	633,449	505,834
Retained earnings		96,340	38,847
Reserves	18	(10,373)	(3,135)
Equity		719,416	541,546

For and on behalf of the Board of Directors, dated 30 May 2016:

Tim Storey
Chairman

John Harvey
Director

The attached notes form part of and are to be read in conjunction with these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2016

	Notes	2016 $000	2015 $000
Cash flows from operating activities			
Rent received		75,382	61,940
Management fee income		1,823	1,474
Interest received		255	254
Dividends received		5	3
Interest paid		(17,282)	(12,934)
Operating expenses		(11,006)	(10,537)
Goods and services tax		717	(616)
Income tax paid		(9,234)	(7,309)
Net cash provided by operating activities	8	40,660	32,275
Cash flows from investing activities			
Proceeds from disposal of investment properties		19,656	30,574
Proceeds from disposal of property, plant and equipment		4	6
Capital expenditure on investment properties		(72,788)	(70,657)
Acquisition of investment	20	(329)	(1,602)
Acquisition of investment properties	9	(304,552)	–
Property, plant and equipment purchased		(728)	(120)
Net cash applied to investing activities		(358,737)	(41,799)
Cash flows from financing activities			
Drawdown on bank borrowings		373,322	68,440
Repayment of bank borrowings		(147,292)	(31,060)
Proceeds from equity issued	18	130,236	–
Capital raising expenses		(2,621)	–
Dividends paid		(34,913)	(27,865)
Net cash provided by financing activities		318,732	9,515
Net increase/(decrease) in cash and cash equivalents held		655	(9)
Opening cash and cash equivalents		4,431	4,440
Closing cash and cash equivalents		5,086	4,431

The attached notes form part of and are to be read in conjunction with these financial statements.

Notes to the Consolidated Financial Statements

Note 1: Accounting Policies

Reporting Entity
The financial statements presented are those of Stride Property Limited (the Parent) (formerly DNZ Property Fund Limited) and its subsidiaries Stride Holdings Limited (formerly DNZ Holdings Limited), Stride LFR Limited and Stride Investment Management Limited (together referred to as "Stride"). The Parent is domiciled in New Zealand and is registered under the Companies Act 1993. The Parent is also an FMC reporting entity under Part 7 of the Financial Markets Conduct Act 2013. The financial statements of Stride have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013 and the NZX Main Board Listing Rules. In accordance with the Financial Markets Conduct Act 2013, because group financial statements are prepared and presented for the Parent and its subsidiaries, separate financial statements for the Parent are no longer required to be prepared and presented.

The Parent is registered on the Main Board equity market of NZX Limited (NZX) and is principally involved in the ownership and management of investment properties in New Zealand.

The financial statements were approved for issue by the Board of Directors (the Board) on 30 May 2016.

Basis of preparation
These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). Stride is a for-profit entity for the purposes of complying with NZ GAAP. The financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS. The financial statements also comply with International Financial Reporting Standards (IFRS).

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain classes of assets and liabilities as identified in the specific accounting policies below and the accompanying notes.

The presentation currency is New Zealand dollars ($). Amounts shown have been rounded to the nearest thousand dollars ($000), unless stated otherwise.

Significant accounting estimates and judgements
In the application of NZ IFRS, the Board and management are required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from the estimates, judgements and assumptions made by the Board and management.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgements made by management in the application of NZ IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

In particular, information about significant areas of estimation uncertainty that have the most significant effect on the amount recognised in the financial statements is disclosed in the relevant notes as follows:

- Investment properties (note 9)
- Deferred tax (note 15)
- Interest rate derivatives (note 16)

Note 1: Accounting Policies (continued)

New standards, amendments and interpretations
The new standards, amendments to published standards, and interpretations which may impact Stride and which are mandatory for Stride's financial periods beginning on or after 1 April 2016 or later periods, but which Stride has not adopted early, are as follows:

- NZ IFRS 9, *Financial Instruments* (Effective date: periods beginning on or after 1 January 2018), addresses the classification, measurement and recognition of financial assets and financial liabilities and replaces the guidance in NZ IAS 39 Financial Instruments – Recognition and Measurement. Stride intends to adopt NZ IFRS 9 effective from 1 April 2018 and has yet to assess its full impact.

- NZ IFRS 15: *Revenue from contracts with customers* (Effective date: periods beginning on or after 1 January 2018) deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. Stride intends to adopt NZ IFRS 15 effective from 1 April 2018 and has yet to assess its full impact.

- NZ IFRS 16: *Leases* (Effective date: periods beginning on or after 1 January 2019) replaces the current guidance in NZ IAS 17 Leases. The existing lease accounting rules require lessees and lessors to classify their leases as either finance or operating leases. A lessee is not required to recognise lease assets or liabilities for operating leases. The current guidance has been criticised for failing to meet the needs of users of financial statements because they do not always provide a full representation of leasing transactions. In particular, they omit important information about significant assets and liabilities arising from operating leases.

  NZ IFRS 16 now requires a lessee to recognise a lease liability reflecting future lease payments and a "right-of-use" for most lease contracts.

  Under NZ IFRS 16, the accounting treatment for lessors is almost the same as under the current guidance NZ IAS 17. Stride intends to adopt NZ IFRS 16 effective from 1 April 2019 and has yet to assess its full impact.

All standards will be adopted at their effective date (except for those standards that are not applicable to Stride).

There are no other standards, amendments and interpretations that are not yet effective and that would be expected to have a material impact on Stride in the current or future reporting periods and on foreseeable future transactions.

Changes in accounting policies
There have been no changes in accounting policies from the prior period and all policies have been applied consistently throughout the year.

Note 2: Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board, as it makes all key strategic resource allocation decisions (such as those concerning acquisition, divestment and significant capital expenditure). Stride is internally reported as a single operating segment to the chief operating decision-maker, hence no further disclosures of reportable segments have been made.

Stride's revenue streams are earned from investment properties owned in New Zealand, with no specific exposure to geographical risk. Stride has a diverse client base, and it seeks to have no one tenant representing greater than 10% of the portfolio contract rental. However, following the acquisition of the 19 Large Format Retail properties from Antipodean Supermarkets Limited and Antipodean Properties Limited in November 2015, the tenant General Distributors constitutes 25.78% or $24,140,457 of Stride's portfolio contract rental as at balance date. In the prior period, the tenant Bunnings constituted 10.93% or $6,516,337 of Stride's portfolio contract rental as at 31 March 2015.

Note 3: Rental Income

Rental income from the investment properties is recognised on a straight-line basis over the lease term. Lease incentives provided in relation to letting the investment properties are amortised on a straight-line basis over the non-cancellable portion of the lease to which they relate, as a reduction of rental income.

Recoverable operating expenses are classified as a reduction of expenses instead of other income.

	2016 $000	2015 $000
Rental income	74,666	61,185
Capitalised lease incentives	1,103	1,067
Lease incentive amortisation	(1,155)	(1,102)
Fixed rental income	(672)	(437)
	73,942	60,713

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Stride has determined that it retains all significant risks and rewards of ownership of the leases and has therefore classified the leases as operating leases.

Property leased out under operating leases is included in investment property in the statement of financial position.

The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	2016 $000	2015 $000
No later than 1 year	90,022	57,099
Later than 1 year and no later than 5 years	279,390	155,392
Later than 5 years	380,360	96,754
	749,772	309,245

Note 4: Corporate Expenses

	2016 $000	2015 $000
Corporate overhead expenses includes:		
Salaries and other short term benefits	3,680	3,521
Depreciation expense	129	108
Administration expenses includes:		
Auditor's remuneration		
– Audit and review of financial statements	162	143
– Audit of financial statements – Stride LFR Limited	36	–
– Other services – review, agreed upon procedures, and due diligence	83	5
– Other services – workshop facilitation	17	–
Share based payment expense (note 18)	513	18

Note 5: Net Finance Expenses

Interest income is recognised on a time-proportional basis using the effective interest rate.

Where Stride borrows funds specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs capitalised are the actual borrowing costs incurred on that borrowing, less any investment income on the temporary investment of those borrowings. A qualifying asset is one that takes six months or longer to prepare for its intended use or sale. As at 31 March 2016, $3,055,072 (2015: $3,416,256) borrowing costs have been capitalised using an average capitalisation rate of 4.2% including line fee and margin (2015: 5.0%).

Where Stride borrows funds generally and uses them to fund a qualifying asset, the amount of borrowing costs capitalised is determined by applying a capitalisation rate to the expenditure on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings that are outstanding during the period, other than borrowings made specifically for the purpose of funding a qualifying asset.

Other borrowing costs are expensed when incurred and are recognised using the effective interest rate.

	2016 $000	2015 $000
Finance income		
– Bank interest income	222	211
– Other finance income	72	46
	294	257
Finance expenses		
– Bank borrowings interest	21,195	16,672
– Capitalised interest	(3,055)	(3,416)
– Other finance expenses	137	14
	18,277	13,270
Net finance expenses	17,983	13,013

Note 6: Distributable Profit

Stride's dividend policy is to distribute between 95% and 100% of its distributable profit. Distributable profit is a non-GAAP measure and consists of net profit before income tax, adjusted for non-recurring and/or non-cash items and current tax as follows:

	2016 $000	2015 $000
Net profit before income tax	102,228	77,287
NZ IFRS and other non-recurring and non-cash adjustments:		
– Net change in fair value of investment properties	(59,938)	(38,435)
– Net change in fair value of other investments	(256)	244
– (Gain)/loss on disposal of investment properties	(313)	460
– Impairment of intangible asset	3,000	–
– Net rent free incentives	52	35
– Net lease contribution incentives	244	98
– Fixed rental income	672	437
– Share based payment expense	513	18
– Depreciation expense	129	108
Distributable profit before income tax	46,331	40,252
Current tax expense	(8,174)	(7,445)
Adjusted for:		
– Tax expense on capitalised interest	(855)	(957)
– Tax expense on depreciation recovered on disposal of investment properties	(175)	258
Distributable profit after income tax	37,127	32,108
Weighted average number of shares for purpose of basic distributable profit per share (000)	330,794	297,228
Basic distributable profit after income tax per share - weighted (cents)	11.22	10.80
Weighted average number of shares for purpose of diluted distributable profit per share (000)	331,290	297,428
Diluted distributable profit after income tax per share - weighted (cents)	11.21	10.80

31 March 2016

Weighted average number of shares for purpose of diluted distributable profit per share has been adjusted for:
– 662,212 rights issued in July 2015 under the long term share incentive scheme four (note 21).

31 March 2015

Weighted average number of shares for purpose of diluted distributable profit per share in the prior year was adjusted for:
– 200,185 remaining rights issued in October 2012 under the long term share incentive scheme three (note 21).

Note 7: Dividends Paid and Proposed

The following dividends were declared and paid during the year:	2016 $000	2015 $000
Q4 2015 Final dividend 3.125 cents (Q4 2014 2.250 cents)	9,289	6,688
Q1 2016 Interim dividend 2.625 cents (Q1 2015 2.375 cents)	7,802	7,059
Q2 2016 Interim dividend 2.625 cents (Q2 2015 2.375 cents)	7,802	7,059
Q3 2016 Interim dividend 2.750 cents (Q3 2015 2.375 cents)	10,020	7,059
Total dividends paid	34,913	27,865

Dividend approved subsequent to balance date:
Q4 2016 Final dividend 2.750 cents (Q4 2015 3.125 cents) (note 27).

Dividends are recognised as a liability in Stride's financial statements in the period in which the dividends are approved.

Supplementary dividends of $167,920 (2015 $115,537) were paid to shareholders not resident in New Zealand for which Stride received a foreign investor tax credit entitlement.

Note 8: Statement of Cash Flows Reconciliation

Cash and cash equivalents include cash in hand and deposits held at call with banks. These assets are short term in nature and the carrying value is approximate to their fair value. Cash and cash equivalents are classified as loans and receivables. They are subsequently measured at amortised cost.

	2016 $000	2015 $000
Cash and cash equivalents		
Cash at bank	48	4
Cash on deposit	5,038	4,427
	5,086	4,431
Reconciliation of net profit after income tax attributable to shareholders to net cash from operating activities:		
Net profit after income tax	92,406	68,835
Add/(less) non-cash items:		
Movement in deferred tax (note 15)	1,648	1,007
Net change in fair value of investment properties	(59,938)	(38,435)
Net change in fair value of other investments	(256)	244
Impairment of intangible asset	3,000	–
(Gain)/loss on disposal of investment properties	(313)	460
Loss on disposal of property, plant and equipment	16	2
Movement in impairment provision (note 13)	17	9
Capitalised lease incentives	(1,223)	(1,154)
Lease incentive amortisation	1,519	1,272
Fixed rental income	672	437
Refinancing cost amortisation	(62)	(43)
Share based payment expense	513	18
Depreciation expense	129	108
	38,128	32,760
Less activities classified as investing activity:		
Capitalised expenditure on investment properties	4,492	(6,801)
	42,620	25,959
Add activity classified as financing activity:		
Refinancing cost	292	260
	42,912	26,219
Movement in working capital:		
(Increase)/decrease in trade and other receivables	(343)	130
Increase in prepayments and other current assets	(261)	(342)
(Decrease)/increase in trade and other payables	(417)	6,131
(Decrease)/increase in tax payable	(1,231)	137
Net cash provided by operating activities	40,660	32,275

Note 9: Investment Properties

Investment properties comprise freehold land, leasehold land, buildings and improvements that are held either to earn rental income or for capital appreciation or both. Investment property is initially stated at cost, including related transaction costs, and then at fair value as determined every year by an independent registered valuer.

Any gain or loss arising from a change in the fair value of the investment property is recognised in the statement of comprehensive income within net changes in fair value of investment properties. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to Stride and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed to the statement of comprehensive income during the period in which they are incurred.

Lease incentives are capitalised to the respective investment properties in the statement of financial position and amortised on a straight-line basis over the non-cancellable portion of the lease to which they relate.

Investment properties are de-recognised when they have been disposed of. The net gain or loss on disposal of investment property is calculated as the difference between the carrying amount of the investment property at the time of the disposal and the net proceeds on the disposal, and is included in the statement of comprehensive income in the reporting period in which the disposal occurs.

Investment properties are not depreciated for accounting purposes.

	Office $000	Industrial $000	Retail $000	Large Format Retail $000	Land/ Development $000	Total $000
Balance at 31 March 2014	221,650	164,235	190,670	168,095	33,850	778,500
Subsequent capital expenditure	1,729	4,902	854	109	69,034	76,628
Transfer from work in progress	–	99	–	–	8,662	8,761
Net capitalised incentives	(368)	210	46	(6)	–	(118)
Fixed rental income	(476)	(81)	131	(11)	–	(437)
Transfer to non-current assets held for sale	–	–	–	(10,950)	–	(10,950)
Disposals	(9,150)	(21,600)	–	–	–	(30,750)
Net change in fair value	9,765	7,270	10,299	4,163	6,974	38,471
Balance at 31 March 2015	223,150	155,035	202,000	161,400	118,520	860,105
Acquisitions	17,047	–	–	287,505	–	304,552
Subsequent capital expenditure	1,015	1,425	585	583	54,321	57,929
Net capitalised incentives	(135)	71	(232)	–	(3)	(299)
Fixed rental income	(481)	(169)	67	(89)	–	(672)
Transfer from non-current assets held for sale	–	–	6,700	–	–	6,700
Transfer to non-current assets held for sale	(28,300)	(7,200)	(13,900)	–	(5,720)	(55,120)
Disposals	(14,700)	–	–	–	–	(14,700)
Net change in fair value	11,854	22,263	7,765	10,501	5,882	58,265
Reclassification	–	(2,100)	166,350	6,650	(170,900)	–
Balance at 31 March 2016	209,450	169,325	369,335	466,550	2,100	1,216,760

Capitalised expenditure consists of fit-outs and other physical enhancements to the investment properties, with ownership of such capital amounts being retained by Stride.

Capital expenditure commitments contracted for:
As at 31 March 2016, Stride had the following material commitments:
- $6,401,000 (2015: $3,109,000) in total for various capital expenditure works to be undertaken on a number of investment properties in the next financial year;
- $23,726,000 for the completion of the NorthWest Two, Auckland, development.

Subsequent to balance date, Stride has committed to a further $1,159,100 in total for various capital expenditure works to be undertaken on a number of investment properties in the next financial year.

Stride has no other material capital commitments as at balance date.

Note 9: Investment Properties (continued)

In the current year, Stride sold the property at 51 Corinthian Drive, Auckland, for $15,150,000, with the resulting gain on sale of $299,163 reflected in the statement of comprehensive income.

Valuation basis
The fair value of an investment property represents the estimated price for which an investment property could be sold on the date of valuation in an orderly transaction between market participants.

The accepted methods for assessing the current fair value of an investment property are the Capitalisation and the Discounted Cash Flow approaches. Valuations of investment properties which are not yet complete are based on an independent valuer's assessment of the fair value at completion and adjusted to reflect the stage of completion of a project and the costs to complete.

Each approach derives a value based on market inputs, including:
- recent comparable transactions;
- forecast future rentals, based on the actual location, type and quality of the investment properties, and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties;
- vacancy assumptions based on current and expected future market conditions after expiry of any current lease;
- maintenance and capital requirements including necessary investments to maintain functionality of the property for its expected useful life; and
- appropriate discount rates derived from recent comparable market transactions reflecting the uncertainty in the amount and timing of cashflows.

The Capitalisation approach is considered a 'point in time' view of the investment property's value, based on the current contract and market income and an appropriate market yield or return for the particular investment property. Capital adjustments are then made to the value to reflect under or over renting, pending capital expenditure and upcoming expiries, including allowance for lessee incentives and leasing costs.

The Discounted Cash Flow approach adopts a ten year investment horizon and makes appropriate allowances for rental income growth and leasing costs on expiries, with an estimated terminal value at the end of the investment period. The present value is a reflection of market based income (inflows) and expenditure (outflows) projections over the ten year period discounted at a market analysed return.

In deriving a market value under each approach, all assumptions are based, where possible, on market based evidence and transactions for properties with similar locations, construction detail and quality of lessee covenant. The adopted market value is a weighted combination of both the Capitalisation and the Discounted Cash Flow approaches.

The valuations are performed by independent registered valuers who hold an annual practising certificate with the Valuers Registration Board and are members of the New Zealand Institute of Valuers. Valuers are engaged on terms ensuring no valuer values the same investment property for more than three consecutive years. In the current and prior year, the investment properties have been valued by CIVAS Limited (Colliers), Jones Lang LaSalle Limited (JLL), Bayleys Valuations Limited (Bayleys), CBRE Limited (CBRE) and Savills (NZ) Limited (Savills). All valuations are dated effective 31 March.

At each reporting date, Stride's asset managers:
- verify all major inputs to the independent valuation report;
- assess property valuation movements when compared to the prior year valuation report; and
- hold discussions with Stride's executive team on the processes and results of the valuations.

Stride's executive team review the valuations performed by the independent valuers for financial reporting purposes.

This team reports directly to the Chief Executive. Discussions of valuation processes and results are held between members of the executive team and the independent valuers, and the Chief Executive and Audit Committee, at least once every six months, in line with Stride's reporting dates.

Note 9: Investment Properties (continued)

Valuation basis (continued)

Breakdown of valuation by valuer	2016 $000	2015 $000
Colliers	354,800	322,200
CBRE	198,400	189,520
JLL	290,960	182,485
Bayleys	48,400	129,600
Savills	324,200	36,300
	1,216,760	860,105

Stride fair values its investment properties by way of the following fair value measurement hierarchy levels:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices);
Level 3 – inputs for the asset or liability that are not based on observable market data.

Investment property measurements are categorised as Level 3 in the fair value hierarchy. During the year there were no transfers of investment properties between levels of the fair value hierarchy.

The key inputs used to measure fair value of investment properties, along with their sensitivity to significant increase or decrease, are stated below:

		Fair value measurement sensitivity to significant		
Significant Input	Description	Increase in input	Decrease in input	Valuation method
Market capitalisation rate	The capitalisation rate is applied to the market income to assess an investment property's value. The capitalisation rate is derived from detailed analysis of factors such as comparable sales evidence and leasing transactions in the open market taking into account location, tenant covenant – lease term and conditions, weighted average lease term (WALT), size and quality of the investment property.	Decrease	Increase	Capitalisation
Discount rate	The discount rate is applied to future cash flows of an investment property to provide a net present value equivalent. The discount rate adopted takes into account recent comparable market transactions, prospective rates of return for alternative investments and apparent risk.	Decrease	Increase	Discounted Cash Flow
Market rental	The valuer's assessment of net market income for both occupied and vacant areas of the investment property.	Increase	Decrease	Capitalisation & Discounted Cash Flow
Weighted rental growth rate %	The weighted average rental growth rate applied to the market rental in the 10 year cash flow projection.	Increase	Decrease	Discounted Cash Flow

Note 9: Investment Properties (continued)

Valuation basis (continued)

Generally, a change in the assumption made for the adopted capitalisation rate is accompanied by a directionally similar change in the adopted discount rate. It may also result in an adjustment to the terminal yield. The adopted capitalisation rate forms part of the income capitalisation approach and the adopted discount rate forms part of the discounted cash flow approach.

When calculating fair value using the income capitalisation approach, the net market rent has a strong interrelationship with the adopted capitalisation rate given the methodology involves assessing the total net market income receivable from the property and capitalising this in perpetuity to derive a capital value. In theory, an increase in the net market rent and an increase (softening) in the adopted capitalisation rate could potentially offset the impact to the fair value. The same can be said for a decrease in the net market rent and a decrease (tightening) in the adopted capitalisation rate. A directionally opposite change in the net market rent and the adopted capitalisation rate could potentially magnify the impact on the fair value.

When assessing a discounted cash flow, the adopted discount rate and adopted terminal yield have a strong interrelationship in deriving a fair value given the discount rate will determine the rate in which the terminal value is discounted to the present value.

In theory, an increase (softening) in the adopted discount rate and a decrease (tightening) in the adopted terminal yield could potentially offset the impact to the fair value. The same can be said for a decrease (tightening) in the discount rate and an increase (softening) in the adopted terminal yield. A directionally similar change in the adopted discount rate and the adopted terminal yield could potentially magnify the impact to the fair value.

The following tables detail the ranges used for each key significant input disclosed for the various investment property class:

As at 31 March 2016	Market capitalisation rate	Discount rate	Market rental $/sqm	Weighted rental growth rate (average 10 years)
Office	6.38% to 9.75%	8.00% to 11.25%	205-481	(0.59%)-2.60%
Industrial	5.25% to 7.88%	8.00% to 9.75%	87-167	2.55%-2.62%
Retail	6.75% to 8.29%	9.25% to 9.50%	207-483	2.02%-3.28%
Large Format Retail	5.75% to 9.80%	6.50% to 11.09%	109-370	1.02%-3.84%
Total Portfolio	5.25% to 9.80%	6.50% to 11.25%	87-483	(0.59%)-3.84%

As at 31 March 2015	Market capitalisation rate	Discount rate	Market rental $/sqm	Weighted rental growth rate (average 10 years)
Office	7.13% to 9.75%	8.75% to 12.00%	182-464	0.58%-2.82%
Industrial	6.50% to 8.50%	8.75% to 10.25%	73-188	2.55%-3.00%
Retail	7.00% to 9.50%	9.25% to 10.50%	155-384	2.30%-3.30%
Large Format Retail	6.88% to 10.50%	8.50% to 10.50%	99-233	0.91%-2.44%
Total Portfolio	6.50% to 10.50%	8.50% to 12.00%	73-464	0.58%-3.30%

Note 9: Investment Properties (continued)

	Valuer	2016 $000	Market cap rate %	Occupancy %	WALT (years)
Office					
33 Corinthian Drive, Auckland	CBRE	40,800	6.38	100.0	9.5
7 – 9 Fanshawe Street, Auckland	Bayleys	12,200	9.75	100.0	3.2
80 Greys Avenue, Auckland	Bayleys	19,000	7.50	100.0	3.6
21 – 25 Teed Street, Auckland	CBRE	20,800	6.75	100.0	2.9
35 Teed Street, Auckland	Bayleys	17,200	7.00	100.0	5.0
33 Customhouse Quay, Wellington	CBRE	34,000	7.00	100.0	3.7
1 Grey Street, Wellington	CBRE	49,750	7.63	100.0	4.6
22 The Terrace, Wellington	CBRE	15,700	8.25	91.1	3.1
Office total		209,450	7.30	99.1	4.9
Industrial					
30 Airpark Drive, Auckland	CBRE	20,350	7.00	100.0	3.7
22 Ha Crescent, Auckland	JLL	10,300	7.00	100.0	2.2
8 Reg Savory Place, Auckland	JLL	6,600	6.38	100.0	1.4
20 Rockridge Avenue, Auckland	JLL	12,300	7.25	100.0	1.0
460 Rosebank Road, Auckland	JLL	12,000	7.75	100.0	0.0
11 Springs Road, Auckland	JLL	20,000	7.88	100.0	1.5
25 O'Rorke Road, Auckland	JLL	57,175	6.33	100.0	6.8
415 East Tamaki Road, Auckland	JLL	16,250	6.38	100.0	5.0
15 Ride Way, Auckland	JLL	8,650	6.75	100.0	1.4
34 Airpark Drive, Auckland	CBRE	5,700	5.25	100.0	11.8
Industrial total		169,325	6.79	100.0	3.8
Retail					
Cnr Mt Wellington Highway & Penrose Road, Auckland	Savills	37,200	6.88	98.9	3.3
Johnsonville Shopping Centre, Wellington (50%)	JLL	32,935	8.29	98.2	3.4
61 Silverdale Street, Auckland	Colliers	85,500	6.75	99.8	7.1
65 Chapel Street, Tauranga	Colliers	38,700	7.63	99.6	3.2
NorthWest Shopping Centre, Auckland	Colliers	175,000	6.88	98.0	8.1
Retail total		369,335	7.05	98.9	6.4
Large Format Retail					
Cnr Anglesea & Liverpool Streets, Hamilton	Colliers	6,300	9.50	100.0	2.8
446 Te Rapa Road, Hamilton	Colliers	18,400	8.13	100.0	3.2
Cnr Tremaine Avenue & Railway Road, Palmerston North	JLL	14,700	9.80	100.0	3.2
26 – 48 Old Taupo Road, Rotorua	Colliers	16,700	8.25	100.0	3.2
230 – 240 Fenton Street, Rotorua	Colliers	14,200	7.63	100.0	4.4
78 Courtenay Street, New Plymouth	JLL	25,000	6.50	100.0	13.5
9 Gloucester Street, Napier	JLL	14,750	6.25	100.0	13.5
2 Carr Road, Auckland	JLL	31,500	6.50	100.0	10.9
Cnr Te Irirangi Drive & Bishop Dunn Place, Auckland	JLL	17,200	7.50	100.0	1.6
48 Miramar Avenue, Wellington	CBRE	11,300	6.25	100.0	13.5
35 MacLaggan Street, Dunedin	JLL	9,500	8.25	100.0	5.3
24 Anzac Avenue, Auckland	Savills	20,700	6.00	100.0	18.9
326 Great South Road, Auckland	Savills	29,000	6.00	100.0	18.9
35a St Johns Road, Auckland	Savills	21,400	6.13	100.0	18.9
507 Pakuranga Road, Auckland	Savills	17,400	6.00	100.0	18.9
3 Averill Street, Auckland	Savills	16,400	7.00	100.0	17.3
Cnr Church & Selwyn Streets, Auckland	Savills	10,100	6.25	100.0	8.9
66 Studholme Street, Morrinsville	Savills	6,500	6.25	100.0	8.9
47 Bay Road, Wellington	Savills	11,500	6.25	100.0	18.9
91 Johnsonville Road, Wellington	Savills	20,800	6.50	100.0	13.7
13 – 19 Queen Street, Upper Hutt	Savills	9,600	6.63	100.0	18.9
14 Russell Street, Upper Hutt	Savills	9,000	6.63	100.0	8.9
261 High Street, Lower Hutt	Savills	17,200	6.13	100.0	18.9
51 Arthur Street, Blenheim	Savills	11,500	6.25	100.0	18.9
87 – 97 Hilton Street, Kaiapoi	Savills	12,100	6.25	100.0	18.9
219 Colombo Street, Christchurch	Savills	18,400	6.00	100.0	18.9
Cnr Victoria & Browne Streets, Timaru	Savills	8,600	6.25	100.0	18.9
64 Gorge Road, Queenstown	Savills	10,300	5.75	100.0	18.9
309 Cumberland Street, Dunedin	Savills	18,500	6.25	100.0	18.9
172 Tay Street, Invercargill	Savills	18,000	6.50	100.0	18.9
Large Format Retail total		466,550	6.71	100.0	12.8
Land					
*15 Rockridge Avenue, Auckland	JLL	2,100			
Total fair value of investment properties		1,216,760	6.93	99.7	8.2

*This investment property is being held for development, consequently the market cap rate, occupancy rate and WALT are not applicable.
The market cap rate %, occupancy % and WALT years for the property class totals and total investment properties are a weighted average.

Note 9: Investment Properties (continued)

	Valuer	2015 $000	Market cap rate %	Occupancy %	WALT (years)
Office					
33 Corinthian Drive, Auckland	CBRE	34,000	7.88	100.0	1.5
7 – 9 Fanshawe Street, Auckland	Bayleys	13,600	9.75	100.0	2.7
650 Great South Road, Auckland	CBRE	28,300	8.50	84.3	3.4
80 Greys Avenue, Auckland	Bayleys	16,200	8.25	100.0	3.8
21 – 25 Teed Street, Auckland	CBRE	19,200	7.13	100.0	3.7
51 Corinthian Drive, Auckland	CBRE	14,700	7.38	100.0	5.6
33 Customhouse Quay, Wellington	Bayleys	33,400	7.25	100.0	4.0
1 Grey Street, Wellington	CBRE	48,750	7.88	98.2	4.8
22 The Terrace, Wellington	CBRE	15,000	8.50	89.2	3.6
Office total		223,150	7.95	96.5	3.6
Industrial					
30 Airpark Drive, Auckland	CBRE	19,350	7.25	100.0	4.7
22 Ha Crescent, Auckland	JLL	8,150	8.00	0.0	0.0
8 Reg Savory Place, Auckland	JLL	6,000	7.00	100.0	2.4
20 Rockridge Avenue, Auckland	JLL	10,600	7.50	100.0	2.0
460 Rosebank Road, Auckland	JLL	9,100	8.50	100.0	1.0
11 Springs Road, Auckland	JLL	21,100	8.25	100.0	2.5
25 O'Rorke Road, Auckland	JLL	47,735	6.84	100.0	7.6
15 Rockridge Avenue, Auckland	JLL	1,900	8.25	100.0	2.3
415 East Tamaki Road, Auckland	JLL	13,300	7.50	100.0	6.1
15 Ride Way, Auckland	JLL	8,100	7.25	100.0	2.4
34 Airpark Drive, Auckland	CBRE	4,500	6.50	100.0	12.8
20 – 22 Pollen Street, Auckland	JLL	5,200	7.50	100.0	1.4
Industrial total		155,035	7.40	92.5	4.6
Retail					
Cnr Mt Wellington Highway & Penrose Road, Auckland	Savills	36,300	7.13	100.0	4.0
Cnr Ward, Bryce & Tristram Streets, Hamilton	Colliers	13,900	9.50	95.4	2.5
Johnsonville Shopping Centre, Wellington (50%)	JLL	34,100	8.54	98.4	3.6
61 Silverdale Street, Auckland	Colliers	82,500	7.00	99.8	8.0
65 Chapel Street, Tauranga	Colliers	35,200	8.00	98.7	2.4
Retail total		202,000	7.63	98.8	5.0
Large Format Retail					
446 Te Rapa Road, Hamilton	Colliers	18,000	8.13	100.0	4.2
Cnr Tremaine Avenue & Railway Road, Palmerston North	Bayleys	16,100	8.35	100.0	4.2
26 – 48 Old Taupo Road, Rotorua	Colliers	16,600	8.25	100.0	4.2
230 – 240 Fenton Street, Rotorua	Colliers	13,500	8.13	100.0	5.4
78 Courtenay Street, New Plymouth	Bayleys	21,200	7.40	100.0	14.5
9 Gloucester Street, Napier	Bayleys	12,200	7.35	100.0	14.5
2 Carr Road, Auckland	Colliers	29,700	6.88	100.0	11.9
Cnr Te Irirangi Drive & Bishop Dunn Place, Auckland	JLL	17,200	8.25	100.0	2.6
48 Miramar Avenue, Wellington	Bayleys	10,100	7.25	100.0	14.5
35 MacLaggan Street, Dunedin	Bayleys	6,800	10.50	100.0	0.3
Large Format Retail total		161,400	7.84	100.0	7.6
Land/Development					
*39 Corinthian Drive, Auckland	CBRE	5,720			
* NorthWest Shopping Centre, Auckland	Colliers	112,800			
Total fair value of investment properties		860,105	7.72	96.5	5.1

*These investment properties are being held for development or are vacant land, consequently the market cap rate, occupancy rate and WALT are not applicable.
The market cap rate %, occupancy % and WALT years for the property class totals and total investment properties are a weighted average.

Note 10: Work In Progress

Work in progress is investment property which is being developed by Stride for rental purposes, and is initially stated at cost and subsequently carried at fair value. Fair value measurement is only applied if it is considered that the fair value can be reliably measured. In order to evaluate whether the fair value of work in progress can be determined reliably, management considers:

- The provisions of the construction contract
- The stage of completion
- Whether the project/property is standard (typical for the market) or non-standard
- The level of reliability of cash inflows after completion
- The development risk specific to the property

The fair value of investment property reflects, among other things, rental income contracted by leases and assumptions about rental income from future leases in light of the current market conditions. The fair value also reflects, on a similar basis, the cash outflows that could be expected in respect of the investment property. However, when work in progress is at an early stage in a development, fair value cannot be reliably measured and the work in progress is stated at cost less any impairment.

	2016 $000	2015 $000
Johnsonville Shopping Centre, Wellington	326	161

31 March 2016 and 31 March 2015

Work in progress costs for Johnsonville Shopping Centre, Wellington, have been incurred in relation to the future development of the shopping centre.

Note 11: Non-Current Assets Held For Sale

Non-current assets held for sale are investment properties Stride is in the process of disposing of. They are carried at fair value and are classified as non-current assets held for sale under NZ IFRS 5 - Non-Current Assets Held for Sale and Discontinued Operations.

Any gain or loss arising from a change in the fair value of the non-current asset held for sale is recognised in the statement of comprehensive income within net changes in fair value of investment properties.

Non-current assets held for sale are de-recognised when they have been disposed of. The net gain or loss on disposal is calculated as the difference between the carrying amount at the time of the disposal and the net proceeds on the disposal, and is included in the statement of comprehensive income in the reporting period in which the disposal occurs.

In the current year, Stride sold the properties at Lot 82, Tauriko Industrial Estate, Tauranga, and 170 - 180 Taradale Road, Napier, for $4,777,050 gross in total, with the resulting gain on sale of $13,433 net of disposal costs, reflected in the statement of comprehensive income.

31 March 2016

- Corner Ward, Bryce and Tristram Streets, Hamilton
- 20 - 22 Pollen Street, Auckland
- 650 Great South Road, Auckland
- Lots 83 and 85 Tauriko Industrial Estate, Tauranga
- 39 Corinthian Drive, Auckland

The fair value of these investment properties as at 31 March 2016 is $58,054,470. A movement in their fair value of $1,673,000 has been recorded in the statement of comprehensive income as a component of the net change in fair value of investment properties.

These investment properties are expected to be sold during the next twelve months. The directors have put these investment properties up for sale as they do not meet the current strategic investment goals of Stride.

Note 11: Non-Current Assets Held For Sale (continued)

As at 31 March 2016, Stride has entered into an unconditional contract to sell the property at 20 - 22 Pollen Street, Auckland, for $8,000,000 and settlement is expected to take place on 18 August 2016. Stride has also entered into an unconditional contract to sell Lot 83, Tauriko Industrial Estate, Tauranga, for $529,470. Settlement is expected to take place by 15 September 2016.

Post balance date, Stride settled on the sale of the property at the corner of Ward, Bryce and Tristram Streets, Hamilton (note 27).

Post balance date, Stride entered into a conditional agreement to sell the property at 650 Great South Road, Auckland, for $31,800,000. The agreement is scheduled to be unconditional on 3 June 2016, with settlement expected to be on 15 June 2016 (note 27).

During the current year, the property at the corner of Anglesea and Liverpool Streets, Hamilton, previously held as a non-current asset held for sale, was re-classified as investment property as it is not currently being actively marketed for sale.

31 March 2015

- Lots 82, 83 and 85 Tauriko Industrial Estate, Tauranga
- 170 - 180 Taradale Road, Napier
- Corner Anglesea and Liverpool Streets, Hamilton

The fair value of these investment properties as at 31 March 2015 was $12,265,000. A movement in their fair value of ($36,252) was recorded in the statement of comprehensive income as a component of the net change in fair value of investment properties.

Note 12: Inventory

Stride's inventory relates to a property that is being developed and where there is an option held by another party to buy the property within the short term. The property is held at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less costs to complete development and selling expenses.

	2016 $000	2015 $000
NorthWest Two, Auckland	10,688	685

Stride is developing a further 7,700m^2 of dining, retail, and office space in a purpose-built main street retail environment on land opposite its NorthWest Shopping Centre, in a project known as 'NorthWest Two'. Stride's work on NorthWest Two is being performed further to a conditional right in its original agreement to acquire the NorthWest Shopping Centre land from Westgate Town Centre Limited (WTCL) in 2013. Under that agreement, following the occurrence of certain events:-

- Stride can obtain an initial 35 year ground lease from the landowner, WTCL, at no cost and there is no annual ground rental payable.
- WTCL can acquire the development from Stride within three years of the ground lease's effective date, at a price equal to 115% of Stride's total development cost, including holding costs.
- If WTCL does not acquire the development within the three year period, Stride can obtain freehold title to the land for $1.

Stride obtained a ground lease effective from 19 December 2014. At that time, WTCL disputed Stride's entitlement to obtain the ground lease, however, WTCL has since withdrawn its dispute about the validity of Stride's step-in.

WTCL also commenced arbitration proceedings about how large one of Stride's four NorthWest Two buildings under construction is required to be. In February 2016, the arbitrator released their decision which confirmed that Stride's plans for the particular NorthWest Two building meet all relevant requirements, including those under the arrangements that Stride has with WTCL.

NorthWest Two is on track to be completed by October 2016 as anticipated.

Note 13: Trade and Other Receivables

Trade and other receivables are recognised and carried initially at their fair value plus directly attributable costs, and subsequently measured at amortised cost less impairment losses. An impairment provision is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that Stride will not be able to collect all of the amounts due under the original terms of the invoice.

	2016 $000	2015 $000
Current		
Trade and other receivables	854	588
Less impairment provision	(154)	(137)
Related party receivable (note 20)	280	203
	980	654
Carrying amount	980	654
Amount not due at balance date	–	–
Less than 30 days	661	547
Over 30 days	319	107
Movement in impairment provision		
Opening balance	(137)	(128)
Additional impairment provision	(17)	(9)
Closing balance	(154)	(137)
Bad and impaired debts in the statement of comprehensive income		
– Bad debts written off	36	96
– Movement in impairment provision	17	9
	53	105

Note 14: Trade and Other Payables

Trade and other payables represent unsecured liabilities for goods and services provided to Stride prior to the end of the financial year which are unpaid. As trade and other payables are usually paid within 30 days, they are carried at face value.

	2016 $000	2015 $000
Current		
Unsecured liabilities		
Trade payables	2,972	1,900
Sundry creditors and accruals	11,476	12,965
	14,448	14,865

Note 15: Income Tax

Current and deferred tax is calculated on the basis of the laws enacted or substantively enacted at the reporting date.

Deferred tax is provided, using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

For deferred tax liabilities or assets arising on investment property measured at fair value, it is assumed that the carrying amounts of the investment property will be recovered through sale. Investment properties are independently valued each year (note 9) and the valuation includes a split between the land and building components. Deferred tax is provided on the depreciation claimed to date on the building component of the investment properties and this places reliance on the valuation split provided by the valuers.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The deferred tax has been shown as a non-current liability in the statement of financial position.

The income tax expense is represented by	2016 $000	2015 $000
Current tax	(8,174)	(7,445)
Deferred tax	(1,648)	(1,007)
Income tax expense per the statement of comprehensive income	(9,822)	(8,452)
Net profit before income tax	102,228	77,287
Prima facie income tax using the company tax rate of 28%	(28,624)	(21,640)
Decrease/(increase) in income tax due to:		
Net change in fair value of investment properties	16,783	10,762
Non-taxable income	160	–
Depreciation	3,281	2,405
Depreciation recovered on disposal of investment properties	176	(258)
Non-deductible expenses	(1,193)	(298)
Expenditure deductible for tax	1,659	1,430
Over-provision in prior year	12	3
Temporary differences	(428)	151
Current tax expense	(8,174)	(7,445)
Depreciation	(1,823)	(662)
Other	175	(345)
Deferred tax charged to profit or loss	(1,648)	(1,007)
Income tax expense per the statement of comprehensive income	(9,822)	(8,452)

Imputation credits	2016 $000	2015 $000
Opening balance	1,940	1,810
Tax payments, net of refunds	7,313	5,387
Anticipated tax payments to meet current year income tax expense	700	1,931
Credits attached to dividends received	1	2
Credits attached to dividends paid	(8,648)	(7,190)
Imputation credits available for use in subsequent reporting periods	1,306	1,940

Note 15: Income Tax (continued)

	2016 $000	2015 $000
Deferred tax assets		
Deferred tax assets to be recovered within 12 months	554	149
Deferred tax assets to be recovered after more than 12 months	4,052	1,241
	4,606	1,390
Deferred tax liabilities		
Deferred tax liabilities to be incurred within 12 months	(1,816)	(451)
Deferred tax liabilities to be incurred after more than 12 months	(17,026)	(16,541)
	(18,842)	(16,992)
Net deferred tax liability	(14,236)	(15,602)

Gross movement in net deferred tax liability	2016 $000	2015 $000
Opening balance	(15,602)	(16,416)
Charged to profit or loss	(1,648)	(1,007)
Credited to other comprehensive income	3,014	1,821
Closing balance	(14,236)	(15,602)

	2015 $000	Recognised in profit or loss $000	Recognised in other comprehensive income $000	2016 $000
Deferred tax assets				
Derivative financial instruments	1,254	–	2,979	4,233
Other temporary differences	136	237	–	373
	1,390	237	2,979	4,606
Deferred tax liabilities				
Building depreciation	(16,885)	(1,823)	–	(18,708)
Derivative financial instruments	(35)	–	35	–
Reinstatement receipts	(67)	(50)	–	(117)
Other investments accrued interest	(5)	(12)	–	(17)
	(16,992)	(1,885)	35	(18,842)

Note 15: Income Tax (continued)

	2014 $000	Recognised in profit or loss $000	Recognised in other comprehensive income $000	2015 $000
Deferred tax assets				
Derivative financial instruments	395	–	859	1,254
Other temporary differences	461	(325)	–	136
	856	(325)	859	1,390
Deferred tax liabilities				
Building depreciation	(16,223)	(662)	–	(16,885)
Derivative financial instruments	(997)	–	962	(35)
Reinstatement receipts	(52)	(15)	–	(67)
Other investments accrued interest	–	(5)	–	(5)
	(17,272)	(682)	962	(16,992)

Note 16: Derivative Financial Instruments

Interest rate derivatives (derivative financial instruments) are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured at their fair value at each reporting date. Fair value is defined as the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Stride has fair valued its interest rate derivatives as Level 2 as at 31 March 2016 (2015: Level 2). There have been no transfers between Level 1 and 2 during the respective periods.

Interest rate derivative fair values are independently valued and are calculated using a discounted cash flow model using forward interest rates extracted from observable yield curves. Discount rates include an adjustment for counterparty credit risk. The effect of discounting is generally insignificant for Level 2 derivatives. The independent valuer reports directly to the Chief Financial Officer. Discussions of valuation processes and results are held between the Chief Financial Officer and the independent valuer semi-annually.

At balance date, the outstanding interest rate derivative contracts were:

	2016 $000	2015 $000
Active interest rate derivative contracts	345,000	225,000
Forward dated interest rate derivative contracts	80,000	120,000
Total notional principal amounts	425,000	345,000

At balance date, the fixed interest rates ranged from 3.072% to 5.14% (2015: 3.25% to 5.14%), the weighted average interest rate (excluding forward starts) was 3.86% (2015: 4.28%), and the main floating rate was BKBM. Losses recognised in the cash flow hedge reserve in equity (note 18) on interest rate derivative contracts as at 31 March 2016 will be continuously released to the statement of comprehensive income within finance expenses until the repayment of the bank borrowings.

At balance date, if the floating interest rates on hedged bank borrowings had been 1% higher, with other variables remaining constant, equity would have been $11,675,435 (2015: $8,585,321) higher for the year. If the floating interest rates on the hedged bank borrowings had been 1% lower, with other variables remaining constant, equity would have been $12,852,654 (2015: $9,067,180) lower for the year. There would have been no impact on profit in either year. The interest rate sensitivity analysis is performed by using an instantaneous parallel shift in the par yield curve at the testing date.

Stride does not hold derivative financial instruments for trading purposes.

Note 17: Bank Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless Stride has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

	2016 $000	2015 $000
Non-current		
Facility drawn down	532,198	305,876
Borrowing costs	(598)	(537)
Total borrowings	531,600	305,339
Facility drawn down	532,198	305,876
Undrawn facility available	27,802	94,124
Total facility available	560,000	400,000
Weighted average interest rate for drawn debt (inclusive of current interest rate derivatives, margins and line fees) at balance date	4.72%	5.60%

Stride's bank facility consists of Tranche A for $200 million expiring 31 October 2017, Tranche B for $200 million expiring 31 October 2019 and Tranche C for $160 million expiring on 5 November 2018. Stride's secured borrowings are via syndicated senior secured facilities with ANZ Bank New Zealand Limited, Bank of New Zealand, Commonwealth Bank of Australia and Westpac New Zealand Limited. The bank security on the facilities is managed through a security agent who holds a first registered mortgage on all the investment properties owned by Stride and a registered first ranking security interest under a General Security Deed over substantially all the assets of Stride. The interest rate on the facility was 3.22% as at balance date (2015: 4.54%).

Note 18: Equity

Share Capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Stride has 364,358,911 shares authorised as at 31 March 2016.

	$000
Opening balance 31 March 2014	505,834
Prior year transactions	–
Closing balance 31 March 2015	505,834
Issue of shares	130,236
Capital raising expenses	(2,621)
Closing balance 31 March 2016	633,449

Number of shares on issue	000
Opening balance 31 March 2014	296,856
Shares issued under the long term share incentive plan	372
Closing balance 31 March 2015	297,228
Shares issued under placement	59,400
Shares issued under Share Purchase Plan	7,732
Closing balance 31 March 2016	364,360

Note 18: Equity (continued)

Share Capital (continued)

There is only one class of shares, being ordinary shares, and they rank equally with each other. All issued shares are fully paid and have no par value. Shareholders can appoint up to eight directors.

The Dividend Reinvestment Plan (DRP) was suspended and has remained suspended since the fourth quarter dividend for the 2014 financial year.

On 7 October 2015, Stride issued 59,400,000 ordinary shares under a placement to eligible shareholders and investors. The shares were issued at $1.94 and raised gross proceeds of $115,236,000.

On 4 November 2015, Stride issued 7,731,228 ordinary shares under the Share Purchase Plan to 2,702 participating shareholders. The shares were issued at $1.94 and raised $15 million.

Basic and diluted earnings per share

Basic and diluted earnings per share amounts are calculated by dividing net profit after income tax attributable to shareholders by the weighted average number of shares on issue.

	2016 $000	2015 $000
Net profit after income tax attributable to shareholders	92,406	68,835
Weighted average number of shares for purpose of basic earnings per share (000) (Refer note 6)	330,794	297,228
Basic earnings per share – weighted (cents)	27.93	23.16
Weighted average number of shares for purpose of diluted earnings per share (000) (Refer note 6)	331,290	297,428
Diluted earnings per share – weighted (cents)	27.89	23.14

Reserves	2016 $000	2015 $000
Reserves consist of		
Cash flow hedge reserve	(10,886)	(3,135)
Options reserve	513	–
Closing balance	(10,373)	(3,135)
Cash flow hedge reserve		
Opening balance	(3,135)	1,548
Movement in fair value of interest rate derivatives	(10,765)	(6,504)
Tax on fair value movement	3,014	1,821
Closing balance	(10,886)	(3,135)
Options reserve		
Opening balance	–	249
Share based payment expense	513	18
Transfer to retained earnings on forfeiture of employee long term share incentive plan	–	(267)
Closing balance	513	–

Note 19: Financial Assets and Liabilities

A financial instrument is recognised if Stride becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised if Stride's contractual rights to the cash flows expire, or if Stride transfers them without retaining control or substantially all risks and rewards of the asset. Financial liabilities are de-recognised if Stride's obligations specified in the contract are extinguished.

Financial assets

Stride classifies its investments as financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Other investments

Other investments relate to Stride's investment of approximately 2%, by way of convertible notes, in Diversified NZ Property Fund Limited. The investment is carried at fair value through profit or loss. It was initially recognised at trade date at fair value and transaction costs were expensed in the statement of comprehensive income. Gains or losses arising from the changes in fair value are presented in the statement of comprehensive income in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current assets.

Loans and receivables are initially recognised at fair value plus transaction costs and are thereafter carried at amortised cost using the effective interest method. Stride assesses at each balance date whether there is objective evidence (such as significant financial difficulty of the obligor, breach of contract, or it becomes probable that the debtor will enter bankruptcy) that a financial asset or a group of financial assets is impaired. The amount of the loss is recognised in the statement of comprehensive income.

Financial liabilities

Liabilities in this category are measured at amortised cost and include borrowings and trade and other payables.

Interest rate derivatives

Interest rate derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured at their fair value at each reporting date. Fair value is defined as the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Summary of financial instruments	2016 $000	2015 $000
Non-derivative financial assets		
Classified as loans and receivables		
Cash and cash equivalents	5,086	4,431
Trade and other receivables	980	654
NZX bond	75	75
Total non-derivative financial assets at amortised cost	6,141	5,160
Other investments	1,944	1,358
Total non-derivative financial assets at fair value through profit or loss	1,944	1,358
Non-derivative financial liabilities		
Trade and other payables	14,448	14,865
Bank borrowings	531,600	305,339
Total non-derivative financial liabilities at amortised cost	546,048	320,204
Interest rate derivative liabilities	15,119	4,354
Total derivative financial instruments used for hedging	15,119	4,354

Note 19: Financial Assets and Liabilities (continued)

Stride's activities expose it to a variety of financial risks: market risk (including price risk and cash flow interest rate risk), credit risk and liquidity risk.

Risk management is the responsibility of the Board. The Board identifies and evaluates financial risks in close co-operation with management. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investing excess liquidity.

Market risk

As Stride has no significant interest bearing assets, its income and operating cash flows are substantially independent of changes in market interest rates.

Stride's interest rate risk arises from bank borrowings (note 17). Borrowings issued at variable rates expose Stride to cash flow interest rate risk. Borrowings issued at fixed rates expose Stride to fair value interest rate risk. The long term interest rate policy provides bands that are applied on a rolling basis, which provide for both a high level of fixed interest rate cover over the near term, as well as a lengthy period of known fixed interest rate cover for a portion of term debt.

Stride manages its cash flow interest rate risk by using floating to fixed interest rate derivatives. Such interest rate derivatives have the economic effect of converting borrowings from floating to fixed rates. Under the interest rate derivatives, Stride agrees with other parties to exchange, at quarterly intervals, the difference between floating contract rates and fixed rate interest amounts calculated by reference to the agreed notional principal amounts. As Stride holds interest rate derivatives, there is a risk that their economic value will fluctuate because of changes in market interest rates. The value of interest rate derivatives is disclosed in note 16 and it is acknowledged that there will be fluctuations in their economic value as a result of changes in market interest rates. Stride's exposure to interest rate fluctuations is minimal, to the extent of all the non-hedged portions of bank borrowings.

Stride's exposure to variable interest rate risk and the effective weighted average interest rate for interest bearing financial assets and liabilities is as follows:

	2016 $000	2015 $000
Financial assets		
Cash and cash equivalents	5,086	4,431
NZX bond	75	75
Other investments	1,944	1,358
Financial liabilities		
Bank borrowings	531,600	305,339

The interest rate applicable at balance date for cash and cash equivalent balances was 2.25% (2015: 2.50%), for NZX bond was 2.75% (2015: 3.79%), for other investments 4.0% (2015: 4.0%), and for bank borrowings was 3.22% (2015: 4.54%). Stride's exposure to interest rates is hedged through the use of interest rate derivatives. The weighted average interest rate for drawn debt (inclusive of current interest rate derivatives, margins and line fees) of the bank borrowings at balance date was 4.72% (2015: 5.60%).

Trade and other receivables and payables are interest free and have settlement dates within one year. All other assets and liabilities are non-interest bearing.

Note 19: Financial Assets and Liabilities (continued)

Credit risk

In the normal course of business, Stride incurs credit risk from trade receivables and transactions with financial institutions.

The risk associated with trade receivables is managed with a credit policy which includes performing credit evaluations on all customers requiring credit, and ensures that only those customers with appropriate credit histories are provided with credit. In addition, receivable balances are monitored on an ongoing basis, with the result that Stride's exposure to bad debts is not significant. As Stride has a wide spread of tenants over many industry sectors, it is not exposed to any significant concentration of credit risk. Amounts which are past due are not considered impaired as the majority are due from tenants that have demonstrated a good past payment history.

The risk from financial institutions is managed by placing cash and deposits with high credit quality financial institutions only. Stride has placed its cash and deposits with ANZ Bank New Zealand Limited, which is AA- rated by Standard & Poor's.

Stride is not exposed to any other concentrations of credit risk.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions. Stride's liquidity position is monitored on a regular basis and is reviewed monthly by the Board to ensure compliance with internal policies and banking covenants per Stride's syndicated lending facility.

Stride generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has the bank facility available to cover potential shortfalls. Further detail about the undrawn bank facility available is given in note 17. The following table outlines Stride's liquidity profile based on contractual non-discounted cash flows.

	Total $000	0-6 mths $000	6-12 mths $000	1-2 yrs $000	2-5 yrs $000	>5 yrs $000
31 March 2016						
Trade and other payables	14,448	14,448	–	–	–	–
Secured bank borrowings	556,944	6,036	6,036	209,674	335,198	–
Derivative financial instruments	49,809	6,673	6,671	11,872	23,135	1,458
	621,201	27,157	12,707	221,546	358,333	1,458
31 March 2015						
Trade and other payables	14,865	14,865	–	–	–	–
Secured bank borrowings	329,957	3,744	3,744	7,489	314,980	–
Derivative financial instruments	40,154	4,798	4,777	9,429	18,505	2,645
	384,976	23,407	8,521	16,918	333,485	2,645

Capital risk management

Stride's capital structure includes debt and equity, comprising shares, reserves and retained earnings as shown in the statement of financial position. Stride's objectives when managing capital are to safeguard Stride's ability to continue as a going concern in order to provide returns for shareholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, Stride may adjust the amount of dividends paid to shareholders, return capital to shareholders, buy back shares, issue new shares or sell assets to reduce debt.

As part of its capital risk management, Stride is required to comply with covenants imposed under its banking facility. The Board regularly monitors these covenants and provides six monthly compliance certificates to the banks as part of this process. Stride has complied with these covenants during the current and previous years.

Fair values

The carrying value of the following financial assets and liabilities approximate their fair value: cash and cash equivalents, trade and other receivables, other current assets, trade and other payables and bank borrowings.

Note 20: Related Party Disclosures

The following transactions with a related party took place	2016 $000	2015 $000
Diversified NZ Property Fund Limited		
– Manager's fee income	720	703
– Building management fee income	189	137
– Accounting fee income	30	30
– Leasing fee income	213	113
– Project management fee income	11	17
– Rent paid	(6)	(6)
The following balance was receivable from a related party		
Diversified NZ Property Fund Limited	280	203

Stride manages Diversified NZ Property Fund Limited (Diversified) and receives management fee income for managing its assets. The balance receivable was unsecured, non-interest bearing and payable quarterly in arrears. Stride is related to Diversified by a degree of common directorship. Tim Storey and Peter Alexander are directors of Diversified. Diversified is the joint arrangement partner in the Johnsonville Shopping Centre unincorporated joint arrangement.

On 14 November 2014, Stride acquired 2,126,571 convertible notes (approximately 2%) in Diversified for $1,602,315. The convertible notes were previously held by Diversified Management Limited (50% owned by interests associated with Paul Duffy, former Chief Executive of Stride). Diversified Management Limited had originally acquired the convertible notes in connection with its role as manager of Diversified, a role assumed by Stride in 2010. Ownership of the convertible notes by the Manager aligns the interests of Stride with the investors in Diversified.

Diversified has entered into an agreement to acquire the Westfield Queensgate Shopping Centre, Wellington, and the Westfield Chartwell Shopping Centre, Hamilton, from entities owned by Scentre Group (ASX:SCG) for $445,000,000. On 26 November 2015, Stride acquired a further 329,000 convertible notes for $329,000 for its share of the funding for the deposit paid by Diversified. The acquisition of the shopping centres is subject to the approval of the Overseas Investment Office. Settlement of the acquisition is expected to occur in a restructured investment vehicle, which will continue to comprise the existing investors and be managed by Stride. Stride will contribute up to $5.3 million of capital to complete the acquisition.

On 11 April 2014, Paul Duffy received 53,751 shares under the long term share incentive scheme two. Scheme two is at an end.

On 7 October 2015, Michael Stiassny acquired 128,500 shares under the placement to eligible shareholders and investors.

On 4 November 2015, John Harvey, Michael Stiassny and Tim Storey each acquired 4,760 shares in the Share Purchase Plan.

	2016 $000	2015 $000
Directors' fees	340	278
Chairman's fees	140	130
	480	408

No other benefits have been provided by Stride to a director for services as a director or in any other capacity, other than those amounts disclosed in note 21.

Note 21: Remuneration

	2016 $000	2015 $000
Key management personnel costs		
Salary and other short term benefits	2,017	2,136
Share based payment expense	513	18
	2,530	2,154

Key management personnel includes the Chief Executive (Peter Alexander) and the members of the executive team.

Long term share incentive plan

Stride operates a long term share incentive plan for the executive team that is intended to align the interests of key employees with the interests of shareholders and provide a continuing incentive to key employees over the long term horizon. Stride receives services from the employees in exchange for the employees receiving share based payments only if specified hurdles, relating to the performance of the company, are achieved.

The share performance rights are measured at fair value at grant date and expensed over the period during which the employee becomes unconditionally entitled to the shares, based on the estimate of shares that will eventually vest. The fair value of the share performance rights which are either vested or forfeited are transferred from the options reserve to retained earnings.

Four schemes have been implemented under the plan. Schemes one, two and three are at an end. In July 2015, 662,212 rights were issued under the long term share incentive scheme four.

Scheme four provides for the selected employees to be granted rights to be issued shares for nil consideration if certain performance hurdles (based around total shareholder returns and distributable profit per share) are met. Scheme four provides for the issue (if all hurdles are met in full) of up to 97,298 shares for the period 1 April 2013 to 31 March 2016, 270,421 shares for the period 1 April 2014 to 31 March 2017 and 294,493 shares for the period 1 April 2015 to 31 March 2018.

The key features of scheme four are as follows:

- The rights are granted for nil consideration and have a nil exercise price
- Rights do not carry any dividend or voting rights prior to vesting
- Each right that vests entitles the employee to receive one fully paid ordinary share in Stride. The shares issued on vesting carry full voting and dividend rights
- The individual must remain an employee of Stride as at the relevant vesting date for any rights to vest
- For each financial performance period, rights are split into two tranches with half of the rights subject to a Total Shareholder Return (TSR) relative performance hurdle against the NZX Property Index constituents and half subject to a performance hurdle based on the rate of growth of Distributable Profit per Share (DPPS)

Tranche 1 – NZX Property Index Constituents TSR Performance Hurdle

The key features of this component are as follows:

- 50% of the rights issued for each performance period are subject to this hurdle
- The NZX Property Index companies are based on the constituents of the index
- The proportion of the rights subject to the NZX Property Index TSR hurdle which vest is dependent on Stride's TSR performance relative to the TSR performance of the companies included in the NZX Property Index. The TSR for this purpose will comprise annual dividends paid and share price growth

Stride's TSR ranking	% Vesting
Below the 50th percentile	0%
50th percentile	50%
51st to 74th percentile	50% + 2% for each percentile above the 50th
75th percentile or above	100%

Note 21: Remuneration (continued)

Long term share incentive plan (continued)

Tranche 2 – DPPS Performance Hurdle

The key features of this component are as follows:

- 50% of the rights issued for each performance period are subject to this hurdle
- The proportion of the rights subject to the DPPS performance hurdle which vest is dependent on the annual growth rate of Stride's DPPS over the performance period

DPPS vesting schedule	% Vesting
Below minimum of 2.25% growth p.a.	0%
At 2.25% growth p.a.	50%
Above 2.25% and below 2.5% growth p.a.	Straight line between 50% and 80%
At 2.5% growth p.a.	80%
Above 2.5% and below 2.75% growth p.a.	Straight line between 80% and 100%
At or above 2.75% growth p.a.	100%

Details for each performance period	FY14 – FY16	FY15 – FY17	FY16 – FY18
Performance period start date	1 April 2013	1 April 2014	1 April 2015
Number of rights issued	97,298	270,421	294,493
Testing date for vesting	31 March 2016	31 March 2017	31 March 2018

The participating employees will be liable for the income tax cost of the award of shares and may choose to sell some or all shares to fund this cost upon issue of the shares. The participants receive one share for every performance right that vests on a tranche date for nil consideration.

Further share performance rights under the long term share incentive plan may be issued on an annual basis. However, the terms of the plan, eligible participants, and offers of further share performance rights may be modified by the Board from time to time, subject to the requirements of the NZX Main Board Listing Rules and applicable laws.

Performance rights	2016 000	2015 000
Opening balance	–	687
Rights granted	662	–
Rights exercised	–	(372)
Rights forfeited	–	(315)
Closing balance	662	–

Note 22: Intangible Asset

The intangible asset related to the amount paid for the acquisition of the management agreement for Diversified NZ Property Fund Limited (Diversified). The amount was not amortised due to Stride's perpetual rights of renewal every ten years of its management agreement for Diversified. The intangible asset was tested for impairment annually or more frequently if events or changes in circumstances indicated that it might be impaired. It was carried at cost less accumulated impairment losses.

	2016 $000	2015 $000
Intangible asset	–	3,000

31 March 2016

Stride is in the process of restructuring Diversified in consultation with its investors. The restructured fund is called Diversified NZ Property Trust. The Trust has been set up and a new ten year management agreement will be entered into by Stride Investment Management Limited and the Trust. However, the assets owned by Diversified have not been transferred to the Trust as the restructure is subject to the Overseas Investment Office approval. Once the investment properties have been transferred to the Trust, Diversified will be wound up. This restructure will result in no future management fees being payable by Diversified to Stride and consequently the intangible asset has been fully impaired as at balance date.

31 March 2015

An impairment test was carried out and the Board considered that no impairment existed at balance date.

An independent valuation was undertaken by Deloitte Corporate Finance (Deloitte). The valuation assumed that there was low risk of change to the terms and fee structure over the forecast period, but reflected the risk of termination by calculating the value of the Management Agreement under three scenarios and then probability-weighting them to arrive at a single range of value.

The three scenarios were:
- 10 year discounted cash flow value, based on Stride forecasts;
- 20 year discounted cash flow value, based on extending the forecasts provided by Stride; and
- a wind-up scenario in the current fiscal year.

The 10 year and 20 year discounted cash flows assumed:
- Diversified continued to own two assets: Remarkables Park Town Centre and 50% of Johnsonville Shopping Centre. Pukekohe Mega Centre was assumed to be sold in the near term;
- additional equity of $30m for development;
- no further equity raising or acquisition of property;
- capital value movements adopt 2% increase p.a.;
- corporate overhead estimated at 55% of gross revenue; and
- the continuation of the management agreement without variation or material change.

Deloitte used the Brennan Lally variant of the Capital Asset Pricing Model to estimate a cost of equity for the Management Agreement. They assessed the post-tax, nominal cost of equity (and therefore weighted average cost of capital) for the contract period to be approximately 8.0%.

Note 23: Interest in Unincorporated Joint Arrangement

An unincorporated joint arrangement is a joint arrangement with another party in which Stride has several liabilities in respect of costs and liabilities, and shares in any resulting output.

As at balance date, Stride had a joint arrangement with Diversified relating to the investment property at Johnsonville Shopping Centre, Wellington. As a result, Stride accounts for its 50% share of assets, liabilities, revenue and expenses. Stride is the manager of the joint arrangement. Following restructure of the Diversified fund, Stride will have a joint arrangement with Diversified NZ Property Trust.

	2016 $000	2015 $000
Assets		
Current assets	13	23
Non-current assets	327	161
	340	184
Liabilities		
Current liabilities	235	220
Non-current liabilities	–	–
	235	220
Net assets/(liabilities)	105	(36)
Share of rental income	2,873	2,934
Share of expenses	(523)	(647)
Net share of profit	2,350	2,287

Note 24: Investment in Subsidiaries

A subsidiary is an entity controlled by the Parent. The Parent controls an entity when the Parent has power over the investee, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the financial statements of Stride from the date that control commences until the date that control ceases. The subsidiaries apply the same accounting policies as Stride.

The acquisition method of accounting has been used to consolidate the subsidiaries of the Parent. All inter-company transactions and balances between Stride companies have been eliminated.

	Country of incorporation
Parent entity	
Stride Property Limited	New Zealand
Subsidiaries of Stride Property Limited	
Stride Holdings Limited	New Zealand
Stride LFR Limited	New Zealand
Stride Investment Management Limited	New Zealand

The subsidiaries are 100% owned and have a 31 March balance date. Stride Holdings Limited is principally involved in the ownership of investment properties and is also involved in the development of investment property.

Stride LFR Limited was incorporated on 1 October 2015 to acquire 19 Large Format Retail properties (note 2).

Stride Investment Management Limited was incorporated on 16 February 2016 and has been established to provide the real estate investment management business for Stride and its managed entities.

Note 25: Operating Lease Commitments

Payments, including prepayments made under operating leases (net of any incentives received from the lessor), are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Stride is committed under twelve (2015: eleven) operating leases where Stride is the lessee. There are seven leases at the corner of Anglesea and Liverpool Streets, Hamilton, one at 7 - 9 Fanshawe Street, Auckland, one at 33 Customhouse Quay, Wellington, one at NorthWest Shopping Centre, one at the NorthWest Two land, Auckland, and one at 3 Averill Street, Auckland.

The commitments below only reflect the amounts payable under current signed lease contracts up until the next rent review, at which time the terms of the leases will be renegotiated.

	2016 $000	2015 $000
Payable		
– no later than 1 year	914	716
– later than 1 year and no later than 5 years	2,412	1,444
– later than 5 years	209	353
	3,535	2,513

Note 26: Contingent Liabilities

Stride has no contingent liabilities at balance date (2015: $Nil).

Note 27: Subsequent Events

Subsequent to balance date, Stride has committed to a further $1,159,100 in total for capital expenditure works to be undertaken on investment properties in the next financial year.

On 19 April 2016, Stride announced that it has entered into a conditional agreement to sell the property at 650 Great South Road, Auckland, for $31,800,000. As part of the sale, Stride has agreed to commit to replacement or additional leases for parts of the premises in the event certain tenants with existing leases exercise their early termination rights, or where parts of the premises, the subject of existing short term leases, are not re-let following lease expiry. If all the costs relating to these commitments are incurred, the net realisation proceeds will be approximately $28,900,000. The agreement is scheduled to be unconditional on 3 June 2016, with settlement expected to be on 15 June 2016.

On 4 May 2016, Stride settled on the sale of the property at the corner of Ward, Bryce and Tristram Streets, Hamilton, for $13,425,000.

On 16 May 2016, Stride entered into an unconditional agreement to sell the property at 39 Corinthian Drive, Auckland, for $5,910,000. Settlement is scheduled to occur on 30 August 2016.

On 23 May 2016, Stride entered into an unconditional agreement to sell the property at 48 Miramar Avenue, Wellington, for $11,300,000. Settlement is scheduled to occur on 30 June 2016.

On 23 May 2016, Stride issued 97,298 ordinary shares under Stride's long term share incentive scheme four.

On 30 May 2016, Stride declared a cash dividend for the period 1 January 2016 to 31 March 2016 of 2.75 cents per share, to be paid on 20 June 2016 to all shareholders on Stride's register at the close of business on 14 June 2016. This dividend will carry imputation credits of 0.3555 cents per share. This dividend has not been recognised in the financial statements. On 30 May 2016, Stride suspended the implementation of the DRP for the dividend for the period 1 January 2016 to 31 March 2016.

There have been no other material events subsequent to balance date.

Independent Auditors' Report to the shareholders of Stride Property Limited

Report on the Consolidated Financial Statements
We have audited the Group financial statements of Stride Property Limited ("the Company") on pages 26 to 58, which comprise the consolidated statement of financial position as at 31 March 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements that include significant accounting policies and other explanatory information for the Group. The Group comprises the Company and the entities it controlled at 31 March 2016 or from time to time during the financial year.

Directors' Responsibility for the Consolidated Financial Statements
The Directors are responsible on behalf of the Company for the preparation and fair presentation of these financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
We conducted our audit in accordance with International Standards on Auditing (New Zealand). These standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider the internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We are independent of the Group. Other than in our capacity as auditors, providers of other related assurance services, financial due diligence, and workshop facilitation, we have no relationship with, or interests in, the Group.

Opinion
In our opinion, the consolidated financial statements on pages 26 to 58 present fairly, in all material respects, the financial position of the Group as at 31 March 2016, and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards.

Restriction on Use of our Report
This report is made solely to the Company's shareholders, as a body, in accordance with the Companies Act 1993. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

Chartered Accountants Auckland
30 May 2016

Corporate Governance

The Board is committed to undertaking its corporate governance responsibilities in accordance with best practice governance principles. The Board believes that Stride's corporate governance practices generally meet the requirements of the principles and guidelines set out in the New Zealand Financial Markets Authority's Corporate Governance Handbook (the Principles) and the NZX Corporate Governance Best Practice Code (the NZX Code), except where expressly stated otherwise below.

The Board has adopted a set of policies and charters in relation to corporate governance which can be found in the Corporate Responsibility section of Stride's website (www.strideproperty.co.nz). These include a Code of Ethics, a Board Charter, a Market Disclosure Policy, a Remuneration & Nomination Committee Charter, an Audit & Risk Committee Charter and a Health & Safety Charter.

The following report is based on the Principles.

Principle 1: Ethical Standards

Directors should set high standards of ethical behaviour, and hold management accountable for delivering those standards throughout the organisation.

Stride has adopted a **Code of Ethics** that sets out how Directors and employees should conduct themselves to maintain high ethical standards and to avoid conflict between their private financial activities and their part in the conduct of Company business. The Code of Ethics includes procedures for reporting and resolving breaches of the Code. The Code of Ethics is included in the Stride employee handbook and enforced as part of the general terms and conditions of employment.

At the date of this Annual Report, no instances of unethical behaviour had been identified and reported to the Board.

Stride has policies to prevent insider trading which are contained in its **Securities Trading Policies and Guidelines**. These guidelines require Directors and employees and their associated persons to obtain consent before they trade in Stride's shares. The policy provides for limited trading windows at the time of Company announcements at the end of the financial year and financial half year. Trading shares while in possession of material information is prohibited at all times. Employees have a duty of confidentiality regarding any confidential information in relation to Stride and are not allowed to disclose such information to third parties without ensuring that appropriate procedures are in place to ensure that confidentiality is maintained.

Principle 2: Board Composition and Performance

To ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives.

Board Size and Composition

The Board has a maximum of eight Directors and a minimum of three, of which at least two must be ordinarily resident in New Zealand. At least one-third of the Directors must be Independent Directors (as defined in the Listing Rules) and meet the **Board Charter** criteria set out on page 61. There are currently five Directors appointed, who are all Independent Directors and meet the Board Charter criteria. Details of the Directors' skills and expertise are contained in the profiles on pages 14 and 15.

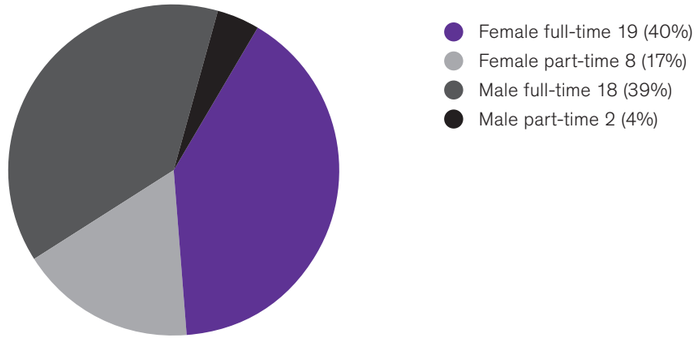
Diversity

Stride is committed to providing a positive working environment where diversity, in all of its forms, is respected and embraced. Stride has implemented a **Diversity Policy** and the Board has reviewed its diversity achievements against its prior year's objectives and the Diversity Policy. The Board considers that Stride has achieved its objectives under the Diversity Policy for the period to 31 March 2016 as:

- The CEO reports twice a year to the Board on diversity-related matters; and
- Stride utilises a variety of channels to ensure a range of suitably qualified candidates are identified for available roles within the Company. These channels include the use of external recruiting agencies as appropriate, internal referrals and consideration of internal candidates. All candidates are vetted to ensure they hold appropriate qualifications and skills. Suitable candidates then undergo a comprehensive interview process, and reference checks are undertaken before an offer of employment is made. The recruitment procedures ensure that a wide range of potential candidates are considered at all levels of Stride's structure, including at both Board and senior management level.

As at 31 March 2016, Stride had one female officer (2015: one) out of six officers (2015: six) and one female director (2015: one) out of the five (2015: five) currently appointed directors.

Gender Diversity



As at 31 March 2016, the staff of Stride comprised twenty seven female (57%) and twenty male (43%) employees. Stride staff is made up of 79% full-time and 21% part-time employees, and are a mix of ages and from a range of cultural backgrounds.

Director Independence

In addition to the NZX requirements, a non-executive Director is considered to be independent providing he or she:

a. does not hold more than five percent of the Company's class of listed voting securities;

b. is not employed in an executive capacity by the Company or its subsidiaries;

c. is not a principal or employee of a professional advisor to the Company and/or its entities whose billing exceeds ten percent of the advisor's total revenues;

d. is not a significant supplier to or customer of the Company. (A significant supplier is defined as one whose revenues from the Company exceed ten percent of the supplier's total revenue, and a significant customer is defined as one whose purchases from the Company exceed ten percent of the customer's total purchases);

e. has no material contractual relationship with the Company;

f. has no other interest or relationship that could interfere with his or her ability to act in the best interests of the Company and independently of management; and

g. is determined by the Board to be independent in character and judgement.

The Board has reviewed the status of each of the Directors and confirms that, as at 31 March 2016, all Directors are independent.

Composition

As at 31 March 2016, the Board comprised the following:

Timothy Ian Mackenzie Storey	Chairman (appointed 1 April 2009)
Edward John Harvey	Director (appointed 15 September 2009)
Michael Peter Stiassny	Director (appointed 9 April 2010)
David Gregory van Schaardenburg	Director (appointed 12 May 2010)
Michelle Patricia Tierney	Director (appointed 17 July 2014)

Candidates for appointment as a director are nominated by the Remuneration & Nomination Committee and are voted on by shareholders.

Board Performance

The Board undertakes an annual evaluation of its performance, both as a group and as individual Directors. The outcomes from the performance review are used to improve Board processes and identify areas for improvement for the following year.

The NZX Code encourages Directors to take a portion of their remuneration under a performance-based equity security compensation plan. Stride does not operate any form of equity compensation scheme for Directors.

The Company has produced a detailed Governance Manual for the Board and training is provided as and when required.

Principle 3: Board Committees

The Board should use committees where this will enhance its effectiveness in key areas, while still retaining Board responsibility.

The Board has established two board committees: the Audit & Risk Committee and the Remuneration & Nomination Committee.

Audit & Risk Committee

John Harvey, Chairperson *(Independent)*
Michael Stiassny *(Independent)*
Tim Storey *(Independent)*

The **Audit & Risk Committee's Charter** requires that the Audit & Risk Committee be comprised solely of non-executive Directors, with at least three members (and the majority of members) being Independent Directors. The Chairperson of the Audit & Risk Committee shall be an Independent Director and may not be the Chairperson of the Board. All Audit & Risk Committee members need to be financially literate, and at least one member (in the case of the Company, John Harvey) must have accounting or related financial management expertise.

Meetings of the Audit & Risk Committee are held at least twice a year, having regard to the Company's reporting and audit cycle. Additional meetings may be held at the discretion of the Chairperson, or if requested by any Audit & Risk Committee member, the Chief Executive or the external auditor.

The NZX Code proposes that Directors who are not members of the Audit & Risk Committee and employees should only attend Audit & Risk Committee meetings at the invitation of the Audit & Risk Committee. The Company's Audit & Risk Committee Charter provides Directors who are not members of the Audit & Risk Committee with the right to attend meetings of the Audit & Risk Committee.

The Audit & Risk Committee provides assistance to the Directors in fulfilling their responsibility to the shareholders, potential shareholders and investment community relating to corporate accounting and reporting practices of the Company, and the quality, integrity and transparency of financial reports of the Company. In so doing, it is the responsibility of the Audit & Risk Committee to maintain free and open communication between the Directors and the external auditors about the financial management of the Company.

The Board believes that the Audit & Risk Committee has the appropriate level of financial expertise to perform its duties.

Remuneration & Nomination Committee

Michael Stiassny, Chairperson *(Independent)*
John Harvey *(Independent)*
Tim Storey *(Independent)*
David van Schaardenburg *(Independent)*
Michelle Tierney *(Independent)*

The **Remuneration & Nomination Committee's Charter** requires that the Remuneration & Nomination Committee comprise at least three non-executive Directors of the Board, with at least three members (and the majority of members) being Independent Directors. The Chairperson of the Remuneration & Nomination Committee shall be an Independent Director and may not be the Chairperson of the Board.

Meetings of the Remuneration & Nomination Committee are held at least twice a year or at the discretion of the Chairperson, or if requested by any Remuneration & Nomination Committee member or the Chief Executive.

The objectives of the Remuneration & Nomination Committee include recommending remuneration packages for Directors to shareholders, ensuring that the Company has in place a sound remuneration policy framework designed to ensure that the Company's executive team is fairly and equitably remunerated, that appropriate and required disclosure is made of Director and executive remuneration, that there is an environment and framework where management talent and potential is assessed and developed in line with the requirements of the Company, and to ensure that robust succession planning exists.

The Remuneration & Nomination Committee is responsible for reviewing the mix of skills and experience of Directors on the Board and succession planning to identify candidates to fill Board vacancies as and when they arise.

Meeting Attendance	Board Meetings	Audit & Risk Committee	Remuneration & Nomination Committee
Total Number of Meetings Held	12	3	3
John Harvey	12	3	3
Michael Stiassny	12	3	3
Tim Storey	12	3	3
David van Schaardenburg	12	3	3
Michelle Tierney	11	3	3

Principle 4: Reporting and Disclosure

The Board should demand integrity in financial reporting and in the timeliness and balance of corporate disclosures.

To meet the requirements of the NZX, Stride has adopted a **Market Disclosure Policy** to provide guidance in the area of market disclosure and the release of material information.

Stride is committed to:

- ensuring that shareholders and the market are provided with full and timely information about its activities;
- complying with the general and continuous disclosure principles contained in the NZX Main Board Listing Rules and the Companies Act 1993; and
- ensuring that all market participants have equal opportunities to receive externally available information issued by the Company.

A Disclosure Committee, comprising the Chief Executive, Chief Financial Officer (Disclosure Officer) and Chairperson, is responsible for making decisions about what information is material information and ensuring that appropriate disclosures are made in a timely manner to the market.

The Audit & Risk Committee is tasked with overseeing the quality and integrity of all financial reporting. The Audit & Risk Committee reviews the annual and half-year financial statements and has direct access, as necessary, to the Company's external auditors. As the Board is ultimately responsible for preparing the Annual Report (including financial statements that comply with generally accepted accounting practice), annual financial statements are signed by two Directors after approval by the whole Board and the external auditors provide an opinion that the financial statements present fairly, in all material respects, the financial position of the Group as at 31 March 2016, and its financial performance and cash flows for the year then ended, in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

Principle 5: Remuneration

The remuneration of Directors and executives should be transparent, fair, and reasonable.

The remuneration paid to Directors and executives is disclosed on pages 69 to 70 of this Annual Report and in the notes to the financial statements on pages 32, 53, 54 and 55. The Remuneration & Nomination Committee is responsible for, among other things, recommending Director remuneration packages to shareholders and setting executives' remuneration packages. The Remuneration & Nomination Committee is required, under the Remuneration & Nomination Committee Charter, to obtain such information and advice as it thinks necessary.

Employee Incentive Schemes

Short Term Incentive Scheme

The Company operates a short term incentive scheme under which selected permanent, full-time employees, including the Chief Executive, can become eligible to receive a cash incentive on an annual basis in addition to their base salary. The maximum amount of the incentive is set prior to the start of the financial year and entitlement to the incentive is subject to pre-agreed hurdles, as determined by the Remuneration & Nomination Committee, being met. Details of the total amount that has been paid under the short term incentive scheme can be found on page 70 of this Annual Report.

Long Term Share Incentive Plan

Stride operates a long term share incentive plan for the executive team. This plan is intended to align the interests of key employees with the interests of shareholders and provide a continuing incentive to key employees over the long term. The Remuneration & Nomination Committee has taken advice from executive remuneration consultants as to the form of the long term share incentive plan. Further details of the long term share incentive plan can be found on page 70 of this Annual Report and in the notes to the financial statements on pages 54 and 55. Four schemes have been implemented under this plan.

Further share performance rights under the long term share incentive plan may be issued on an annual basis. However, the terms of this plan, eligible participants and offers of further share performance rights may be modified by the Board from time to time, subject to the requirements of the NZX Main Board Listing Rules and applicable laws.

Principle 6: Risk Management

Directors should have a sound understanding of the key risks faced by the business. The Board should regularly verify that the entity has appropriate processes that identify and manage potential and relevant risks.

Stride has in place business risk management processes and policies to minimise its exposure to financial and operational risk. Internal systems have been designed to:

- Identify material risks.
- Assess the impact of specific risks.
- Identify strategies to mitigate risk.
- Monitor and report progress on risk mitigation strategies.

The Board has established an Audit & Risk Committee which, under the Audit & Risk Committee Charter, is responsible for:

- Ensuring that management has established a risk management framework which includes policies and procedures to effectively identify, treat, monitor and report key business risks.
- Reviewing the procedures for identifying business risks and controlling their financial impact on the Company.
- Reviewing management's and the external auditor's reports on the effectiveness of systems for internal control, financial reporting and risk management.
- Ensuring that the Board regularly reviews reports on the principal business risks at least annually.
- Reviewing key insurance policy terms and cover adequacy and making recommendations to the Board for adoption of the insurance cover.

Further risk management matters are contained under the heading "Investment Strategy & Guiding Principles" in the "About +" section of Stride's website (www.stridepropery.co.nz).

Principle 7: Auditors

The Board should ensure the quality and independence of the external audit process.

The Audit & Risk Committee is responsible for the monitoring of the external audit process. It has responsibilities under the Audit & Risk Committee Charter to:

- Meet with the external auditors and financial management of the Company to review the scope of work of the proposed audit and half year review for the current year and the procedures to be utilised, the adequacy of the external auditor's compensation and, at the conclusion thereof, review such audit or review, including any comments or recommendations of the external auditors.
- Review reports received from regulators and other legal and regulatory bodies, including matters that may have a material effect on the financial statements or related company compliance policies.
- Review the internal audit function of the Company (if any), the independence and authority of the Company's reporting obligations, the proposed audit plans for the coming year and the coordination of such plans with the external auditors.
- Receive on a regular basis a summary of findings from any completed internal audits and a progress report on the internal audit plan (if any), with explanations for any deviations from the original plan.
- Report the results of the annual audit to the Board, including whether the financial statements comply with applicable laws and regulations. If requested by the Board, invite the external auditors to attend the full Board meeting to assist in reporting the results of the annual audit or to answer other Directors' questions (alternatively, the other Directors, particularly the other Independent Directors, may be invited to attend the Audit & Risk Committee meeting during which the results of the annual audit are reviewed).
- Review the nature and scope of other professional services provided to the Company by the external auditors and consider the relationship to the auditor's independence.
- On an annual basis, assess and confirm to the Board the independence of the external auditor.
- Make recommendations to the Board as to the appointment or discharge of external auditors.
- Establish the external auditor's fees, subject to shareholder approval.
- On a quarterly basis, review and monitor the ratio of non-audit to audit fees.
- Ensure that the external auditor or lead audit partner is changed at least every five years.

The Audit & Risk Committee meets at least once a year with the external auditors, without any members of management present. The Board invites the external auditor to attend Board meetings or Audit & Risk Committee meetings as required. Directors are free to make direct contact with the external auditor as necessary to obtain independent advice and information.

Principle 8: Shareholder Relations

The Board should foster constructive relationships with shareholders that encourage them to engage with the entity.

Stride believes a high level of disclosure and communication to shareholders is very important. Shareholders deserve to be provided with all the information possible about the performance of their investment and to be informed of any significant transactions by the Company.

Further information regarding shareholder relations, including reporting to shareholders, the Annual Meeting and investor services, can be found in the Investor Relations section on pages 66 and 67.

Principle 9: Stakeholder Interests

The Board should respect the interests of stakeholders, taking into account the entity's ownership type and its fundamental purpose.

Stride recognises that there are a number of significant stakeholders in Stride that are affected by the Company's activities. Stride aims to manage its business to produce positive outcomes for all stakeholders, including tenants, contractors, service providers, banks, employees and the communities in which our properties reside.

Stride supports addressing issues related to ESG - Environmental Sustainability, Social Responsibility and Corporate Governance. As part of its programme of continuous improvement, the Company has recently appointed a Compliance and Governance Manager and a Safety and Sustainability Manager to improve the resource and expertise within the business focused on ESG.

Stride is committed to being a responsible member of the corporate community in providing a positive work environment for our staff and supporting targeted community partnerships. As a New Zealand company, we endeavour through targeted community partnerships to help less fortunate young people to build a positive future and maximise their development potential. Stride is a sponsor of:

- The Graeme Dingle Foundation (GDF) whose aim is to inspire all school age New Zealand children to reach their full potential through programmes that help build self-esteem, promote good values and which teach valuable life, education and health skills. GDF's programmes include Kiwi Can (years 1 to 8), Stars (years 9 and years 12 and 13), Project K (year 10), Career Navigator (years 10 to 13) and Mentoring Youth New Direction (14 to 17 year old males).
- Keystone New Zealand Property Education Trust provides grants to students who would not otherwise be able to afford tertiary education, with specific emphasis on education in the property profession. Stride sees its involvement in the Keystone New Zealand Property Education Trust as a valuable contribution to educating quality property professionals for the future.

Investor Relations

Stride believes a high level of disclosure and communication to shareholders is very important. Shareholders deserve to be provided with all the information possible about the performance of their investment and to be informed on any significant transactions by the Company.

Reporting To Shareholders

Reporting to shareholders is provided through the Annual Report and Interim Report. Events of interest within Stride's portfolio that occur between regular reporting periods are communicated on-line, via market announcements to the NZX (www.nzx.com, stock code STR) and on Stride's website (www.strideproperty.co.nz), meeting the need for the market to be informed in a timely manner.

The Annual Report and Interim Report are available electronically on the Company's website and shareholders can request hard copies by contacting the Company's Share Registrar (contact details below).

Annual Meeting

Shareholders are encouraged to attend the Annual Meeting and take the opportunity to meet the Board and to ask questions about the performance of the Company. The Chairperson provides time for questions from the floor and these are answered by the appropriate member of the Board or executive team. The Company's external auditor attends the meeting and is available to take questions on the preparation of the financial statements and the auditor's report.

The next Annual Meeting is scheduled for 11.00 am on Monday, 29 August 2016, at The Pakuranga Hunt Room, Ellerslie Racecourse, 80 - 100 Ascot Ave, Greenlane, Auckland.

Share Registrar

The Share Registrar is the first point of contact for shareholders with queries about their investments. Computershare Investor Services Limited (Computershare) is the Share Registrar for Stride and has responsibility for administering and maintaining the share register. Computershare can be contacted as detailed below:

Phone: +64 9 488 8777
Fax: +64 9 488 8787
Email: stride@computershare.co.nz
Mail: Computershare Investor Services Limited, Private Bag 92119, Victoria Street West, Auckland 1142

Shareholders can view their holding details and update their personal details online on Computershare's Investor Centre website – visit www.computershare.co.nz/investorcentre – you will need your Investor Number and FIN to access this service.

Substantial Security Holders

As at 31 March 2016, the names of all persons who are substantial product holders in Stride for the purposes of the Financial Markets Conduct Act 2013 are as follows:

Shareholder	Number of Ordinary Shares
ANZ New Zealand Investments Limited and ANZ Bank New Zealand Limited	30,601,670
Accident Compensation Corporation	29,468,351
Forsyth Barr Custodians Limited	24,546,659
BNP Paribas Nominees (NZ) Limited	20,674,439

The number of ordinary shares listed above are as per Stride's share register or the last substantial security holder notice filed. As this notice is required to be filed only if the total holding of a shareholder changes by 1% or more since the last notice filed, the number noted in this table may differ from that shown in the list of 20 largest holdings of quoted equity securities on page 67.

The total number of ordinary shares of Stride as at 31 March 2016 was 364,358,911.

Shareholder Distribution as at 31 March 2016*

Rank	Holder Name	Number of Shares	% of Total Issued Shares
1.	Accident Compensation Corporation – NZCSD	29,468,351	8.08
2.	Forsyth Barr Custodians Limited	24,546,659	6.73
3.	BNP Paribas Nominees (NZ) Limited – NZCSD	20,674,439	5.67
4.	Custodial Services Limited	15,037,012	4.12
5.	ANZ Wholesale Trans-Tasman Property Securities Fund – NZCSD	14,563,313	3.99
6.	Citibank Nominees (New Zealand) Limited – NZCSD	10,914,307	2.99
7.	Guardian Nominees No 2 Limited – WPAC Wholesale Enhanced Cash Trust – NZCSD	10,830,781	2.97
8.	MFL Mutual Fund Limited – NZCSD	8,049,926	2.20
9.	ANZ Wholesale Property Securities – NZCSD	7,926,169	2.17
10.	TEA Custodians Limited Client Property Trust Account – NZCSD	7,447,211	2.04
11.	FNZ Custodians Limited	6,870,188	1.88
12.	National Nominees New Zealand Limited – NZCSD	6,790,323	1.86
13.	Custodial Services Limited	6,300,871	1.72
14.	HSBC Nominees (New Zealand) Limited – NZCSD	5,271,316	1.44
15.	Investment Custodial Services Limited	5,260,867	1.44
16.	BNP Paribas Nominees (NZ) Limited – NZCSD	4,989,698	1.36
17.	Custodial Services Limited	4,342,089	1.19
18.	Custodial Services Limited	3,566,034	0.97
19.	Custodial Services Limited	3,496,006	0.95
20.	Mint Nominees Limited - NZCSD	3,219,044	0.88
Shares held by 20 largest shareholders		**199,564,604**	**54.77**
Balance of shares held		**164,794,307**	**45.23**
Total Issued Shares		**364,358,911**	**100.00**

Shareholder Distribution as at 31 March 2016*

Shareholder Range	Number of Shareholders	Number of Shares	% of Total Issued Shares
1 to 499	37	8,595	0.00
500 to 999	40	27,655	0.01
1,000 to 1,999	198	301,375	0.08
2,000 to 4,999	843	2,925,201	0.80
5,000 to 9,999	1,683	11,867,379	3.26
10,000 to 49,999	3,205	67,715,564	18.58
50,000 to 99,999	394	26,478,726	7.27
100,000 to 499,999	221	37,709,034	10.35
500,000 to 999,999	3	1,859,290	0.51
1,000,000 and above	15	215,466,092	59.14
Total	**6,639**	**364,358,911**	**100.00**

* Shares held by New Zealand Central Securities Depository Limited (NZCSD) are grouped under a single legal holding as reflected in the Shareholder Distribution table. The 20 Largest Holdings of Quoted Equity Securities table shows the beneficial holder of the shares in the NZCSD register – the above may not sum due to rounding.

Statutory Information

Entries Recorded in the Interests Register

The following interest register entries were recorded for the Company for the year ended 31 March 2016.

Directors' Interests in Transactions

Specific disclosures

There were no specific disclosures made during the year of any interests in transactions entered into by Stride or its subsidiaries.

General disclosures

Edward John Harvey	Chalmers Properties Limited	Director
Michael Peter Stiassny	The Institute of Directors in New Zealand Limited	Director
	Bengadol Corporation Limited	Director
Timothy Ian Mackenzie Storey	JustKapital Litigation Partners Limited	Director
David Gregory van Schaardenburg	No additional interest register entries recorded	
Michelle Patricia Tierney	No additional interest register entries recorded	

Share Dealings by Directors

On 7 October 2015, Michael Stiassny was issued 128,500 shares under Stride's placement of shares.

On 4 November 2015, each of Tim Storey, Michael Stiassny and John Harvey were issued 4,760 shares under Stride's share purchase plan.

No other share dealings by Directors were recorded during the year ended 31 March 2016.

Securities of the Company in which each Director had a relevant interest as at 31 March 2016

Director	Ordinary Shares
Timothy Ian Mackenzie Storey	126,552
Edward John Harvey	126,552
Michael Peter Stiassny	255,052
David Gregory van Schaardenburg	75,165

Loans to Directors

There are no loans to Directors.

Use of Company Information

No Director has requested, pursuant to section 145(3) of the Companies Act 1993, to use information received in their capacity as a Director that would not otherwise have been available to them.

NZX Waivers

The following waivers from the NZX Main Board Listing Rules were granted to the Company or relied on by the Company during the 12 months preceding 31 March 2016.

Listing Rule 7.11.1

NZX Listing Rule 7.11.1 stipulates that an issuer of quoted securities shall not allot shares within five business days of the date that applications for those securities closes. A waiver from Listing Rule 7.11.1 was granted to allow the Company to allot new shares to "eligible institutional shareholders" of the Company under a placement within five business days of the closing date of the placement. This waiver was requested, and granted, to accommodate timing requirements that allowed the placement to take place as envisaged.

Listing Rule 7.12.2

NZX Listing Rule 7.12.2 provides that where a dividend, or any other benefit, is paid on quoted securities, the Issuer is required to give to NZX full details of the benefits, in the form set out in Appendix 7 of the NZX Main Board Listing Rules, at least 10 business days before the "Record Date" to determine entitlements or obligations. A waiver from Listing Rule 7.12.2 was granted to allow the Company to provide the information in the Appendix 7 form six business days before the "Record Date" to determine the entitlement to the dividend proposed by the Company. This waiver was requested, and granted, to ensure that the shares issued under the placement did not participate in the dividend.

Directors' Remuneration

The non-executive Directors of the Company received fees as set out below.

Director	Director Fees 2016 $	Director Fees 2015 $
Tim Storey	140,000	130,000
John Harvey	85,000	75,000
Michael Stiassny	85,000	75,000
David van Schaardenburg	85,000	75,000
Michelle Tierney	85,000	53,125
	480,000	408,125

Donations and Sponsorships

The Company and its subsidiaries made no donations in the year ending 31 March 2016, other than the sponsorships set out below.

Stride is a sponsor of the Graeme Dingle Foundation (GDF) and the Keystone New Zealand Property Education Trust. Further information can be found on page 65 of the Annual Report. During the year, Stride paid $50,000 to GDF and $10,000 to Keystone New Zealand Property Education Trust by way of sponsorship.

Remuneration of Employees

The overall remuneration structure is designed to deliver rewards that are competitive in the labour markets in which Stride competes for staff. Full-time employees receive a base salary and selected staff (including the Chief Executive) take part in the short term incentive scheme. Members of the executive team also participate in the long term share incentive plan. Salaries are reviewed annually with effect from 1 April.

The number of employees or former employees of the Company who received remuneration and other benefits in their capacity as employees, the value of which was in excess of $100,000 and was paid or accrued to those employees in relation to the financial year ended 31 March 2016, are listed below. Remuneration includes salary and benefits paid, incentive payments accrued for the year ended 31 March 2016 and the value of shares rights issued to members of the executive team.

Remuneration Range	Number of Employees
$100,000 - $109,999	2
$110,000 - $119,999	2
$120,000 - $129,999	1
$130,000 - $139,999	2
$160,000 - $169,999	1
$170,000 - $179,999	2
$230,000 - $239,999	1
$260,000 - $269,999	1
$310,000 - $319,000	1
$400,000 - $409,999	1
$440,000 - $449,999	1
$540,000 - $549,999	1
$600,000 - $609,999	1
$1,020,000 - $1,029,999	1
Total number of employees	**18**

Key Management Personnel Costs	2016 $000	2015 $000
Salary and other short term benefits	2,017	2,136
Rights issued under employee long term share incentive schemes	513	18
	2,530	2,154

Key management personnel includes the Chief Executive (Peter Alexander) and the members of the executive team.

Chief Executive

The Chief Executive receives a base salary of $600,000 per annum. In addition, for the year ending 31 March 2016, the Chief Executive was eligible for a bonus under the short term incentive scheme and participated in the executive team long term incentive plan. The remuneration and other benefits received or accrued for the Chief Executive for the year ended 31 March 2016 are included in the above remuneration range table.

Short Term Incentive Scheme

Stride operates a short term incentive scheme under which selected employees can become eligible to receive a cash incentive on an annual basis in addition to base salary. For the year ended 31 March 2016, the total amount earned under the short term incentive scheme was $865,501 which was paid on 27 May 2016.

Long Term Share Incentive Plan

Stride operates a long term share incentive plan for the executive team. This plan is intended to align the interests of key employees with the interests of shareholders and provide a continuing incentive to key employees over the long term.

Four schemes have been implemented under the plan. Schemes one, two and three are at an end. Further details of the long term share incentive plan can be found in the notes to the financial statements on pages 54 and 55.

Further share performance rights under the long term share incentive plan may be issued on an annual basis. However, the terms of the plan, eligible participants and offers of further share performance rights may be modified by the Board from time to time, subject to the requirements of the NZX Main Board Listing Rules and applicable laws.

Long Term Share Performance Rights	2016	2015
Opening balance	-	687,478
Rights granted	662,212	–
Rights exercised	-	(371,566)
Rights forfeited	-	(315,912)
Closing balance	662,212	–

Auditors' Fees

Note 4 to the Financial Statements on page 32 contains the amounts paid by Stride to the auditor, PricewaterhouseCoopers, as audit fees ($197,663) and, as separate items, fees paid by Stride for other services provided by the auditor to Stride ($99,947). Given the level of fees paid for other services and that the work did not impact the financial statements or the audit, the Board does not believe that this work compromised auditor independence.

Fully Owned Subsidiary – Stride Holdings Limited

The Directors of Stride Holdings Limited, as at 31 March 2016, were:

Timothy Ian Mackenzie Storey (appointed 8 April 2009)
Edward John Harvey (appointed 17 October 2013)
Michael Peter Stiassny (appointed 17 October 2013)
David Gregory van Schaardenburg (appointed 17 October 2013)
Michelle Patricia Tierney (appointed 17 July 2014)

No additional fees were paid to the Directors in respect of this role. The entries in the interest register for the year ending 31 March 2016 in respect of the Company are also disclosed for Stride Holdings Limited.

Fully Owned Subsidiary – Stride LFR Limited

Stride LFR Limited was incorporated on 1 October 2015 as a fully owned subsidiary of the Company. The Directors of Stride LFR Limited, as at 31 March 2016, were:

Timothy Ian Mackenzie Storey (appointed 1 October 2015)
Edward John Harvey (appointed 15 October 2015)
Michael Peter Stiassny (appointed 15 October 2015)
David Gregory van Schaardenburg (appointed 15 October 2015)
Michelle Patricia Tierney (appointed 19 October 2015)

No additional fees were paid to the Directors in respect of this role. The entries in the interest register for the year ending 31 March 2016 in respect of the Company are also disclosed for Stride LFR Limited.

Fully Owned Subsidiary – Stride Investment Management Limited

Stride Investment Management Limited was incorporated on 16 February 2016. The Directors of Stride Investment Management Limited, as at 31 March 2016, were:

Timothy Ian Mackenzie Storey (appointed 16 February 2016)
Edward John Harvey (appointed 16 February 2016)
Michael Peter Stiassny (appointed 16 February 2016)
David Gregory van Schaardenburg (appointed 16 February 2016)
Michelle Patricia Tierney (appointed 16 February 2016)

No additional fees were paid to the Directors in respect of this role. The entries in the interest register for the year ending 31 March 2016 in respect of the Company are also disclosed for Stride Investment Management Limited.

Directors' Statement

This Annual Report is dated 30 May 2016 and is signed for and on behalf of the Board by:

Tim Storey
Chairman

John Harvey
Director

Corporate Directory

Board of Directors
Tim Storey
John Harvey
Michael Stiassny
David van Schaardenburg
Michelle Tierney

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