



Stride Investment Management Limited

Conflicts Policy

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1. Purpose and Background

- 1.1 Stride Investment Management Limited (**SIML**) and its board of directors (the **SIML Board**) are committed to ensuring that SIML maintains best practice policies in all facets of its business. SIML has adopted this Conflicts Policy (the **Policy**) to:
- (a) help protect SIML from financial or reputation harm and/or legislative/regulatory/legal action by ensuring that all actual, apparent and potential conflicts of interest amongst its directors, officers, employees and contractors (each, a **SIML Representative**) as well as amongst or involving SIML managed Funds (as defined below), are identified and appropriately managed; and
 - (b) set out the basis upon which SIML will identify, evaluate and resolve conflicts of interest between SIML managed Funds in respect of opportunities available to two or more of them.
- 1.2 SIML recognises the importance of having an appropriate strategy for managing conflicts of interest:
- (a) to ensure that it complies with the NZX Main Board Listing Rules (**Listing Rules**) on transacting with associated persons, related parties or persons who have disqualifying relationships, as described in the Listing Rules;
 - (b) to ensure that it complies with all of its obligations under management agreements with the SIML managed Funds;
 - (c) to ensure that it complies with its legal obligations including its obligations to act in the best interests of SIML and, where acting as manager in relevant circumstances, the SIML managed Funds;
 - (d) as between Stride and SIML, to mitigate potential adverse tax consequences arising from such potential conflicts of interest between them;
 - (e) to mitigate the potential of reputational or regulatory risk arising from the mismanagement of conflicts of interest or the appearance of mismanagement; and
 - (f) to ensure that the quality of SIML's financial and management services are not compromised or diminished by conflict of interests.
- 1.3 As part of its business it is intended that SIML initially manage three separate property investment companies:
- (a) Stride Property Limited (**Stride**);
 - (b) Investore Property Limited; and
 - (c) Diversified NZ Property Trust,
- (each a **Fund** and together the **SIML managed Funds**).
- 1.4 This Policy should be read in conjunction with:
- (a) the SIML constitution;
 - (a) the Stapling Deed dated **[insert]** between SIML and Stride under which SIML and Stride shares are stapled to each other; and

- (b) the SIML Acquisition and Leasing Protocol set out in Schedule 1.
- (c) SIML is a company that is listed on the NZX as a part of a stapled group with Stride where their shares are quoted on the NZX Main Board. As such, SIML is also subject to the Listing Rules and all other legislation applicable to listed issuers.

2. Application of the Policy

- 2.1 This Policy applies to SIML and each SIML Representative. This Policy also applies to Stride, whose shares are stapled to SIML under the Stapling Deed.
- 2.2 SIML may not amend this Policy without the prior written consent of each SIML managed Fund (which consents are not to be unreasonably withheld or delayed) unless SIML considers (acting reasonably and in good faith) that the interests of the SIML managed Funds will not be materially prejudiced by the amendment.

3. What is a conflict of interest?

- 3.1 Conflicts of interest are circumstances where financial or other personal circumstances may compromise the professional judgment of a SIML Representative in relation to the carrying out of any relevant SIML function, duty, or obligation, and include circumstances where SIML's interests or a SIML Representative's interests are inconsistent with the interests of a person to whom SIML is providing a service. This includes potential, apparent and actual conflicts of interest.
- 3.2 In general, conflicts of interest can be classified as either:
 - (a) personal conflicts of interest (**Personal Conflicts**);
 - (b) related party conflicts of interest (**Related Party Conflicts**); or
 - (c) fund conflicts of interest (**Fund Conflicts**).

Personal Conflicts

- 3.3 A Personal Conflict may arise in the following non-exhaustive list of circumstances:
 - (a) the provision of services to SIML, Stride or a SIML managed Fund by a SIML Representative (in a personal capacity);
 - (b) the involvement of a SIML Representative or a family member of a SIML Representative in an entity which is doing business with or seeking to do business with SIML, Stride or a SIML managed Fund;
 - (c) a SIML Representative or member(s) of the SIML Representative's family accepting gifts, money or gratuities from:
 - (i) persons receiving benefits or services from SIML, Stride or a SIML managed Fund;
 - (ii) any person or organisation performing or seeking to perform services under a contract with SIML, Stride or a SIML managed Fund; or
 - (iii) persons who are otherwise in a position to benefit from the actions of the director, relevant officer or employee in respect of SIML, Stride or a SIML managed Fund;

- (d) a SIML Representative engaging in business activities external to their SIML activities and those business activities conflict with the interests of SIML, Stride or a SIML managed Fund;
- (e) a SIML Representative is a member of any organisation, association or entity, whose aims, ideals or operations conflict with those of SIML, Stride or a SIML managed Fund, or any of their respective interests; and
- (f) a SIML Representative that is in possession of information obtained during the course of their employment with SIML using it (or attempting to use it) for their advantage, when such information is not generally available to the public or the investment market.

Related Party Conflicts

3.4 The following persons will generally be taken to be related parties of SIML (a **Related Party**):

- (a) directors or executive officers of SIML;
- (b) shareholders other than where involvement in the relevant transaction is unrelated to their status as SIML shareholders;
- (c) Stride; and
- (d) Associated Persons of SIML or any person referred to in paragraph (a), (b) or (c) above.

3.5 For the purposes of clause 3.4(d) a person is an Associated Person of SIML if in making a decision or exercising a power affecting SIML or any SIML managed Fund, the first person could be influenced as a consequence of an arrangement or relationship existing between, or involving, the first person and the second person.

3.6 Despite this general definition, whether a party is a related party of another may often be subject to technical legal considerations (e.g., what constitutes control). Legal confirmation will be obtained in the case of doubt.

3.7 A Related Party Transaction is where SIML provides or procures the provision of a financial benefit to a Related Party and, that benefit is provided by, or is ultimately funded by, a SIML managed Fund other than where provided for under a management agreement between SIML and that SIML managed Fund.

(a) In this Policy, “financial benefit” includes:

- (i) the transfer of economic value;
- (ii) indirectly giving a financial benefit;
- (iii) giving a financial benefit by making an informal, oral or non-binding agreement; and
- (iv) giving a financial benefit that does not involve the payment of money.

(b) The following are examples of giving a financial benefit:

- (i) giving or providing a Related Party with finance or property;

- (ii) buying an asset from or selling an asset to a Related Party;
- (iii) leasing an asset from or to a Related Party;
- (iv) supplying services to or receiving services from a Related Party;
- (v) issuing or allocating securities, or granting an option to a Related Party;
- (vi) agreeing to an arrangement that benefits the business operations of a Related Party; and
- (vii) taking up or releasing an option of a Related Party.

Fund Conflicts

- 3.8 Fund Conflicts arise as a consequence of SIML's role as the manager of the SIML managed Funds. One of SIML's roles as manager is to identify assets for acquisition by SIML managed Funds (**Investment Opportunities**) and potential tenants for properties held by SIML managed Funds (**Leasing Opportunities**). From time-to-time, situations may arise where Investment Opportunities or Leasing Opportunities may be appropriate for consideration by two or more of the SIML managed Funds.
- 3.9 To ensure that these situations are addressed in a consistent, transparent and equitable manner, SIML has adopted an Acquisition & Leasing Protocol to guide SIML in respect of decisions where a conflict, or a perception of a conflict, exists and to protect the interest of SIML managed Funds.
- 3.10 The Acquisition & Leasing Protocol requires that, among other things, the following issues be considered within this process:
- (a) the different mandates of the different funds;
 - (b) any existing rights of first refusal;
 - (c) that a competitive and arms-length process is followed when two or more funds wish to compete for an asset;
 - (d) the need for information barriers to be established within management teams;
 - (e) the level and form of participation of each of the funds which wish to take part in the potential acquisition; and
 - (f) the need for independent oversight, including the involvement of independent directors for each fund.
- 3.11 Acquisition Opportunities and Leasing Opportunities are those that are most likely to arise in the course of SIML's business as a manager. However, there may be other situations which may also constitute a Fund Conflict. In these instances, regardless of the particularities of the case, the overriding requirement is that conflicts of interest should be managed at arms-length and such treatment evidenced in line with the guidance provided in section 4 of this Policy, as applicable, or by any means appropriate to the particular conflict of interest.
- 3.12 If it is unclear whether a matter constitutes a Conflict of Interest, advice should be sought as soon as practicable from the COI Manager described below.

4. Identifying Conflicts of Interest

- 4.1 SIML will identify potential, actual or perceived conflicts of interests by, where necessary:
- (a) Transaction Completion Checklist;
 - (b) Interest and Conflicts Registers;
 - (c) Compliance sign-offs;
 - (d) declarations from SIML Representatives; and
 - (e) obtaining taxation adviser and/or legal examination of proposed transactions.
- 4.2 A Transaction Completion Checklist must be completed by SIML prior to the completion of each transaction by a SIML managed Fund. The checklist requires that the relevant SIML personnel involved in every transaction confirm the details of any conflicts of interest involved in the transaction and any mitigation measures implemented, and whether this Policy has been complied with. The final sign off of the Transaction Completion Checklist will be provided by the Conflicts of Interest Manager (the **COI Manager**), who will ensure that the checklist has been adequately completed.
- 4.3 The COI Manager will maintain an interests registers for the SIML Board and a general conflicts register for SIML Representatives.
- 4.4 SIML Representatives will be made aware of this Policy and will receive training in relation to declaring conflicts of interest. At the beginning of employment or at the start of each financial year, every SIML Representative invested in the management of SIML managed Funds (except contractors) will complete a Conflicts Declaration in the form set out in Schedule 2.
- 4.5 If a conflict, or potential conflict, arises during the course of the year, that conflict must be declared by the relevant SIML Representative to the COI Manager by way of a Conflicts of Interest Declaration (in the form set out in Schedule 3).
- 4.6 If the COI Manager is uncertain as to whether a conflict of interest exists, advice should be sought, where appropriate, from the SIML Chief Executive, the SIML Board or external legal counsel.
- 4.7 All of the SIML persons referred to in clause 4.6 above will receive detailed and specific training on this Policy to ensure they are capable of identifying conflicts of interest.

5. Managing conflicts of interest

- 5.1 The COI Manager of SIML is responsible for managing conflicts of interest. Following the disclosure of a potential conflict of interest, the COI Manager will undertake an assessment of the conflict and, where necessary, create a strategy for managing that conflict of interest.
- 5.2 If possible, Personal Conflicts and Related Party Conflicts will be avoided. However, where this is not possible, a robust framework is required to ensure consistent classification and treatment of such conflicts.
- 5.3 In addition, the Personal Conflict or Related Party Conflict must be avoided if SIML determines that it is likely to result in any of the following scenarios:

- (a) a materially adverse effect on SIML, Stride or any SIML managed Fund and it is inappropriate or impractical to implement controls to manage the effects of the conflict;
- (b) the Personal Conflict or Related Party Conflict will result in non-compliance with the law or the Listing Rules; or
- (c) SIML cannot provide a service in an independent and objective manner.

5.4 As a starting point, the COI Manager will consider:

- (a) the type or size of the competing interest;
- (b) the nature or significance of the Personal Conflict or the Related Party Conflict to a particular decision or activity being carried out by SIML;
- (c) the application of any relevant Listing Rules;
- (d) the extent to which the conflicted parties interest could specifically affect or be affected by SIML's decision;
- (e) the nature and extent of the conflicting party's role in any decision made, or to be made, by SIML; and
- (f) the type of risk presented by the Personal Conflict or Related Party Conflict, including:
 - (i) the principles applying to SIML;
 - (ii) SIML's legal obligations;
 - (iii) whether a SIML decision has been compromised;
 - (iv) the likely perception of the Personal Conflict or Related Party Conflict by outside observers;
 - (v) whether SIML's policies provide a clear rule on how to respond to the Personal Conflict or Related Party Conflict; and
 - (vi) the seriousness of the Personal Conflict or Related Party Conflict.

5.5 After considering those factors and any other relevant factors, the COI Manager may take such action as it considers appropriate in all the circumstances, which may include one or more of the following:

- (a) obtaining the consent of any affected party to the involvement of the conflicted party;
- (b) placing restrictions on a SIML Representative's involvement in the relevant matter;
- (c) imposing additional oversight or review over the conflicted person's activities;
- (d) organising an appropriate non-conflicted SIML Representative to oversee part or all of the process dealing with the relevant matter;
- (e) a subcommittee comprising any two SIML directors acting together on behalf of the SIML Board overseeing part or all of the process dealing with the relevant matter;

- (f) removing any conflicted SIML Representative from dealing with the relevant matter altogether and appointing an appropriate non-conflicted SIML Representative to deal with the relevant matter in their place;
 - (g) disclosing the actual, potential or perceived conflict of interest to the relevant client, prospective client or SIML managed Fund. The disclosure will contain details sufficient to enable the relevant person to understand how the conflict may affect them;
 - (h) obliging the conflicted person to relinquish the conflicting interest; and
 - (i) relinquishing the provision of any goods or services to the relevant client, prospective client or SIML managed Fund.
- 5.6 The consideration, measure, and reasons for any particular mitigation measure must be provided to the Committee and be referred to in the Committee's minutes.
- 5.7 Nothing in this Policy limits any obligation imposed on SIML or any SIML representative under any other policies or procedures adopted by SIML and applicable to them including the policies and procedures set out in the Employee Handbook.

6. Non-Compliance with this Policy

Incidents of wilful non-compliance with this Policy are considered to be serious and may be grounds for legal action, and/or summary dismissal.

7. Policy Review, Version Control and Ownership

This policy will be regularly reviewed as agreed from time to time with the SIML Board. The COI Manager is responsible for ensuring the review of the Policy is regularly reviewed.

Schedule 1: Acquisition and Leasing Protocol

Background and objectives

- 1.1 Stride Investment Management Limited (**SIML**) is a property management business. It is intended that SIML initially manage three separate property investment companies:
- (a) Stride Property Limited (**Stride**);
 - (b) Investore Property Limited (**Investore**); and
 - (c) Diversified NZ Property Trust (successor to, and pending its dissolution including, Diversified NZ Property Fund Limited (**Diversified**)),
- (each a **Fund** and together the **SIML managed Funds**).
- 1.2 As part of its role as manager, SIML will identify assets for acquisition by SIML managed Funds (**Investment Opportunities**) and potential tenants for properties held by SIML managed Funds (**Leasing Opportunities** and together with Investment Opportunities, **Opportunities**). From time-to-time, situations may arise where Investment Opportunities or Leasing Opportunities may be appropriate for consideration by two or more of the SIML managed Funds (**Fund Conflicts**).
- 1.3 SIML and its board of directors (the **SIML Board**) are committed to ensuring that SIML maintains best practice policies in all facets of its business. SIML has adopted this Protocol to achieve the following objectives:
- (a) For SIML:
 - (i) to allow it to carry out its business in an effective and equitable manner;
 - (ii) to ensure that SIML will at all times meet the Investment Mandates (as defined in section 2 below) of the respective Funds;
 - (iii) to ensure that Fund Conflicts are addressed in a consistent, transparent and equitable manner;
 - (iv) to be easy to operate and explain to investors; and
 - (v) to provide a mechanism through which SIML's obligations in respect of Diversified's rights of co-investment with SIML are appropriately addressed. Further detail is set out in paragraph 3.5 below.
 - (b) for SIML managed Funds:
 - (i) to ensure the fair and equitable allocation of Opportunities that meet the mandates of SIML managed Funds;
 - (ii) to ensure the transparent operation of SIML and SIML managed Funds;
 - (iii) to provide comfort to SIML managed Funds that all conflicts will be dealt with appropriately; and
 - (iv) to be easy for investors in SIML managed Funds to understand.

- 1.4 The shares of SIML and the shares of Stride are stapled and jointly listed on the NZX Main Board so that Stride shareholders are also SIML shareholders, each in the exact same proportions, and each of Stride and SIML are related companies for the purposes of the Companies Act 1993. In any matter under this Acquisition and Leasing Protocol involving Stride and any other SIML managed Fund, SIML must disregard the association between Stride and SIML and provide all SIML managed Funds (including Stride) with the Investment Opportunities and Leasing Opportunities strictly in accordance with clauses 2, 3 and 4.
- 1.5 This Protocol is made up of four sections as follows:
- (a) Section 1, which sets out the background and objectives of the Protocol;
 - (b) Section 2, which describes the role of Investment Mandates (as defined below) in Fund investment decision making;
 - (c) Section 3, which sets out the process SIML must follow in the case of an Investment Opportunity; and
 - (d) Section 4, which sets out the process SIML must follow in the case of a Leasing Opportunity.

2. Investment Mandates

- 2.1 Each SIML managed Fund may have its own investment mandate, policy or strategy (an **Investment Mandate**) that determines the types of Investment Opportunities the Fund may acquire. Investment Mandates may include one or more of the following:
- (a) fund investment objectives (e.g., long-term / short term hold, weighted average lease term and credit);
 - (b) asset definition (e.g., property type, location or size);
 - (c) capital management and other policy constraints (e.g., equity and debt capital availability and banking constraints); and
 - (d) investment hurdle rates may determine the price a fund is prepared to offer for a specific investment.
- 2.2 Each of Investore and Diversified have adopted an Investment Mandate in the management agreement that each has entered into with SIML. The Investment Mandate for Investore is set out in set out in Appendix A and the Investment Mandate for Diversified is set out in Appendix B.

3. Investment Opportunities

- 3.1 The allocation of Investment Opportunities is to be carried out by way of the following distinct phases:
- (a) **Investment Evaluation:** where Investment Opportunities are identified and evaluated to confirm whether they meet the mandates of each Fund; and
 - (b) **Investment Allocation:** where, if an actual or potential conflict is identified in the Investment Evaluation phase, processes are put in place so that each Fund for whom the Investment Opportunity is or may be relevant is able to consider the Investment Opportunity.

Investment Evaluation

3.2 SIML will evaluate each Investment Opportunity in the context of each Fund, as follows:

(a) **Identification**

An Investment Opportunity may be identified in many ways, including by SIML, a SIML managed Fund or a third party. Regardless of how an Investment Opportunity is identified, all Investment Opportunities will be deemed to be sourced by SIML and will be evaluated by SIML without reference to a particular Fund.

(b) **Initial evaluation**

SIML will determine whether an Investment Opportunity is appropriate for further consideration, and, if it is appropriate, will assess that Investment Opportunity against the investment mandate of each Fund.

(c) **Mandate evaluation**

The Investment Opportunity is evaluated by SIML in the context of the mandates of all SIML managed Funds.

(d) **Mandate conclusion**

SIML determines whether the Investment Opportunity meets the mandate of one or more of the Funds.

(e) **Contractual obligations**

SIML considers its contractual obligations to each Fund. SIML must apply the co-investment rights set out in clause 3.5 prior to applying the Investment Allocation process in clause 3.4.

(f) **Business plan evaluation**

SIML determines whether the Investment Opportunity is consistent with the then current business plan adopted by each Fund.

(g) **Constraints**

SIML must consider whether any legal, tax-related, operational, financial or other constraint applies to each Fund that may influence that Fund's ability to transact an Investment Opportunity.

3.3 If, after carrying out the Investment Evaluation process outlined in 3.2 above, SIML determines that no Fund Conflict exists, the Investment Allocation process below need not be followed.

Investment Allocation

3.4 If an Investment Opportunity may be appropriate for consideration by two or more of the SIML managed Funds, those Funds will compete to acquire the Investment Opportunity under separate investment teams as follows:

- (a) SIML will establish separate teams to operate on behalf of each participating Fund, and will implement appropriate information barriers between those teams.

- (b) Under the information barrier arrangements, information obtained or processed in respect of each relevant Investment Opportunity must:
 - (i) be kept physically separate and available only to members of the relevant team;
 - (ii) be kept secure and separately stored at all times and, so far as practicable, stored in locked cabinets overnight and while members of the relevant team are absent from their offices for any extended period of time; and
 - (iii) if stored or created by electronic means, be accessible only by members of the relevant team,

with each team working in physically separate locations or in such a manner that no member of any team may advertently or inadvertently be exposed to information held by another team.
- (c) Where two or more SIML managed Funds propose to submit a joint bid or to jointly hold an Investment Opportunity, a team may be constituted that acts for all such SIML managed Funds.
- (d) If approved by SIML's Chief Executive Officer, due diligence, transaction negotiation and other dealings with third parties which relate to the investigation of the Investment Opportunity may be undertaken by a team that is independent of the teams working for each participating Fund on the basis that all information relevant to the Investment Opportunity is shared with all teams acting in respect of different SIML managed Funds.
- (e) The separate SIML teams will prepare bids independently in a competitive and arms-length process.
- (f) Any bid by a SIML managed Fund will be subject to approval from the governance group (comprising the independent directors) of that SIML managed Fund.

Existing commitments relevant to Investment Allocation - Diversified

3.5 The provisions of this clause 3.5 qualify the process set out in respect of Investment Allocation. Under the management agreement between SIML and Equity Trustees Limited as trustee of Diversified dated 29 April 2016 (**Diversified Management Agreement**):

First right of refusal to co-invest applies in priority to Investment Allocation

- (a) Diversified has a first right of refusal to co-invest with Stride, on a 50/50 basis, in any opportunity to acquire property (each an **Opportunity**) identified by SIML which:
 - (i) is consistent with the Diversified investment strategy set out in Appendix B;
 - (ii) in the case of an Industrial Opportunity, has an anticipated On-Completion Value of more than \$15,000,000; and
 - (iii) in the case of any other Opportunity, has an On-Completion Value of more than \$30,000,000

On-Completion Value means, with respect to any property the subject of an Opportunity, the estimated value of that property on completion of any project or refurbishment which Stride proposes to undertake; and

Industrial Opportunity means an Opportunity which relates to industrial property.

If the first right of refusal to co-invest is accepted by Diversified, that Opportunity would not be available for any other SIML managed Fund and would not be considered under the Investment Allocation process set out in clause 3.4 above. In the case of a portfolio acquisition, SIML assesses each property against each of the matters set out in clauses (i) to (iii) above. Each property (if any) that meets these requirements is offered to Diversified for co-investment with Stride.

First right of refusal to invest exclusively applies in priority to Investment Allocation

- (b) Notwithstanding clause (a) above, SIML will offer to Diversified the first right of refusal to invest exclusively in any Opportunity identified by SIML which relates to property associated with any real property forming part of Diversified's portfolio (other than any such property in which Diversified and Stride have co-invested, which shall be offered to Diversified as a co-investment with Stride on a pro-rata basis). For the purposes of this clause (b), a property is "associated" with real property forming part of Diversified's portfolio if it is adjacent to that portfolio property or if SIML proposes, at the time at which the relevant Opportunity is presented to Diversified, to develop the properties in conjunction. If this first right of refusal to invest exclusively is accepted by Diversified, that Opportunity would not be available for any other SIML managed Fund and would not be considered under the Investment Allocation process set out in clause 3.4 above.

No initial response –Investment Allocation applies

- (c) In the event that Diversified is offered the opportunity to co-invest with Stride in an Opportunity but Diversified does not respond within 5 business days of receiving a terms sheet in respect of the Opportunity which contains sufficient detail to enable Diversified to make a decision whether to further pursue the Opportunity (the **Initial Response Date**), or Diversified notifies SIML that it does not wish to further pursue the Opportunity, SIML and Stride will be under no further obligation to Diversified under the provisions set out in this clause 3.5 in respect of that Opportunity. Each other SIML managed Fund may then participate in respect of that Opportunity in accordance with clause 3.4 of this Acquisition and Leasing Protocol.

No decision to proceed – Investment Allocation does not apply

- (d) In the event that Diversified is offered the opportunity to co-invest with Stride in an Opportunity and elects to participate by the Initial Response Date, SIML will provide further detailed information about the Opportunity to Diversified. If Diversified does not subsequently elect to proceed in accordance with the Diversified Management Agreement, Stride may pursue that Opportunity, without co-investment by Diversified. Each other SIML managed Fund may then also participate in respect of that Opportunity in accordance with clause 3.4 of this Acquisition and Leasing Protocol.

Stride determines not to proceed – Investment Allocation applies

- (e) If Stride does not wish to, or is unable to, pursue an Opportunity which has been offered to Diversified in accordance with clause (a), but in which Diversified has declined to co-invest, SIML must offer to Diversified the opportunity to pursue the Opportunity itself, with associates or related body corporates or with any third party independent of this Agreement. In that event, Diversified will participate in considering that Opportunity in accordance with clause 3.4 of this Acquisition and Leasing Protocol and may do so in conjunction with any third party. Each other SIML managed Fund may then also participate in respect of that Opportunity in accordance with clause 3.4 of this Acquisition and Leasing Protocol.

4. Leasing Opportunities

- 4.1 From time to time, SIML managed Funds may compete to lease space to the same tenant or tenants in a similar catchment area. To ensure equity and transparency in such a situation, it is proposed that Leasing Opportunities be dealt with as follows:
- (a) SIML will identify a potential conflict where two or more of the SIML managed Funds seeks to secure the same tenant.
 - (b) SIML will establish separate teams to operate on behalf of each of the competing Funds, and will implement appropriate information barriers between those teams.
 - (c) The separate SIML teams will prepare tenant proposals/bids independently in a competitive and arms-length process.
 - (d) Any tenant proposal/bid will be subject to approval from the governance group (comprising the independent directors) of the respective SIML managed Funds.
- 4.2 In respect of existing tenants (each an **Existing Tenant**) of a SIML managed Fund (the **Existing Lessor**), SIML will not solicit (whether on behalf of any SIML managed Fund or any other person) that an Existing Tenant cease to be a tenant of an Existing Lessor (whether at the end of a lease term or otherwise). The restriction in this clause 4.2 will not apply where an Existing Tenant:
- (a) responds to a bona fide public advertisement for vacant premises (provided that the advertisement is not targeted specifically at the person concerned and in circumstances where the Existing Tenant would otherwise not be in breach of any existing lease to an Existing Lessor if it were to cease to be a tenant of the Existing Lessor); or
 - (b) approaches SIML (without any solicitation by SIML) about alternative premises available at the expiry of the Existing Tenant's lease term (whether or not that term has then expired or not) or in circumstances where the Existing Tenant would otherwise not be in breach of any existing lease to an Existing Lessor if it were to cease to be a tenant of the Existing Lessor,
- in which case SIML will be permitted to deal with that Existing Tenant as if it were pursuing a new leasing opportunity subject to this Acquisition and Leasing Protocol and shall be treated as such under this Acquisition and Leasing Protocol.

Appendix A to Asset Allocation and Leasing Protocol: Investore Investment Policy (Investment Mandate)

Investment Objectives

The Company's investment objective is to provide stable, secure returns to its shareholders. The Company will deliver a stable income stream through investment in Large Format Retail (**LFR**) property, providing high quality tenants with long lease terms and low maintenance costs. Returns will be enhanced through the use of debt sourced from bank and public markets.

LFR real estate is defined as:

- Properties have a single tenant or limited number of tenants and generally no more than 15 specialty tenants. The anchor tenant or tenants will occupy more than 50% of the net lettable area of the property and provide more than 50% of the rental income, which ensures the majority of income is contracted with nationally recognised retail companies.
- Building improvements are typically large, free-standing, rectangular, generally single-floor structures built on a concrete slab. Building improvements are straightforward with limited indoor common areas and public amenity thus minimising maintenance and capital expenditure requirements.
- The properties are well serviced by car parking facilities, with most customers expected to access the property by car.
- Anchor tenants' net lettable area is typically in excess of 2,000 sqm. Specialty tenants are typically in excess of 150 sqm, although in some limited cases may be 60 sqm or less.
- Uses include, but are not limited to, grocery, bulky goods retailing, factory outlets, general merchandise and convenience retailing.
- Most leases are structured as net leases, where the tenant is responsible for the property's operating expenses (rates, utilities and insurance), and the landlord is responsible for the maintenance of the building structure, building services and grounds maintenance.
- It includes property or land that is able to be converted into LFR real estate through asset management activities, such as change of use, leasing, development and redevelopment initiatives.
- It includes property or land that is located adjacent or adjoining to existing assets, that provides the opportunity for future redevelopment and improved returns to existing LFR assets.

Investment philosophy

The Company's investment philosophy is that LFR assets have a specific, differentiating set of attributes that can provide a reliable leveraged income return to shareholders. These attributes are:

- quality tenants, including significant national retailers, offering rental income stability;

- long weighted average lease terms; and
- buildings requiring low maintenance and capital expenditure requirements over the building life.

These attributes provide high quality income with low variability and unrecoverable costs, resulting in high income pass through to shareholders. This differentiating set of attributes supports higher debt levels than is currently used by NZX listed real estate entities. Debt management and interest rate risk hedging strategies can be used to deliver leveraged enhanced returns while mitigating the risks associated with debt.

Investment Strategy

The Company's investment objective is to provide stable, secure return to its shareholders through investment in LFR property assets.

The Company's investment strategy is to:

- Invest in quality LFR properties that maximise distributions and total returns to shareholders over the medium to long term.
- Actively manage the properties to increase their values and income growth prospects.
- Grow rental income by attracting and retaining quality retail tenants on long leases with increases resulting from a combination of structured, market and turnover based rental reviews, targeting New Zealand properties that are well located within established markets.
- Source investment opportunities through the Manager's investment pipeline and market coverage to acquire additional LFR property in accordance with the Company's definition of LFR property and to enhance Company shareholder returns by optimising the Company's capital structure with a loan to value ratio (**LVR**) of not more than 50% (or such lower LVR set by the Board with the agreement of the Manager).
 - Investment opportunities will include off-market transactions which have the benefit of lowering the transaction costs and accessing assets not available to the general market.
 - All acquisitions and disposals of any real property asset by the Company require the recommendation of the Manager.
 - The source of funds for future acquisitions of LFR property will be debt and/or equity in a manner consistent with the Company's capital management strategy as set out below.
- Regularly review and rebalance the portfolio to ensure that progress and performance are consistent with the Company's investment objective.
- Actively manage the portfolio's weighted average lease term (WALT) to offset the natural expiry of time.
- Source opportunities to redevelop and/or expand properties to meet current and prospective tenant requirements.

Capital Management

Debt management and interest rate risk hedging strategies will be used to deliver leveraged enhanced returns while mitigating the risks associated with debt capital.

The Company is to have a LVR of not more than 50% (or such lower LVR set by the Board with the agreement of the Manager). LVR is calculated as the ratio of bank debt owing by the Company to the aggregate value of the properties owned by the Company.

The Company may raise debt or equity to fund current or future commitments. Debt and equity arrangements are to be arranged by, and require the recommendation of, the Manager.

Hedging Policy

This policy manages the risk of volatility in the Company's distributable profit resulting from changes in interest rates. Due to the long-term nature of the Company's assets and the preference to manage the risk of changes to interest rates, the Company will maintain a minimum long term fixed rate or hedged debt as a proportion of total debt. In addition, interest rate repricing risk will be spread over a range of maturities.

The Company's debt/borrowings will be maintained within the following fixed/floating interest rate risk control limits:

Fixed Rate Maturity Risk Control Limit		
Period	Minimum Cover	Maximum Cover
0 to 1 years	70%	100%
1 to 3 years	55%	100%
3 to 5 years	20%	80%
5 to 10 years	0%	60%

Appendix B to Asset Allocation and Leasing Protocol: Diversified Investment Strategy (Investment Mandate)

The investment strategy of the Trust is, unless the approval of a Special Resolution (as defined in the Diversified trust deed) is otherwise obtained (following the circulation of a written proposal by SIML):

- (a) to acquire, manage and, where relevant, develop properties that are anticipated to achieve the desired internal rate of return on Investor's funds;
- (b) to invest in a diversified portfolio of New Zealand investment grade property assets sourced from major urban cities including, without limitation, Auckland, Hamilton, Tauranga, Rotorua, Taupo, Palmerston North, Wellington, Nelson, Christchurch, Queenstown and Dunedin, with such properties being in the "Core" or "Core Plus" asset range:
 - (i) "Core" assets: fully leased and income producing. Targeted IRR% on equity range is 10.5% - 12% pa;
 - (ii) "Core Plus" assets: Targeted IRR% on equity range is 13%-15% pa. These assets include:
 - A. properties with development opportunities with low risk; or
 - B. existing investment grade property assets which have the opportunity to be further developed or re-developed to add value;
- (c) to target properties requiring a total equity investment of not less than fifteen million dollars (NZ\$15 million);
- (d) to acquire interests in properties that are considered to be both consistent with the targeted Trust IRR and environmentally acceptable and consistent with community needs and values;
- (e) to restrict borrowings on a fully invested basis to thirty five per cent (35%) of the value of the properties from time to time unless the Trustee has exercised its discretion to increase this to fifty per cent (50%) of the value of the Properties with such increased borrowings to be reduced back to 35% within 2 years in the manner provided by the Trust Deed;
- (f) except with respect to investments in or related to the Johnsonville Shopping Centre and its development, to allocate no more than twenty five per cent (25%) of capital to any one property or asset (although this may be exceeded in the short term during the investment phase of the Trust);

- (g) to enter into co-investments and joint ventures with third parties as appropriate; and
- (h) before a meeting of the Investment Committee to consider a proposal, the management team will, inter alia, detail the following:
 - (i) a full financial feasibility including Trust IRR calculations and cash flows;
 - (ii) an independent valuation supporting the acquisition price;
 - (iii) details of any leases;
 - (iv) public record matters;
 - (v) a contamination report;
 - (vi) town planning matters;
 - (vii) details of any pertinent due diligence carried out or to be carried out before completion of any transaction; and
 - (viii) an analysis of the impact the proposed acquisition will have on the Trust covering:
 - A. portfolio exposure;
 - B. weighted average lease term;
 - C. sector weightings; and
 - D. geographic weightings.

Schedule 2: Annual Conflict of Interest Disclosure Form

STRIDE ANNUAL CONFLICT OF INTEREST DISCLOSURE FORM

Interest disclosure

Please provide details below if you believe that you have a conflict of interest, or have a general disclosure. Please complete this declaration, ask your manager to sign the declaration and sent it to:

Conflicts of Interest Manager
[*Insert address*]

Your interest or declaration will be added to Stride Investment Management Limited's interest register, which is a confidential register maintained by the Conflicts of Interest Manager.

Name:	Title:
Nature of Interest of disclosure Attach supporting documents Indicate expected duration of the conflict	Action taken Describe arrangements made to deal with the situation.

Signatures

Name of person making disclosure	Signature	Date
Name of manager	Signature	Date

Conflicts of Interest Manager to complete this section

Received by COI Manager	Date
Reviewed by COI Manager	Date
Comments as required	
Date of review of cessation of interest	
Recorded by:	Reference:

Schedule 3: Conflict of Interest Disclosure Form

Conflict of Interest Disclosure Form

If you believe that you have a conflict of interest, or wish to make a general disclosure, please complete this declaration, and ask your manager to sign the declaration and sent it to:

Conflicts of Interest Manager
[*Insert address*]

Your interest or declaration will be added to Stride Investment Management Limited's interest register, which is a confidential register maintained by the Conflicts of Interest Manager.

Name:	Title:
Nature of Interest of disclosure Attach supporting documents Indicate expected duration of the conflict	Action taken Describe arrangements made to deal with the situation.

Signatures

Name of person making disclosure	Signature	Date
Name of manager	Signature	Date

Conflicts of Interest Manager to complete this section

Received by COI Manager	Date
Reviewed by COI Manager	Date
Comments as required	
Date of review of cessation of interest	
Recorded by:	Reference: