

Financial Markets Conduct (Stride Property Group) Exemption Notice 2017

Pursuant to section 556 of the Financial Markets Conduct Act 2013, the Financial Markets Authority, being satisfied of the matters set out in section 557 of that Act, gives the following notice.

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Notice

1 Title

This notice is the Financial Markets Conduct (Stride Property Group) Exemption Notice 2017.

2 Commencement

This notice comes into force on 7 April 2017.

3 Revocation

This notice is revoked on the close of 6 April 2022.

4 Application

An exemption granted by this notice applies to the following accounting periods of Stride Property Limited and Stride Investment Management Limited:

- (a) the accounting period ending 31 March 2017; and
- (b) subsequent accounting periods.

5 Interpretation

- (1) In this notice, unless the context otherwise requires,—

Act means the Financial Markets Conduct Act 2013

applicable auditing and assurance standard has the same meaning as in section 5(1) of the Financial Reporting Act 2013

qualified auditor has the same meaning as in section 461E of the Act

Stride Property Group means the stapled group comprising Stride Property Limited and Stride Investment Management Limited.

- (2) Any term or expression that is defined in the Act and used, but not defined, in this notice has the same meaning as in the Act.

6 Exemptions for Stride Property Limited

Stride Property Limited is exempted from:—

- (a) subpart 3 of Part 7 of the Act to the extent that group financial statements are required to be prepared; and
- (b) sections 455(1)(c), 455(1)(d), 461D, and 461G of the Act.

7 Exemptions for Stride Investment Management Limited

Stride Investment Management Limited is exempted from:—

- (a) subpart 3 of Part 7 of the Act to the extent that financial statements in relation to the entity are required to be prepared; and
- (b) sections 455(1)(c), 455(1)(d), 461D, and 461G of the Act.

8 Conditions

The exemptions in clauses 6 and 7 are subject to the conditions that—

- (a) Stride Property Limited and Stride Investment Management Limited must ensure that they have the same balance date; and
- (b) Stride Property Limited and Stride Investment Management Limited must each ensure that, within 4 months of the balance date referred to in paragraph (a), financial statements that comply with generally accepted accounting practice are completed in relation to the Stride Property Group and that balance date; and
- (c) Stride Property Limited must ensure that financial statements prepared pursuant to paragraph (b) are dated and signed on behalf of Stride Property Limited by 2 directors of Stride Property Limited or, if Stride Property Limited has only 1 director, by that director; and
- (d) Stride Investment Management Limited must ensure that financial statements prepared pursuant to paragraph (b) are dated and signed on behalf of Stride Investment Management Limited by 2 directors of Stride Investment Management Limited or, if Stride Investment Management Limited has only 1 director, by that director; and
- (e) Stride Property Limited and Stride Investment Management Limited must each ensure that financial statements prepared pursuant to paragraph (b) disclose, in accordance with generally accepted accounting practice, transactions between Stride Property Limited and Stride Investment Management Limited; and
- (f) Stride Property Limited and Stride Investment Management Limited must each ensure that there are kept at all times accounting records that will enable them to ensure that the financial statements of the Stride Property Group comply with generally accepted accounting practice and will enable such statements to be readily and properly audited; and

- (g) Stride Property Limited and Stride Investment Management Limited must each ensure that the financial statements that are required to be prepared pursuant to paragraph (b) in relation to the Stride Property Group are audited by a qualified auditor; and
- (h) the qualified auditor, in carrying out the audit on the Stride Property Group's financial statements under paragraph (g), and the auditor's report on those financial statements, must comply with all applicable auditing and assurance standards; and
- (i) if the auditor's report from the qualified auditor indicates that the requirements of generally accepted accounting practice in respect of Stride Property Group's financial statements under paragraph (g) have not been complied with, either Stride Property Limited or Stride Investment Management Limited must, as soon as reasonably practicable, send a copy of the report, and a copy of the financial statements to which it relates, to—
 - (i) the FMA; and
 - (ii) the External Reporting Board; and
- (j) either Stride Property Limited or Stride Investment Management Limited must deliver to the Registrar, for lodgement in accordance with section 461H of the Act, the financial statements prepared pursuant to paragraph (b) accompanied by a written notification to the Registrar signed on behalf of both Stride Property Limited and Stride Investment Management Limited that Stride Property Limited and Stride Investment Management Limited are relying on this notice in respect of the accounting period to which the statements relate; and
- (k) Stride Property Limited shares and Stride Investment Management Limited shares must remain stapled in accordance with the deed between Stride Property Limited and Stride Investment Management Limited, dated 11 July 2016, and the respective constitutions of Stride Property Limited and Stride Investment Management Limited must require that the shares remain stapled.

Dated at Auckland this 4th day of April 2017.



Garth Stanish
Director of Capital Markets
Financial Markets Authority

Statement of reasons

This notice, which comes into force on 7 April 2017 and is revoked on 6 April 2022, applies to the stapled entities Stride Property Limited and Stride Investment Management Limited.

This notice exempts Stride Property Limited from subpart 3 of Part 7 of the Act to the extent that the subpart requires a FMC reporting entity that has 1 or more subsidiaries to prepare group financial statements. This notice also exempts Stride Investment Management Limited from subpart 3 of Part 7 of the Act to the extent that the subpart requires an FMC reporting entity to prepare financial statements in relation to the entity. This notice also exempts Stride Property Limited and Stride Investment Management Limited from the following provisions of the Act:

- sections 455(1)(c) and 455(1)(d) which require accounting records to be kept that enable an FMC reporting entity to ensure that its financial statements comply with generally accepted accounting practice and that those statements are readily and properly audited; and
- sections 461D and 461G which require financial statements of every FMC reporting entity to be audited by a qualified auditor and an auditor's report in respect of those financial statements.

The exemptions are subject to a number of conditions including that Stride Property Limited and Stride Investment Management Limited must ensure financial statements that comply with generally accepted accounting practice in New Zealand are prepared in respect of the stapled Stride Property Group. The shares of Stride Property Limited and Stride Investment Management Limited must also remain stapled.

The main effects of the exemptions are as follows:

- Stride Property Limited and Stride Investment Management Limited are FMC reporting entities and are each required to prepare financial statements under the Act. For this reason their financial statement preparation, audit and lodgement obligations are appropriately regulated by subpart 3 of Part 7 of the Act. This notice grants both Stride Property Limited and Stride Investment Management Limited an exemption from the usual requirement in this subpart to prepare financial statements. Instead, Stride Property Limited and Stride Investment Management Limited must ensure financial statements are prepared for the Stride Property Group. In appropriate recognition of the FMC reporting entity status of Stride Property Limited and Stride Investment Management Limited, the conditions of this notice recognise that the alternative Stride Property Group financial statements continue to be required under subpart 3 of Part 7 of the Act, such that the provisions of the Companies Act 1993 that apply to companies that are not FMC reporting entities do not apply:
- the financial statements completed in relation to the Stride Property Group will:
 - comply with generally accepted accounting practice in New Zealand:
 - be audited by a qualified auditor:
 - disclose relevant transactions between Stride Property Limited and Stride Investment Management Limited:
 - be delivered to the Registrar for lodgement by Stride Property Limited and Stride Investment Management Limited:

The Financial Markets Authority (the **FMA**), after satisfying itself as to the matters set out in section 557 of the Act, considers it appropriate to grant the exemptions because—

- shares of Stride Property Limited and Stride Investment Management Limited are stapled and traded as the single Stride Property Group on the Main Board of NZX Limited. Given the nature of the stapled group, in that Stride Property Limited and Stride Investment Management Limited operate as a single economic enterprise and the shareholders of Stride Property Limited and Stride Investment Management Limited are identical, the financial performance of the Stride Property Group as a whole, rather than the separate underlying entities, is of particular relevance to shareholders and potential investors. The nature of interests in Stride Property Limited, Stride Investment Management Limited and the Stride Property Group are such that financial reporting requirements need to be tailored to ensure that shareholders and potential investors receive meaningful disclosure:
- having regard to the unique features of the stapled group, the FMA is of the view that without the exemptions, separate financial statements for Stride Property Limited and Stride Investment Management Limited would not adequately convey all the information necessary

to assist shareholders and potential investors to make an informed decision in respect of the Stride Property Group:

- the financial statements of the Stride Property Group will include relevant transactions between Stride Property Limited and Stride Investment Management Limited. This ensures shareholders, potential investors and interested parties also receive sufficient entity level information:
- the exemptions will not apply if the shares of Stride Property Limited and Stride Investment Management Limited cease to be stapled or their respective constitutions no longer require the shares to be stapled.

The FMA is satisfied that the granting of the exemptions are necessary and desirable in order to promote the purposes of the Act, specifically:

- the confident and informed participation of shareholders and potential investors of the Stride Property Group in the financial markets:
- greater transparency in relation to the Stride Property Group, thereby contributing to the development of fair, efficient, and transparent financial markets:
- timely, accurate, and understandable information being provided to shareholders and potential investors to assist them to make decisions relating to the Stride Property Group:
- avoiding unnecessary compliance costs, namely the preparation of two sets of financial statements when consolidated financial statements will provide sufficient information in respect of the group and individual entities and thereby promoting flexibility in financial markets by facilitating the efficient operation of the Stride Property Group structure.

The FMA is further satisfied that the extent of the exemptions are not broader than is reasonably necessary to address the matters that give rise to the exemptions, given that the exemptions only address particular issues experienced by Stride Property Limited and Stride Investment Management Limited, that arise because they comprise a stapled group, the Stride Property Group.