



Stride Property Group (NS)

NZX Announcement

4 October 2023

Stride Property Group Portfolio Valuations

Stride Property Limited (SPL) advises that it expects a gross reduction in fair value for its directly held office and town centre portfolio (Note 1) for the six months ended 30 September 2023 of \$(50.7) million, being a (4.7)% decrease. SPL's office and town centre portfolio has a draft valuation as at 30 September 2023 of \$1.0 billion.

The average capitalisation rate for SPL's office and town centre portfolio is expected to be 6.3% as at 30 September 2023, reflecting a +34 basis point movement from 31 March 2023. Market rental growth over this period offset some of the impact of the capitalisation rate movement.

SPL's reported portfolio includes its share of the joint operation assets of the Industrie Property Joint Venture (**Industre**). These industrial assets continued to demonstrate strong value, with values declining by less than 1%, compared to those as at 31 March 2023.

Following the portfolio revaluation, SPL's committed bank LVR (Note 2) is expected to be approximately 36%, and 27% on a balance sheet basis (Note 3).

Philip Littlewood, Chief Executive Officer of Stride Investment Management Limited (SIML) said, "Leasing spreads have continued to improve, and occupancy remains resilient across Stride Property Group's high quality investment portfolios, however higher interest rates are resulting in softer investment conditions, higher capitalisation rates and lower valuations. Despite this, we are pleased that our active capital management strategy has seen our committed bank LVR reducing to 36%, from 38% as at 30 September 2022, despite average capitalisation rates having increased by 80 basis points over the same period."

The independent valuations, forecast valuation movement and loan to value ratio remain subject to finalisation and external audit review and will be confirmed in the consolidated interim financial statements of Stride Property Group (comprising SPL and SIML) for the six months ended 30 September 2023, which are expected to be released on 28 November 2023.

Notes:

1. SPL's office and town centre portfolio comprises only those offices and town centres held by SPL, and excludes SPL's 51.7% interest in the unincorporated component of the Industrie Property Joint Venture as at 30 September 2023. The portfolio valuation includes the value of the Stride Offices at 34 Shortland Street which is categorised as property, plant and equipment in the consolidated financial statements.

2. Banking covenant Loan to Value Ratio (LVR), calculated as bank debt as a percentage of investment property. Includes (1) SPL's office and town centre portfolio; and (2) debt associated with this portfolio, and excludes SPL's interest in the Industrie joint operation and associated bank debt.
3. Balance sheet gearing includes SPL's office and town centre properties as well as the value of SPL's interests in each of the Stride Products, and SPL's direct debt.

Ends

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A Stapled Security of the Stride Property Group comprises one ordinary share in Stride Property Limited and one ordinary share in Stride Investment Management Limited. Under the terms of the constitution of each company, the shares in each can only be transferred if accompanied by a transfer of the same number of shares in the other. Stapled Securities are quoted on the NZX Main Board under the ticker code SPG. Further information is available at www.strideproperty.co.nz or at www.nzx.com/companies/SPG.