



Stride Property Group (NS)

NZX Announcement

IMMEDIATE — 28 May 2025

Stride Property Group FY25 Annual Results

Stride Property Group (Stride) (Note 1) has released its Annual Report, Results Presentation, and Sustainability Report and Climate-Related Disclosures for the twelve months ended 31 March 2025 (FY25).

Overview for the period:

- \$21.7 million profit after income tax, up \$77.8 million from FY24, due primarily to a smaller net portfolio valuation reduction
- FY25 full year dividend of 8.0 cents per share represents a payout of 93% of combined distributable profit (Note 2)
- Portfolio (Note 3) demonstrates strong metrics with value (Note 4) of \$1.5 billion, 6.6 years WALT, 95% occupancy and 6.2% weighted average capitalisation rate
- Strong portfolio (Note 3) rental growth of 3.8% growth on prior rentals from new lettings, renewals and rent reviews
- FY25 combined net rental income and management fee income (excluding fees from SPL) of \$89.5 million is \$(2.7) million lower than FY24, impacted by \$(3.0) million as a result of restructure of Industrie (Note 5), Stride's industrial property Product. Excluding the restructure, combined net rental income and management fee income is slightly higher than FY24
- Careful management of costs resulted in corporate overhead expenses of \$(15.9) million, down \$2.5 million from FY24
- SPL continues to have a robust balance sheet, with a loan to value ratio (LVR) of 29.0% on a balance sheet basis (Note 6) and a bank LVR (Note 7) of 38.7%, up on 31 March 2024 (36.7%) largely due to ongoing office upgrades and a \$(29.5)m net portfolio valuation reduction
- SIML continues to be an active investment manager, and has undertaken a number of strategic transactions for the Stride Products (Note 5), including acquisition and divestments for Investore and two new developments underway for Industrie
- Progress continues towards meeting sustainability targets, with a carbon reduction plan in progress
- Combined cash dividend guidance for FY26 of 8.0 cents per share, in line with FY25

Stride Property Group Chair Tim Storey noted "While we have seen the challenging macro-economic conditions of recent years continue through FY25, the last half of FY25 appears to have been the low point in the cycle for commercial property. Recent activity suggests that the investment market is stabilising following the cuts to the Official Cash Rate by the Reserve Bank of New Zealand."

Stride's diversified revenue sources, comprising its real estate investment management business together with its direct and indirect commercial property investment, continued to deliver resilient financial performance during FY25. Profit after income tax for FY25 was \$21.7 million, up \$77.8 million on FY24, with the FY25 result being impacted by a lower net reduction in fair value of investment properties, a positive share of profit in equity-accounted investments, and higher income tax expense (including as a result of the Government's policy decision to remove tax deductions for depreciation on commercial buildings).

Distributable profit (Note 2) after current income tax for FY25 of \$48.3 million was down from FY24 (\$59.1 million), as a result of higher tax in FY25 due to the removal of tax deductions for depreciation on commercial buildings, the timing impact of the restructure of Industre, and one-off items in FY24 that were not repeated in FY25. Excluding these factors, FY25 distributable profit (Note 2) would have been comparable to FY24.

SPL and SIML are pleased to announce fourth quarter (1 January 2025 to 31 March 2025) cash dividends to be paid by each company on 17 June 2025 to all shareholders on the register as at the close of business on 6 June 2025, as follows:

- SPL announces a cash dividend for the fourth quarter of FY25 of 1.5625 cents per share
- SIML announces a cash dividend for the fourth quarter of FY25 of 0.4375 cents per share

This brings the total combined cash dividend for Stride Property Group for FY25 to 8.0 cents per share, in line with previous guidance. The combined cash dividend of 8.0 cents per share for FY25 represents a payout of 93% of Stride's distributable profit (Note 2) and 106% of AFFO (Adjusted Funds from Operations).

The Board has resolved to suspend the dividend reinvestment plan (DRP) for the FY25 fourth quarter dividends of both SPL and SIML.

FY25 Overview:

Financial Performance – Stride Property Group

- Net rental income of \$69.1m, down \$(3.3)m from FY24 (\$72.3m). Combined net rental income and management fee income (excluding fees from SPL) of \$89.5m, \$(2.7)m lower than FY24, although FY25 net rental income was impacted by the Industrie restructure (where income from Industrie is now reported in share of profit from equity-accounted investments) and excluding this, combined net rental income and management fee income is slightly higher than FY24
- \$21.7m profit after income tax, up \$77.8m on FY24 loss after income tax of \$(56.1)m, with the FY25 result being impacted by a lower net reduction in fair value of investment properties, a positive share of profit in equity-accounted investments, and higher income tax expense (including as a result of the Government's policy decision to remove tax deductions for depreciation on commercial buildings)
- \$48.3m distributable profit (Note 2) after current income tax, down \$(10.8)m from FY24 (\$59.1m) as a result of higher tax in FY25 due to the removal of the tax deduction for depreciation on commercial buildings and one-off items in FY24 that were not repeated in FY25 (both previously guided to), and the timing impact to income recognised from Industrie relating to its restructure. Excluding these factors, FY25 distributable profit (Note 2) would have been comparable to FY24
- Distributable profit (Note 2) after current income tax of 8.64cps, down from FY24 (10.76cps)
- Adjusted funds from operations distributable profit (Note 2) after current income tax on a weighted per share basis of 7.53cps, down from FY24 (9.62cps)
- FY25 combined cash dividend of 8.0cps, in line with guidance
- Net tangible assets (NTA) per share of \$1.72 as at 31 March 2025, down \$(0.06) from 31 March 2024 (\$1.78), primarily due to the reduced portfolio value

Active Real Estate Investment Management

- \$20.4m management fee income (Note 8), up from FY24 (\$19.9m), due to higher recurring fees and higher activity fees
- Assets under management of \$3.2bn, including \$2.2bn of external assets under management
- Stabilised valuations support future recurring fees. Development and transactional activity expected to improve over the next 24 months; 20% upfront tax deduction for new capital expenditure will support feasibilities
- SIML's management business is profitable on recurring fees alone
- SIML is delivering \$58m of new industrial developments for Industrie at 14-20 Favona Road, Auckland, and 16A Wickham Street, Hamilton, both of which are targeting a 5 Green Star Design & As Built rating
- SIML helped to advance Investore's strategy of targeted growth through the divestment of three properties during FY25 for a combined sale price of \$79.3m (3.4% above book value as at 31 March 2024), and the acquisition of Bunnings Westgate, Auckland

- SIML completed a restructure of Industre including streamlining the corporate and banking structures, with the weighted average margin and line fees on bank debt reducing by ~40 basis points
- Building upgrades to reposition SPL's office property at 34 Shortland Street, Auckland, now largely complete, with upgrades underway at 215 Lambton Quay, Wellington

SPL Office Portfolio (Note 9)

- Rent reviews and renewals over 51,000 sqm provided a +3.2% uplift on prior rentals
- Portfolio value of \$706m as at 31 March 2025 (Note 10), reflecting a net reduction in fair value of (3.4)% for FY25
- Refurbishments commenced at 215 Lambton Quay, including lobby upgrade and new end of trip facilities
- Sustainability upgrades at 34 Shortland Street completed, targeting 4 star NABERSNZ rating
- SPL's office portfolio WALT of 7.0 years as at 31 March 2025, and occupancy of 88%. A small number of properties in the office portfolio are experiencing some vacancy, primarily among those that are undergoing upgrades, and Stride expects leasing activity to improve as the upgrades are completed and economic conditions improve. SPL has completed four new lettings at 34 Shortland Street since 31 March 2024 across 1,400 sqm, with occupancy expected to improve over FY26

SPL Town Centre Portfolio (Note 9)

- Rent reviews and renewals drove a +5.7% uplift on prior rentals, primarily driven by CPI linked reviews
- Portfolio value of \$304m as at 31 March 2025 (Note 11), reflects a net reduction in fair value of (1.4)% for FY25
- Specialty MAT (Note 12) decreased (1.5)%, compared to FY24
- Specialty gross occupancy cost (Note 13) for the portfolio remained steady at ~11% as at 31 March 2025, despite increases in insurance and council rates
- SPL's town centre portfolio has WALT of 3.6 years and occupancy of 95.5% as at 31 March 2025

Investore Property Limited (Note 9)

- Rent reviews completed over 94,000 sqm resulting in a +4.2% increase on prior rentals. A further \$0.7m of annualised turnover rent was crystallised into base rent across six Woolworths stores, resulting in a +13.3% uplift on prior rentals, providing Investore more security over this income
- Portfolio valued at \$1.0bn as at 31 March 2025 (Note 14), representing a net gain in fair value of 1.3% over the 12 months to 31 March 2025 due to a stabilising of the portfolio weighted average capitalisation rate

- Divestment of two regional supermarket properties for a combined sale price of \$54.3m, to support the acquisition of Bunnings Westgate, Auckland, for \$51.0m cash (Note 15)
- Divestment of Woolworths Mt Roskill, Auckland, for \$25.0m, at an 11% premium to book value as at 31 March 2024, to fund further portfolio growth opportunities
- 11 renewals and six new lettings completed, including lease extensions at Woolworths Onehunga and Maidstone

Industre Property Joint Venture (Note 9)

- New lettings and renewals completed over 38,000 sqm, generating an increase of +20.3% on prior rentals, on a like-for-like basis
- Total portfolio (Note 16) valuation of \$784m as at 31 March 2025, reflecting a net gain in fair value of 2.2% during FY25 as a result of stabilising market rents and relatively constant capitalisation rates
- Acquisition of 7.9 hectares of land in Hamilton, providing future development opportunities
- \$58m of developments underway at 16A Wickham Street, Hamilton and 14-20 Favona Road, Auckland:
 - Completion of the Wickham Street development is expected in late 2025 at a total cost of approximately \$28m (excl. land), with \$15m remaining as at 31 March 2025, with the development expected to provide a yield on cost of 6.0% (incl. land), depending on final scope and metrics. The development will be leased to an existing Industre tenant, Wattyl New Zealand, on completion, for a 15 year term. Wattyl will relocate from its existing premises at Patiki Road, Auckland, and Industre is exploring options to redevelop this site, which comprises 4.6 hectares of available land
 - The Favona Road development has an expected total cost of approximately \$30m (excl. land), with an expected yield on cost of 6%+ (incl. land), and construction is expected to be completed in the first half of 2026. Industre has owned this site since March 2022 and elected to commence development during FY25 as the strong industrial rental market aligned with a subdued construction market in Auckland, resulting in attractive development yields
- Potential reversion to market of +7.6% (Note 17) across the portfolio. 15.1% of net Contract Rental is subject to market review or expiry over FY26, with an additional 8.0% in FY27

Diversified NZ Property Trust (Note 9)

- Rent reviews generated an uplift of +3.5% on prior rentals
- Total portfolio (Note 18) valuation of \$407m as at 31 March 2025, reflecting a reduction in fair value of (2.7)% over the 12 months from 31 March 2024, as a result of capitalisation rate expansion of +21 basis points, with net market rents remaining flat
- Specialty gross occupancy cost (Note 13) remained stable at ~13% as at 31 March 2025, despite specialty MAT (Note 12) decreasing (3.7)% to \$224m against FY24

Capital Management – SPL

- SPL continues to take a prudent and active approach to capital management, maintaining its bank LVR (Note 7) at 38.7%, slightly up on 31 March 2024 (36.7%)
- When factoring in SPL's interests in its products, SPL's gearing is:
 - 29.0% on a balance sheet basis (Note 6)
 - 38.1% on a look-through basis (Note 19)
- Post balance date, SPL's lenders have committed to refinance SPL's bank debt facilities. Once the refinance is complete, the weighted average tenor remaining on the bank facilities will increase from 2.1 years to 5.0 years and the weighted average cost of debt will reduce from 4.9% to 4.5% (both on a pro forma basis as if the refinance had occurred as at 31 March 2025)
- As at 31 March 2025, SPL had \$280m of active interest rate swaps, representing 72% of drawn debt

Sustainability

- Climate-related targets progressed during FY25, including implementing a number of projects in accordance with our carbon reduction plan, such as chiller replacements, heating and air conditioning upgrades, and LED lighting upgrades
- FY25 emissions have been impacted by high refrigerant leakage from air conditioning, which has resulted in scope 1 and 2 emissions being higher compared to FY24, although still 12.3% below Stride's FY20 baseline year. Stride continues to focus on projects to reduce its scope 1 and 2 emissions, including replacing air conditioning units with high global warming potential refrigerant, working towards its target of reducing scope 1 and 2 emissions by 42% by 2030 from the FY20 baseline year, which is consistent with limiting global warming to 1.5°C

Outlook

- Macroeconomic conditions remain challenging however lower interest rates are supportive of increased market activity, creating opportunities for Stride's Products (Note 5) and real estate investment management business
- Continued focus on delivering Industrie's development pipeline and SPL's remaining asset repositioning initiatives
- Further potential asset recycling to fund strategic investment opportunities
- The Stride Boards confirm they intend to pay a combined cash dividend for SPL and SIML during FY26 of 8.0 cents per share, subject to market conditions

Notes:

1. Stride Property Group (Stride) comprises Stride Investment Management Limited (SIML) and Stride Property Limited (SPL). A stapled security of the Stride Property Group comprises one share in SIML and one share in SPL. The stapled securities are quoted on the NZX Main Board under the ticker code SPG. Information presented in this presentation is on a combined basis unless otherwise specified.
2. Distributable profit is a non-GAAP measure and consists of profit/(loss) before income tax, adjusted for determined non-recurring and/or non-cash items, share of profit/(loss) in equity-accounted investments, dividends received from equity-accounted investments and current tax. Further information, including the calculation of distributable profit and the adjustments to profit/(loss) before income tax, is set out in note 4.3 to the consolidated financial statements for the year ended 31 March 2025.
3. Look-through portfolio includes SPL's directly owned portfolio, plus SPL's proportionate ownership in the portfolios of the Stride Products. Excludes properties categorised as 'Development and Other' in the respective financial statements.
4. Look-through portfolio value excludes lease liabilities. In the case of SPL, includes: (1) the value of Stride's office at 34 Shortland Street, Auckland, which is shown in the consolidated financial statements as 'Property, plant and equipment'; and (2) the value of the rental guarantee receivable in relation to 110 Carlton Gore Road, Auckland. In the case of Investore, includes the value of the rental guarantee receivable in relation to Bunnings Westgate.
5. The Stride Products comprise Investore Property Limited (Investore), Industrie Property Joint Venture (Industrie) and Diversified NZ Property Trust (Diversified).
6. Balance sheet LVR includes SPL's directly held property as well as the value of SPL's interests in each of the Stride Products, and SPL's direct debt.
7. Bank LVR is calculated as bank debt as a percentage of the value of investment property for mortgage security purposes.
8. Net of management fees received from SPL.
9. Unless otherwise stated, all metrics exclude properties categorised as 'Development and Other' in the respective financial statements.
10. Includes all investment properties in SPL's office portfolio, including investment properties classified as 'Development and Other' in the consolidated financial statements. Value includes: (1) the value of Stride's office at 34 Shortland Street, Auckland, which is shown in the consolidated financial statements as 'Property, plant and equipment'; (2) the value of the rental guarantee receivable in relation to 110 Carlton Gore Road, Auckland.
11. Includes all properties in SPL's town centre portfolio, including properties classified as 'Development and Other' in the consolidated financial statements. Value excludes lease liabilities.
12. Moving annual turnover (MAT) comprises annual sales on a rolling 12 month basis, including GST. In respect of moving annual turnover for the SPL town centre portfolio, sales data is not collected for all tenants at Silverdale Centre as not all tenants are obliged to provide this information under the terms of their lease.
13. Gross occupancy costs (excluding GST) expressed as a percentage of MAT.
14. Includes all properties in Investore's portfolio, including properties classified as 'Development and Other' in Investore's consolidated financial statements. Value excludes lease liabilities.
15. Up to a further \$3.5m of Investore shares may be issued to the vendor as part consideration, with shares equal to this value being issued on 1 December 2025 if the value of Investore's net tangible assets (NTA) per share as at 30 September 2025 increases by at least 44% from a base NTA per share of \$1.57 as at 31 March 2024.
16. Includes all properties in Industrie's portfolio, including properties classified as 'Development and Other' in Industrie's financial statements.
17. Based on Industrie's valuation reports as at 31 March 2025 and comparing passing rent to market rent on a face rental basis.
18. Includes all properties in Diversified's portfolio, including properties classified as 'Development and Other' in Diversified's financial statements.
19. Look-through LVR includes SPL's directly held property and debt, as well as its proportionate share of the property and debt of each of the Stride Products.

Ends

Attachments provided to NZX:

- Stride Property Group – FY25 Annual Results Announcement – 280525
- Stride Property Group – FY25 Annual Report – 280525
- Stride Property Group – FY25 Annual Results Presentation – 280525
- Stride Property Group – FY25 Sustainability Report and Climate-Related Disclosures – 280525
- Stride Property Group – NZX Results Announcement – 280525
- Stride Property Limited – NZX Distribution Notice – 280525
- Stride Investment Management Limited – NZX Distribution Notice – 280525

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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.