



Stride Property Group (NS)

NZX Announcement

11 February 2022

## Stride Property Group

### Industre Property Joint Venture Update

Stride Property Group (**Stride**) is pleased to provide an update on the Industre Property Joint Venture (**Industre**) portfolio. Industre's total portfolio value has now grown to \$787.7 million as at 31 December 2021, or \$864.3 million including completed and committed acquisitions and developments (Note 1).

As noted in Stride's interim report for the six months ended 30 September 2021, the Industre portfolio was valued at \$737.7 million as at 30 September 2021, or \$792.4 million including committed acquisitions and developments as at that date. Industre has achieved \$72 million of further growth in its portfolio on a committed basis, including \$37 million of newly announced acquisitions.

Industre has a committed development pipeline with \$39.5 million remaining to be spent as at 31 December 2021, and recent acquisitions also provide Industre with future potential development opportunities of \$130 million to \$150 million, which, if completed, would take the value of the Industre portfolio to approximately \$1 billion.

The portfolio value as at 31 December 2021 includes the settlement of an adjoining property at 16A Wickham Street, Hamilton, for \$8.25 million, and also reflects a gross revaluation gain of \$41.8 million for the three months from 30 September 2021 (on a like for like basis). This revaluation gain was primarily due to the continued strong market performance of industrial property, particularly property located in Auckland where the majority of Industre's portfolio is situated.

Industre's weighted average lease term has increased to 9.7 years as at 31 December 2021 (from 9.2 years as at 30 September 2021), primarily due to strong re-leasing activity in the portfolio.

Industre continues to actively seek out acquisitions, targeting those that have current or future development potential, especially where these sites have access to motorway infrastructure, as evidenced by its recently completed and committed acquisitions.

#### Update on committed developments

Industre is active in acquiring and developing its properties and has an ongoing pipeline of development activity, including:

- Airpark Drive – total committed development cost of \$15.2 million, expected to complete November 2022 with a forecast yield on cost 4.8%.

- 439 Rosebank Road – total committed development cost of \$17.3 million, expected to complete October 2022, with a forecast yield on cost of 4.7%.
- Industrie settled the acquisition of the property at 16A Wickham Street, Hamilton, in December 2021 for \$8.25 million, reflecting an initial yield of 4%. The 4.2 hectare site borders Industrie’s current Waste Management tenanted site at Wickham Street and will allow Industrie to expand Waste Management’s facility utilising this additional land. Waste Management has agreed to renew its lease of the entire tenancy for 20 years upon completion of further stages of development. Committed development costs are expected to be approximately \$1.0 million, with completion expected in January 2023, at 5.4% yield on cost.
- 1 Ross Reid – total committed development cost of \$6.0 million, expected to be completed February 2023, with a forecast 4.7% yield on cost.

#### Update on acquisitions and development pipeline

- Industrie acquired 2 Patiki Road, Auckland, in January 2022 for \$16 million. This property adjoins Industrie’s existing 2.1 hectare site at 4-14 Patiki Road, resulting in a total site area of 4.6 hectares with future development potential. This site is ideally located near the Patiki Rd and Northwestern Motorway interchange, with convenient access to West Auckland, Auckland CBD and the airport. While currently uncommitted, indicative development costs for this property are expected to be between \$65 million and \$75 million.
- Industrie has also entered into an unconditional agreement to acquire a 2.4 hectare development site at 14-20 Favona Road, Mangere, Auckland, for \$21 million, with settlement expected on 29 March 2022. Previously used for horticultural production, the site is in close proximity to the Favona Road interchange with the Southwestern Motorway and has ready access to the airport. Uncommitted indicative development costs are expected to be approximately \$35 million to \$40 million.
- Other potential development projects within the current portfolio amount to between \$30 million and \$35 million.

Stride’s joint venture partner, a group of international institutional investors through a special purpose vehicle and advised by J.P. Morgan Asset Management (together, **JPMAM**), has provided all of the equity funding for the acquisitions completed by Industrie since 30 September 2021 which has resulted in Stride’s interest in Industrie reducing to 51.8% as at 31 January 2022.

#### Note:

1. Includes the acquisition of the property at 14-20 Favona Road, Mangere, which acquisition became unconditional on 8 February 2022; and the acquisition of 2 Patiki Road, Auckland, which settled on 21 January 2022.

#### 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](http://www.strideproperty.co.nz) or at [www.nzx.com/companies/SPG](http://www.nzx.com/companies/SPG).*