



Stride Property Group

Consolidated Interim Financial Statements
for the six months ended 30 September 2023



Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2023

	Notes	Unaudited 6 months 30 Sep 23 \$000	Unaudited 6 months 30 Sep 22 \$000
Gross rental income		48,038	46,085
Direct property operating expenses		(13,237)	(11,980)
Net rental income	3.1	34,801	34,105
Guarantee income		2,421	-
Management fee income		10,268	12,049
Less corporate expenses			
Corporate overhead expenses	7.2	(9,081)	(9,236)
Administration expenses	7.2	(2,644)	(2,943)
Total corporate expenses		(11,725)	(12,179)
Profit before net finance expense, other (expense)/income and income tax		35,765	33,975
Net finance expense	5.3	(10,337)	(8,713)
Profit before other (expense)/income and income tax		25,428	25,262
Other (expense)/income			
Net change in fair value of investment properties	3.2	(55,263)	(51,842)
Share of loss in equity-accounted investments	6.2	(16,712)	(9,103)
Impairment of equity-accounted investment		-	(12,016)
Loss on disposal of investment properties	1.6	(2,341)	(1,711)
Hedge ineffectiveness of cash flow hedges	5.2	(391)	63
Loss before income tax		(49,279)	(49,347)
Income tax expense	7.1	(1,245)	(3,783)
Loss after income tax attributable to shareholders		(50,524)	(53,130)
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss			
Deferred tax on share based payment expense		137	(110)
Movement in cash flow hedges, net of tax		857	5,254
Changes in cash flow hedge reserve in equity-accounted investments		763	1,383
Items that will not be reclassified to profit or loss			
Revaluation deficit	7.6	-	(100)
Total other comprehensive income after tax		1,757	6,427
Total comprehensive loss after tax attributable to shareholders		(48,767)	(46,703)
Stride Property Limited (SPL) total comprehensive loss after tax attributable to shareholders		(52,924)	(51,791)
Stride Investment Management Limited (SIML) total comprehensive income after tax attributable to shareholders	5.5	4,157	5,088
Total comprehensive loss after tax attributable to shareholders		(48,767)	(46,703)
Earnings per share (EPS)	4.1		
Basic EPS (cents)		(9.26)	(9.83)
Diluted EPS (cents)		(9.26)	(9.83)

The attached notes form part of and are to be read in conjunction with these consolidated interim financial statements.

Consolidated Statement of Changes in Equity

For the six months ended 30 September 2023

	Notes	Number of shares 000	Share capital \$000	Retained earnings \$000	Other reserves \$000	Total \$000
Balance at 31 Mar 23 (Audited)		543,321	863,309	192,279	20,149	1,075,737
Transactions with shareholders:						
Dividends paid	4.3	-	-	(20,941)	-	(20,941)
Dividends reinvestment	4.3	6,740	8,921	-	-	8,921
Share based payment expense		-	-	-	959	959
Forfeited employee incentive rights		-	-	-	(25)	(25)
New shares issued in relation to employee incentive rights		199	-	-	-	-
Total transactions with shareholders		6,939	8,921	(20,941)	934	(11,086)
Total other comprehensive income		-	-	-	1,757	1,757
Loss after income tax		-	-	(50,524)	-	(50,524)
Total comprehensive (loss)/income		-	-	(50,524)	1,757	(48,767)
Balance at 30 Sep 23 (Unaudited)		550,260	872,230	120,814	22,840	1,015,884
Balance at 31 Mar 22 (Audited)		540,189	858,740	355,454	16,890	1,231,084
Transactions with shareholders:						
Dividends paid	4.3	-	-	(26,778)	-	(26,778)
Share based payment expense		-	-	-	943	943
New shares issued in relation to employee incentive rights		142	-	-	-	-
Total transactions with shareholders		142	-	(26,778)	943	(25,835)
Total other comprehensive income		-	-	-	6,427	6,427
Loss after income tax		-	-	(53,130)	-	(53,130)
Total comprehensive (loss)/income		-	-	(53,130)	6,427	(46,703)
Balance at 30 Sep 22 (Unaudited)		540,331	858,740	275,546	24,260	1,158,546

The attached notes form part of and are to be read in conjunction with these consolidated interim financial statements.

Consolidated Statement of Financial Position

As at 30 September 2023

	Notes	Unaudited 30 Sep 23 \$000	Audited 31 Mar 23 \$000
Current assets			
Cash at bank		14,963	16,833
Trade and other receivables	7.4	2,510	7,729
Prepayments		3,392	212
Derivative financial instruments	5.2	985	1,761
Other current assets		13	98
		21,863	26,633
Assets classified as held for sale		-	30,500
		21,863	57,133
Non-current assets			
Investment properties	3.2	1,199,374	1,233,767
Equity-accounted investments	6.2	249,259	268,096
Loan to associate	7.3	3,398	3,398
Other investments		250	250
Property, plant and equipment	7.6	5,943	6,238
Derivative financial instruments	5.2	23,161	21,581
		1,481,385	1,533,330
Total assets		1,503,248	1,590,463
Current liabilities			
Trade and other payables	7.5	9,980	42,630
Lease liability		33	7
Current tax liability		1,316	1,880
		11,329	44,517
Non-current liabilities			
Bank borrowings	5.1	398,923	401,769
Borrowings (joint operation participating interest)	6.3	40,512	40,400
Lease liability		27,657	15,903
Deferred tax liability		8,943	12,012
Derivative financial instruments		-	125
		476,035	470,209
Total liabilities		487,364	514,726
Net assets			
		1,015,884	1,075,737
Share capital		872,230	863,309
Retained earnings		120,814	192,279
Reserves		22,840	20,149
Equity		1,015,884	1,075,737
SPL equity		996,761	1,060,691
SIML equity (non-controlling interest)	5.5	19,123	15,046
Equity		1,015,884	1,075,737

For and on behalf of the Boards of Directors of SPL and SIML, who authorised these consolidated interim financial statements for issue on 28 November 2023:



Tim Storey
Chair of the Boards



Ross Buckley
Chair of the Audit and Risk Committee

The attached notes form part of and are to be read in conjunction with these consolidated interim financial statements.

Consolidated Statement of Cash Flows

For the six months ended 30 September 2023

	Notes	Unaudited 6 months 30 Sep 23 \$000	Unaudited 6 months 30 Sep 22 \$000
Cash flows from operating activities			
Gross rental received		51,810	44,842
Guarantee income in relation to 46 Sale Street, Auckland		2,421	-
Management fee income		10,208	11,963
Bank interest received		307	119
Direct property operating and corporate expenses		(27,561)	(26,967)
Interest paid		(11,075)	(8,935)
Income tax paid		(5,111)	(4,218)
Net cash provided by operating activities		20,999	16,804
Cash flows from investing activities			
Dividend income from equity-accounted investments	7.3	3,022	4,870
Interest received in relation to the loan advance on 110 Carlton Gore Road, Auckland	1.6	1,556	2,418
Acquisition of investment properties	1.6	(35,366)	(131,590)
Net proceeds from disposal of investment properties	1.6	29,005	83,570
Capital expenditure on investment properties		(6,040)	(7,199)
Property, plant and equipment purchased		(18)	(55)
Seismic and other works on investment properties disposed of		-	(208)
Net cash applied to investing activities		(7,841)	(48,194)
Cash flows from financing activities			
Drawdown on bank borrowings		36,000	138,500
Repayment of bank borrowings		(39,000)	(82,900)
Lease liabilities payments		(8)	(37)
Dividends paid net of dividends reinvestment	4.3	(12,020)	(26,778)
Net cash (applied to)/ provided by financing activities		(15,028)	28,785
Net decrease in cash and cash equivalents held		(1,870)	(2,605)
Opening cash and cash equivalents		16,833	20,621
Closing cash and cash equivalents		14,963	18,016
Cash and cash equivalents consists of:			
Cash at bank		14,682	17,807
Cash held for retentions		281	209
Cash and cash equivalents at balance date		14,963	18,016

The attached notes form part of and are to be read in conjunction with these consolidated interim financial statements.

Consolidated Statement of Cash Flows (continued)

For the six months ended 30 September 2023

Reconciliation of loss after income tax attributable to shareholders to net cash provided by operating activities

	Notes	Unaudited 6 months 30 Sep 23 \$000	Unaudited 6 months 30 Sep 22 \$000
Loss after income tax attributable to shareholders		(50,524)	(53,130)
(Less)/add non-cash items:			
Movement in deferred tax	7.1	(3,302)	(3,120)
Net change in fair value of investment properties		55,263	51,842
Share of loss in equity-accounted investments		16,712	9,103
Impairment of equity-accounted investment		-	12,016
Loss on disposal of investment properties		2,341	1,711
Hedge ineffectiveness of cash flow hedges		391	(63)
Spreading of fixed rental increases		(900)	(548)
Capitalised lease incentives net of amortisation		500	190
Movement in loss allowance		(187)	(123)
Share based payment expense net of forfeited employee incentive rights	7.2	934	943
Non-cash movements in property, plant and equipment recognised in profit and loss		388	89
Borrowings establishment costs amortisation		154	182
Non-cash interest income received	7.3	(145)	(91)
Accrued interest movement in derivative financial instruments		(94)	(195)
		21,531	18,806
Add/(less) activity reclassified to/(from) operating activities:			
Movement in working capital items relating to investing activities		30,558	(49,895)
		52,089	(31,089)
Movement in working capital:			
Decrease/(increase) in trade and other receivables		5,219	(3,314)
Increase in prepayments and other current assets		(3,095)	(1,995)
(Decrease)/increase in trade and other payables		(32,650)	50,517
(Decrease)/increase in current tax liability		(564)	2,685
Net cash provided by operating activities		20,999	16,804

The attached notes form part of and are to be read in conjunction with these consolidated interim financial statements.

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1.0 General Information

This section sets out Stride Property Group's accounting policies that relate to the unaudited consolidated interim financial statements (financial statements) as a whole.

1.1 Reporting entity

The financial statements presented are those of Stride Property Limited and its subsidiaries, Fabric Property Limited (Fabric), Stride Holdings Limited, and Stride Industrial Property Limited (together referred to as SPL), and Stride Investment Management Limited (SIML), each of SPL and SIML being a "Stapled Entity", and together the Stride Property Group (Stride). For accounting purposes, stapling gives rise to the combination of the Stapled Entities into a consolidated group. For the purposes of financial reporting, one of the combining entities is required to be identified as the parent entity of the consolidated group. In the case of Stride, SPL has been identified as the parent for the purposes of preparing the financial statements and consequently SIML's equity is presented as the non-controlling interest in the financial statements.

SPL is principally involved in the ownership of investment properties in New Zealand and SIML is principally involved in the management of real estate investment entities in New Zealand. SPL and SIML are both domiciled in New Zealand, are both registered under the Companies Act 1993 and are both FMC reporting entities under Part 7 of the Financial Markets Conduct Act 2013.

Shares of SPL and SIML are stapled and quoted on the Main Board equity securities market of NZX under the ticker code SPG.

The financial statements were approved for issue by the Board of Directors of SPL (SPL Board) and the Board of Directors of SIML (SIML Board), together the "Boards", on 28 November 2023.

1.2 Basis of preparation

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (GAAP), New Zealand International Accounting Standard 34 *Interim Financial Reporting* (NZ IAS 34) and International Accounting Standard 34 *Interim Financial Reporting* (IAS 34). Stride is a for-profit entity for the purposes of financial reporting.

The financial statements have been prepared under the historical cost basis except for assets and liabilities stated at fair value as disclosed. The financial statements have been presented in New Zealand dollars and have been rounded to the nearest thousand, unless stated otherwise.

The financial statements do not contain all the disclosures normally included in an annual financial report and should be read in conjunction with the audited 2023 annual consolidated financial statements.

1.3 New standards, amendments and interpretations

On 14 December 2022, the External Reporting Board issued the following standards:

- Aotearoa New Zealand Climate Standard 1 Climate-related Disclosures (NZ CS 1);
- Aotearoa New Zealand Climate Standard 2 Adoption of Aotearoa New Zealand Climate Standards (NZ CS 2); and
- Aotearoa New Zealand Climate Standard 3 General Requirements for Climate-related Disclosures (NZ CS 3).

NZ CS 1 contains the climate-related disclosure requirements for each of the four thematic areas (Governance, Strategy, Risk Management and Metrics and Targets) and the assurance requirements for greenhouse gas emissions disclosures. NZ CS 2 provides optional adoption provisions. NZ CS 3 contains the principles, the underlying concepts such as materiality, and the general requirements. These standards have not been early adopted by Stride however Stride has undertaken significant work in readiness of providing its first climate-related statement for the year ending 31 March 2024.

SPL and SIML are climate reporting entities and are each required under the Financial Markets Conduct Act 2013 to prepare climate statements. SPL and SIML have applied to the Financial Markets Authority for an exemption to permit SPL and SIML, as stapled entities, to prepare a single document comprising consolidated climate statements in respect of Stride Property Group for the purposes of the Financial Markets Conduct Act.

In May 2023, New Zealand Accounting Standards Board released an amendment to NZ IAS 1 *Presentation of Financial Statements* that is effective for the accounting period that begins on or after 1 January 2024. The amendment applies to the reporting and classification of liabilities containing covenants. This amendment has not been early adopted by Stride and the potential impact is still being assessed.

At the date of approval of the financial statements, there were no other relevant standards on issue but not applied.

1.4 Significant judgements, estimates and assumptions

The accounting policies applied in these financial statements are the same as those applied in Stride's consolidated financial statements for the year ended 31 March 2023.

In applying Stride's accounting policies, the Boards and Management regularly evaluate judgements, estimates and assumptions that may have an impact on the Group. The significant judgements, estimates and assumptions made in the preparation of these financial statements were the same as those applied to the consolidated financial statements as at and for the year ended 31 March 2023.

1.0 General Information (continued)

1.5 Non-GAAP measures

The consolidated statement of comprehensive income includes two non-GAAP measures: Profit before net finance expense, other (expense)/income and income tax; and Profit before other (expense)/income and income tax. These non-GAAP measures have been presented to assist investors in understanding the different aspects of Stride's financial performance.

Note 4.2 sets out Stride's net tangible assets per share which is a non-GAAP measure and is a common investment metric.

Note 4.4 sets out Stride's calculation of distributable profit and Adjusted Funds From Operations (AFFO) which are both non-GAAP measures. Distributable profit is presented to provide an earnings measure which more closely aligns to Stride's underlying and recurring earnings from its operations. AFFO is intended as a supplementary measure of operating performance. Cash spent during the period on capital expenditure as part of maintaining a building's grade/quality, but not expensed as part of distributable profit after current income tax, is adjusted to reflect cash earnings for the period.

These non-GAAP measures do not have a standard meaning prescribed by GAAP and therefore may not be comparable to information presented by other entities.

1.6 Significant events and transactions

The financial position and performance of Stride was affected by the following events and transactions that occurred during the current period:

Dividend reinvestment plan (DRP)

During the period 6,740,026 (30 Sep 22: nil) Stapled Securities were issued in accordance with the DRP.

Acquisition of 110 Carlton Gore Road, Auckland

On 31 May 2023, SPL's wholly owned subsidiary, Fabric, completed the acquisition of 110 Carlton Gore Road, Auckland, for a total consideration of \$213.8 million. Fabric provided funding for the development of the property and as at 31 March 2023 the loan advanced to the vendor was \$178.7 million which was recognised as \$170.3 million of development investment property and \$8.4 million of interest (\$6.9 million received and \$1.5 million receivable). For the period up to 31 May 2023 Fabric received \$1.6 million (30 Sep 22: \$3.0 million received/earned) in relation to the interest on the loan advanced to the vendor. The interest received from the vendor is considered underlying earnings from operations and is included in distributable profit (refer note 4.4).

The vendor has provided a rental guarantee over certain unleased space for a period of six years from settlement date. Subsequent to settlement, part of this space has been leased and the remaining rental guarantee receivable of \$0.4 million, based on an expected leasing period of 16 months from settlement, has been recognised in trade and other receivables in the consolidated statement of financial position (refer note 7.4).

Divestment of investment property

On 26 May 2023, Fabric entered into an unconditional agreement to divest the office property at 22 The Terrace, Wellington, for a gross sale price of \$29.4 million, resulting in a loss on disposal of \$(2.3) million. Settlement occurred on 31 July 2023.

Revaluation of investment properties

SPL undertook independent valuations on the majority of the investment properties as at 30 September 2023 which resulted in a net reduction in fair value of \$(55.3) million (30 Sep 22: \$(51.8) million net reduction) (refer note 3.2) and a revaluation deficit on property, plant and equipment of \$(0.3) million (30 Sep 22: \$(0.1) million deficit) (refer note 7.6).

2.0 Operating Segments

This section sets out how Stride's revenue streams are reported internally, reflecting the two operating segments, being SPL and SIML.

SPL's revenue streams are earned from investment properties owned in Auckland and Wellington in New Zealand. Given SPL's diverse client base, no one tenant represents greater than 10% of the portfolio contract rental. SPL also generates income from its share of profit in equity associates being Investore, Industrie joint venture and Diversified NZ Property Trust (Diversified) (refer note 6.2).

SIML's revenue streams are earned from the management of the real estate investments of Investore, Industrie joint arrangement (Industrie) (refer note 6.1), Diversified and SPL (including Fabric). For the revenue earned from Investore, Industrie and Diversified, refer to note 7.3 on related party disclosures.

The following is an analysis of Stride's results, by reportable segments.

Segment profit	SPL		SIML		Unaudited
	SPL eliminations	SPL	SIML eliminations	SIML	6 months
	\$000	\$000	\$000	\$000	30 Sep 23
Net rental income	33,329	1,472	-	-	34,801
Guarantee income	2,421	-	-	-	2,421
Management fee income	-	-	15,878	(5,610)	10,268
Total corporate expenses	(4,807)	3,402	(10,622)	302	(11,725)
Profit before net finance expense, other expense and income tax	30,943	4,874	5,256	(5,308)	35,765
Net finance expense	(10,827)	370	450	(330)	(10,337)
Profit before other expense and income tax	20,116	5,244	5,706	(5,638)	25,428
Other expense					
Net change in fair value of investment properties	(55,512)	249	-	-	(55,263)
Share of loss in equity-accounted investments	(16,712)	-	-	-	(16,712)
Loss on disposal of investment properties	(2,493)	152	-	-	(2,341)
Hedge ineffectiveness of cash flow hedges	(391)	-	-	-	(391)
(Loss)/profit before income tax	(54,992)	5,645	5,706	(5,638)	(49,279)
Income tax expense	441	-	(1,686)	-	(1,245)
(Loss)/profit after income tax attributable to shareholders	(54,551)	5,645	4,020	(5,638)	(50,524)
Total other comprehensive income after tax	1,620	-	137	-	1,757
Total comprehensive (loss)/income after tax attributable to shareholders	(52,931)	5,645	4,157	(5,638)	(48,767)

Transactions between SPL and SIML include management fees and interest charged on the loan from SIML to SPL and net rental income charged from SPL to SIML. These transactions are eliminated on consolidation (refer note 7.3 for details on the composition of the transactions).

2.0 Operating Segments (continued)

Segment profit	SPL		SIML		Unaudited
	SPL eliminations \$000	\$000	SIML eliminations \$000	\$000	6 months 30 Sep 22 \$000
Net rental income	32,668	1,437	-	-	34,105
Management fee income	-	-	18,373	(6,324)	12,049
Total corporate expenses	(5,237)	3,900	(11,146)	304	(12,179)
Profit before net finance expense, other (expense)/income and income tax	27,431	5,337	7,227	(6,020)	33,975
Net finance expense	(8,763)	-	2	48	(8,713)
Profit before other (expense)/income and income tax	18,668	5,337	7,229	(5,972)	25,262
Other (expense)/income					
Net change in fair value of investment properties	(52,045)	203	-	-	(51,842)
Share of profit in equity-accounted investments	(9,103)	-	-	-	(9,103)
Impairment of equity-accounted investment	(12,016)	-	-	-	(12,016)
Loss on disposal of investment properties	(2,166)	455	-	-	(1,711)
Hedge ineffectiveness of cash flow hedges	63	-	-	-	63
(Loss)/profit before income tax	(56,599)	5,995	7,229	(5,972)	(49,347)
Income tax expense	(1,752)	-	(2,031)	-	(3,783)
(Loss)/profit after income tax attributable to shareholders	(58,351)	5,995	5,198	(5,972)	(53,130)
Total other comprehensive income/(loss) after tax	6,537	-	(110)	-	6,427
Total comprehensive (loss)/income after tax attributable to shareholders	(51,814)	5,995	5,088	(5,972)	(46,703)

Segment assets and liabilities	SPL \$000	SPL eliminations \$000	SIML \$000	SIML eliminations \$000	Total \$000
Balance at 30 Sep 23 (Unaudited)					
Total assets	1,491,857	-	22,644	(11,253)	1,503,248
Total liabilities	495,270	(9,974)	3,521	(1,453)	487,364
Balance at 31 Mar 23 (Audited)					
Total assets	1,580,045	-	20,048	(9,630)	1,590,463
Total liabilities	519,521	(8,096)	5,002	(1,701)	514,726

As at 30 September 2023, SPL had assets of \$252.7 million (31 Mar 23: \$271.5 million) relating to equity-accounted investments (refer note 6.2) and loan to associate (refer note 7.3) which decreased by \$18.8 million from the prior financial year.

3.0 Property

This section covers property assets which generate Stride's trading performance.

3.1 Net rental income

SPL	Unaudited 6 months 30 Sep 23 \$000	Unaudited 6 months 30 Sep 22 \$000
Gross rental income		
Rental income	37,779	36,265
Service charge income recovered from tenants	9,809	9,422
Spreading of fixed rental increases	900	548
Capitalised lease incentives	132	701
Lease incentives amortisation	(582)	(851)
Total gross rental income	48,038	46,085
Direct property operating expenses		
Rates and insurance	(7,107)	(6,497)
Property maintenance costs	(3,010)	(2,797)
Utilities	(1,361)	(1,047)
Other property operating expenses	(1,896)	(1,722)
Lease incentives amortisation	(50)	(40)
Movement in loss allowance	187	123
Total direct property operating expenses	(13,237)	(11,980)
Net rental income	34,801	34,105

Other property operating expenses includes operating expenses not recoverable from tenants and property leasing expenses. Salaries and wages expenses of \$0.8 million (30 Sep 22: \$0.8 million) (refer note 7.3) charged by SIML to SPL have been eliminated in the direct property operating expenses.

3.0 Property (continued)

3.2 Investment properties

The movement in SPL's investment properties during the six months to 30 September 2023 is as follows:

SPL	Office \$000	Town Centre \$000	Industrial \$000	Development and Other \$000	Total \$000
Balance at 31 Mar 23 (Audited)	547,400	309,410	150,010	226,947	1,233,767
Additions	-	-	-	4,783	4,783
Capital expenditure	3,199	464	52	262	3,977
Spreading of fixed rental increases	801	17	99	(17)	900
Capitalised lease incentives	48	71	-	13	132
Lease incentives amortisation	(158)	(402)	(23)	(49)	(632)
Reclassification	195,443	-	-	(195,443)	-
Remeasurement of lease liability	-	11,710	-	-	11,710
Net change in fair value	(46,023)	(8,903)	(128)	(209)	(55,263)
Balance at 30 Sep 23 (Unaudited)	700,710	312,367	150,010	36,287	1,199,374
Comprised of:					
Investment properties at valuation	700,710	284,750	150,010	36,287	1,171,757
Lease liability	-	27,617	-	-	27,617
Balance at 30 Sep 23 (Unaudited)	700,710	312,367	150,010	36,287	1,199,374

Capital expenditure consists of seismic strengthening, base-build fit-outs and other physical enhancements to the investment properties, with ownership of such capital amounts being retained by SPL.

A revaluation movement of \$0.2 million (30 Sep 22: \$0.2 million) arising from the elimination of fees charged by SIML to SPL (refer note 2.0) has been reflected in the consolidated statement of comprehensive income.

The lease liability of \$27.6 million (31 Mar 23: \$15.9 million) is in respect of the ground lease at NorthWest Shopping Centre, Auckland. The lease liability was remeasured in April 2023 due to a market rent review on 1 April 2023.

SIML has an office located in the SPL owned office building at 34 Shortland Street, Auckland (31 Mar 23: 34 Shortland Street, Auckland, and 22 The Terrace, Wellington). The value attributable to this floor area has been recognised as property, plant and equipment (refer note 7.6).

3.0 Property (continued)

3.2 Investment properties (continued)

Valuation basis

All investment properties were valued by independent valuers as at 31 March 2023. The SPL Board has reviewed the fair value of the investment properties as at 30 September 2023 and determined that a full independent valuation or desktop review be undertaken on the following investment properties:

	Valuation	Valuer	Unaudited 30 Sep 23 \$000
Office			
34 Shortland Street, Auckland	Independent valuation	JLL	44,700
46 Sale Street, Auckland	Independent valuation	JLL	126,700
110 Carlton Gore Road, Auckland	Independent valuation	JLL	181,110
1 Grey Street, Wellington	Independent valuation	CBRE	60,000
215 Lambton Quay, Wellington	Independent valuation	CBRE	72,700
20 Customhouse Quay, Wellington	Independent valuation	CBRE	215,500
Office total			700,710
Town Centre			
61 Silverdale Street, Auckland	Independent valuation	CVAS (NZ)	102,000
NorthWest Shopping Centre, Auckland	Independent valuation	JLL	142,500
NorthWest Two, Auckland	Independent valuation	JLL	40,250
Town Centre total			284,750
Industrial (51.7% interest in Industrie joint operation refer note 6.3) (31 Mar 23: 51.7%)			
30 Airpark Drive, Auckland	Desktop review	Savills	21,729
20 Rockridge Avenue, Auckland	Desktop review	JLL	13,375
25 O'Rorke Road and 15 Rockridge Avenue, Auckland	Desktop review	CVAS (NZ)	62,523
318 East Tamaki Road, Auckland	Independent valuation	CVAS (NZ)	52,383
Industrial total			150,010

The above investment properties were independently valued either by CVAS (NZ) Limited (CVAS (NZ)), Jones Lang LaSalle Limited (JLL), CBRE Limited (CBRE) or Savills (NZ) Limited (Savills) as indicated. All properties were valued using the same valuer as at 31 March 2023. The valuations and desktop reviews are dated effective 30 September 2023. For these investment properties:

- overall occupancy (leased area as a proportion of the total net lettable area) average was 97.1% at balance date;
- weighted average lease term at balance date was 6.7 years; and
- discount rates ranged from 6.75% to 8.63%.

Capitalisation rates (cap rate) ranged from 5.00% to 7.63% for the investment properties valued and the valuers took into account capital expenditure works including commitments disclosed in note 3.3.

These investment properties were valued on a consistent approach to 31 March 2023 except for 110 Carlton Gore Road, Auckland, which predominantly utilised the valuation methods of the Income Capitalisation approach and the Discounted Cash Flow approach to determine fair value as at 30 September 2023. As at 31 March 2023, this property was under development and consequently the Residual approach was utilised to determine fair value, calculating what the property is expected to be worth on completion of the works on the property and deducting all expected costs to complete them, including a profit and risk allowance.

Stride is conscious of the need to identify the impact of climate risk on its business and assets. The independent valuers that valued SPL's investment properties have considered climate risk and environmental factors and the associated impact on the value of a property. The valuers are not climate risk experts but consider market transactional data as part of their valuation assessment and that market values may be impacted by climate risk factors, for example, higher green rated properties or properties with sustainable features or which are less vulnerable to climate risk potentially having higher market values than an equivalent property without such features. Accordingly, valuations can take these factors into account as part of the overall assessment of a property's market value. Apart from the consideration of the factors above, the valuers have made no explicit adjustment in respect of climate risks.

The SPL Board deemed that a full independent valuation or desktop review was not required for the Development and Other properties being 55 Lady Elizabeth Lane, Wellington, and Johnsonville Shopping Centre, Wellington. A large component of these properties' valuations is underpinned by land value. Included in the 30 September 2023 balance of investment property at valuation is an implicit right-of-use asset of \$9.1 million (31 Mar 23: \$9.1 million) in relation to a peppercorn ground lease at 55 Lady Elizabeth Lane, Wellington, with an associated immaterial lease liability. The fair value recognised for these two investment properties is based on the independent valuations as at 31 March 2023 which is deemed to be representative of these properties fair value as at 30 September 2023.

3.0 Property (continued)

3.2 Investment properties (continued)

The estimated sensitivity of the fair value of the total investment property portfolio to changes in the cap rate or discount rate, assuming the cap rate or discount rate move equally on all the properties (excluding properties classified as Development and Other) is provided below. The metrics chosen are those where movements are likely to have the most significant impact on fair value.

Impact on fair value	Cap rate %		Discount rate %	
	-0.25	+0.25	-0.25	+0.25
As at 30 Sep 23 (Unaudited)				
Change \$000	49,784	(45,914)	21,338	(20,828)
Change %	4	(4)	2	(2)
As at 31 Mar 23 (Audited)				
Change \$000	44,926	(41,365)	19,251	(18,682)
Change %	5	(4)	2	(2)

3.3 Capital expenditure commitments contracted for

As at 30 September 2023, SPL has the following commitments:

- \$8.8 million (31 Mar 23: \$8.4 million) for building upgrades at 34 Shortland Street, Auckland;
- \$0.2 million (31 Mar 23: \$1.5 million) for various other capital expenditure to be undertaken.

As at 31 March 2023, SPL also had \$34.3 million of commitments for further loan advances and final settlement payments to be made in relation to the acquisition of 110 Carlton Gore Road, Auckland. These advances and payments were made in the current period.

As at 30 September 2023, SIML has \$0.3 million (31 Mar 23: \$nil) committed for the office fitout at 34 Shortland Street, Auckland.

Stride has no other material capital commitments as at 30 September 2023.

4.0 Investor Returns

This section sets out Stride's earnings per share, net tangible assets per share, dividends paid and how distributable profit is calculated. Distributable profit is a non-GAAP measure (refer note 1.5) and is used by Stride to calculate profit available for distribution to shareholders by way of dividends.

4.1 Basic and diluted earnings per share (EPS)

	Unaudited 6 months 30 Sep 23	Unaudited 6 months 30 Sep 22
Loss after income tax attributable to shareholders (\$000)	(50,524)	(53,130)
Weighted average number of shares for purpose of basic EPS (000)	545,531	540,321
Basic EPS - SPL (cents)	(10.00)	(10.79)
Basic EPS - SIML (cents)	0.74	0.96
Basic EPS - weighted (cents)	(9.26)	(9.83)
Weighted average number of shares for purpose of diluted EPS (000)	549,202	543,402
Diluted EPS - SPL (cents)	(10.00)	(10.79)
Diluted EPS - SIML (cents)	0.74	0.96
Diluted EPS - weighted (cents)	(9.26)	(9.83)

Weighted average number of shares for the purpose of diluted EPS has been adjusted for 3,670,618 (30 Sep 22: 3,182,163) rights issued under SIML's long term share incentive schemes and short term incentive rights. SPL has reported a loss after income tax attributable to shareholders for the six months ended 30 September 2023 which results in an anti-dilutive position for SPL diluted EPS. Consequently, SPL's diluted EPS is reported as Basic EPS of (10.00) cents (30 Sep 22: (10.79) cents).

4.2 Net tangible assets (NTA) per share

	Unaudited 30 Sep 23	Audited 31 Mar 23	Unaudited 30 Sep 22
Number of shares on issue (000)	550,260	543,321	540,331
Total assets (\$000)	1,503,248	1,590,463	1,666,180
Less total liabilities (\$000)	(487,364)	(514,726)	(507,634)
NTA (\$000)	1,015,884	1,075,737	1,158,546
NTA per share (cents)	185	198	214

4.3 Dividends paid

	Unaudited 6 months 30 Sep 23 \$000	Unaudited 6 months 30 Sep 22 \$000
The following dividends were declared and paid by SPL during the period:		
Q4 2023 final dividend 1.7808 cents (Q4 2022 1.8455 cents)	9,680	9,972
Q1 2024 interim dividend 1.7375 cents (Q1 2023 2.0702 cents)	9,500	11,190
Total dividends paid - SPL	19,180	21,162
The following dividends were declared and paid by SIML during the period:		
Q4 2023 final dividend 0.060 cents (Q4 2022 0.632 cents)	326	3,415
Q1 2024 interim dividend 0.2625 cents (Q1 2023 0.4073 cents)	1,435	2,201
Total dividends paid - SIML	1,761	5,616
Total dividends paid - Stride	20,941	26,778

During the current period, \$8.9 million (\$8.2 million in SPL and \$0.7 million in SIML) of dividends paid were reinvested in Stride as part of the DRP (refer note 1.6) and 6,740,026 Stapled Securities were issued.

4.0 Investor Returns (continued)

4.4 Distributable profit

	Unaudited 6 months 30 Sep 23 \$000	Unaudited 6 months 30 Sep 22 \$000
Loss before income tax	(49,279)	(49,347)
Non-recurring, non-cash, and other adjustments:		
Net change in fair value of investment properties	55,263	51,842
Loss on disposal of investment properties	2,341	1,711
Reversal of the lease liability movement in net change in fair value of investment properties and loss on disposal of investment properties	(3)	(37)
Share of loss in equity-accounted investments	16,712	9,103
Impairment of equity-accounted investment	-	12,016
Project management and disposal fees eliminated in SIML	401	658
Rental surrender income received	3,750	-
Rental guarantee income	439	-
Dividend income from equity-accounted investments	3,022	4,870
Interest received/earned in relation to loan advance on 110 Carlton Gore Road, Auckland	1,556	2,964
Spreading of fixed rental increases	(900)	(548)
Capitalised lease incentives net of amortisation	500	190
Share based payment expense net of forfeited employee incentive rights	934	943
Non-cash movements in property, plant and equipment recognised in profit and loss	388	89
Borrowings establishment costs amortisation	154	182
Non-cash interest income	(145)	(91)
Hedge ineffectiveness of cash flow hedges	391	(63)
Distributable profit before current income tax	35,524	34,482
Current tax expense	(4,547)	(6,903)
Adjusted for:		
Tax expense on depreciation recovered on disposal of investment properties	437	1,722
Distributable profit after current income tax	31,414	29,301
Adjustments to funds from operations:		
Maintenance capital expenditure	(341)	(1,064)
Incentives and associated landlord works	(1,160)	(2,196)
Adjusted Funds From Operations (AFFO)	29,913	26,041
Weighted average number of shares for the purpose of basic distributable profit per share (000)	545,531	540,321
Basic distributable profit after current income tax per share - weighted (cents)	5.76	5.42
AFFO basic distributable profit after current income tax per share - weighted (cents)	5.48	4.82
Weighted average number of shares for the purpose of diluted distributable profit per share (000)	549,202	543,402
Diluted distributable profit after current income tax per share - weighted (cents)	5.72	5.39
AFFO diluted distributable profit after current income tax per share - weighted (cents)	5.45	4.79

5.0 Capital Structure and Funding

Stride's capital structure includes debt and equity, comprising shares and retained earnings, as shown in the consolidated statement of financial position. This section sets out Stride's funding exposure to interest rate risk and related financing costs (excluding borrowings within Industrie joint operation, refer note 6.3).

5.1 Borrowings

	Unaudited 30 Sep 23 \$000	Audited 31 Mar 23 \$000
Non-current		
Bank facility drawn down	399,400	402,400
Unamortised borrowing establishment costs	(477)	(631)
Total net borrowings	398,923	401,769
Weighted average interest rate of debt (inclusive of current interest rate derivatives, margins and line fees) at balance date	4.06%	3.96%

		Total \$000	Undrawn facility \$000	Drawn amount \$000
30 Sep 23 (Unaudited)	Expiry date			
Facility A	15 Dec 2024	100,000	-	100,000
Facility B	15 Dec 2025	25,000	18,500	6,500
Facility F1	15 Dec 2024	100,000	-	100,000
Facility F2	15 Dec 2025	100,000	-	100,000
Facility F3	15 Dec 2026	100,000	7,100	92,900
Facility F4	15 Dec 2024	100,000	100,000	-
		525,000	125,600	399,400
31 Mar 23 (Audited)				
Facility A	15 Dec 2024	100,000	-	100,000
Facility B	15 Dec 2025	25,000	12,500	12,500
Facility F1	15 Dec 2024	100,000	-	100,000
Facility F2	15 Dec 2025	100,000	-	100,000
Facility F3	15 Dec 2026	100,000	10,100	89,900
Facility F4	15 Dec 2024	100,000	100,000	-
		525,000	122,600	402,400

SPL's bank borrowings are via syndicated senior secured facilities with ANZ Bank New Zealand Limited, China Construction Bank Corporation (New Zealand Branch), Industrial and Commercial Bank of China Limited, Auckland Branch, MUFG Bank Limited (Auckland Branch), The Hongkong and Shanghai Banking Corporation Limited, incorporated in the Hong Kong SAR, acting through its New Zealand Branch, and Westpac New Zealand Limited. The bank security on the facilities is managed through a security agent who holds a registered first mortgage on all the investment properties directly owned by SPL and a registered first ranking security interest under a General Security Deed over substantially all the assets of SPL.

Due to the net reduction in fair value of investment properties recognised in respect of the office portfolio as at 31 March 2023, the total value of assets of Fabric were less than its total liabilities as at that date. This resulted in a deemed representation provided to the banking syndicate on 1 April 2023 that the value of Fabric's assets is greater than its liabilities being incorrect. No action has been taken by the banking syndicate in respect of this deemed representation, and a waiver has been provided by the banking syndicate which disappplies this deemed representation for the period 31 March 2023 to 31 March 2024. On 23 May 2023, Fabric issued 150.0 million new shares to its parent company, SPL, for total consideration of \$150.0 million, which was set off against \$150.0 million of the advance provided by SPL. This share issue has resulted in Fabric's assets being greater than its liabilities as at 30 September 2023. SPL has been compliant with bank covenants during the respective periods.

The carrying amount of the bank borrowings is considered a reasonable approximation of fair value.

In accordance with the Green Finance Framework (Framework) of Fabric, \$400.0 million of the facilities are classified as green loan facilities. The Framework has been developed to be consistent with the Asia Pacific Loan Market Association (APLMA) Green Loan Principles (2021).

SIML does not have any bank borrowings (31 Mar 23: \$ nil) however it does have a \$3.0 million overdraft facility with ANZ which has not been utilised during the current period.

5.0 Capital Structure and Funding (continued)

5.2 Derivative financial instruments

SPL	Unaudited 30 Sep 23 \$000	Audited 31 Mar 23 \$000
Active interest rate derivative contracts	320,000	320,000
Forward dated interest rate derivative contracts	105,000	80,000
Total notional principal value of interest rate derivative contracts	425,000	400,000
Interest rate derivative assets - current	985	1,761
Interest rate derivative assets - non-current	23,161	21,581
Interest rate derivative liabilities - non-current	-	(125)
Fair values of interest rate derivative contracts	24,146	23,217
Fixed interest rates ranges on active interest rate derivative contracts (excluding margins and line fees)	0.53% - 1.80%	0.53% - 1.80%
Weighted average fixed interest rate on active interest rate derivative contracts (excluding margins and line fees)	1.28%	1.28%
Percentage of drawn debt fixed	80%	80%

On 11 April 2023, SPL entered into forward-starting three year fixed interest rate swap agreements with a total notional value of \$25.0 million and an effective date of 31 December 2024.

SPL typically designates its interest rate derivatives as cash flow hedges of the interest flows on its variable rate borrowings. SPL enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount.

At 30 September 2023, SPL had interest rate derivative contracts with a notional value of \$20.0 million (31 Mar 23: \$20.0 million) that had no drawn bank borrowings hedged against them. Consequently, the fair value movement of \$(0.4) million (30 Sep 22: \$0.1 million) has been recognised in other income in the consolidated statement of comprehensive income.

The fair values of interest rate derivatives are determined from valuations prepared by independent treasury advisors using valuation techniques classified as Level 2 in the fair value hierarchy (31 Mar 23: Level 2). Judgement is involved in determining the fair value by the independent treasury advisors. The fair values are based on the present value of estimated future cash flows based on the terms and maturities of each contract and the current market interest rates as at balance date. Fair values also reflect the current creditworthiness of the derivative counterparties. The valuations were based on market rates at 30 September 2023 of between 5.74%, for the 90-day BKBM, and 5.17%, for the 10-year swap rate (31 Mar 23: 5.23% and 4.30% respectively). There were no changes to these valuation techniques during the reporting period. As at 30 September 2023, the fair value of the interest rate derivatives includes an accrued interest asset of \$0.4 million (31 Mar 23: \$0.3 million).

5.3 Net finance expense

	Unaudited 6 months 30 Sep 23 \$000	Unaudited 6 months 30 Sep 22 \$000
Finance income		
Bank interest income	307	119
Other finance income	145	91
Total finance income	452	210
Finance expense		
Bank borrowings interest	(9,930)	(8,036)
Lease liabilities interest	(859)	(887)
Total finance expense	(10,789)	(8,923)
Net finance expense	(10,337)	(8,713)

5.0 Capital Structure and Funding (continued)

5.4 Share capital

There is only one class of shares, being ordinary shares, and they rank equally with each other. All issued shares are fully paid and have no par value. SPL and SIML shares are “stapled” and jointly listed on the NZX (Stapled Securities).

On 12 April 2023, the Boards of SPL and SIML issued 199,248 Stapled Securities pursuant to employee share incentive schemes operated by SIML.

During the current period, 6,740,026 (30 Sep 22: nil) Stapled Securities were issued in accordance with the dividend reinvestment plan (refer note 4.3).

Each of SPL and SIML has 550,259,750 shares on issue as at 30 September 2023 (31 Mar 23: 543,320,476).

5.5 SIML equity (non-controlling interest)

	Notes	Total \$000
Balance 31 Mar 23 (Audited)		15,046
Transactions with shareholders:		
Dividends paid	4.3	(1,761)
Dividends reinvestment	4.3	747
Other movements in reserves		934
Total transactions with shareholders		(80)
Total other comprehensive income		137
Profit after income tax		4,020
Total comprehensive income		4,157
Balance 30 Sep 23 (Unaudited)		19,123

6.0 Investments in Property Entities

This section sets out how the investments in property entities held by SPL are accounted for in Stride.

6.1 Industrie

Industrie is a joint arrangement between SPL and a group of international institutional investors through a special purpose vehicle advised by J.P. Morgan Asset Management (JPMAM). As at 30 September 2023, SPL held a 51.7% interest in Industrie (31 Mar 23: 51.7%). Over the long term, the strategy is for JPMAM to fund further portfolio growth until the respective economic contributions to the portfolio are 75%/25% (JPMAM/SPL).

The accounting for the arrangements by SPL is a combination of a joint venture (equity-accounted) (refer note 6.2) and a joint operation (proportionate share of assets, liabilities, revenue and expenses) (refer note 6.3). SIML is the manager of the joint arrangement.

6.2 Interests in associates and joint venture

	Unaudited 30 Sep 23	Audited 31 Mar 23
	\$000	\$000
Equity-accounted investments		
Investore ¹	94,824	109,561
Diversified ²	1,476	1,334
Industrie joint venture ²	152,959	157,201
	249,259	268,096

1 Fair value, based on Investore's quoted closing share price on the NZX Main Board on the last business day for the six months ended 30 September 2023, was \$88.4 million (31 Mar 23: \$97.4 million).

2 These equity-accounted investments do not have quoted market prices as they are not listed.

The majority of investment properties held by Investore and Industrie were valued by independent valuers as at 30 September 2023. SPL's share of the valuation (loss)/gains are reflected in share of (loss)/profit in equity-accounted investments and, for those properties in the Industrie joint operation, reflected in net change in fair value of investment properties. The investment properties held by Diversified were not subject to independent valuations as at 30 September 2023 and have been held at their respective 31 March 2023 independent valuations.

On 30 September 2023, the market value of the investment in Investore, based on the quoted closing market price of Investore's ordinary shares of \$1.27, was below the investment's carrying amount under the equity method of accounting which is considered an impairment indicator. SPL performed an impairment test using the fair value less costs of disposal (FVLCD) valuation approach (31 Mar 23: FVLCD).

The key inputs and assumptions in determining the recoverable amount of this investment through the FVLCD approach are a strategic investment premium of 17.5% (as determined by a third party), the quoted market price at 30 September 2023 and brokerage costs of 0.2%. The determination of the recoverable amount is considered to be Level 3 in the fair value hierarchy. The result of the impairment test was that the investment's recoverable amount was greater than the carrying amount as at 30 September 2023 but less than the recoverable amount as at 31 March 2022 (which included impairment losses). As a result, SPL has not recognised a reversal of previous impairment losses.

	Unaudited 6 months 30 Sep 23	Unaudited 6 months 30 Sep 22
	\$000	\$000
Share of (loss)/profit in equity-accounted investments		
Investore	(12,529)	(5,204)
Diversified	19	318
Industrie joint venture	(4,202)	(4,217)
	(16,712)	(9,103)

6.0 Investments in Property Entities (continued)

6.3 Industrie joint operation

SPL holds a 51.7% interest in a joint arrangement with JPMAM relating to the investment properties denoted in note 3.2. The Industrie joint operation holds the beneficial ownership of these properties. The agreement between SPL and JPMAM in relation to their co-ownership requires unanimous consent from both parties for all relevant activities. The two parties have direct rights to the assets and are jointly and severally liable for the liabilities incurred in relation to the co-owned properties. This arrangement is therefore classified as a joint operation and SPL recognises its direct right to the jointly held assets, liabilities, revenues and expenses as described below.

	Unaudited 6 months 30 Sep 23 100%	Unaudited 6 months 30 Sep 23 participating interest	Unaudited 6 months 30 Sep 22 100%	Unaudited 6 months 30 Sep 22 participating interest
Summarised statement of comprehensive income	\$000	\$000	\$000	\$000
Income	7,757	4,014	7,720	3,994
Expenses	(4,377)	(2,264)	(4,462)	(2,307)
Net change in fair value of investment properties	(248)	(128)	(12,783)	(6,615)
Net profit/(loss)	3,132	1,622	(9,525)	(4,928)
	Unaudited 30 Sep 23 100%	Unaudited 30 Sep 23 participating interest	Audited 31 Mar 23 100%	Audited 31 Mar 23 participating interest
Summarised statement of financial position	\$000	\$000	\$000	\$000
Assets				
Current assets	1,080	559	1,395	722
Investment properties	289,950	150,010	289,950	150,010
	291,030	150,569	291,345	150,732
Liabilities				
Current liabilities	(318)	(165)	(472)	(244)
Borrowings	(78,304)	(40,512)	(78,088)	(40,400)
	(78,622)	(40,677)	(78,560)	(40,644)
Net assets	212,408	109,892	212,785	110,088

SPL's portion of the borrowings in the Industrie joint operation are with Industrie Property Finance Limited (FinCo), which is part of the Industrie joint venture. This loan is on the same terms as the banking facility with FinCo, however is payable on demand if called on by FinCo. As at 30 September 2023, SPL and JPMAM, as the participants, have agreed these borrowings will not be called by FinCo in the next 12 months, unless called on by FinCo's banking syndicate (which is a non-current borrowing). As such, SPL's portion of the borrowings in the Industrie joint operation have been classified as non-current in the consolidated statement of financial position.

7.0 Other

This section contains additional information to assist in understanding the financial performance and position of Stride.

7.1 Income tax

SPL is a listed Portfolio Investment Entity (PIE) for the purposes of the Income Tax Act 2007 and is required to pay income tax to Inland Revenue in accordance with this legislation.

	Unaudited 6 months 30 Sep 23 \$000	Unaudited 6 months 30 Sep 22 \$000
Income tax		
Current tax expense	(4,547)	(6,903)
Deferred tax benefit	3,302	3,120
Income tax expense per the consolidated statement of comprehensive income	(1,245)	(3,783)
Loss before income tax	(49,279)	(49,347)
Prima facie income tax using the company tax rate of 28%	13,798	13,817
(Increase)/decrease in income tax due to:		
Net change in fair value of investment properties	(15,474)	(14,516)
Share of loss in equity-accounted investments	(4,679)	(2,549)
Impairment of equity-accounted investment	-	(3,364)
Loss on disposal of investment properties	(655)	(479)
Assessable income	(738)	(1,137)
Depreciation	3,958	3,440
Depreciation recovered on disposal of investment properties	(437)	(1,722)
Non-deductible expenses	(461)	(283)
Expenditure deductible for tax	175	96
Temporary differences	(61)	(100)
Other adjustments	27	(148)
Over provision in prior period	-	42
Current tax expense	(4,547)	(6,903)
Investment property depreciation	2,803	3,235
Other	499	(115)
Deferred tax charged to profit or loss	3,302	3,120
Income tax expense per the consolidated statement of comprehensive income	(1,245)	(3,783)

The comparative information in the above table has been restated in order to conform with the current period presentation.

Income tax expense arising from the Industrie joint venture is \$(0.14) million (30 Sep 22: \$(0.25) million).

7.2 Total corporate expenses

	Unaudited 6 months 30 Sep 23 \$000	Unaudited 6 months 30 Sep 22 \$000
Corporate overhead expenses include:		
Salaries and other short-term benefits	7,627	8,097
Revaluation deficit on property, plant and equipment recognised in profit and loss	300	-
Administration expenses include:		
Share based payment expense	959	943
Forfeited employee incentive rights	(25)	-

7.0 Other (continued)

7.3 Related party disclosures

	Diversified Unaudited 6 months 30 Sep 23	Investore Unaudited 6 months 30 Sep 23	Industre joint venture Unaudited 6 months 30 Sep 23	Diversified Unaudited 6 months 30 Sep 22	Investore Unaudited 6 months 30 Sep 22	Industre joint venture Unaudited 6 months 30 Sep 22
The following transactions with a related party took place:						
Asset management fee income	1,463	2,765	1,043	1,546	3,087	1,019
Salaries and wages recovery	1,152	-	-	1,203	-	-
Project management fee income	75	410	544	367	111	839
Building management fee income	767	220	63	926	220	38
Leasing fee income	545	64	251	615	19	116
Accounting fee income	87	125	-	87	125	-
Performance fee income	-	-	-	-	-	600
Other fee income	35	139	73	35	89	10
Total fee income	4,124	3,723	1,974	4,779	3,651	2,622
Rent paid	(54)	-	-	(57)	-	-
Interest income received	145	-	-	91	-	-
Reinvestment of unit holder interest	(135)	-	-	(74)	-	-
Reinvestment of unit holder distributions	(93)	-	-	(110)	-	-
Dividend income ¹	-	2,258	764	-	2,733	2,137
Interest expense	-	-	(1,179)	-	-	(842)
	Unaudited 30 Sep 23	Unaudited 30 Sep 23	Unaudited 30 Sep 23	Audited 31 Mar 23	Audited 31 Mar 23	Audited 31 Mar 23
The following balances were receivable from/ (payable to) a related party:						
Related party receivable	130	290	98	109	258	164
Interest-bearing loan	3,398	-	-	3,398	-	-
Borrowings	-	-	(40,512)	-	-	(40,400)

1 Investore dividend income for the six months ended 30 September 2023 is stated net of \$0.5 million (30 Sep 22: \$nil) consideration paid for 388,009 shares in Investore's dividend reinvestment plan.

Other fee income includes licencing, disposal, maintenance, sustainability and share buyback fees (30 Sep 22: licencing, maintenance and sustainability fees).

The below fee income was earned by SIML from the Industre joint operation. It represents the participating interest held by the participant AP SG 17 Pte. Limited. The management fees paid from SPL to SIML are eliminated in the consolidated statement of comprehensive income. The fee income receivable represents the participating interest held by the participant AP SG 17 Pte. Limited.

	Unaudited 6 months 30 Sep 23 \$000	Unaudited 6 months 30 Sep 22 \$000
Asset management fee income	298	340
Performance fee income	-	430
Leasing fee income	80	58
Building management fee income	24	21
Other fee income	11	3
	413	852
	Unaudited 30 Sep 23 \$000	Audited 31 Mar 23 \$000
Fee income receivable	7	13

7.0 Other (continued)

7.3 Related party disclosures (continued)

The following table details the transactions between SPL and SIML, which are eliminated on consolidation (refer note 2.0).

	Unaudited 6 months 30 Sep 23 \$000	Unaudited 6 months 30 Sep 22 \$000
Charged from SIML to SPL:		
Building management fee	580	500
Asset management fee	3,277	3,314
Salaries and wages recovery	828	786
Project management fee	249	240
Performance fee	-	461
Leasing fee	361	450
Accounting fee	125	125
Maintenance fee	38	30
Disposal fee	152	418
Total fees charged	5,610	6,324
Interest on loan	370	-
Charged from SPL to SIML:		
Rental and service charges for offices	335	329
	Unaudited 30 Sep 23 \$000	Audited 31 Mar 23 \$000
The following balances were receivable/(payable) between SPL and SIML:		
SPL - related party receivable (recognised in SIML)	174	96
SIML - related party payable (recognised in SPL)	(174)	(96)
SPL - related party loan receivable (recognised in SIML)	9,800	8,000
SIML - related party loan payable (recognised in SPL)	(9,800)	(8,000)

SIML provides ancillary services in accordance with the management agreement between SPL and SIML to ensure proper management of SPL. Payment for these services by SPL to SIML is included in the total asset management fee paid.

On 23 February 2023, the Boards approved SIML and SPL to enter into a loan agreement on commercial terms under which SIML will loan up to \$20.0 million to SPL. SPL will utilise the funds for general corporate purposes. As at 30 September 2023, SIML had loaned \$9.8 million (31 Mar 23: \$8.0 million) to SPL. The average interest rate charged for the six month period ended 30 September 2023 was 8.01%. On consolidation, the loan and interest earned/paid are eliminated.

7.0 Other (continued)

7.4 Trade and other receivables

	Unaudited 30 Sep 23	Audited 31 Mar 23
	\$000	\$000
Current		
Trade and other receivables	2,111	2,642
Less loss allowance	(516)	(703)
Trade and other receivables net of loss allowance	1,595	1,939
Rental guarantee receivable in relation to 110 Carlton Gore Road, Auckland (refer note 1.6)	390	-
Related party receivable (refer note 7.3)	525	544
Interest receivable in relation to 110 Carlton Gore Road, Auckland	-	1,496
Rental surrender income receivable	-	3,750
	2,510	7,729

7.5 Trade and other payables

	Unaudited 30 Sep 23	Audited 31 Mar 23
	\$000	\$000
Unsecured liabilities		
Trade payables	1,359	1,458
Development and capital expenditure payables and accruals	944	2,127
Seismic work accruals	64	162
Retention accruals	281	209
Rent in advance	932	1,183
Operating expense recovery accruals	105	178
Tenant deposits held	768	736
Employee entitlements	1,907	2,339
Other accruals and payables	3,620	4,083
Rental guarantee in relation to 80 Greys Avenue, Auckland	-	462
Settlement payable in relation to 110 Carlton Gore Road, Auckland	-	29,693
	9,980	42,630

Other accruals and payables include Goods and Services Tax, direct property operating expense accruals and other corporate expense accruals.

7.6 Property, plant and equipment

	Unaudited 30 Sep 23	Audited 31 Mar 23
	\$000	\$000
Property, plant and equipment	5,943	6,238

SIML has an office at 34 Shortland Street, Auckland, (31 Mar 23: 34 Shortland Street, Auckland, and 22 The Terrace, Wellington) which is a property owned by SPL and therefore held as investment property (refer note 3.2) (31 Mar 23: investment property and assets classified as held for sale respectively). The value attributable to this premise of \$5.4 million (31 Mar 23: \$6.1 million) has been recognised as property, plant and equipment (31 Mar 23: \$5.7 million property, plant and equipment and \$0.4 million assets classified as held for sale) with a revaluation deficit of \$(0.3) million recognised within profit and loss (30 Sep 22: \$(0.1) million recognised within other comprehensive income) in the consolidated statement of comprehensive income. SPL sold 22 The Terrace, Wellington, to a third party on 31 July 2023.

7.0 Other (continued)

7.7 Contingent liabilities

SPL's wholly owned subsidiary, Stride Industrial Property Limited (SIPL), is a guarantor under the Industrie banking arrangements as SIPL is a beneficial owner of property owned through the Industrie joint venture (refer note 6.2). The total facility under the Industrie banking arrangement is \$355.0 million (31 Mar 23: \$355.0 million) and as at 30 September 2023 \$239.0 million (31 Mar 23: \$271.4 million) of bank debt had been drawn down.

Stride has no other contingent liabilities at balance date (31 Mar 23: \$ nil).

7.8 Subsequent events

On 31 October 2023, SPL received \$15.4 million from Industrie by way of distribution following the divestment of two investment properties in the Industrie joint venture. SPL's interest has remained at 51.7% following the receipt. SPL has used the proceeds to reduce bank debt.

On 9 November, SPL received a new tax binding ruling to enable SPL to retain its PIE tax structure up until and including the period ending on 31 May 2029.

On 24 November 2023, SPL refinanced its syndicated bank facilities, reducing the available facility by \$65.0 million to \$460.0 million and extending the expiry dates to between November 2026 and November 2027. The changes will take effect from 30 November 2023.

On 28 November 2023, SPL declared a cash dividend for the period 1 July 2023 to 30 September 2023 of 1.7375 cents per share, to be paid on 22 December 2023 to all shareholders on SPL's register at the close of business on 6 December 2023. At 1.7375 cents per share, the total dividend payment will be \$9,560,763. This dividend will carry imputation credits of 0.233603 cents per share. This dividend has not been recognised in the financial statements.

On 28 November 2023, SIML declared a cash dividend for the period 1 July 2023 to 30 September 2023 of 0.2625 cents per share, to be paid on 22 December 2023 to all shareholders on SIML's register at the close of business on 6 December 2023. At 0.2625 cents per share, the total dividend payment will be \$1,444,432. This dividend will carry imputation credits of 0.102083 cents per share. This dividend has not been recognised in the financial statements. SIML's equity (non-controlling interest) consists largely of retained earnings and the declared dividend represents 7% of SIML's equity as at 30 September 2023.

On 28 November 2023, the Boards of SIML and SPL resolved that the DRP will operate for the second quarter dividends for the period 1 July 2023 to 30 September 2023, with a 2% discount being applied when determining the issue price. The last date for receipt of an application for participation in the DRP in respect of this dividend is 5pm on 7 December 2023.

Independent auditor's review report

To the shareholders of Stride Property Limited and Stride Investment Management Limited



Report on the consolidated interim financial statements

Our conclusion

We have reviewed the consolidated interim financial statements of Stride Property Group, which consists of Stride Property Limited and its controlled entities (SPL) and Stride Investment Management Limited (SIML) (together Stride or the Group), which comprise the consolidated statement of financial position as at 30 September 2023, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended on that date, and significant accounting policies and other explanatory information.

Based on our review, nothing has come to our attention that causes us to believe that these accompanying consolidated interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 30 September 2023, and its financial performance and cash flows for the six months then ended, in accordance with International Accounting Standard 34 *Interim Financial Reporting* (IAS 34) and New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting* (NZ IAS 34).

Basis for conclusion

We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410 (Revised)). Our responsibilities are further described in the *Auditor's responsibilities for the review of the consolidated interim financial statements* section of our report.

We are independent of the Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements. In addition to our role as auditor, our firm carries out other services for the Group in the areas of tenancy marketing and operating expenditure audits for Stride. In addition, certain partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities. The provision of these other services has not impaired our independence.

Responsibilities of Directors for the consolidated interim financial statements

The Directors of SPL and SIML respectively are responsible, on behalf of Stride, for the preparation and fair presentation of these consolidated interim financial statements in accordance with IAS 34 and NZ IAS 34 and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the consolidated interim financial statements

Our responsibility is to express a conclusion on the consolidated interim financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the consolidated interim financial statements, taken as a whole, are not prepared in all material respects, in accordance with IAS 34 and NZ IAS 34.

A review of consolidated interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing and International Standards on Auditing (New Zealand) and consequently does not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on these consolidated interim financial statements.

Who we report to

This report is made solely to the shareholders of SPL and SIML, as a body. Our review work has been undertaken so that we might state those matters which we are required to state to them in our review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders of SPL and SIML, as a body, for our review procedures, for this report, or for the conclusion we have formed.

The engagement partner on the review resulting in this independent auditor's review report is Samuel Shuttleworth.

For and on behalf of:

A handwritten signature in black ink that reads 'Samuel Shuttleworth'.

Chartered Accountants
28 November 2023

Auckland

Corporate Directory

Board of Directors

Tim Storey (Chair)
Ross Buckley
Jacqueline Cheyne
Nick Jacobson
Tracey Jones (appointed 11 April 2023)
Michelle Tierney
Philip Ling (resigned 11 April 2023)

Registered Office

Level 12, 34 Shortland Street, Auckland 1010
PO Box 6320, Victoria Street West
Auckland 1142, New Zealand
T +64 9 912 2690
W strideproperty.co.nz

Auditor

PwC
PwC Tower
15 Customs Street West, Auckland 1010
Private Bag 92162, Auckland 1142

Share Registrar

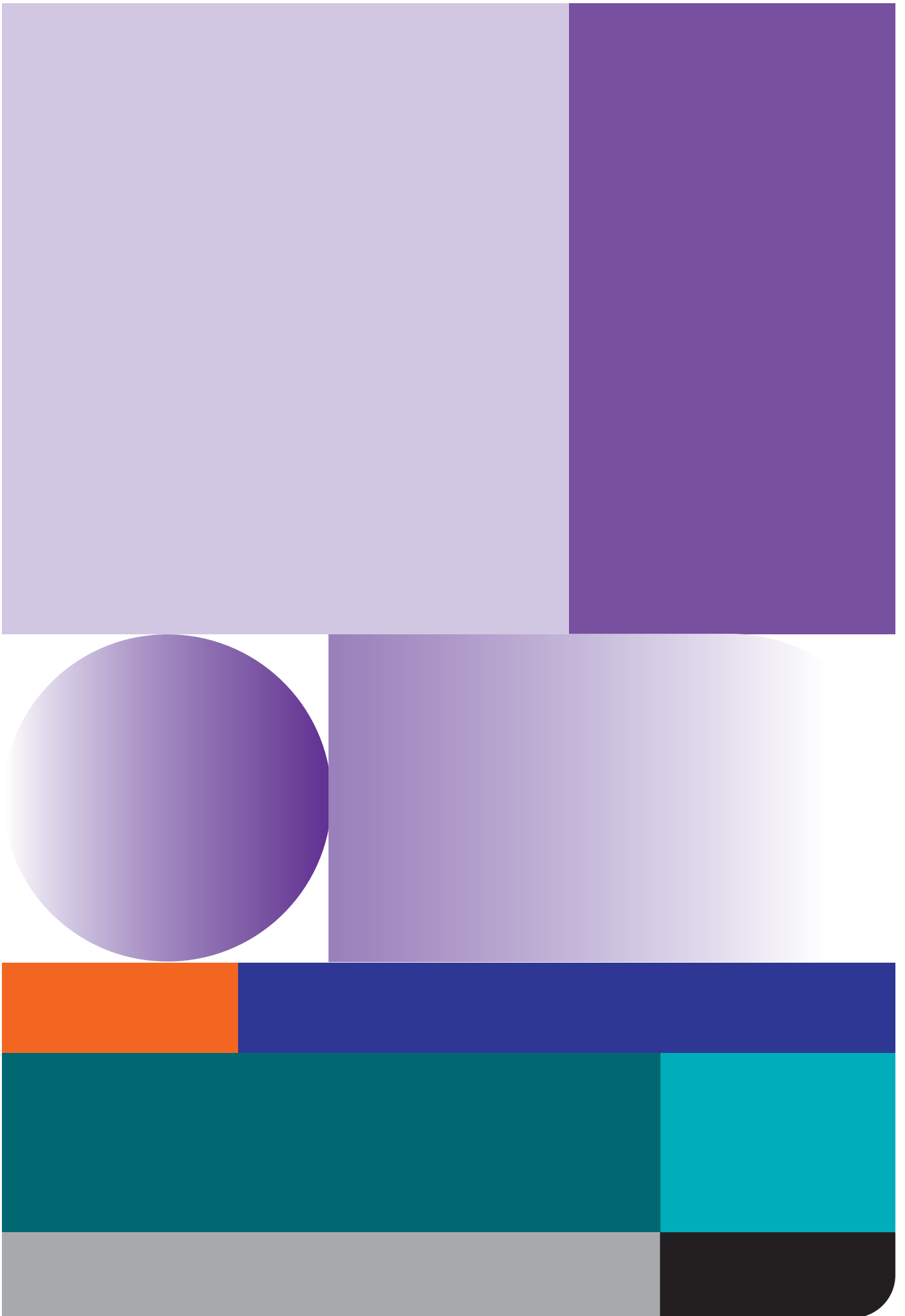
Computershare Investor Services Limited
Level 2, 159 Hurstmere Road, Takapuna
Private Bag 92119,
Victoria Street West, Auckland 1142
T +64 9 488 8777
F +64 9 488 8787
E enquiry@computershare.co.nz

Legal Adviser

Bell Gully
Level 21, Vero Centre
48 Shortland Street, Auckland 1010
PO Box 4199, Auckland 1140

Bankers

ANZ Bank New Zealand Limited
China Construction Bank Corporation (New Zealand Branch)
Industrial and Commercial Bank of China Limited, Auckland Branch
MUFG Bank Limited (Auckland Branch)
The Hongkong and Shanghai Banking Corporation Limited (New Zealand Branch)
Westpac New Zealand Limited



Stride Property Group

Level 12, 34 Shortland Street
Auckland 1010

PO Box 6320
Victoria Street West,
Auckland 1142, New Zealand

T +64 9 912 2690
W strideproperty.co.nz