

26 March 2025

Dear Shareholder,

Leasing and Trading

December trading was positive for the majority of our tenants, the Centre turnover was up by 4.3% on December 2023 and the recorded footfall identified an increase of 8.4%, this footfall count outpaced Christchurch wide data.

This is counter to the recent economic forecasts identifying a recessionary cycle though in the past few days a very minor recovery has been recorded.

There are a number of strong categories but Fashion continues to be problematic and this will be illustrated by the recent departures of some identifiable tenants. Such tenants have enjoyed capped Operating Costs over a number of years which has resulted in end of year adjustments and therefore the reduction in rental income is not as pronounced as would be apparent.

Strategy meetings have been concluded by the Board and also by the Board in conjunction with Colliers. The outcome of these meetings, coupled with a definitive positive shift in the mood of retailers, has reinforced a climate of optimism and resolve.

A direct outcome has been the successful conclusion of some prolonged tenancy negotiations, several rent reviews have been resolved and Colliers is currently in discussions with new prospective tenants. One, which would have a directional significance, has been subject to extensive negotiations. This has yet to be concluded but matters are progressing.

Valuation

The valuation for Financial Reporting purposes has been completed for inclusion within the expected audited Financial Statements for the year ended 28 February 2025.

This has determined a valuation of \$126.5 million [last year \$126m] which is a successful and positive result when taking into account the recent sale of the Chalmers Street properties.

The net result will be a further improvement within the 2025 Consolidated Statement of Profit. Last year the Net Change in the value of Investment Properties was \$4,503,692.

Further to share valuation comments within the 14 November 2024 communication to you, this valuation will further improve the net tangible asset calculation.

I commend to you a further revisit of these topical comments.

Interest Costs

With the recent announcements by the Reserve Bank the floating interest rates applicable to the ASB term loan have been reduced in measured form and this has positively impacted upon the cash flows of the Company.

Due to the proceeds of the Chalmers Street property sale being applied to the reduction of our term loan facility, the continued maintenance of the monthly loan repayment schedule, the ASB has reduced its interest rate premium by way of two tranches.

This has added further comfort to our Bank covenant requirements.

Dividend

With these various positive factors improving cash flow, and after weighing up the capex capital demands, the Directors are pleased to announce an improvement to the dividend rate.

For the March 2025 quarterly distribution, the rate has been increased from the previous 2.5 cents per share to 3 cents per share, this being the annual rate.

We look forward to further reductions in the interest rates charged, if these should materialise and the trading income is, as a minimum, maintained, then a further review of the dividend rate will be contemplated.

Final Remarks

This Report to Shareholders maintains a sense of positivity which has been supported by the measures and outcomes outlined. This is reinforced by the latest dividend announcement and the immediate determination by the Registered Valuer.

Best wishes,



Michael Keyse
Chair
Shopping Centre Investments Limited