

21 October 2025

Dear Shareholder,

Six Monthly Interim Unaudited Financial Statements to 31 August 2025

This report is in regard to the six monthly unaudited financial statements for the period ended 31 August 2025.

This should be read in conjunction with the Chair Report previously sent to you dated 26 September 2025.

The comparison comments are in regard to the corresponding six-month period last year.

These financial statements are attached to the email from Computershare.

Income

Rent received, compared with the rent received for the previous six-monthly period to 31 August 2024, an increase by 7.92%. This despite the present economic conditions.

Other Income received has reduced as the comparatives included a one-off insurance receipt. Power Commissions, the last period expense item of \$25,526 should be taken into account and offset.

Overhead Expenses

Operating Contributions have increased being the Landlord's share of OPEX costs, this being due to the vacancy increase and the impact of the continuing rates costs.

As would be expected our interest costs have declined as we enjoy a reduction in the rates applicable to the floating portion of the term loan. The Board has maintained its borrowing policy of 50% floating, 50% with swap arrangements in place. Full details are listed within Note 6 commencing page 10 of these financial statements.

A breakdown of the "Other Expenses" total of \$562,619 is identified within Note 10, page 12. Compared with the last period this is a 7.77% reduction.

Net Operating Profit

Net Operating Profit has increased from \$1,260,621 to \$2,124,059, an improvement of \$863,438 which is a very pleasing 68.5% increase. Much can be attributed to the falling interest rates but this does not distract us from the efforts of the Board and Management in ensuring rental income is maintained, the completion of timely rental reviews and renewals, the monitoring of expenses.

The Interpretation of the Derivative Financial Instruments total and the Deferred Tax provision remain complex due to Reporting Standards. Also, the Financial Reporting adjustments such as the Amortisation of Lease Incentives and Leasing Fees and the Interest on Lease Liabilities.

Shareholder Equity and Statement of Financial Position

Shareholder Equity has increased by a modest amount.

Dividends

With the improvement in profitability the Board has taken this opportunity to increase the dividends to shareholders by a substantial 40%.

Valuation of the Property Asset

It must be noted that these financial statements include the valuation as at 28 February 2025 plus some minor capex items. The properties have not been revalued for these interim accounts for the six months ended 31 August 2025.

Receivables and payables continue to be monitored and managed and are within satisfactory levels, Colliers have maintained an active program in regard to the collection of accounts receivables and this is reviewed by the Board on a regular basis.

Summary and Indicators

Interest rates continue to reduce with a further reduction announcement anticipated in November 2025.

The previously budgeted indication of the improvements to the vertical transport system and the long term programmed HVAC replacements, these repair costs will impact upon the next six-month period. The delay has been due to overseas supply and freight issues. The separate bank reserve account with its monthly funds transfer is in existence to meet this program.

The Company previously enjoyed the prepayment of taxation, losses carried forward being offset, and the now reversed depreciation claim on buildings. Provisional Tax instalment payments will now commence.

It is anticipated that any future dividends will have imputation credits applied, in a ratio yet to be determined.

This will have a positive impact upon the net dividend yield calculation.

There has been considerable publicity surrounding last week's mega Pak N Save opening in Rolleston. The Pak N Save within our Hornby complex has enjoyed month on month turnover increases. With this new store the owners anticipate a reduction in turnover but of "relatively" minor proportions. The Hornby operators are well experienced and positive and this is reflected in the recent rent review concluded. You will have also noted the immediate press release regarding the Rolleston housing developments; this will have a spin off for Hornby with Rolleston residents being employed within the Hornby catchment.

Final Remarks

The optimism of Christmas trading, the anticipation of a further reduction in the Reserve Bank November rate, the maintenance and improvement to occupancy percentages, these will be deciding factors when determining the measure of success for the next quarter.

Best wishes,



Michael Keyse
Chair