



26 November 2024

Dear Shareholder,

Throughout the first half of this financial year challenging economic conditions have persisted, however these have now culminated in the Reserve Bank commencing reductions in the Official Cash Rate (OCR) which we expect should see conditions stabilise and improve over time. We continue to work towards the company's key strategic priorities, being:

- The settlement of 35 Graham Street on 29 November 2024; and
- Leasing the balance of Munroe Lane.

Despite a number of inspections and proposals being made to prospective tenants, securing leasing commitment has proved very difficult at Munroe Lane. Given the subdued market conditions and current business confidence levels, we anticipate that leasing will remain challenging over the next 12 months.

The portfolio has not been revalued at half year, given the Board did not believe there had been any material movement in the Munroe Lane valuation, and the pending settlement of 35 Graham Street.

A \$2.32 million profit for the period compares with a \$4.72 million loss in the prior corresponding period. However Adjusted Funds From Operations (AFFO) represented a loss of \$0.35 million, down from a \$0.23 million loss in the prior corresponding period. Once settlement of 35 Graham Street occurs, and the company's debt is fully repaid, the company is anticipated to hold cash reserves of approximately \$27 million.

Subsequent to the settlement of 35 Graham Street, the company's position will be materially different and the Board has been considering the strategic options and opportunities that are available. In particular, features of the business will include:

- The 6-8 Munroe Lane property 65% leased to Auckland Council with an 8.9 year WALE;
- The Company will have zero debt;
- Cash reserves of circa \$27 million;
- Tax losses of approximately \$12 million.

The Board has determined that there are currently no strategic opportunities of sufficient scale, that would be compelling for shareholders compared to a return of capital to shareholders. Therefore, the Board intends to apply the majority of these cash reserves to fund a one-off special dividend to shareholders once 35 Graham Street settles and the sale proceeds are received.

Any subsequent steps to wind the company up, or pivot in a new direction will ultimately require shareholder approval. Any decisions in this regard are unlikely to occur until such time as further leasing commitment is secured at Munroe Lane.

In the meantime, the Management team and Board remain focused on delivery of our key objectives. We thank you again for your continued support and look forward to communicating further with you shortly regarding the intended special dividend.

Bruce Cotterill  
Chairman