

The Colonial Motor Company Limited

ONE OFF NON-TRADING IMPACT OF RECENT TAX CHANGES

Recent changes to the tax depreciation rules have removed the ability of owners of commercial buildings (with an estimated useful life of 50 years or more) to deduct depreciation for tax purposes. This will affect the Company via a one off, non-cash deferred tax adjustment of \$12.7million to the *Profit for the Year* to 30 June 2024.

This one-off accounting adjustment does not affect the *Trading Profit after Tax*, which is the base for the determination and payment of the final dividend.

The adjustment also has no impact on current year cash flows or the tax liability, nor on the Company's operating activities or property portfolio.

The impact on future years' results will see a minor increase in the tax liability over a period of decades.

Calculating the impact of the change to the tax depreciation rules was dependent on finalisation of the property valuation exercise carried out by Quotable Value New Zealand for the Company's year end financial reporting.

On behalf of the Board
The Colonial Motor Company Limited

A J Waugh
Chair

23 July 2024