SHOPPING CENTRE INVESTMENTS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28TH FEBRUARY 2021

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF SHOPPING CENTRE INVESTMENTS LIMITED AND GROUP

Opinion

We have audited the consolidated financial statements of Shopping Centre Investments Limited ("the Company") and its subsidiaries (together, "the Group"), which comprise the consolidated statement of financial position as at 28 February 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 28 February 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Company or its subsidiaries.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Valuation of Investment Property - Key Audit Matter

As disclosed in note 7 of the consolidated financial statements the Group's Investment Property is carried at fair value. The property was valued at $125.58m (2020: $128.3m). The revaluation loss recognised in the consolidated statement of profit or loss and other comprehensive income was $4.7m (2020: $3.45m loss).

We include the valuation of the investment property as a key audit matter due to the following reasons:

- The significance to the financial statements: The investment property accounts for 93% of the total assets (2020: 93%) making it the most significant balance on the consolidated statement of financial position

- The complexity of the valuation model: The valuation model is complex and relies on various estimates and underlying assumptions, such as capitalisation rates, current market rent and anticipated growth based on available market data and transactions.

- The property valuation requires the use of judgments specific to the property, as well as consideration of the prevailing market conditions. At 28 February 2021 the property market, and economy as a whole, were significantly impacted by the restrictions and economic uncertainty resulting from the COVID-19 pandemic. Significant assumptions used in the valuations are inherently subjective and in times of economic uncertainty the degree of subjectivity is higher than it might otherwise be. A small difference in any one of the key assumptions, when aggregated, could result in a significant change to the valuation of a property.

Given the market conditions at balance date, the independent valuers have reported on the basis of the existence of 'material valuation uncertainty', noting that less certainty, and a higher degree of caution, should be attached to the valuation than would normally be the case. In this situation the disclosures in the financial statements provide particularly important information about the assumptions made in the property valuations and the market conditions at 28 February 2021.

As a result, we consider the property valuations and the related disclosures in the financial statements to be particularly significant to our audit. For the same reasons we consider it important that attention is drawn to the information in Note 7 'Investment Property' in assessing the property valuations at 28 February 2021.

How the matter was addressed in our audit

Our procedures included, but were not limited to, the following:

- We read the valuation report for the investment property and discussed the report with the Valuer. We confirmed that the valuation approach for the property was in accordance with accounting standards and suitable for use in determining the carrying value of Investment Property at 28 February 2021.
- We assessed the Valuers' qualifications, expertise and their objectivity and we found no evidence to suggest that the objectivity of any Valuer in their performance of the valuations was compromised.
- We engaged our own in-house valuation specialist to critique and challenge the work performed and assumptions used by the Valuers. In particular, we compared the valuation metrics used by the Valuers to recent market activity. We concluded that the assumptions used in the valuations were supportable in light of available market evidence.

Other Information

The directors are responsible for the other information. The other information comprises the Chairman's Report, but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Consolidated Financial Statements

The directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at: https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-1/
This description forms part of our auditor's report.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Who we Report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's 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 Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Michael Rondel.

BDO Christchurch

BDO Christchurch
Christchurch
New Zealand
31 May 2021

SHOPPING CENTRE INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 28TH FEBRUARY 2021

	Notes	Group 2021 $	Group 2020 $
Operating Income			
Rent Received	12	9,259,886	9,384,254
		9,259,886	9,384,254
Other Income			
Interest Received/(Refunded) on Assets Amortised at Cost		(3,412)	8,410
Power Commissions & Recoveries		160,844	182,279
		157,432	190,689
Less Overhead Expenses			
Management Contributions		53,107	70,467
Operating Contributions		497,834	628,059
Power Supplies		55,800	47,750
Audit Fees (BDO Christchurch - Statutory Audit)		32,800	40,651
Directors Fees	22	183,000	183,000
Interest Expense on Convertible Notes	6	102,737	185,394
Interest Expense on Lease Liabilities	11	256,553	253,460
Interest Expense on Liabilities at Amortised Cost		1,946,299	2,653,021
Other Operating Expenses	13	795,285	608,537
		3,923,415	4,670,339
Operating Profit / (Loss)		**5,493,903**	**4,904,604**
Non Operating Income and Expenses			
Net change in the value of the investment properties	7	(4,697,631)	(3,451,413)
Impairment of Project Costs		(22,452)	-
		(4,720,083)	(3,451,413)
Profit / (Loss) before Income Tax		**773,820**	**1,453,191**
Income Tax Benefit / (Expense)			
Income Tax	14 & 15	(1,544,981)	(1,177,678)
		(1,544,981)	(1,177,678)
Profit / (Loss) Attributable to Shareholders		**(771,161)**	**275,513**
Other Comprehensive Income		-	-
Total Comprehensive Income attributable to Shareholders		**(771,161)**	**275,513**

The accompanying Notes form part of these Financial Statements.

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SHOPPING CENTRE INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28TH FEBRUARY 2021

29TH FEBRUARY 2020		Group				
	Notes	Share Capital	Convertible Notes	Accumulated Losses	Accumulated Losses Attribution Reserve	Total
		$	$	$	$	$
Balance at 28 February 2019		**62,856,275**	**10,518,011**	**(14,187,974)**	**-**	**59,186,312**
Total Comprehensive Income for the Year						
Profit / (Loss) for the Year		-	-	275,513	-	275,513
Other Comprehensive Income		-	-	-	-	-
Total Comprehensive Income for the Year		-	-	275,513	-	275,513
Transactions with Owners recorded directly in Equity						
Dividends to Shareholders		-	-	(2,205,031)	-	(2,205,031)
Balance at 29 February 2020		**62,856,275**	**10,518,011**	**(16,117,492)**	**-**	**57,256,794**

28TH FEBRUARY 2021		Group				
	Notes	Share Capital	Convertible Notes	Accumulated Losses	Accumulated Losses Attribution Reserve	Total
		$	$	$	$	$
Balance at 29 February 2020		**62,856,275**	**10,518,011**	**(16,117,492)**	**-**	**57,256,794**
Total Comprehensive Income for the Year						
Profit / (Loss) for the Year		-	-	(771,161)	-	(771,161)
Other Comprehensive Income		-	-	-	-	-
Total Comprehensive Income for the Year		-	-	(771,161)	-	(771,161)
Transactions with Owners recorded directly in Equity						
Dividends to Shareholders		-	-	(2,342,847)	-	(2,342,847)
Transfer to Accumulated Losses Attribution Reserve		-		5,247,174	(5,247,174)	-
Balance at 28 February 2021		**62,856,275**	**10,518,011**	**(13,984,326)**	**(5,247,174)**	**54,142,786**

	Group	
	2021	2020
Dividends for the period (cents per share)	**0.0425**	**0.0400**
Dividend	2,342,847	2,205,031
Shares dividends paid on	55,125,794	55,125,794

The accompanying Notes form part of these Financial Statements.

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SHOPPING CENTRE INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT THE 28TH FEBRUARY 2021

	Notes	Group 2021 $	Group 2020 $
Current Assets			
Cash and Cash Equivalents	17	1,964,788	2,140,104
Colliers Trust Account		106,550	46,086
Accounts & Other Receivables	18	673,255	782,685
Total Current Assets		**2,744,593**	**2,968,875**
Non Current Assets			
Investment Properties	7	125,580,000	128,300,000
Capital Works in Progress	8	2,805	-
Leasehold Asset	9	99,356	104,435
Leasing Costs	19	445,434	521,091
Right-of-Use Assets	11	4,343,257	4,351,428
Tax Paid in Advance	14	1,703,428	1,799,709
Total Non Current Assets		**132,174,280**	**135,076,663**
Total Assets		**134,918,873**	**138,045,538**

The accompanying Notes form part of these Financial Statements.

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SHOPPING CENTRE INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT THE 28TH FEBRUARY 2021

	Notes	Group 2021 $	Group 2020 $
Shareholders' Equity			
Share Capital	5	62,856,275	62,856,275
Convertible Notes	6	10,518,011	10,518,011
Accumulated Losses		(13,984,326)	(16,117,492)
Accumulated Losses Attribution Reserve	5	(5,247,174)	-
Total Shareholders' Equity		**54,142,786**	**57,256,794**
Current Liabilities			
Accounts Payable	20	206,369	160,953
Interest Accrued		133,673	187,063
Bonds Prepaid		172,704	111,957
Liability Component of Convertible Notes	6	475,877	827,510
Lease Liabilities	11	55,631	52,413
GST Payable		120,640	184,862
Provision for Deferred Maintenance		12,449	12,449
Provision for GOC Refund		328,050	484,145
Total Current Liabilities		**1,505,393**	**2,021,352**
Term Liabilities			
Term Loans - ASB Bank	10	67,000,000	67,525,000
Liability Component of Convertible Notes	6	-	475,877
Lease Liabilities	11	5,074,743	5,018,055
Deferred Tax Liability	15	7,195,951	5,748,460
Total Term Liabilities		**79,270,694**	**78,767,392**
Total Equity and Liabilities		**134,918,873**	**138,045,538**

Signed for and on behalf of the Board of Directors which authorised the issue of the financial statements on the 31 May 2021

D H Rankin
Director

M J Keyse
Director

The accompanying Notes form part of these Financial Statements.

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SHOPPING CENTRE INVESTMENTS LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 28TH FEBRUARY 2021

	Notes	Group	
		2021	2020
		$	$
Cash flows from operating activities			
Cash was provided from:			
Rentals Received		9,045,042	9,262,278
Interest Received/(Refunded)		(3,179)	8,412
Power Commissions & Recoveries		162,703	177,824
Tax Refunds		-	1,744
Net GST Inflows		-	65,102
		9,204,566	9,515,360
Cash was disbursed to:			
Payments for Services		655,524	874,450
Payments for Direct Expenses		606,741	746,276
Interest paid		2,102,426	2,845,584
Income Tax Paid		1,209	864
Net GST Outflows		86,116	-
		3,452,016	4,467,174
Net Cash Flows from operating activities	**26**	**5,752,550**	**5,048,186**
Cash flows from investing activities			
Cash was disbursed to:			
Investment Properties - Strengthening		1,862,976	1,945,020
Transfer to Colliers Trust Account		60,464	1,792
		1,923,440	1,946,812
Net Cash Flows from investing activities		**(1,923,440)**	**(1,946,812)**
Cash flows from financing activities			
Cash was provided from:			
Bank Funding	26	-	1,500,000
		-	1,500,000
Cash was disbursed to:			
Convertible Notes Interest	26	827,510	747,403
Dividends Paid		2,342,847	2,205,031
Lease Liabilities - Interest	26	256,553	253,460
Lease Liabilities - Principal	26	52,516	49,941
Loan - ASB	26	525,000	-
		4,004,426	3,255,835
Net Cash Flows from financing activities		**(4,004,426)**	**(1,755,835)**
Net Increase (Decrease) in cash & cash equivalents held		(175,316)	1,345,539
Cash & cash equivalents at beginning of the year		2,140,104	794,565
Cash & cash equivalents at end of the year	17	1,964,788	2,140,104

The accompanying Notes form part of these Financial Statements.

BDO Christchurch

1 REPORTING ENTITY

The financial statements as at and for the year ended 28 February 2021 are those for Shopping Centre Investments Limited (the Company) and its controlled entities (the Group), B C Chalmers Investments Limited and Hornby Enterprises Limited.

The Company and its controlled entities are limited liability companies incorporated and domiciled in New Zealand and are registered under the New Zealand Companies Act 1993.

The Company is an FMC Reporting Entity under the Financial Markets Conduct Act 2013 and the financial statements have been prepared in accordance with that Act.

The registered office of the Company is Level Four, 123 Victoria Street, Christchurch 8013.

The Company and Group's principal activity is property investment and management.

The financial statements were authorised for issue by the Directors on the sign off date stated on the Statement of Financial Position.

2 ACCOUNTING POLICIES

The general accounting policies applied in the preparation of the financial statements are set out below. Accounting policies for specific contents are identified in the relevant note. These policies have been consistently applied by all members of the Group to all years presented, unless otherwise stated.

A BASIS OF PREPARATION

Statement of Compliance

The financial statements for the Group have been prepared in accordance with the Financial Reporting Act 2013, the Companies Act 1993, New Zealand Generally Accepted Accounting Practice ("NZ GAAP") and the New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS").

Preparation of Financial Statements

The financial statements have been prepared on the historical cost basis except for investment properties which are measured at fair value, as set out below.

The New Zealand dollar is the functional currency of the Parent and each subsidiary.
All financial information is presented in New Zealand dollars, rounded to the nearest dollar.

New standards and amendments to existing standards effective after 1 March 2020

There were no new standards or amendments to existing standards that came into effect from 1 March 2020 that had a material impact on the Group.

BDO Christchurch

2 ACCOUNTING POLICIES (continued)

B BASIS OF CONSOLIDATION

(i) ***Subsidiaries***

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) ***Transactions eliminated on consolidation***

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

C OPERATING CONTRIBUTIONS

Operating Contributions are the Parent's share of the Mall's operating expenses that cannot be charged to tenants. The Parent's share of the operating expenses covers charges for non-lettable areas and vacant tenancies.

D FINANCE INCOME AND FINANCE COSTS

Interest income comprises interest receivable on funds invested and is recognised as it accrues in the profit or loss using the effective interest method.

Interest expense and bank fees comprise interest and bank fees payable on funds borrowed, convertible notes and leases. Interest expense is recognised as it accrues in the profit or loss, using the effective interest method.

Interest expense is recognised in the profit or loss except in relation to qualifying assets as defined in NZ IAS 23 (Borrowing Costs), where is included in the cost of investment properties under construction. Where borrowing costs are specific to a particular investment property under construction, the rate at which borrowing costs are capitalised is determined by reference to specific borrowing costs of the Group.

E GOODS AND SERVICES TAX

These financial statements have been prepared on a goods and services tax (GST) exclusive basis except for the accounts receivable and accounts payable balances which are stated inclusive of GST.

BDO Christchurch

2 ACCOUNTING POLICIES (continued)

F FINANCIAL INSTRUMENTS

i ***Non derivative financial instruments***

The Group's accounting policy for its financial assets amortised at cost is as follows:

Amortised at Cost

These assets arise principally from the provision of goods and services to customers (eg trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within NZ IFRS 9 using a provision matrix in the determination of the expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within other operating expenses in the consolidated statement of profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents includes cash in hand and deposits held on call with banks.

The Group's accounting policy for its financial liabilities amortised at cost is as follows:

Amortised at Cost

Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes the interest payable while the liability is outstanding.

Trade payables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate.

The debt component of the convertible notes is accounted for as a financial liability and measured at amortised cost until extinguished on conversion.

ii ***De-recognition of financial instruments***

The Group de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

The Group de-recognises financial liabilities when the Group's obligations are discharged, cancelled or they expire.

2 ACCOUNTING POLICIES (continued)

G IMPAIRMENT

i ***Non financial assets***

The carrying amounts of the Group's non financial assets, other than investment properties and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (cash generating units).

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the profit or loss.

If a cash generating unit is impaired, the impairment is assigned to the assets on a pro-rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount after depreciation that would have been determined if no impairment loss had been recognised.

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2 ACCOUNTING POLICIES (continued)

H **LEASES - as Lessee**

The accounting policy for leases as Lessor are stipulated in Note 12.

All leases are accounted for by recognising a right-of-use asset and a lease liability, except for:

- Leases of low value assets; and
- Leases with a term of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the group if it is reasonable certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations – see note 11).

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

2 ACCOUNTING POLICIES (continued)

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

Nature of leasing activities (in the capacity as lessee)

The Group leases a number of properties in the jurisdiction from which it operates. Of the two leases, one provides payments to increase every two years by inflation, and the other to be reset periodically to market rental rates.

The percentages in the table below reflect the current proportions of lease payments that are either fixed or variable. The sensitivity reflects the impact on the carrying amount of lease liabilities and right-of-use assets if there was an uplift of 5% on the reporting date to lease payments that are variable.

	Group			
	Lease Contracts Number	Fixed Payments %	Variable Payments %	Sensitivity +/- $
2021 Year				
Property leases with payments linked to inflation	1	-	50	146,016
Property leases with periodic uplifts to market rentals	1	-	50	110,503
Property leases with fixed payments	-	-	-	-
	2	-	100	256,519
2020 Year				
Property leases with payments linked to inflation	1	-	50	141,142
Property leases with periodic uplifts to market rentals	1	-	50	112,381
Property leases with fixed payments	-	-	-	-
	2	-	100	253,523

The Group sometimes negotiates break clauses in its property leases. On a case-by-case basis, the Group will consider whether the absence of a break clause would exposes the Group to excessive risk.
Typically factors considered in deciding to negotiate a break clause include:

- the length of the lease term;
- the economic stability of the environment in which the property is located; and
- whether the location represents a new area of operations for the group.

At 28 February 2021 the carrying amounts of lease liabilities are not reduced because the leases do not contain any break clauses (2020: no reduction to lease liabilities).

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3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In applying the Group's accounting policies, the Board and Management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group.

All judgements, estimates and assumptions are believed to be reasonable based on the current set of circumstances available to the Board. Actual results may differ from the judgements, estimates and assumptions made by the Board.

The significant judgements, estimates and assumptions made in the preparation of these financial statements are detailed in the following notes:

- Investment Properties (refer Note 7)
- Deferred Taxation (refer Note 15)

4 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk, and liquidity risk. The Group's overall risk management strategy focuses on minimising the potential negative economic impact of unpredictable events on the Group's financial well being.

The Group's principal financial instruments comprise borrowings. The main purpose of these borrowings is to raise finance for the Group.

The Group has various other financial assets and liabilities, such as accounts receivable, accounts payable, related party balances and cash and cash equivalents, which arise directly from its operations.

The main risks arising from the Group's financial instruments are market risk (interest rate risk), credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks.

Details of the significant accounting policies, including the basis of measurement and recognition in respect of each class of financial instrument, financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

A summary of financial instruments by category can be found in note 27 to the financial statements. A summary of financial instruments by items of income, expense, gains or losses is disclosed in Profit or Loss.

A Market Risk

Market Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group's market risk arises from interest rate risk alone, as the Group has no significant exposure to currency risk or other price risk.

The Group's exposure to the risk of changes in interest rates relates primarily to the Group's term loan obligations with a floating interest rate.

With the Group's borrowings currently on floating interest rates, the Directors regularly review the interest rates to determine whether a band of the Group's borrowings need to be fixed.

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4 FINANCIAL RISK MANAGEMENT (Continued)

A Market Risk (Continued)

The sensitivity analysis following has been determined based on the exposure to interest rates for non derivative instruments at the year end. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the year end was outstanding for the whole year. A 50 basis point increase or decrease (2020: 50 basis point) is used when reporting interest rate risk internally and represents the Boards's assessment of the reasonably possible changes in interest rates.

	Group					
	28th Feb 2021	Gain / (Loss) increase of plus 0.50%	Gain / (Loss) decrease of plus 0.50%	29th Feb 2020	Gain / (Loss) increase of plus 0.50%	Gain / (Loss) decrease of plus 0.50%
Financial Assets						
Cash and Cash Equivalents	1,964,788	9,824	(9,824)	2,140,104	10,701	(10,701)
	1,964,788	9,824	(9,824)	2,140,104	10,701	(10,701)
Financial Liabilities						
ASB Loan	67,000,000	335,000	(335,000)	67,525,000	337,625	(337,625)
	67,000,000	335,000	(335,000)	67,525,000	337,625	(337,625)

The impact on equity of the Group of the + / - 0.50% movement would be $234,126 [$325,176 less 28%] (2020: +/- $235,385 [$326,924 less 28%])

B Credit Risk

Credit risk represents the risk that the counterparty to a financial instrument will fail to discharge its obligations and the Group will suffer financial loss as a result. Financial instruments which potentially subject the Group to credit risk consist of cash and cash equivalents, Colliers Trust Account, accounts receivable, other receivables and loans to subsidiaries.

With respect to the credit risk arising from cash and cash equivalents, there is limited credit risk as cash is deposited with the ASB Bank, a registered bank in New Zealand. The credit rating of this bank is AA- (Standard and Poors)

With respect to the credit risk arising from accounts receivable, the Group only enters into lease arrangements over its investment properties with creditworthy third parties. It is the Group's policy to subject all potential tenants to credit verification procedures. In addition accounts receivable balances are monitored on an ongoing basis and overdue accounts followed up rigorously. Amounts which are past due are not considered impaired when payment is expected shortly.

Further details of the Group's accounts receivable, including details of the Group's impairment allowances, are disclosed in note 18 to the financial statements.

4 FINANCIAL RISK MANAGEMENT (Continued)

C Liquidity Risk

Liquidity risk is the risk that the Group will have difficulty realising assets and raising sufficient funds to satisfy commitments associated with financial liabilities.

The maturities of the Group's accounts payable, accruals and other liabilities are detailed in the table below.

The maturities of the Group's borrowings based on the remaining period is more than one year (2020: more than one year), with all borrowings due later than one year (2020: more than one year).

Further details of the Group's borrowings, including the maturities of the Group's borrowings, are disclosed in note 10 to the financial statements. Details of the renegotiated finance facility are detailed in Note 28.

The table below analyses the Group's financial liabilities (principal and interest) by the relevant contracted maturity groupings based on the remaining period as at 28 February 2021 and 29 February 2020.

2021 Year	Group					
	Carrying Amount	Total Contractual cash flows	0-1 year	1-2 years	2-5 years	> 5 years
Financial Liabilities						
Accounts Payable	206,369	206,369	206,369		-	-
ASB Loan	67,000,000	69,194,663	1,876,000	67,318,663	-	-
Convertible Notes Interest Payments	475,877	494,433	494,433	-	-	-
Total as at 28 Febuary 2021	67,682,246	69,895,465	2,576,802	67,318,663	-	-

2020 Year	Group					
	Carrying Amount	Total Contractual cash flows	0-1 year	1-2 years	2-5 years	> 5 years
Financial Liabilities						
Accounts Payable	160,953	160,953	160,953		-	-
ASB Loan	67,525,000	70,487,313	2,532,188	67,955,125	-	-
Convertible Notes Interest Payments	1,303,387	1,424,681	930,248	494,433	-	-
Total as at 29 Febuary 2020	68,989,340	72,072,947	3,623,389	68,449,558	-	-

The maturity analysis of the Group's liquidity risk is based on the Group's maturity dates set out in its term loan facilities. All loan facilities are committed facilities with a reputable, independently rated, first tier trading bank. Banking covenants are monitored quarterly and reported to the lenders each quarter to ensure the Group is in compliance. The Group was in compliance during the current and prior year and subsequent to the year end.

5 SHARE CAPITAL AND RESERVES

	Share Numbers	Group $
Authorised and issued share capital at 1 March 2019	55,125,794	62,856,275
Authorised and Issued share capital at 29 February 2020	55,125,794	62,856,275
Authorised and issued share capital at 1 March 2020	55,125,794	62,856,275
Authorised and Issued share capital at 28 February 2021	55,125,794	62,856,275

All ordinary shares on issue are fully paid, carry equal voting rights, share equally in dividends and have no par value.

Convertible Notes

The Parent issued 13,781,449 convertible notes at 6.75% p.a. for $13,781,449 on 11 September 2017. The notes compulsorily convert into ordinary shares of the Parent on 11 September 2021. The conversion rate is 1 share for each note held. As the convertible notes have a compulsory conversion to equity on a fixed-for-fixed basis on maturity, the non-interest component of the convertible note is recognised in equity on issue of the convertible note to the note holder. The initial fair value of the liability component is the present value of the interest payments, discounted at market rate of interest for a similar instrument with a similar credit status that does not have a conversion option. The liability is subsequently recognised on an amortised cost basis until maturity. The amount recognised in share capital is not subsequently remeasured, (see note 6).

Accumulated Losses Attribution Reserve

	Group	
	2021	2020
As at 1 March	-	-
Transfer from Accumulated Losses	(5,247,174)	-
As at 28 February	(5,247,174)	-

The Accumulated Losses Attribution Reserve consists of the fair value adjustments recorded against the investment properties.

International Financial Reporting Standards require fair value adjustments to be recorded through the Profit or Loss. For this reporting year and in the future, the Directors have decided to identify the total fair value adjustments recorded against investment properties separately from Accumulated Losses within the Statement of Changes in Equity to clearly identify the split between the two different accounts. This is achieved via a transfer from Accumulated Losses to the Attribution Reserve.

The 2021 transfer is for the overall movement in fair value adjustments recorded at reporting date. This reflects all gains and losses since the first revaluation of the investment property. Future transfers will reflect that current year's fair value movement only along with any transfers back to Accumulated Losses.

There are no restrictions on this reserve and transfers can be made back to Accumulated Losses.

6 CONVERTIBLE NOTES

The Parent issued 13,781,449 convertible notes at 6.75% p.a. for $13,781,449 on 11 September 2017.
The notes compulsorily convert into ordinary shares of the Parent on 11 September 2021. The conversion rate is 1 share for each note held. As the convertible notes have a compulsory conversion to equity on a fixed-for-fixed basis on maturity, the non-interest component of the convertible note is recognised in equity on issue of the convertible note to the note holder. The initial fair value of the liability component is the present value of the interest payments, discounted at market rate of interest for a similar instrument with a similar credit status that does not have a conversion option.
The liability is subsequently recognised on an amortised cost basis until maturity. The amount recognised in share capital is not subsequently remeasured, (see note 5).
On issue the convertible notes consisted of:

Fair value of liability component of convertible notes	$3,018,452
Equity	$10,762,997
Total	**$13,781,449**

The discount rate used to determine the present value of the interest payments is 10.30%.

The equity component will not change over the life of the note and the liability will reduce over time as cash payments are made to note holders.

	Group	
Liability Component of Convertible Notes:	2021	2020
Opening Balance	1,303,387	2,050,790
Interest Accrued	102,737	185,394
Payments to Note holders	(930,247)	(932,797)
Closing Balance	475,877	1,303,387
Current Portion	475,877	827,510
Non Current Portion	-	475,877
	475,877	1,303,387

* Interest expense is calculated by applying the effective interest rate of 10.30% to the liability component.

The reconciliation of the Convertible Notes interest paid to Note Holders and the amount recognised in the Profit or Loss is detailed as follows:

	Group	
	2021	2020
Interest paid to note holders	930,247	932,797
Liability Component amortised during year	(827,510)	(747,403)
Interest Expense recognised in profit or loss	102,737	185,394

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		Group	
		2021	2020
7 INVESTMENT PROPERTIES			
As at 1 March		128,300,000	130,600,000
Additions - Strengthening	8	1,965,409	1,151,413
Additions - Other Capital Items	8	12,222	-
		130,277,631	131,751,413
Fair Value Adjustment		(4,697,631)	(3,451,413)
As at 28 February		**125,580,000**	**128,300,000**
These totals comprise			
Main Complex known as the Hornby Hub		125,580,000	128,300,000
		125,580,000	128,300,000

The property is secured against the borrowings from ASB. Details of the borrowings and security are included in note 10.

ACCOUNTING POLICIES

Investment properties are held to both earn rental income and for long term capital appreciation, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

After initial recognition at cost including directly attributable transaction costs, investment properties are stated at fair value, on the basis of current market valuations made by registered public valuers on an annual basis. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise.

Gains or losses on the disposal on investment properties are recognised in the profit or loss in the period in which the risks and rewards of the investment property have been fully transferred to the purchaser.

The fair value of the investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of the current market conditions. The fair value also reflects, on a similar basis, the cash outflows that could be expected in respect of the property.
The fair value also reflects, on a similar basis, the highest and best use of the property.

No depreciation or amortisation is provided for on investment properties. However, for tax purposes, depreciation is claimed on building fit out and a deferred tax liability is recognised where the building components of the registered valuation exceeds the tax book value of the building.

Fair value adjustments of the investment properties recognised in Profit or Loss and then transferred to the Accumulated Losses Attribution Reserve are detailed in Note 5.

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7 INVESTMENT PROPERTIES (Continued)

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Registered public valuers have been used to determine the fair value of investment properties. The fair value was determined using a combination of both direct capitalisation and discounted cash flow approaches. The discounted cash flow method is used to cross check against the value against the primary method, being the direct capitalisation method.

Using a direct capitalisation approach the subject property rental is divided by a market derived capitalisation rate to assess the market value of the asset. Further adjustments are then made to the market value to reflect under or over renting, additional revenue and required capital expenditure.

Discounted cash flow projections are based on estimates of future cash flows, supported by the terms of any existing lease and other contracts and by external evidence such as current (at the date of the statement of financial position) market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

NOTES

Fair value reflects the highest and best use of the investment property at the end of the reporting period. Investment property measurements are categorised as level 3 in the fair value hierarchy. During the year, there were no transfers of investment properties between levels of the fair value hierarchy.

The contents of the Fair Value hierarchy table are included within this note.

Earthquake Disclosure

Christchurch and related areas suffered a 7.1 magnitude earthquake on the 4 September 2010, a 6.3 magnitude earthquake on the 22 February 2011, a 6.3 magnitude earthquake on the 13 June 2011 and a 6.0 magnitude earthquake on the 23 December 2011 with various other after shocks during this time, almost on a daily basis.
No damage was incurred from the earthquake in November 2016.
As at reporting date these after shocks have almost ceased but remain a threat.

The assets of the company suffered only minor damage and were available for operation at all times apart from a limited period when the buildings were being assessed for safety reasons.
During the 2021 financial year, cracking to the dycore flooring was identified while strengthening works have been undertaken.
Structex have identified this cracking as being a result of the 2011 earthquakes and have confirmed this to the insurer.
The cracking repairs are being undertaken in the 2022 financial year - see Note 23.

Critical general factors are as follows:

Material damage insurance policies have funded the cost of all repairs to reinstate the buildings.
The land forming part of the property was not subject to liquefaction and to the best of the Directors' knowledge there are no sub soil issues which would prevent future development of the property.
With the exception of the cracking repairs to be completed, all other repairs have been completed.

DEE Report prepared by Structex, dated 23 January 2018

On 2 May 2017, Structex issued a report to the Group identifying that the Centre Mall, Banking Precinct and West Mall had been assessed at between 33% - 67% New Building Standard (NBS) (IL3 - Importance Level 3, a building that contains large crowds and may pose a risk to large numbers of people in close proximity).

As a result of this report, the Group undertook seismic strengthening work on the Centre Mall, Banking Precinct, West Mall and AMI to bring these areas up to least 67% NBS (IL3).

Following the completion of the seismic strengthening work, Structex issued an updated seismic evaluation report of the Hub Hornby Shopping Centre that indicates the building achieves at least 67% NBS (IL3), the Banking Precinct is at least 80% NBS (IL3), and the recent Stage 2 works fully comply with the current New Zealand Building Code.

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7 INVESTMENT PROPERTIES (Continued)

DSA Report prepared by Holmes Consulting, dated 3 April 2018

On 3 April 2018, Holmes Consulting issued a report to the Group identifying that the Front Colonnade and Pak n Save had been assessed at between 25% - 67% New Building Standard (NBS) (IL3 - Importance Level 3, a building that contains large crowds and may pose a risk to large numbers of people in close proximity).

As a result of this report, the Group undertook seismic strengthening work on the Front Colonnade and Pak n Save to bring these areas up to least 67% NBS (IL3).

The Front Colonnade works were completed during the 2019 year, and Holmes Consulting confirmed that the repairs were designed to bring this area up to 70% NBS (IL3). The Pak n Save works were completed in March 2019.

The Centre is therefore not considered earthquake prone, and the Building Act requires no further action to be taken.

Hollowcore Flooring Report prepared by Structex Report, dated 21 May 2019

On 21 May 2019, Structex issued a report in response to the updated guidelines issued 30 November 2018 by the New Zealand Society of Earthquake Engineering (NZSEE) in relation to the seismic assessment of existing precast concrete suspended floors, and how these guidelines impact the Group. Despite the guidelines indicating a lesser NBS percentage rating, Structex have confirmed in writing that the recent works completed are at the minimum 67% NBS rating.

The report identified that the Pak n Save, Front Colonnade and Bank Precinct areas were impacted under the new guidelines. The Directors have undertaken steps to strengthen these area. The Front Colonnade and Bank Precinct areas require minimal remediation, while the Pak n Save requires substantial work on the suspended flooring and concrete panels. The Group has engaged Leighs to undertake these works, with work commencing on the Pak n Save area in March 2020. These works are expected to be completed by July 2021 - see Note 23.

Valuation

The properties were valued as at the 22 February 2021 by Mr G R Sellars, a registered valuer of the firm Colliers International Valuation (Christchurch) Limited. Mr Sellars is a member of the New Zealand Institute of Valuers Incorporated.

The valuation methodology adopted is the market income valuation approach which takes into account the current market rental income from rents received, and allowances for vacancies can be made.
Last year, the valuation methodology adopted was the market income valuation approach.

The ongoing social and economic impact of Covid-19, both domestically and on a global basis is providing elevated market risk at the current time. In some markets there is more certainty regarding 'post-Covid pricing' than others due to the subsequent transactional evidence, however there is increased latent risk across all asset classes and property sectors due to the impact of the pandemic. This risk relates to how the future will play out over the coming weeks, months and even years. As such this is not a variable that can be explicitly priced.

As per the accepted definition, a market value is "as at the valuation date" and is based on events and evidence up to that date. It reflects the sentiment at that point in time and the value on that day. Given these comments, the valuer notes the current economic conditions and latent potential volatility should be considered by the reader(s) of the valuation report and factored into considerations when referring to the valuation.

A capitalisation rate of 7.40% has been adopted this year under the market income valuation approach, with turnover and casual rent being capitalised at 9.50% and power recoveries and commissions income being capitalised at 8.00% to produce a market value of $125,580,000. As part of the valuation assessment, the discounted cashflow investment valuation approach was considered whilst adopting a discount rate of 9.50% to cross check the market income valuation.

In 2020, a capitalisation rate of 7.15% was adopted under the market income valuation approach, with turnover and casual rent being capitalised at 9.50% and power recoveries and commissions income being capitalised at 8.00% to produce a market value of $128,300,000. As part of the valuation assessment, the discounted cashflow investment valuation approach was considered whilst adopting a discount rate of 9.25% to cross check the market income valuation.

There are no other material changes to the approach in the valuation methodology.

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7 INVESTMENT PROPERTIES (Continued)

The assumptions Colliers have used in determining the value of the investment properties are as follows:

1 There will be no major economic downturn during the projection period, beyond that envisaged at the date of valuation.
2 The property manager will continue to manage the property in a prudent and professional manner.
3 There will be no new taxes or rates introduced which have a direct impact on the property over the projected period.
4 Market rents have been used in lieu of the actual lease agreements due to the development being completed and the majority of new leases reflect the current market conditions.
5 A prudent 3% perpetual vacancy allowance has been made for general turnover of tenants and the time it takes to re-fill the tenancy.
6 The dycore cracking repairs will be covered by an insurance claim. Thus the valuation has not been adjusted to allow for the cost of these works - Note 23.

The table below explains the key inputs used to measure fair value for investment properties.

Valuation Techniques

Market Income Valuation Approach	A valuation technique which determines fair value by assessing the current market rental for the property, and capitalising at an appropriate yield. Adjustments can then be made for vacancies and other capital adjustments (i.e. difference in contract rent) where appropriate.
Discounted Cash Flow Investment Valuation Approach	A valuation technique which requires explicit assumptions to be made regarding the prospective income and expenses of a property over an assumed holding period, typically ten years. The assessed cash flows are discounted to present value at an appropriate, market-derived discount rate to determine fair value.

Unobservable Inputs within the Market Income (MI) Valuation Approach

Gross Market Rent		The annual amount for which a tenancy within a property is expected to achieve under a new arm's length leasing transaction, including a fair share of property operating expenses.
2021	$ 9,130,027	
2020	$ 9,092,645	
Core Capitalisation Rate		The rate of return, determined through analysis of comparable, market-related sales transactions, which is applied to a property's sustainable net income to derive value.
2021	7.40% - 10.00%	
2020	7.15% - 10.00%	

Unobservable Inputs within the Discounted Cash Flow (DCF) Investment Valuation Approach

Discount Rate		The rate, determined through analysis of comparable, market-related sales transactions, which is applied to a property's future net cash flows to convert those cash flows into a present value.
2021	9.50%	
2020	9.25%	
Terminal Capitalisation Rate		The rate which is applied to a property's sustainable net income at the end of an assumed holding period to derive an estimated future market value.
2021	8.00%	
2020	7.65%	

Sensitivity Analysis

The following table shows the impact on the fair value of a change in a significant unobservable input:

Significant Inputs	Methodology	**Fair Value Measurement Sensitivity to Increase in Input**	**Fair Value Measurement Sensitivity to Decrease in Input**
Gross Market Rent	MI, DCF	Increase	Decrease
Core Capitalisation Rate	MI	Decrease	Increase
Discount Rate	DCF	Decrease	Increase
Terminal Capitalisation Rate	DCF	Decrease	Increase

Due to the number of variables that go into the valuation of the investment property, the financial impact on the fair value cannot be reliably determined.

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8 CAPITAL WORKS IN PROGRESS & SEISMIC STRENGTHENING WORK

		Group 2021	Group 2020
As at 1 March		-	-
Additions - Lift		2,805	-
Additions - Seismic Strengthening Works	7	1,965,409	1,151,413
Additions - Other Works	7	34,674	-
		2,002,888	1,151,413
Less			
Impairment of Costs		(22,452)	-
Transfer to Investment Properties	7	(1,977,631)	(1,151,413)
		(2,000,083)	(1,151,413)
As at 28 February		2,805	-

ACCOUNTING POLICIES

Fair value measurement on seismic strengthening work is only applied if the fair value is considered to be reliably measureable.

In order to evaluate whether the fair value of the seismic strengthening work can be determined reliably the Board considers the following factors, among others:

The provisions of the construction contract.
The projections as determined by the independent quantity surveyor.
The stage of completion.
Whether the project is standard (typical for the market) or non standard.
The level of reliability of cash inflows after completion.
The development risk specific to the property.
Past experience with similar constructions.
Status of construction permits.

Where fair value cannot be determined, seismic strengthening costs are identified and recognised at cost until completion of the works.

NOTES

Additions of $1,977,631 include no capitalised interest for the year ending 28 February 2021 (2020: $1,151,413 / $0).

Capital Works in Progress are initially carried at cost. The value of Capital Works in Progress is assessed annually by the Directors. Where there is evidence that costs previously capitalised no longer meet the criteria, or are no longer relevant, they are written off.

Seismic Strengthening Work is initially carried at cost. The value of Seismic Strengthening Work costs is assessed annually by the Directors. Where there is evidence that costs previously capitalised no longer meet the criteria, or are no longer relevant, they are written off.

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9 LEASEHOLD ASSET

	Group	
	2021	2020
As at 1 March	104,435	109,877
Additions	-	-
	104,435	109,876
Depreciation	(5,079)	(5,442)
	99,356	104,435

Situated on leasehold land, the subsidiary company Hornby Enterprises Limited holds this asset which comprises a sealed car park of 112 spaces with surrounding security fence.

The carparks are subject to a reciprocal lease with the Hornby Working Men's Club (HWMC).
In consideration for a lease of 212 carparks from the HWMC ($148,824 annually), the Parent has granted a lease of 112 carparks (with lease income of $78,624) to the HWMC. Both leases are for terms of 35 years.
The HWMC pays the Parent its monthly rent, and the Parent then pays its monthly rent to the HWMC.

10 BORROWINGS

i *Maturities*

The maturities of the Group's borrowings based on the remaining period are as follows:

	Group	
	2021	2020
0 to 1 year	-	-
1 to 2 years	67,000,000	67,525,000
Total	67,000,000	67,525,000

ACCOUNTING POLICIES

Borrowings are recognised initially at fair value, plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

NOTES

ii *Facility*

	Amount	Matures		Reset Maturity Date	Floating
The Group has facilities with the ASB Bank for					
$67,000,000 facility (fully drawn)	67,000,000	01/05/2022		03/03/2021	
$500,000 overdraft facility (not yet drawn)	-	31/08/2022			

On 6 December 2020, an overdraft facility for $1,500,000 with ASB was signed by the Directors. However, the overdraft facility was not added to the Group's facilities until 9 March 2021. Due to considerations by the Directors, the overdraft facility was requested to be adjusted to $500,000 and was made available at this date.
The $500,000 overdraft facility is available for 18 months, and being relinquished in two tranches ($250,000 at 28 February 2022 and $250,000 at 31 August 2022).

iii *Security*

The facilities are secured by way of a registered mortgage security over the land and buildings, which comprises the investment property. In addition, a general security deed is in place. The Bank is also secured by a deed of assignment of lease between the Company and the Mutual School of Art Inc (The Hornby WMC Inc) over 212 car parks situated on the leasehold property at 39 Carmen Road owned by the subsidiary Hornby Enterprises Ltd.

The value of the property is detailed in note 7, and the leasehold property is detailed in note 9.

iv *Other*

	2021	2020
The floating interest rate on the term loan of $67,000,000 at reporting date was:	2.80%	3.75%

All borrowings are interest only until the maturity date.
No borrowing costs were capitalised to investment properties during the year (2020: $0) - Note 7.

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10 BORROWINGS (Continued)

The covenants on all borrowings require a loan to value ratio of not more than 55% (2020: 55%) and an interest cover ratio (that is, the ratio of earnings before interest to interest) of not less than 2.0:1 (2020: 2.0:1).
The Group complied with these covenants during the current and prior year.
As at and for the year ended 28 February 2021 the Group had a loan to value ratio of 53.75% (2020: 52.60%), an interest cover ratio of 3.49 (2020: 2.43) and registered mortgage security of $67,000,000 (2020: $67,525,000)

The Company has honoured its covenant obligations, including capital ratios, since the present loans were taken out in July 2017. On an annual basis, the Board advises the ASB in regards to whether or not the covenant obligations have been met.

11 LEASES

	Group	
Right-of-Use Assets - Land	2021	2020
At 1 March	4,351,427	4,469,615
Amortisation	(120,594)	(118,188)
Effect of modification to lease terms	112,423	-
At 28 February	4,343,256	4,351,427

	Group	
Lease Liabilities - Land	2021	2020
At 1 March	5,070,467	5,120,408
Effect of modification to lease terms	112,423	-
Interest Expense	256,553	253,460
Lease Payments	(309,069)	(303,401)
At 28 February	5,130,374	5,070,467

	Group	
Lease Liabilities Due	2021	2020
Up to 3 months	77,396	75,850
Between 3 and 12 months	232,188	227,551
Between 1 and 2 years	309,584	303,401
Between 2 and 5 years	928,752	910,203
More than 5 years	10,180,847	10,221,465
	11,728,767	11,738,470

The lease liabilities are not discounted, and are the current contractual cash commitments over the term of the leases.

The weighted average incremental borrowing rate applied to lease liabilities on 1 March 2020 was 4.95% (2020:4.95%).

Lease Commitments

At reporting date, the Group as lessee had lease commitments to:

Lessor	**Description**	**Lease Commencement**	**Lease Expiry**
Hornby Working Mens' Club	212 car parks	1 September 2013	30 August 2048
S R Halliwell	23 Carmen Road	1 April 2010	31 March 2035 (Right of Renewal)

The lease with S R Halliwell contains three rights of renewals, being 31 March 2035, 31 August 2048 and 31 August 2058.
The final expiry date of the lease is 31 August 2068.

	Group	
Lease payments made:	2021	2020
Hornby Working Mens' Club	148,824	148,824
S R Halliwell	160,245	154,577
	309,069	303,401

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12 RENT RECEIVED

	Group	
	2021	2020
Base Rent	8,720,021	8,633,877
Covid-19 Rent Relief	(471,863)	-
Lease Surrender Rent	198,842	-
Percentage Rent	377,373	346,441
Casual Leases Rent	103,812	158,753
Car Park	78,624	78,624
Sign	143,538	147,909
Sundry	109,539	18,650
	9,259,886	9,384,254

The contractual future minimum property base rent income to be received on property owned by the Group at balance date is as follows:

	2021	2020
Within one year	8,030,666	6,958,186
One year or later and not later than five years	17,786,981	18,213,962
Later than five years	1,370,914	4,284,932
	27,188,561	29,457,080

The weighted average lease duration by rental income is 3.82 years (2020: 3.60 years).

ACCOUNTING POLICIES

The Group enters into retail leases with tenants on its investment property. The Group has determined that it retains all significant risks and rewards of ownership and has therefore classified the leases as operating leases.

Rental income from investment properties is recognised in the profit or loss on a straight line basis over the term of the lease. Where lease incentives are offered, they will be capitalised within the Statement of Financial Position and amortised on a straight line basis only over the length of the lease to which they relate (see Note 17). Contingent rents associated with leases entered into with tenants are recognised in revenue when the factors triggering contingent rents occur.

Covid-19 Rent Relief provided to tenants did not meet the requirements to be treated as a lease modification, and as a result the variable lease payments were recognised in Profit or Loss at the time that the reduction was triggered.

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13 OTHER EXPENSES

		Group	
		2021	2020
Accounting Fees		129,308	134,681
Administration Expenses		21,930	10,895
Allowance for Doubtful Debts		-	(12,693)
Bad Debts Written Off		186,608	14,777
Consultant's Fees		2,293	2,422
Credit Losses Allowance		(51,791)	22,194
Depreciation - Right-of-Use Assets	11	120,594	118,188
Electricity		27,684	7,479
Insurance / Rates / Body Corp Fees		23,126	22,973
Lease Incentives - Amortised	19	83,732	153,116
Leasing Fees - Amortised	19	42,255	41,338
Leasing Fees		5,726	-
Legal Fees		69,029	22,822
Non Deductible Expenses		-	191
Repairs		58,969	-
Supervisor Fees		15,481	15,000
Travelling Expenses		3,125	4,015
Valuation Fees		32,580	33,480
Other Operating Expenses		24,636	17,659
		795,285	608,537

Throughout the year fees have been paid to Colliers for:

			2021	2020
Administration	*Colliers Intl. Real Estate*	22	11,000	-
Leasing Fees	*Mgmt Ltd*	22	56,057	47,868
Valuations	*Colliers Intl. Valuation (ChCh) Ltd*		24,080	24,080
			91,137	71,948

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14 TAXATION

	Note	Group 2021	Group 2020
Reconciliation of income tax (expense) / benefit and accounting profit multiplied by statutory tax rate:			
Profit / (Loss) before taxation		**773,820**	**1,453,191**
Prima facie income tax calculated at the statutory income tax rate of 28% (2020: 28%)		(216,669)	(406,893)
Plus tax effect of			
Unrealised net change in value of investment properties		(1,315,337)	(966,396)
Impairment of development costs		(6,287)	-
Depreciation		894,055	621,200
Depreciation - Right-of-Use Assets		(33,766)	(33,093)
Expected Credit Losses		14,501	(2,660)
Incentives and Fit Out Contributions		34,047	34,047
Interest - Convertible Notes		231,703	209,273
Interest - Lease Liabilities		(71,835)	(70,969)
Leasing Fees - Deductible in Year Incurred		15,696	13,403
Leasing Fees - Amortised		(13,435)	(11,575)
Legal Fees - non deductible		-	(112)
Non Deductible Expenses		(181)	(486)
Operating Leases Payments		86,539	84,952
Repairs - Deductible but Capitalised		-	37,744
		(380,969)	(491,565)
Losses brought forward		283,479	775,043
(Taxation Due) / Losses available to be carried forward		(97,490)	283,478
Deferred Taxation			
Depreciation Recoverable		(894,055)	(621,200)
Expected Credit Losses		(14,501)	(10,177)
Lease Incentives Paid		(57,492)	(32,119)
Lease Liabilities		31,450	1,405,055
Liability Component of Convertible Notes		(231,703)	(209,273)
Losses Utilised		(283,479)	(491,564)
Right-of-Use Assets		2,288	(1,218,400)
Income tax benefit (expense) reported in Profit or Loss	15	(1,544,982)	(1,177,678)
Tax Paid in Advance			
Provisional Tax Paid		1,799,709	1,798,845
Resident with holding tax paid		1,209	864
		1,800,918	1,799,709
Less Provision for Taxation		(97,490)	-
Total Tax Paid in Advance		1,703,428	1,799,709

ACCOUNTING POLICIES

Tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss for the year.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

15 DEFERRED TAXATION

	Deferred Tax Liabilities		Deferred Tax Assets		Net Deferred Tax	
	2021	2020	2021	2020	2021	2020
Group						
Depreciation Recoverable	(7,706,616)	(6,812,561)	-	-	(7,706,616)	(6,812,561)
Expected Credit Losses	-	-	3,143	17,645	3,143	17,645
Lease Liabilities	-	-	1,436,505	1,405,055	1,436,505	1,405,055
Lease Incentives Paid	-	-	153,882	211,374	153,882	211,374
Liability Component	-	-	133,246	364,948	133,246	364,948
Losses	-	-	-	283,479	-	283,479
Right-of-Use Assets	(1,216,112)	(1,218,400)	-	-	(1,216,112)	(1,218,400)
	(8,922,728)	(8,030,961)	1,726,776	2,282,501	(7,195,951)	(5,748,460)

Movement in temporary differences during the year	Opening Balance	Recognised in Profit or Loss	Recognised in Equity	Closing Balance
Group: 2021 Year				
Depreciation	(6,812,561)	(894,055)	-	(7,706,616)
Expected Credit Losses	17,645	(14,501)	-	3,143
Lease Liabilities	1,405,055	31,450	-	1,436,505
Lease Incentives Paid	211,374	(57,492)	-	153,882
Liability Component of Convertible Notes	364,948	(231,703)	-	133,245
Losses	283,479	(283,479)	-	-
Right-of-Use Assets	(1,218,400)	2,288	-	(1,216,112)
	(5,748,460)	(1,447,492)	-	(7,195,951)
Group: 2020 Year				
Depreciation	(6,191,361)	(621,200)	-	(6,812,561)
Expected Credit Losses	27,822	(10,177)	-	17,645
Lease Liabilities	-	1,405,055	-	1,405,055
Lease Incentives Paid	243,493	(32,119)	-	211,374
Liability Component of Convertible Notes	574,221	(209,273)	-	364,948
Losses	775,043	(491,564)	-	283,479
Right-of-Use Assets	-	(1,218,400)	-	(1,218,400)
	(4,570,782)	(1,177,678)	-	(5,748,460)

ACCOUNTING POLICIES

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, nor differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the forseeable future.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different entities, but they intend to settle current tax assets and liabilities on a net basis.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

15 DEFERRED TAXATION (continued)

ACCOUNTING POLICIES (continued)

No material uncertain tax positions exist as at reporting date. This assessment relies on estimates and assumptions and may involve a series of complex judgements about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact the income tax expense in the period in which such determination is made.

KEY JUDGEMENT

Deferred tax is provided on the accumulated depreciation claimed on the building component and the fit out components. Investment properties are valued each year by registered valuers (as outlined in note 7).
These values include an allocation of the valuation between the land and buildings components. The calculation of deferred tax on depreciation recovered places reliance on the land and building split provided by the valuers.

	Group	
	2021	2020
16 IMPUTATION CREDIT ACCOUNT		
Opening Imputation credit balance	864	1,744
Taxation Paid (Income Tax)	-	-
Taxation Paid (RWT deducted)	1,209	864
	2,073	2,608
Less Refunds	-	(1,744)
Closing imputation credit balance	**2,073**	**864**

		Group	
		2021	2020
17 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents comprise	Interest Rate		
Cash at Bank	0.00%	52,230	51,040
ASB Maintenance Reserve Fund	0.05%	120,118	-
ASB Savings Account	0.08%	1,792,440	2,089,064
		1,964,788	2,140,104

All funds held are held in either a chequing or savings account. No funds were held on term deposit at 28 February 2021.

	Group	
18 ACCOUNTS RECEIVABLE	2021	2020
Rentals due	626,076	737,041
Landlord Works Receivable	-	40,988
Power Commissions & Recoverables Due	18,359	20,217
Other Receivables	40,046	47,455
	684,481	845,701
Provision for Credit Losses	(11,226)	(63,016)
Total	673,255	782,685
Due less than 30 days (current)	673,255	782,685

All receivables are considered collectable as they are trading within current terms.

The Group applies the NZ IFRS 9 simplified approach to measuring expected credit losses using an expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on a similar credit risk.

The expected loss rates are based on the Group's current at risk tenants over the debtors total (including OPEX and marketing).

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18 ACCOUNTS RECEIVABLE (continued)

				Group	
				2021	2020
At 28 February 2021 the expected loss provision for trade receivables is as follows:					
Rental debtors totalling:				18,750	86,312
	2021	2020			
Current	16.07%	10.94%		3,013	9,443
30 Days	15.30%	11.42%		2,869	9,857
60 Days	5.03%	9.32%		943	8,044
90+ Days	23.47%	41.33%		4,401	35,673
				11,226	63,016
Invoice Written Off Post Reporting Date				-	-
Provision for Credit Losses				11,226	63,016
Rental Debtors consist of:					
Rentals due				626,076	737,041
Less Net February Rental Funds Due				(289,326)	(417,512)
Less Accrued Percentage Rentals				(318,000)	(274,205)
Landlord Works Receivable				-	40,988
				18,750	86,312

19 LEASING COSTS

		Group	
		2021	2020
Leasing costs consist of the following:			
Leasing Fees			
Opening Balance		151,707	145,177
Incurred during the year		50,330	47,868
Amortised	13	(42,255)	(41,338)
Closing Balance		159,782	151,707
Lease Incentives			
Opening Balance		369,384	362,500
Incurred during the year		-	160,000
Amortised	13	(83,732)	(153,116)
Closing Balance		285,652	369,384
Total Leasing Costs		445,434	521,091

ACCOUNTING POLICIES

Where lease incentives are offered, and leasing fees paid, these will be capitalised within the Statement of Financial Position and amortised on a straight line basis only over the length of the lease to which they relate.

20 ACCOUNTS PAYABLE

	Group	
	2021	2020
Accruals and other liabilities in respect of investment properties	141,529	44,645
Other accounts payable, accruals and other liabilities	64,840	116,308
Total	206,369	160,953
Due less than 30 days (current)	206,369	160,953

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21 GROUP COMPANIES

As at the 28 February 2021 Shopping Centre Investments Limited held shareholdings in the following subsidiaries:

Subsidiary	Balance Date	Incorporated in NZ	Domiciled	Shareholding 2021	Shareholding 2020
BC Chalmers Investments Ltd	28/02/2021	23/08/2005	New Zealand	100.00%	100.00%
Hornby Enterprises Ltd	28/02/2021	08/08/2008	New Zealand	100.00%	100.00%

Hornby Enterprises Ltd — This company has a long term leasehold interest in a property at 23 Carmen Road. A sealed car park has been constructed on this leasehold land comprising 112 car parks which is leased long term to the Hornby Working Men's Club. 212 carparks are in turn leased from that entity.

BC Chalmers Investments Limited — This company previously held property and leased property along Chalmers Street. In the year ended 29 February 2012, the property held was transferred to the Parent.

There have been advances by the parent company to the various subsidiaries, these are interest free and repayable on demand. Though impaired these have not been written off.

22 RELATED PARTY DISCLOSURES

The parent entity is Shopping Centre Investments Limited. Shopping Centre Investments Limited has control over B C Chalmers Investments Limited and Hornby Enterprises Limited.

Key management personnel within the group is any person or persons having the authority and responsibility for planning, directing and controlling the activities of the Company and group, directly or indirectly, including any director. Key management personnel within the Company and Group are detailed below. There are no other key management personnel apart from directors.

Directors within the Company and Group for the year ending 28 February 2021 were:

Director	Entity		Directors Fees Paid 2021	Directors Fees Paid 2020
Michael Keyse	Shopping Centre Investments Limited	A: 19/08/2013	75,000	75,000
Sarah Ott	Shopping Centre Investments Limited	A: 30/03/2021	-	-
Tom Pryde	Shopping Centre Investments Limited	A: 13/07/2001	35,000	35,000
David Rankin	Shopping Centre Investments Limited	A: 15/07/2014	36,500	36,500
Tony Sewell	Shopping Centre Investments Limited	A: 26/07/2016	36,500	36,500
(Key: A = Appointed and R = Retired)			183,000	183,000

No Directors Fees were payable at 28 February 2021 (2020: Nil).

From time to time directors of the Group or their related entities provide services to the Company and Group.

Michael Keyse, a director of Shopping Centre Investments Limited, and his associated entities has a 33.3% (2020: 33.3%) interest in MacGibbons Investments Limited.

MacGibbons Investments Limited holds 1,665,914 shares in Shopping Centre Investments Limited (3.02%) as at 28th February 2021 (2020: Held 1,665,914 shares or 3.02%).
Michael Keyse also holds 10,910 shares of Shopping Centre Investments Limited (0.02%) in his own name (2020: 10,910 shares)

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22 RELATED PARTY DISCLOSURES (continued)

Michael Keyse holds 100,000 Convertible Notes as at 28 February 2021 (2020: Held 100,000 Convertible Notes).

Steve Benton, a shareholder, was a Director of Rede Advisers in 2020. During the year, Rede Advisers were paid $10,000 for administration fees.
This Company was instrumental in obtaining significant shareholder funds from its client base and also assisted in the raising of funds secured by second and third mortgages. This Company, on a regular basis, advises, answers and reports to its participating shareholder base.
(2020: $10,000 paid for administration fees)

Steve Benton has a beneficial interest the Benton Family Trust which holds 432,985 shares and 160,843 Convertible Notes as at 28 February 2021 (2020: Held 432,985 shares and 160,843 Convertible Notes).

Mr Tom Pryde, a director of Shopping Centre Investments Limited was a partner of the legal firm Cruickshank Pryde's Queenstown firm until 31 December 2019. The firm has provided services to the Group during the year.
Tom Pryde has a beneficial interest in G8 Limited, Motatapu Corporate Trustee Limited and Paradise Property Investments Limited which holds 751,053, 1,037,300 and 420,466 shares respectively as at 28 February 2021.
(2020: Held 751,053, 1,037,300 and 420,466 shares respectively).
G8 Limited and Motatapu Corporate Trustee Limited also hold 188,947 and 100,000 in Convertible Notes respectively (2020: Held 188,947 and 100,000 Convertible Notes respectively).

David Rankin, a director of Shopping Centre Investments Limited, has a beneficial interest in the D H Rankin Children's Trust which holds 437,491 shares and 170,509 Convertible Notes as at 28 February 2021. David Rankin is also a director of Livingstone First Realty Limited and Livingstone Realty Limited which holds 30,000 and 20,000 Convertible Notes respectively at 28 February 2021. Livingstone First Realty Limited provided services as part of the Convertible Notes raising in 2017.
(2020: D H Rankin Childrens Trust held 437,491 shares and 170,509 Convertible Notes.)
(2020: Livingstone First Realty Limited held 30,000 Convertible Notes.)
(2020: Livingstone Realty Limited held 20,000 Convertible Notes.)

Tony Sewell, a director of Shopping Centre Investments Limited, has a beneficial interest in the Fermanagh Trust which holds 76,000 shares as at 28 February 2021 (2020: Held 56,000 shares).

Evan Harris, the National Retail Consultant of Colliers International Real Estate Management Limited and oversees leasing for Shopping Centre Investments Limited, has a beneficial interest in the E E Harris Family Trust which holds 198,368 shares and 49,592 Convertible Notes as at 28 February 2021 (2020: Held 198,368 shares and 49,592 Convertible Notes).

Joanna Koster, an Associate Director - Retail of Colliers International Real Estate Management Limited and oversees leasing and property management of Shopping Centre Investments Limited, holds 69,429 shares and 17,357 Convertible Notes as at 28 February 2021 (2020: Held 69,429 shares and 17,357 Convertible Notes).

Jason Marsden, employed by Colliers International Real Estate Management Limited and is the Mall Manager at The Hub, holds 47,003 shares and 50,000 Convertible Notes as at 28 February 2021 (2020: Held 47,003 shares and 50,000 Convertible Notes).

Kiri Thomson, employed by Colliers International Real Estate Management Limited and is the Operations Manager at The Hub, jointly holds 20,000 shares as at 28 February 2021 (2020: Held 20,000 shares).

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22 RELATED PARTY DISCLOSURES (continued)

Details in respect of these related party transactions is set out below:

	Group	
	2021	2020
Accounting, secretarial and administrative support:		
Colliers Intl. Real Estate Mgmt Ltd	67,057	47,868
Cruickshank Pryde	920	-
Nexia Christchurch Limited	129,308	134,031
Rede Advisers	10,000	10,000
Total value of transactions with related parties	**207,285**	**191,899**

The Company and Group had the following trade payables and trade receivables outstanding with related parties:

	2021		2020	
	Trade receivable	Trade payable	Trade receivable	Trade payable
Nexia Christchurch Limited	-	10,323	-	19,221
Total	-	**10,323**	-	**19,221**

The terms and conditions of the above balances are unsecured creditors with terms of payment to be made within 14 days of the invoice date.

The parent company has provided intercompany advances to it's subsidiary companies B C Chalmers Investments Limited and Hornby Enterprises Limited.

Balances owing to Shopping Centre Investments Limited by:

	Advance		Impairment		Net Advance	
	2021	2020	2021	2020	2021	2020
B C Chalmers Ltd	2,556,181	2,556,181	2,556,181	2,556,181	-	-
Hornby Enterprises Ltd	2,929,678	2,929,678	2,785,570	2,785,570	144,108	144,108
	5,485,859	**5,485,859**	**5,341,751**	**5,341,751**	**144,108**	**144,108**

The advances to the subsidiaries have been impaired by the Directors as the subsidiaries have insufficient assets to repay the advances. These balances are eliminated on consolidation.

The terms and conditions of the above advances are that they are interest free and repayable on demand.

23 CAPITAL COMMITMENTS

As at 28 February 2021, the Group has capital commitments totalling $1,633,806 to complete the Pak n Save hollowcore strengthening works. These works commenced in March 2020, and are expected to be completed by August 2021.

As at 28 February 2021, the Group has capital commitments totalling $950,000 to install a new passenger lift. These works are expected to be completed by October 2021.

The above commitments have been taken into accounts by the valuer whilst completing the valuation.

As at 28 February 2021, the Group has capital commitments totalling $439,774 to complete repairs to cracking in the hollowcore flooring. On 12 April 2021, it was confirmed that these repairs would be covered by an insurance claim, the quantum to be identified. The valuer has not adjusted the valuation of the investment properties for these works based on the assumption that they will be covered by the insurance claim - see Note 7.
These works are expected to be completed by June 2021.

As at 29 February 2020, the Group had capital commitments totalling $3,321,996 to complete the Pak n Save hollowcore strengths works. These works commenced in March 2020.

The subsidiaries have no capital commitments relating to any matters.

24 CONTINGENT LIABILITIES

As at 28 February 2021 the Group had no contingent liabilities (2020: nil)

25 SUBSEQUENT EVENTS

2021:

On 2 March 2021, the Board passed a resolution approving a gross dividend of 1.25 cents per share to be paid 26 March 2021. The gross dividend paid was $689,073.

On 9 March 2021, a $500,000 overdraft facility from ASB was added to the Parent's bank account. This facility has been entered into to assist the funding of the hollowcore strengthening works and the installation of the new passenger lift.
This facility will be relinquished in two tranches: $250,000 on 28 February 2022 and $250,000 on 31 August 2022.

On 30 March 2021, Sarah Ott was appointed as a Director to Shopping Centre Investments Limited. Sarah's appointment will be ratified by the shareholders at the 2021 AGM.

In March 2021, the lift was ordered and the deposit paid on 23 March 2021. The cost of installing the new passenger lift is estimated to be $950,000 and works are expected to be completed by October 2021.

Subsequent to reporting date, the repairs to the cracking in the hollowcore flooring were commenced. The estimated cost is to complete these works is $439,774. On 12 April 2021, it was confirmed that these repairs would be covered by an insurance claim. As at the date of signing these financial statements, the quantum of the insurance claim had not yet been verified.
These works are expected to be completed by June 2021.

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25 SUBSEQUENT EVENTS

2020:

COVID-19 Impact

At the reporting date a number of cases of a new virus, COVID-19 (which is also known as Coronavirus), had been reported in the Wuhan province of China. The Company does not source products from, or sell products to, Wuhan province, and does not have any other exposure to Wuhan province. Consequently, the financial statements for the current period are not impacted by COVID-19.

Subsequent to the reporting date, COVID-19 became widespread globally. As a result, the World Health Organization announced that the outbreak should be considered a pandemic. The result of this pandemic has been a substantial reduction in economic activity throughout the world, as governments have introduced measures (such as the closure of all non-essential businesses and the cancellation of all public events) in a bid to halt, or at least slow, transmission of the virus.
At the time of signing the financial statements, there is uncertainty about how much further economic activity will fall and how long the period of reduced economic activity will last. In addition, at the date of signing the financial statements, the New Zealand Government had ended its restrictions on all non-essential businesses from 9th June 2020.

The Directors have assessed the likely impact of COVID-19 on the Company and have concluded that, for the 12 months from the date of signing the financial statements, COVID-19 will not impact the ability of the Company to continue operating but this is subject to a combination of the following risk factors including both anchor tenants remaining and the majority of tenants remaining. If one or both anchor tenants left, this may result in a significant drop in foot traffic in the mall which would result in less potential customers for the other tenants. These tenants may not remain in the mall if there was a significant reduction in foot traffic. Rental and Opex receipts would be drastically reduced should this happen. It is also subject to the interest rate on the term loan being maintained at levels below 3%.

That conclusion has been reached because:

- One of the mall's anchor tenants is a supermarket and the New Zealand Government has declared that supermarkets are essential businesses that will be permitted to remain open even when most businesses are required to close. The other anchor tenant, Farmers, was not allowed to open under Level 4. An agreement was reached with this tenant for temporary rent relief. Other tenants who were considered essential services, were allowed to open (in the case of the banks) or were able to fulfil online orders. Under Level 3, the mall offered to run a click and collect service for its tenants (excluding food retailers) who had online shopping available to their customers. This service also included displaying their wares on the mall's website, and allowed tenants to resume a form of trade. When Level 2 was introduced, tenants were allowed to re-open their stores subject to the Governments gathering restrictions and contact tracing requirements. The Board has allowed the tenants to be flexible with their opening hours given the potential uncertainty of level of trade and stock issues they may face. With the announcement of Level 1, it is business as usual, although some tenants may still be running different trading hours.

- The Company has sufficient cash resources to meet its fixed expenditure. This is a result of reviewing rental receipts in April and May during the lockdown periods, along with current cash position already held. This is subject to the evidence of rental receipts being continued for at least 12 months from the date of signing these financial statements. It is probable that retail tenants may not pay their full rental obligations, as Covid-19 has had a greater impact on the retail sector. Rent relief has been provided to some tenants, and our cash flow modelling has taken this into account.

- The Company's fixed expenditure includes the payment of insurance, rates, interest to its Noteholders and interest on the term loan to the ASB Bank. It also has cleaning, power, security and Management Fee contractual commitments.
The Company is dependent on interest rates being maintained at the present low levels.

Having considered the impact of the COVID-19 crisis upon the financial position of the Company, taking into account the subsequent budgets, reports, projections, the temporary rent relief provided to tenants, and formal discussions and the dependency the Company has in regard to the commercial viability of its tenants, it is possible that the present covenants, imposed by the Company's lenders, may be at risk of default in the proceeding months. With the detrimental imposition of Covid-19 upon the financial viability of many aspects of the New Zealand economy, the continuing uncertainty as to the degree of recovery or the possibility of a relapse, the immediate reduction in revenue due to concessions made, all these negative factors may impact upon the valuation of the Mall at the next reporting date. If the Mall value should decrease as a result of these factors, then this will adversely affect the ability of the Company to meet its covenant compliance obligations as required to be tested on the 2021 audited Financial Statements.

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25 SUBSEQUENT EVENTS (continued)

2020 (continued):

Other Subsequent Events

As identified in last year's "Subsequent Events Note" further seismic works were identified.

Detailed design and engineering specifications have been completed and work commenced on the first tranche of this exercise in March 2020.

Our Quantity Surveyors, Kingston Partners Ltd have determined a total Development Budget of $3.9 million which includes a contingency figure of $383,000. The first progress claim has been paid for the works completed prior to the Lockdown. The second and third progress claims have been paid in May and June 2020.

Funding for the project was by way of cash flow funds plus an overdraft facility of $2 million from the ASB Bank. The overdraft proposal from the ASB has been accepted but is on hold due to the uncertainty imposed by the present crisis, the Directors have notified the Bank, as per the conditions of the overdraft documentation, that a material event has occurred which impacts on the Bank's pre conditions. Once the Board has established clearer indications as to future cash flows, then this information will be supplied as part of a submission in order for the Bank to reassess and hopefully authorise the resumption of the facility.

The Company is only contractually bound for works totalling $800,000 and this is currently underway, the first progress claim has been paid and there are sufficient funds to meet this obligation.

On 3 March 2020, the Board passed a resolution approving a dividend of 1.00 cents per share to be paid 16 March 2020. The gross dividend paid was $551,258.

On the 5 May 2020 the Board passed a resolution approving the payment of the quarterly Notes interest to be paid 31 May 2020, the gross amount being $232,562.

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26 RECONCILIATION OF REPORTED INCOME / (LOSS) WITH CASH FLOWS from Operating Activities

	Group	
	2021	2020
Net Income	**(771,161)**	**275,513**
Non cash and non operating items		
Unrealised net change in value of investment property	4,697,631	3,451,413
Impairment of Project Costs	22,452	-
Bad Debts	186,608	14,777
Depreciation	125,673	123,630
Doubtful Debts	-	(12,693)
GST on Asset Sales and Purchases	(2,039)	(26,822)
Interest on Lease Liabilities	256,553	253,460
Tax Expense	97,490	-
Deferred tax	1,447,491	1,177,678
	6,831,859	4,981,443
Cash flow from operations before working capital changes	6,060,698	5,256,956
Movements in Working Capital		
Increase / (Decrease) in Accounts Payable	(51,470)	(189,869)
Increase / (Decrease) in Interest Accrued (Loans)	(53,390)	(7,168)
Increase / (Decrease) in Bonds	60,747	-
Increase / (Decrease) in Credit Losses Allowance	(51,790)	22,194
Increase / (Decrease) in GST Payable	(64,221)	103,473
(Increase) / Decrease in Interest Accrued	234	2
(Increase) / Decrease in Leasing Fees	(8,075)	(6,530)
(Increase) / Decrease in Lease Incentives	83,732	(6,884)
Increase / (Decrease) in Provision for GOC Refund	(156,096)	105,676
(Increase) / Decrease in Accounts Receivable	(73,785)	(216,091)
(Increase) / Decrease in Prepayments	7,175	(12,693)
(Increase) / Decrease in GST Receivable	-	-
(Increase) / Decrease Future Tax Benefits	(1,209)	(880)
	(308,148)	(208,770)
Net Cash Flows from Operating Activities	**5,752,550**	**5,048,186**

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26 RECONCILIATION OF REPORTED INCOME / (LOSS) WITH CASH FLOWS from Operating Activities (continued)

ACCOUNTING POLICIES

The following is the definition of the terms used in the Statement of Cash Flows:

i ***Cash and cash equivalents*** means cash, demand deposits and other highly liquid (being those with original maturities of three months or less) investments in which the group has invested as part of its day to day cash management. Cash includes current liabilities such as negative cash balances in the form of overnight bank overdrafts. Cash does not include receivables or payables or any borrowing that forms part of a term liability.

ii ***Operating activities*** include all transactions and other events that are neither investing nor financing activities.

iii ***Investing activities*** include those relating to the addition, acquisition, and disposal of investment properties and any addition and reduction of subsidiary investment and loans.

iv ***Financing activities*** are those activities that result in changes in the size and composition of the capital structure of the Group, including dividends paid.

Cash Flows from Financing Activities

			Non-Cash Changes			
2021	2020	Cash Flows	Reclassification Between Short and Long Term	FX Movements	Fair Value Changes	2021
Long-term borrowings						
Liability Component of Convertible Notes	475,877	-	(475,877)	-	-	-
Lease Liabilities	5,018,055	(256,656)	313,344	-	-	5,074,743
Term Loans - ASB	67,525,000	(525,000)	-	-	-	67,000,000
	73,018,932	(781,656)	(162,533)	-	-	72,074,743
Short-term borrowings						
Liability Component of Convertible Notes	827,510	(827,510)	475,877	-	-	475,877
Lease Liabilities	52,413	(52,413)	55,631	-	-	55,631
	879,923	(879,923)	531,508	-	-	531,508
	73,898,855	(1,661,579)	368,975	-	-	72,606,251

2020	2019	Cash Flows	Reclassification Between Short and Long Term	FX Movements	Fair Value Changes	2020
Long-term borrowings						
Liability Component of Convertible Notes	1,303,387	-	(827,510)	-	-	475,877
Lease Liabilities	-	(303,401)	5,321,456	-	-	5,018,055
Term Loans - ASB	66,025,000	1,500,000	-	-	-	67,525,000
	67,328,387	1,196,599	4,493,946	-	-	73,018,932
Short-term borrowings						
Liability Component of Convertible Notes	747,403	(747,403)	827,510	-	-	827,510
Lease Liabilities	-	-	52,413	-	-	52,413
Term Loans - ASB	-	-	-	-	-	-
	747,403	(747,403)	879,923	-	-	879,923
	68,075,790	449,196	5,373,869	-	-	73,898,855

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27 FINANCIAL INSTRUMENTS - BY CATEGORY

The Group has the following Financial Instruments:

2021 Year

	Group		
	Assets at amortised cost	Liabilities at amortised cost	Total carrying amount
Financial Assets			
Cash and cash equivalents	1,964,788	-	1,964,788
Colliers Trust Account	106,550	-	106,550
Accounts Receivable	673,255	-	673,255
Total as at 28 February 2021	2,744,593	-	2,744,593

	Group		
	Assets at amortised cost	Liabilities at amortised cost	Total carrying amount
Financial Liabilities			
Accounts payable,accruals and other liabilities	-	206,369	206,369
ASB Loan	-	67,000,000	67,000,000
Present Value of Convertible Notes Interest Liability	-	475,877	475,877
Total as at 28 February 2021	-	67,682,246	67,682,246

2020 Year

	Group		
	Assets at amortised cost	Liabilities at amortised cost	Total carrying amount
Financial Assets			
Cash and cash equivalents	2,140,104	-	2,140,104
Colliers Trust Account	46,086	-	46,086
Accounts Receivable	782,685	-	782,685
Total as at 29 February 2020	2,968,875	-	2,968,875

	Group		
	Assets at amortised cost	Liabilities at amortised cost	Total carrying amount
Financial Liabilities			
Accounts payable,accruals and other liabilities	-	160,953	160,953
ASB Loan	-	67,525,000	67,525,000
Present Value of Convertible Notes Interest Liability	-	1,303,387	1,303,387
Total as at 29 February 2020	-	68,989,340	68,989,340

ACCOUNTING POLICIES

Due to their short-term nature, the carrying value of cash and cash equivalents, assets at amortised cost, ASB loan, Convertible Notes liability and payables approximate their fair value.

28 CAPITAL MANAGEMENT POLICIES

The Company and Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern whilst maximising the return to shareholders through maintaining an optimal balance of debt and equity.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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28 CAPITAL MANAGEMENT POLICIES (continued)

The Group monitors capital on the basis of the loan to value ratio. The ratio is calculated as borrowings divided by investment properties.

During the year ended 28 February 2021, the Group's strategy was to maintain a loan to value ratio of no more than 50%.

The covenants on all borrowings require a loan to value ratio of not more than 55% (2020: 55%) and an interest cover ratio (that is, the ratio of earnings before interest to interest) of not less than 2.00:1 (2020: 2.00:1).

The Group complied with these covenants during the current and prior year.

As at and for the year ended 28 February 2021, the Group had a loan to value ratio of 53.75% (2020: 52.60%).

The Group had an interest cover ratio of 3.49 (2020: 2.43) and registered mortgage securities of $67,000,000.

As at 28 February 2021 the funds drawn totalled $67,000,000 (2020: $67,525,000).

The Company's capital management objectives are:

- The Director's assess the cash flow requirements and the covenants before resolving to declare a dividend. Subject to these conditions being met, dividends are generally paid on a quarterly basis.

- The Director's assess the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage.

- The Company has honoured its covenant obligations, including capital ratios, since the present loans were taken out in July 2017. On an annual basis, the Board advises the ASB in regards to whether or not the covenant obligations have been met.

- Additional bank covenants, not listed above, on all borrowings require:
  * Undertake seismic strengthening work to ensure all land and buildings secured meet no less than 67% of the New Building Standards.

29 Dividend Payout Ratio

	Group	
	2021	2020
Cash Flows from Operations	**5,752,550**	**5,048,186**
Less amount retained	3,409,703	2,843,155
Cash Dividend	**2,342,847**	**2,205,031**
Payout Ratio	41%	44%
Cash Dividend (cents per share)	0.0425	0.0400

	2021			2020		
Dividends paid as follows	Date	Rate (cps)	Gross	Date	Rate (cps)	Gross
	16/03/2020	0.01000	551,258	27/03/2019	0.01000	551,258
	28/06/2020	0.01000	551,258	26/06/2019	0.01000	551,258
	09/10/2020	0.01125	620,165	26/09/2019	0.01000	551,258
	11/12/2020	0.01125	620,165	17/12/2019	0.01000	551,258
			2,342,847			**2,205,032**

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30 Covid-19 Global Pandemic

In response to the Covid-19 global pandemic, New Zealand entered a nationwide Alert Level 4 lockdown on 26 March 2020. During Alert Levels 3 and 4 the operation of many of the Group's tenants were restricted to varying degrees, and at Alert Level 2 businesses were able to operate with restrictions in place around social distancing and mass gatherings. At Alert Level 1, businesses were able to operate with no restrictions around social distancing and mass gatherings.

New Zealand moved from Alert Level 4 to Alert Level 3 on 28 April 2020, to Alert Level 2 on 14 May 2020 and to Alert Level 1 on 9 June 2020. Alert levels were increased to Level 3 in Auckland and Level 2 across the rest of New Zealand on 12 August 2020 following new cases of community transmission of Covid-19. Areas outside of Auckland moved back to Alert Level 1 on 22 September 2020, and Auckland remained at Alert Level 2 until 8 October 2020. Alert levels were again changed on 18 February 2021 due to new community transmission cases with Auckland moving to Alert Level 3 and the rest of New Zealand to Alert Level 2. On 18 February 2021, the rest of New Zealand moved to Alert Level 1 while Auckland remained in Alert Level 2 until 23 February 2021. On 28 February 2021, Auckland was moved to Alert Level 3 with the rest of New Zealand moving to Alert Level 2. On 7 March 2021, the rest of New Zealand moved to Alert Level 1 while Auckland remained in Alert Level 2 until 12 March 2021.

The pandemic resulted in the Group offering rental relief across the majority of the Group's tenants. This rent relief included abatements for rental income payable in the months of April and May and rental deferrals in June and July. Further assistance was considered on a case by case basis. The rent abatements were $471,863 plus GST for the reporting year.

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