SHOPPING CENTRE INVESTMENTS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 AUGUST 2021

SHOPPING CENTRE INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 AUGUST 2021

		Group	
		Unaudited 6 Months 31 Aug 2021	**Unaudited 6 Months 31 Aug 2020**
	Notes	**$**	**$**
Operating Income			
Rent Received	**8**	4,745,438	4,394,820
		4,745,438	4,394,820
Other Income			
Interest Received/(Refunded) on Assets Amortised at Cost		5,226	(3,317)
Power Commissions & Recoveries		77,205	61,433
		82,431	58,116
Less Overhead Expenses			
Management Contributions		47,784	23,585
Operating Contributions		276,699	286,692
Power Supplies		25,302	28,108
Audit Fees (BDO Christchurch - Statutory Audit)		40,500	32,800
Directors Fees	**12**	107,579	93,000
Interest Expense on Convertible Notes		21,105	61,951
Interest Expense on Lease Liabilities	**7**	126,977	128,277
Interest Expense on Liabilities at Amortised Cost		947,600	1,001,919
Other Operating Expenses		551,423	692,012
		2,144,969	2,348,344
Operating Profit / (Loss)		**2,682,900**	**2,104,592**
Profit / (Loss) before Income Tax		**2,682,900**	**2,104,592**
Income Tax Benefit / (Expense)			
Income Tax	**9**	(897,499)	(614,228)
		(897,499)	(614,228)
Profit / (Loss) Attributable to Shareholders		**1,785,401**	**1,490,364**
Other Comprehensive Income		-	-
Total Comprehensive Income attributable to Shareholders		**1,785,401**	**1,490,364**

The accompanying Notes form part of these Financial Statements.

SHOPPING CENTRE INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 AUGUST 2021

31ST AUGUST 2020	**Notes**	**Group**				
		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		-	-	1,490,364	-	1,490,364
Other Comprehensive Income		-	-	-	-	-
Total Comprehensive Income for the Year		-	-	1,490,364	-	1,490,364
Transactions with Owners recorded directly in Equity						
Dividends to Shareholders		-	-	(1,102,516)	-	(1,102,516)
Balance at 31 August 2020		**62,856,275**	**10,518,011**	**(15,729,644)**	**-**	**57,644,642**

31ST AUGUST 2021	**Notes**	**Group**				
		Share Capital	**Convertible Notes**	**Accumulated Losses**	**Accumulated Losses Attribution Reserve**	**Total**
		$	**$**	**$**	**$**	**$**
Balance at 28 February 2021		**62,856,275**	**10,518,011**	**(13,984,326)**	**(5,247,174)**	**54,142,786**
Total Comprehensive Income for the Year						
Profit / (Loss) for the Year		-	-	1,785,401	-	1,785,401
Other Comprehensive Income		-	-	-	-	-
Total Comprehensive Income for the Year		-	-	1,785,401	-	1,785,401
Transactions with Owners recorded directly in Equity						
Dividends to Shareholders		-	-	(1,378,145)	-	(1,378,145)
Transfer to Accumulated Losses Attribution Reserve		-		-	-	-
Balance at 31 August 2021		**62,856,275**	**10,518,011**	**(13,577,070)**	**(5,247,174)**	**54,550,042**

	Group	
	31 Aug 2021	**31 Aug 2020**
Dividends for the period (cents per share)	**0.0250**	**0.0200**
Dividend	1,378,145	1,102,516
Shares dividends paid on	55,125,794	55,125,794

The accompanying Notes form part of these Financial Statements.

SHOPPING CENTRE INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT THE 31ST AUGUST 2021

		Group	
		Unaudited 6 Months 31 Aug 2021	**Audited Year Ended 28 Feb 2021**
	Notes	**$**	**$**
Current Assets			
Cash and Cash Equivalents		1,759,540	1,964,788
Colliers Trust Account		157,682	106,550
Accounts & Other Receivables	**10**	172,805	673,255
Total Current Assets		**2,090,027**	**2,744,593**
Non Current Assets			
Investment Properties	**4**	125,580,000	125,580,000
Capital Works in Progress	**5**	1,489,382	2,805
Leasehold Asset		96,978	99,356
Leasing Costs		399,648	445,434
Right-of-Use Assets	**7**	4,282,960	4,343,257
Tax Paid in Advance	**9**	1,379,148	1,703,428
Total Non Current Assets		**133,228,116**	**132,174,280**
Total Assets		**135,318,143**	**134,918,873**

The accompanying Notes form part of these Financial Statements.

SHOPPING CENTRE INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT THE 31ST AUGUST 2021

		Group	
		Unaudited	**Audited**
		6 Months	**Year Ended**
		31 Aug 2021	**28 Feb 2021**
	Notes	**$**	**$**
Shareholders' Equity			
Share Capital		62,856,275	62,856,275
Convertible Notes		10,518,011	10,518,011
Accumulated Losses		(13,577,070)	(13,984,326)
Accumulated Losses Attribution Reserve		(5,247,174)	(5,247,174)
Total Shareholders' Equity		**54,550,042**	**54,142,786**
Current Liabilities			
Accounts Payable		130,545	206,369
Interest Accrued		149,823	133,673
Bonds Prepaid		172,704	172,704
Defit Funds Received		81,400	-
Liability Component of Convertible Notes		-	475,877
Lease Liabilities	7	27,816	55,631
GST Payable		108,579	120,640
Provision for Deferred Maintenance		12,449	12,449
Provision for GOC Refund		241,126	328,050
Term Loans - ASB Bank	6	67,000,000	-
Total Current Liabilities		**67,924,442**	**1,505,393**
Term Liabilities			
Term Loans - ASB Bank	6	-	67,000,000
Lease Liabilities	7	5,074,743	5,074,743
Deferred Tax Liability		7,768,916	7,195,951
Total Term Liabilities		**12,843,659**	**79,270,694**
Total Equity and Liabilities		**135,318,143**	**134,918,873**

Signed for and on behalf of the Board of Directors which authorised the issue of the financial statements on the 26 October 2021

D H Rankin
Director

M J Keyse
Director

The accompanying Notes form part of these Financial Statements.

SHOPPING CENTRE INVESTMENTS LIMITED

CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 31 AUGUST 2021

	Notes	Group	
		Unaudited 6 Months 31 Aug 2021	**Unaudited 6 Months 31 Aug 2020**
		$	**$**
Cash flows from operating activities			
Cash was provided from:			
Rentals Received		5,232,716	4,405,290
Interest Received/(Refunded)		5,233	(2,968)
Power Commissions & Recoveries		71,944	63,675
		5,309,893	4,465,997
Cash was disbursed to:			
Payments for Services		523,818	409,481
Payments for Direct Expenses		393,786	338,385
Interest paid		952,555	1,105,374
Income Tax Paid		252	407
Net GST Outflows		76,686	62,893
		1,947,097	1,916,540
Net Cash Flows from operating activities	**16**	**3,362,796**	**2,549,457**
Cash flows from investing activities			
Cash was disbursed to:			
Investment Properties - Strengthening		1,508,098	827,154
Transfer to Colliers Trust Account		51,132	73,765
		1,559,230	900,919
Net Cash Flows from investing activities		**(1,559,230)**	**(900,919)**
Cash flows from financing activities			
Cash was disbursed to:			
Convertible Notes Interest	**16**	475,877	406,995
Dividends Paid		1,378,145	1,102,516
Lease Liabilities - Interest	**16**	126,976	128,277
Lease Liabilities - Principal	**16**	27,816	26,000
		2,008,814	1,663,788
Net Cash Flows from financing activities		**(2,008,814)**	**(1,663,788)**
Net Increase (Decrease) in cash & cash equivalents held		(205,248)	(15,250)
Cash & cash equivalents at beginning of the period		1,964,788	2,140,104
Cash & cash equivalents at end of the period		1,759,540	2,124,854

The accompanying Notes form part of these Financial Statements.

1 REPORTING ENTITY

The financial statements as at and for the six months ended 31 August 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 accounting policies and methods of computation used in the preparation of these interim financial statements are consistent with those used in the 2021 annual financial statements.

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 2021

There were no new standards or amendments to existing standards that came into effect from 1 March 2021 that had a material impact on the Group.

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 4)
- Deferred Taxation

		Group	
		Unaudited	Audited
		31 Aug 2021	28 Feb 2021
4 INVESTMENT PROPERTIES			
As at beginning of period		125,580,000	128,300,000
Additions - Strengthening	**5**	-	1,965,409
Additions - Other Capital Items	**5**	-	12,222
		125,580,000	130,277,631
Fair Value Adjustment		-	(4,697,631)
As at end of period		**125,580,000**	**125,580,000**
These totals comprise			
Main Complex known as the Hornby Hub		125,580,000	125,580,000
		125,580,000	125,580,000

The property is secured against the borrowings from ASB. Details of the borrowings and security are included in note 6.

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 are recognised in Profit or Loss and then transferred to the Accumulated Losses Attribution Reserve.

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.

4 INVESTMENT PROPERTIES (Continued)

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 period, 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.

Valuation

The properties have not been revalued for the interim accounts for the six months ended 31 August 2021, as the Directors' have adopted the valuation completed as at 28 February 2021 by Mr G R Sellars of Colliers International Valuation (Christchurch) Limited. This represents the Directors' best estimate of fair value at 31 August 2021.

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.

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

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.

4 INVESTMENT PROPERTIES (Continued)

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.
Feb-21	$ 9,130,027	
Feb-20	$ 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.
Feb-21	7.40% - 10.00%	
Feb-20	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.
Feb-21	9.50%	
Feb-20	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.
Feb-21	8.00%	
Feb-20	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.

5 CAPITAL WORKS IN PROGRESS & SEISMIC STRENGTHENING WORK

		Group	
		Unaudited	Audited
		31 Aug 2021	28 Feb 2021
As at beginning of period		2,805	-
Additions - Lift		226,224	2,805
Additions - Seismic Strengthening Works	**4**	1,188,629	1,965,409
Additions - Other Works	**4**	71,724	34,674
		1,489,382	2,002,888
Less			
Impairment of Costs		-	(22,452)
Transfer to Investment Properties	**4**	-	(1,977,631)
		-	(2,000,083)
As at end of period		1,489,382	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

Capital work in progress had additions of $1,486,577, which do not include any capitalised interest for the six months ended 31 August 2021.
(Year Ended 28 February 2021: $1,977,631 / $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.

6 BORROWINGS

i *Maturities*

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

	Group	
	Unaudited	Audited
	31 Aug 2021	28 Feb 2021
0 to 1 year	67,000,000	-
1 to 2 years	-	67,000,000
Total	67,000,000	67,000,000

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	1/05/2022		3/09/2021	
$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 4.

iv *Other*

	31 Aug 2021	28 Feb 2021
The floating interest rate on the term loan of $67,000,000 at reporting date was:	2.92%	2.80%

All borrowings are interest only until the maturity date.
No borrowing costs were capitalised to investment properties during the year (2021: $0) - Note 4.

7 LEASES

	Group	
	Unaudited	Audited
Right-of-Use Assets - Land	31 Aug 2021	28 Feb 2021
At 1 March	4,343,256	4,351,427
Amortisation	(60,296)	(120,594)
Effect of modification to lease terms	-	112,423
At 28 February	4,282,960	4,343,256

	Group	
Lease Liabilities - Land	31 Aug 2021	28 Feb 2021
At 1 March	5,130,374	5,070,467
Effect of modification to lease terms	-	112,423
Interest Expense	126,977	256,553
Lease Payments	(154,792)	(309,069)
At 28 February	5,102,559	5,130,374

8 RENT RECEIVED

	Group	
	Unaudited	Unaudited
	31 Aug 2021	31 Aug 2020
Base Rent	4,488,270	4,317,325
Covid-19 Rent Relief	(5,863)	(419,313)
Lease Surrender Rent	-	198,842
Percentage Rent	358	59,373
Casual Leases Rent	60,102	45,750
Car Park	39,312	39,312
Sign	80,264	72,352
Sundry	82,995	81,179
	4,745,438	4,394,820

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. 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.

9 TAXATION

	Group	
	Unaudited	Unaudited
	31 Aug 2021	31 Aug 2020
Reconciliation of income tax (expense) / benefit and accounting profit multiplied by statutory tax rate:		
Profit / (Loss) before taxation	**2,682,900**	**2,104,592**
Prima facie income tax calculated at the statutory income tax rate of 28% (August 2020: 28%)	(751,212)	(589,286)
Plus tax effect of		
Depreciation	432,442	447,028
Depreciation - Right-of-Use Assets	(16,883)	(16,883)
Expected Credit Losses	(12,373)	(94,887)
Incentives and Fit Out Contributions	17,023	17,023
Interest - Convertible Notes	-	113,959
Interest - Lease Liabilities	(35,554)	(35,918)
Leasing Fees - Deductible in Year Incurred	5,819	-
Leasing Fees - Amortised	(6,917)	(5,042)
Non Deductible Expenses	(221)	-
Operating Leases Payments	43,342	43,198
	(324,534)	(120,808)
Losses brought forward	-	283,478
(Taxation Due) / Losses available to be carried forward	(324,534)	162,670
Deferred Taxation		
Depreciation Recoverable	(432,442)	(447,028)
Expected Credit Losses	12,373	72,034
Lease Incentives Paid	(28,746)	(28,746)
Lease Liabilities	(7,788)	38,874
Liability Component of Convertible Notes	(133,246)	(113,959)
Losses Utilised (Incurred)	-	(120,808)
Right-of-Use Assets	16,883	(14,595)
Income tax benefit (expense) reported in Profit or Loss	(897,499)	(614,228)
Tax Paid in Advance		
Provisional Tax Paid	1,703,429	1,799,709
Resident with holding tax paid	253	407
	1,703,682	1,800,116
Less Provision for Taxation	(324,534)	-
Total Tax Paid in Advance	1,379,148	1,800,116

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.

10 ACCOUNTS RECEIVABLE

	Group	
	Unaudited	Audited
	31 Aug 2021	28 Feb 2021
Rentals due	120,558	626,076
Landlord Works Receivable	-	-
Power Commissions & Recoverables Due	23,620	18,359
Other Receivables	84,041	40,046
	228,219	684,481
Provision for Credit Losses	(55,414)	(11,226)
Total	172,805	673,255
Due less than 30 days (current)	172,805	673,255

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).

			Group	
			Unaudited	Audited
			31 Aug 2021	28 Feb 2021
At 31 August 2021 the expected loss provision for trade receivables is as follows:				
Rental debtors totalling:			92,558	18,750
	Unaudited	Audited		
	31 Aug 2021	28 Feb 2021		
Current	16.07%	16.07%	14,874	3,013
30 Days	15.30%	15.30%	14,161	2,869
60 Days	5.03%	5.03%	4,656	943
90+ Days	23.47%	23.47%	21,723	4,401
			55,414	11,226
Invoice Written Off Post Reporting Date			-	-
Provision for Credit Losses			55,414	11,226
Rental Debtors consist of:				
Rentals due			120,558	626,076
Less Net August (February) Rental Funds Due			-	(289,326)
Less Accrued Percentage Rentals			(28,000)	(318,000)
			92,558	18,750

The Provision for Expected Credit Losses at 31 August 2021 has been calculated using the same percentages as at 28 February 2021, as there has not been a material change in the tenants at risk since the last reporting date.

11 GROUP COMPANIES

As at the 31 August 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	8/08/2008	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.

12 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 six months ending 31 August 2021 were:

			Directors Fees Paid	
			Unaudited	Unaudited
Director	**Entity**		31 Aug 2021	31 Aug 2020
Michael Keyse	Shopping Centre Investments Limited	A: 19/08/2013	37,500	37,500
Sarah Ott	Shopping Centre Investments Limited	A: 30/03/2021	17,500	-
Tom Pryde	Shopping Centre Investments Limited	R: 27/07/2021	14,579	17,500
David Rankin	Shopping Centre Investments Limited	A: 15/07/2014	19,000	19,000
Tony Sewell	Shopping Centre Investments Limited	A: 26/07/2016	19,000	19,000
(Key: A = Appointed and R = Retired)			107,579	93,000

No Directors Fees were payable at 31 August 2021 (31 August 2020: Nil).

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

With the exception of the below, the Shares and Convertible Notes held by Related Parties as at 31 August 2021 has not changed from the holdings disclosed in the annual financial statements for the year ended 28 February 2021.

Tony Sewell, a director of Shopping Centre Investments Limited, has a beneficial interest in the Fermanagh Trust which holds 84,000 shares as at 31 August 2021 (28 February 2021: Held 76,000 shares).

12 RELATED PARTY DISCLOSURES (continued)

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

	Group	
	Unaudited	Unaudited
	31 Aug 2021	31 Aug 2020
Accounting, secretarial and administrative support:		
Colliers Intl. Real Estate Mgmt Ltd	-	-
Cruickshank Pryde	-	-
Nexia Christchurch Limited	82,284	86,182
Rede Advisers	6,457	5,000
Total value of transactions with related parties	**88,741**	**91,182**

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

	31 August 2021		28 February 2021	
	Trade receivable	Trade payable	Trade receivable	Trade payable
Nexia Christchurch Limited	-	26,514	-	10,323
Total	-	**26,514**	**-**	**10,323**

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	
	31 Aug 2021	28 Feb 2021	31 Aug 2021	28 Feb 2021	31 Aug 2021	28 Feb 2021
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.

13 CAPITAL COMMITMENTS

As at 31 August 2021, the Group has capital commitments totalling $445,000 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 31 August 2021, the Group has capital commitments totalling $1,035,916 to install a new passenger lift. These works are expected to be completed by February 2022.

The above commitments were taken into account by the valuer whilst completing the valuation at 28 February 2021 (prior to funds being expended in the six months ended 31 August 2021).

As at 31 August 2021, the Group has capital commitments totalling $479,120 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.
These works are expected to be completed by October 2021.

The subsidiaries have no capital commitments relating to any matters.

14 CONTINGENT LIABILITIES

As at 31 August 2021 the Group had no contingent liabilities (28 February 2021: nil)

15 SUBSEQUENT EVENTS

On 2 September 2021, the Board passed a resolution approving a gross dividend of 1.25 cents per share to be paid 10 September 2021. The gross dividend paid was $689,073.

On 11 September 2021, the Board passed a resolution approving the conversion of 13,781,449 Convertible Notes to Shares, on the basis of one Share for every one Note. The conversion took place on 11 September 2021.
Following the conversion, the Company now has 68,907,243 Shares on issue.

On 13 September 2021, the Directors approved an insurance claim offer for the damage and spare parts lost as a result of a fire on 1 February 2020. The insurance claim was for $489,491 (including GST) and was received on 23 September 2021.

On 21 October 2021, the Directors received a finance proposal from the ASB that would extend the loan for a further three years to 1 November 2024. The finance proposal includes principal repayments from 1 November 2022.
The Directors resolved to sign the finance proposal received on 26 October 2021.

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

	Group	
	Unaudited	Unaudited
	31 Aug 2021	31 Aug 2020
Net Income	**1,785,401**	**1,490,364**
Non cash and non operating items		
Unrealised net change in value of investment property	-	-
Impairment of Project Costs	-	-
Bad Debts	1,018	5,942
Depreciation	62,674	62,837
Doubtful Debts	-	-
GST on Asset Sales and Purchases	-	(4,045)
Interest on Lease Liabilities	126,977	128,277
Tax Expense	324,534	-
Deferred tax	572,965	614,228
	1,088,168	807,239
Cash flow from operations before working capital changes	2,873,569	2,297,603
Movements in Working Capital		
Increase / (Decrease) in Accounts Payable	39,306	17,632
Increase / (Decrease) in Interest Accrued (Loans)	16,150	(41,504)
Increase / (Decrease) in Bonds	-	48,371
Increase / (Decrease) in Credit Losses Allowance	44,189	257,266
Increase / (Decrease) in GST Payable	(76,686)	(9,760)
(Increase) / Decrease in Interest Accrued	7	349
(Increase) / Decrease in Leasing Fees	3,919	18,008
(Increase) / Decrease in Lease Incentives	41,866	41,866
Increase / (Decrease) in Provision for GOC Refund	(86,924)	(17,610)
(Increase) / Decrease in Accounts Receivable	551,654	(37,204)
(Increase) / Decrease in Prepayments	(44,001)	(25,153)
(Increase) / Decrease in GST Receivable	-	-
(Increase) / Decrease Future Tax Benefits	(252)	(407)
	489,227	251,854
Net Cash Flows from Operating Activities	**3,362,796**	**2,549,457**

16 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			
31 August 2021	1 Mar 2021	Cash Flows	Reclassification Between Short and Long Term	FX Movements	Fair Value Changes	31 Aug 2021
Long-term borrowings						
Liability Component of Convertible Notes	-	-	-	-	-	-
Lease Liabilities	5,074,743	(126,976)	126,976	-	-	5,074,743
Term Loans - ASB	67,000,000	-	(67,000,000)	-	-	-
	72,074,743	(126,976)	(66,873,024)	-	-	5,074,743
Short-term borrowings						
Liability Component of Convertible Notes	475,877	(475,877)	-	-	-	-
Lease Liabilities	55,631	(27,815)	-	-	-	27,816
Term Loans - ASB	-	-	67,000,000	-	-	67,000,000
	531,508	(503,692)	67,000,000	-	-	67,027,816
	72,606,251	(630,668)	126,976	-	-	72,102,559

31 August 2020	1 Mar 2020	Cash Flows	Reclassification Between Short and Long Term	FX Movements	Fair Value Changes	31 Aug 2020
Long-term borrowings						
Liability Component of Convertible Notes	475,877	-	-	-	-	475,877
Lease Liabilities	5,018,055	(128,277)	240,854	-	-	5,130,632
Term Loans - ASB	67,525,000	-	-	-	-	67,525,000
	73,018,932	(128,277)	240,854	-	-	73,131,509
Short-term borrowings						
Liability Component of Convertible Notes	827,510	(406,995)	-	-	-	420,515
Lease Liabilities	52,413	(26,000)	(155)	-	-	26,258
Term Loans - ASB	-	-	-	-	-	-
	879,923	(432,995)	(155)	-	-	446,773
	73,898,855	(561,272)	240,699	-	-	73,578,282

17 Dividend Payout Ratio

	Group	
	31 Aug 2021	31 Aug 2020
Cash Flows from Operations	**3,362,796**	**2,549,457**
Less amount retained	1,984,651	1,446,941
Cash Dividend	**1,378,145**	**1,102,516**
Payout Ratio	41%	43%
Cash Dividend (cents per share)	0.0250	0.0200

	31 August 2021			31 August 2020		
Dividends paid as follows	Date	Rate (cps)	Gross	Date	Rate (cps)	Gross
	31/03/2021	0.01250	689,072	16/03/2020	0.01000	551,258
	30/06/2021	0.01250	689,072	28/06/2020	0.01000	551,258
			1,378,145			**1,102,516**

18 Covid-19 Global Pandemic

On 17 August 2021, New Zealand entered into a nationwide Alert Level 4 lockdown. Areas outside of Auckland moved to Level 3 on 31 August 2021 then Level 2 on 7 September 2021. Auckland moved to Level 3 on 21 September 2021. 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.

This lockdown has resulted in the Group offering further rental relief across the majority of the Group's tenants. This rent relief included abatements for rental income payable in September 2021. As a result of the abatement being applied in September 2021, the financial impact has not been recognised during this six month period. The full impact will be known when the financial statements for the year ended 28 February 2022 are completed.

Disclosure from Audited Financial Statements for the year ended 28 February 2021

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.