SCIL

Shopping Centre Investments Ltd

2022 Annual Report

SCIL.CO.NZ

Contents

Year in Review

FINANCIAL HIGHLIGHTS

Increase in Rental Income

From $9.26m to **$9.62m**

Increase in Gross Profit

From $8.87m to **$9.54m**

Increase in Valuation of Property Asset

From $125.580m to

$129.000m

Increase in Profit before Income Tax

From $773,820 to

$7,958,712

Year in Review

FINANCIAL HIGHLIGHTS CONTINUED

Net Operating Income

Year 2018	Year 2019	Year 2020	Year 2021	Year 2022
2.99m	3.76m	4.90m	5.49m	**5.90m**

Dividend Rates – cents per share gross

Year 2018	Year 2019	Year 2020	Year 2021	Year 2022
3.00 cents	4.75 cents	4.00 cents	4.25 cents	**5.25 cents**

Chair's Report For The Year Ended 28 February 2022

MICHAEL KEYSE
CHAIR

"It has been a remarkable year, in a number of aspects, despite the ravages of the COVID epidemic and its continuing economic aftermath still present today."

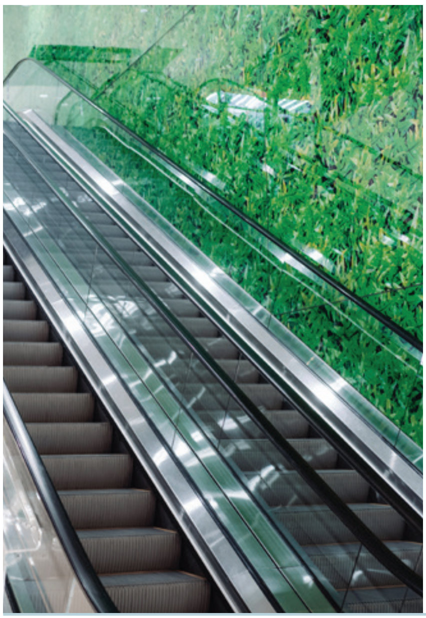
I am pleased to announce that the Company has constructed a detailed and informative web site and this will be presented, in some depth, at the forthcoming Annual General Meeting. If you are unable to attend that meeting, I commend that you visit the site once it is released. It attempts, in logical form, to highlight and identify the financial results achieved and responds to a number of specific shareholder requirements. The menu construction is summarised within the 2022 Annual Report.

It has been a remarkable year, in a number of aspects, despite the ravages of the COVID epidemic and its continuing economic aftermath still present today. This impact has been lessened, even negated by the policies put in place by the proactive and skilful Management team, the response to the motivational program submitted to our tenants by that team, the fair but firm program of tenant relief instituted by the Board.

Chair’s Report For The Year Ended 28 February 2022 CONTINUED

MICHAEL KEYSE
CHAIR

OCCUPANCY PERCENTAGE
AT FEBRUARY 2022



Meeting our Strategic Aims
We have a clear strategy and it is appropriate that my report measures the results obtained against those strategies.

1. To improve the value of the Investment

a. *To maintain and develop this high quality property in a key location.*

The high level of presentation is obvious to any visitor to the Mall.

Strict adherence to uncompromising levels of cleanliness, of safety, a close review of the standards of fit out are apparent and a credit to our Operations Manager, Kiri Thomson. A long term plan of maintenance, replacement, and hazard control is in place and reserve funds in physical terms are available to meet these initial demands.

The upgrading of the original escalators is in train and these will provide a reliable and quieter environment.

b. *To attract and maintain a sustainable tenant base.*

To reach an occupancy percentage of 98% at February 2022 was remarkable in light of the Covid environment.

Due to the leasing efforts of our Agents and the positive incentive policy maintained by the Board we have attracted three new International tenants who were installed immediately before Christmas. These included Cotton On, Cotton On Kids and Starbucks. The latter has had a direct impact on our social media exposure.

c. *To maintain a capital program of Improvement*

This year end sees the final completion of the seismic repairs which lifts us to an NBS rating that satisfies any intending tenancy demands as well as meeting the ASB Bank covenant requirements. This is indeed a milestone.

A large lift is being installed within the Pak n Save to meet the increasing patronage of that tenant. This will speed access from the top carpark and provide improved accessibility. Scheduled for completion September 2022.

Permanent access walkways are being installed on a regular basis.

MICHAEL KEYSE
CHAIR

2. To improve Shareholder Liquidity

We have applied for membership to the secondary market with the USX Unlisted Securities Exchange. Registration is almost finished and I see no impediment for this not to be completed. I am hopeful this will be concluded before the AGM. I refer you to our website and the separate heading content within the 2022 Annual Report.
This is a secondary listing and is a Trading and Information Platform which provides liquidity and transparency with current and previous market movements.
Allied to this is the immediate development of the Website facility to provide a visual and proactive tool for the promotion of liquidity to our shareholders. This will also act as a reference and facilitator for the deliberations of your personal advisors.

3. Increase awareness of Investment

With the website and our initial approaches to the local sharebrokers we have the ability to increase the awareness of the attributes and advantages of this shopping precinct.

The USX website will also have factual information about the Company with a developed "Issuer Profile". This includes financial data, various tables and ratios.

Our website will work very much in tandem with the existing and new revised website operated by our marketing arm under the instigation of our contract Management team. This has Facebook commentary and identifies the individual tenancies, hours of operation, facilities, promotions, and items of community interest.

4. Maintain and Improve Shareholder Return

For the financial year in review the dividend rate has increased from an initial 5 cents per share gross per annum to a 5.5 cents rate at year end. Quarterly distributions were as follows for the year: 1.25 cents, 1.25 cents, 1.375 cents, 1.375 cents, an average of 5.25 cents gross (RWT deducted)

Distributions increased from $2.3 million to $3.0 million, an increase of 28.68%. (some allowance must be made due to the convertible note conversion)

5. Improve Sustainability

I refer you to the report from our Centre Manager and his comment that The Hub has been chosen as a finalist in the South Island Property Council awards for Excellence in Sustainability, to be announced in December 2022.

69 million
Number of Shares on Issue

243
Number of Shareholders

5.50 Cents Gross
Latest dividend rate declared (at annual gross rate, RWT to be deducted)

Chair's Report For The Year Ended 28 February 2022 CONTINUED

MICHAEL KEYSE
CHAIR

The previous Property Council accolade, *"Award of Excellence Best in the Retail Category 2018"* identified the sustainability features inherent in the design and this has led to the recent granting of the gold standard award with authority to bear the prestigious Enviromark Toitu logo.

Various dedicated vehicle battery charging stations are in place.

The Financial Impact of these Strategic Policies

The practical impact of these successful strategies are reflected in the financial results for the year.

1. Despite Covid the rental received increased from $9.26 m to $9.62 m. This can be subject to some distortion due to Covid but I bring to your attention the 2019 rent roll of $8.52 m.
2. Gross Profit, that is Income less Management and Operating Contributions increased from $8.86 m to $9.54 m.
3. Net Operating Income increased from $5.49 m to $5.90 m.
4. Most impressive was the Net Income increase from a loss of $771,161 to a gain of $6,342,692, this takes into account a positive net change in the registered valuation of the Investment Property.
5. An increase in the registered valuation of the complex from $125.580 million to $129.000 million.
6. An increase in Shareholder Equity from $54.143 m to $57.471 million.

Future Indications

As I write this there is a National and International climate of despondency and concern.

The Companies interest rate charge has increased in just a short term by 66 percent and more hikes are imminent. International pressures continue to mount due to climate change, open warfare and inflationary pressures. There is a marked lack of confidence in the present World leaders.

One line of thought is that we are in the process of a short sharp corrective shift but matters will improve in the medium term.

Chair's Report For The Year Ended 28 February 2022 CONTINUED

MICHAEL KEYSE
CHAIR

At present we have a high tenancy base, we have a modest swap arrangement in place to alleviate some of the interest rate hikes, we have completed our schedule of cash draining seismic improvements, a number of our leases are CPI adjusted, our demographics continue to improve, from November 2022 we have a budgeted allowance to commence term loan repayments to reduce our gearing ratio, our maintenance demands are relatively modest, our previous strategic aims and infrastructure has been completed as I have illustrated.

The Board will continue to exercise a prudent and conservative approach. Hopefully, for the reasons listed above, and with the timely introduction of these supportive strategies the Company should be well placed to weather the storm.

I express my thanks to the talented and conscientious Management team at The Hub headed by Jason Marsden and Kiri Thomson who continue to act over and beyond expectations, the professional and timely assistance rendered by Andrew Kidd of Nexia, Chartered Accountants, the unsung efforts of the Colliers administrative team headed by Evan Harris and Joanna Koster and the expertise of Andy Wilkinson to see the seismic repairs reach final fruition. On behalf of the Board I wish to thank its investors, our tenants and their customers for their proactive support and loyalty.

Michael Keyse
Chair

Report From The Centre Manager

JASON MARSDEN
SENIOR CENTRE
MANAGER

As we struggle to shake off the ongoing impacts of Covid amongst our retailers and customer base we should take pause and consider some of the positives of the last twelve months.

85
Total number of tenancies.
As at latest balance date 28 February 2022

24,850 sqm
Total lettable Area

It is perhaps human nature to be acutely aware of negative but being in a retail leadership position an optimistic outlook is essential, both for my own sanity, and to ensure a positive mindset throughout the Centre. Fortunately, this task is lightened due to The Hub Hornby's performance above prevailing market trends and continued reputation for punching above its weight. This has in part been achieved by delivering targeted and authentic marketing that resonates with our customer base. The engagement via social media that became so important during the initial covid lockdowns has been built upon, seeing a redistribution of marketing budget away from some traditional media. A continued strong focus on community, spanning not only engagement with the wider community, but also as a template for our onsite culture has maintained a sense of common strength. During times of stress and natural disaster there is comfort to be found in the familiar amenities of a local centre that offers a good range of wants and needs. A place where regular customers are recognised and greeted as friends, where the staff are familiar faces and become long term employees.

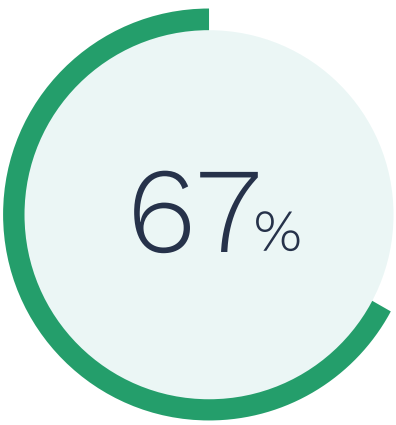
Report From The Centre Manager CONTINUED

JASON MARSDEN
SENIOR CENTRE MANAGER

The traditional hierarchy of importance within a shopping centre is first and foremost health and safety, followed by maintaining and growing the value of the asset. The customer experience is our next priority and then lastly our tenants. This may seem harsh from a tenant's perspective but in normal times this is the commercial reality. During the height of Covid impacts and forced lockdowns we had to throw this list out, knowing full well that without support some of our tenants may well not survive.

Whilst health and safety considerations remained our number one focus, even more important during a pandemic, our focus shifted to doing everything we could to support our tenants. This required a non-traditional approach with the Centre providing help and resources around the creation and promotion of our retailers' own online sales platforms. From websites to social media platforms and the setting up of a very efficient click and collect system. We also accepted incoming stock for our retailers under level 3, easing the pressure on their staff resource and minimising the time required onsite. This combined with regular communications out to our retailers, anticipating alert level changes and interpreting the ever-changing rules relating to retail trade actually strengthened the relationship with our retailers.

Earthquake strengthening, the latest Detailed Seismic Report [DSA] identifies that the complex has achieved a minimum NBS rating of 67%. Most parts of the complex exceed this rating.



The SCIL Board played a major part in this, not only supporting the onsite initiatives but also proactively offering targeted and fair assistance to our retailers, further building good will and minimising tenant losses. As a result, The Hub saw only two retailers close due to Covid impacts, far fewer than that seen by many of Christchurch's other centres.

In addition to minimising tenant closures the Colliers leasing team secured several new tenants over the last twelve months. No easy task with many operators still treading water and trying to survive rather than thinking about opening new stores. Cotton On Kids, Cotton On Body, Starbucks and Little Beauty Bar have seen vacancy fall to an all-time low and The Hub become one of the highest percentage occupied centres in the country. These additional new tenants further demonstrate the positive light in which The Hub is seen.

The completion of all seismic upgrades further reassures our existing tenants and elevates The Hub's standing amongst potential tenants. The fundamentals are still exceptional for the Centre, with strong residential growth still occurring in our catchment areas as well as a vibrant business base in the greater Hornby area, feeding in moneyed staff into the Centre for breakfast meetings, daily coffee, lunch in the food court and an after-work grocery run before heading home. It is this large local worker base that more residential only facing centres miss out on.

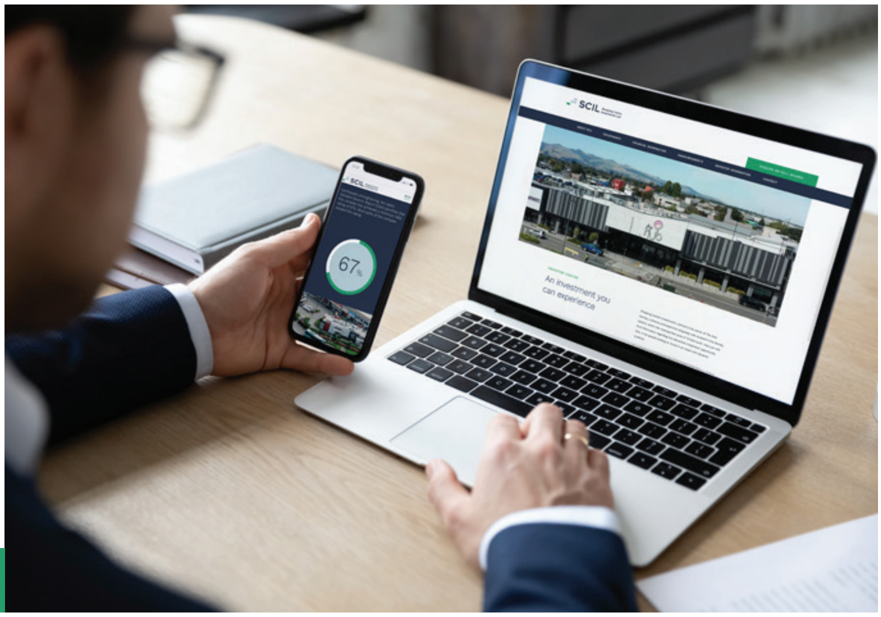
JASON MARSDEN
SENIOR CENTRE MANAGER

I am also extremely proud that The Hub was chosen as a finalist in the South Island Property Council awards for Excellence in Sustainability. Whilst we won't know the outcome until the awards ceremony on 2 December this is great recognition for our fantastic Operations Manager, Kiri Thomson, and Operations Assistant, Donna Waiariki who continually drive environmental initiatives and enrol tenants to maintain our industry leading Enviro-Mark Toitū Gold accreditation.

I would like to express my thanks to the Board of SCIL for their support over the last twelve months along with the Colliers management and the shareholders who have taken the time to check in. It is always great to see shareholders onsite and I welcome any who wish to visit.

Senior Centre Manager – **Jason Marsden**

Website Introduction



SCIL.CO.NZ

A detailed website has been recently constructed.
Notification to the link has been sent to shareholders

The Menu headings are:

1. **About SCIL**
   - An introduction as to "Who we are".
   - A description of the "Journey so Far".
   - A detailed "Strategy Declaration" with 5 key declarations.
   - A link to full details of the Management Team headed by Jason Marsden.

2. **Governance**
   The governance policies, practices and processes are defined within the Statement of Board Governance and the Board Charter. Both these the Statement and the Board Charter are detailed within the website.

   Statement of Board Governance
   Comprises 8 principles and is a critical component of the overall Governance Function.

   Board Charter
   This defines the Company's direction and the setting of operational goals.

   Directors
   A brief introduction to the 4 Directors.

3. **Financial Information**

Details as to the structure of the Company.
The 2022 Annual Report which contains the audited financial statements for the Year ended 28 February 2022.

The 2021 Annual Report.
2021 Unaudited Half Year Report.

A "Fact Sheet" which highlights Key Information as well as a short summary of results for previous years in graph and table form.

Details of Gross Dividend rates.

4. **Announcements**

This contains the various previous interim and annual Chairman's Reports.
The latest Annual General Meeting [AGM] notice and Attachments including the Proxy Form.
A link back to the audited financial accounts.

5. **Investor Information**

Secondary Listing details [Unlisted Securities Exchange "USX"].
Link to the USX website.
Details as to Sharebroker registration associated with the USX.

Accessing the Share Register, Dividend and Advice Notices via Computershare.
Link to Computershare, advice as how to Log In
a) Common Shareholder Number (CSN)
b) Authorisation Code (FIN)

6. **Contact**

Ability to contact the Company by way of e mail, form for completion.
Direct links to:
a) Computershare
b) Companies Office

Secondary Listing

The Company is completing registration for membership of the USX Unlisted Securities Exchange.

This is a secondary listing and is a Trading and Information Platform which provides liquidity and transparency.

The application for membership has been made and the USX is currently carrying out due diligence on the Company.

Trading, by way of bids and offers, is carried out by a determined number of sharebrokers that are registered with the Unlisted Securities Exchange, on behalf of shareholders and intending investors.

Such Brokers undertake the trading exercise and arrange the settlements.

The "Log In" website provides market information with an Issuer Profile and includes the prices and volume movements detailed within Historical Pricing Charts.

The USX operates under an Exemption in regard to the clauses of the Financial Markets Conduct Act.

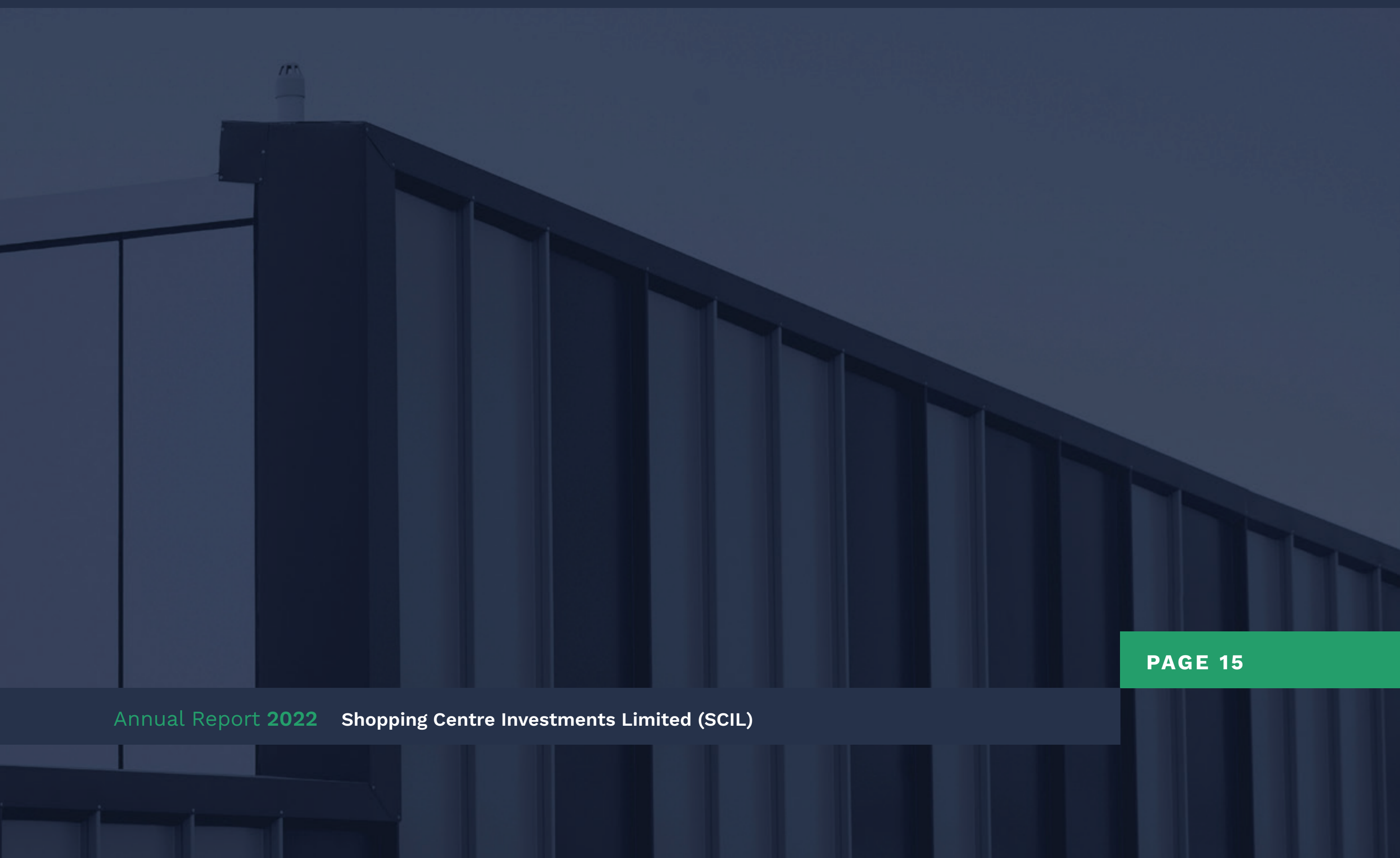
Any investor must first sign an Investor Information and Disclaimer form.

The advantages of the USX listing as per their information summary are:

1. Lower compliance and cost option
2. Arms-length transparent price discovery
3. Hands off market participation
4. No need for regular and costly valuations
5. Facilitates communication with investors and shareholders
6. Lower transaction costs
7. Enables exposure to greater investor interest and publicity
8. USX initiated Issuer Profiles

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2022

2022
Financial Results



SHOPPING CENTRE INVESTMENTS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28TH FEBRUARY 2022

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 2022, 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 2022, 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 $129.00m (2021: $125.58m). The revaluation gain recognised in the consolidated statement of profit or loss and other comprehensive income was $1.9m (2021: ($4.7m)).

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 93.4% of the total assets (2021: 93.1%) 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 2022 the property market, and economy as a whole, were significantly impacted by the restrictions and ongoing economic uncertainty and market volatility 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.

How the matter was addressed in our audit

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

- Reading the valuation report for the group's investment property, and reviewing the valuation methodology and the reasonableness of the significant underlying assumptions.
- Discussing with management the nature of key assumptions and the expected ongoing impacts of COVID-19 on these assumptions.
- Assessing the competence, objectivity, and integrity of the independent registered valuers. We assessed their professional qualifications and experience.
- Holding discussions with the valuer to understand the valuation process adopted. With the purpose of the meeting being to identify and challenge the critical judgement areas in the valuation model and to confirm the valuation approach was in accordance with NZ IFRS 13 *Fair Value Measurement*, and NZ IAS 40 *Investment Property*.
- Using our in-house valuation specialists to assess the appropriateness of the valuation methodology and challenge the reasonableness of the underlying assumptions. Our specialists focused on the appropriateness of the valuation methodology chosen, and the appropriateness of the capitalisation rates and discount rates applied.

Our audit procedures did not identify any material issues in relation to the valuation of investment property.

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 Warren Johnstone.

BDO Christchurch

BDO Christchurch
Christchurch
New Zealand
27 June 2022

SHOPPING CENTRE INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 28TH FEBRUARY 2022

		Group	
		2022	**2021**
	Notes	**$**	**$**
Operating Income			
Rent Received	**13**	9,624,413	9,259,886
		9,624,413	9,259,886
Other Income			
Insurance Proceeds Received		425,644	-
Interest Received/(Refunded) on Assets Amortised at Cost		8,952	6,006
Power Commissions & Recoveries		162,247	160,844
		596,843	166,850
Less Overhead Expenses			
Management Contributions		89,288	53,107
Operating Contributions		587,492	497,834
Power Supplies		47,874	55,800
Audit Fees (BDO Christchurch - Statutory Audit)		40,500	32,800
Directors Fees	**24**	205,579	183,000
Interest Expense on Convertible Notes	**6**	21,105	102,737
Interest Expense on Lease Liabilities	**12**	253,953	256,553
Interest Expense on Liabilities at Amortised Cost		2,074,136	1,946,299
Interest Refunded on Assets Amortised at Cost		-	9,418
Other Operating Expenses	**14**	1,000,049	795,285
		4,319,976	3,932,833
Operating Profit / (Loss)		**5,901,280**	**5,493,903**
Non Operating Income and Expenses			
Net change in the value of the:			
Investment Properties	**7**	1,882,161	(4,697,631)
Impairment of Project Costs		-	(22,452)
Derivative Financial Instruments	**11**	175,271	-
		2,057,432	(4,720,083)
Profit / (Loss) before Income Tax		**7,958,712**	**773,820**
Income Tax Benefit / (Expense)			
Income Tax	**15 & 16**	(1,616,020)	(1,544,981)
		(1,616,020)	(1,544,981)
Profit / (Loss) Attributable to Shareholders		**6,342,692**	**(771,161)**
Other Comprehensive Income		-	-
Total Comprehensive Income attributable to Shareholders		**6,342,692**	**(771,161)**

The accompanying Notes form part of these Financial Statements.

SHOPPING CENTRE INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28TH FEBRUARY 2022

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/(from) Accumulated Losses Attribution Reserve	5	-	-	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**

28TH FEBRUARY 2022		**Group**				
	Notes	**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		-	-	6,342,692		6,342,692
Other Comprehensive Income		-	-	-	-	-
Total Comprehensive Income for the Year		-	-	6,342,692	-	6,342,692
Transactions with Owners recorded directly in Equity						
Dividends to Shareholders		-	-	(3,014,693)	-	(3,014,693)
Notes Converted to Shares		10,518,011	(10,518,011)	-	-	-
Transfer to/(from) Accumulated Losses Attribution Reserve	5	-		(1,882,162)	1,882,162	-
Balance at 28 February 2022		**73,374,286**	**-**	**(12,538,489)**	**(3,365,012)**	**57,470,785**

	Group	
	2022	**2021**
Dividends for the period (cents per share)	**0.0438**	**0.0425**
Dividend	3,014,693	2,342,847
Shares dividends paid on	68,907,243	55,125,794

The accompanying Notes form part of these Financial Statements.

BDO Christchurch

SHOPPING CENTRE INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT THE 28TH FEBRUARY 2022

		Group	
		2022	**2021**
	Notes	**$**	**$**
Current Assets			
Cash and Cash Equivalents	**18**	1,875,460	1,964,788
Colliers Trust Account		92,611	106,550
Accounts & Other Receivables	**19**	700,459	673,255
Derivative Financial Instrument	**11**	175,271	-
Total Current Assets		**2,843,801**	**2,744,593**
Non Current Assets			
Investment Properties	**7**	129,000,000	125,580,000
Capital Works in Progress	**8**	457,236	2,805
Capital Repairs Subject to Insurance Claim	**8**	456,871	-
Leasehold Asset	**9**	94,602	99,356
Leasing Costs	**20**	752,139	445,434
Right-of-Use Assets	**12**	4,222,662	4,343,257
Tax Paid in Advance	**15**	1,126,572	1,703,428
Total Non Current Assets		**136,110,082**	**132,174,280**
Total Assets		**138,953,883**	**134,918,873**

The accompanying Notes form part of these Financial Statements.

BDO Christchurch

SHOPPING CENTRE INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT THE 28TH FEBRUARY 2022

	Notes	Group 2022 $	Group 2021 $
Shareholders' Equity			
Share Capital	5	73,374,286	62,856,275
Convertible Notes	6	-	10,518,011
Accumulated Losses		(12,538,489)	(13,984,326)
Accumulated Losses Attribution Reserve	5	(3,365,012)	(5,247,174)
Total Shareholders' Equity		**57,470,785**	**54,142,786**
Current Liabilities			
Accounts Payable	21	220,047	206,369
Interest Accrued		169,905	133,673
Bonds Prepaid		172,704	172,704
Liability Component of Convertible Notes	6	-	475,877
Lease Liabilities	12	58,385	55,631
GST Payable		170,258	120,640
Provision for Deferred Maintenance		12,449	12,449
Provision for GOC Refund	22	347,419	328,050
Defit Funds Received		81,400	-
Total Current Liabilities		**1,232,567**	**1,505,393**
Term Liabilities			
Term Loans - ASB Bank	10	67,000,000	67,000,000
Lease Liabilities	12	5,016,359	5,074,743
Deferred Tax Liability	16	8,234,172	7,195,951
Total Term Liabilities		**80,250,531**	**79,270,694**
Total Equity and Liabilities		**138,953,883**	**134,918,873**

Signed for and on behalf of the Board of Directors which authorised the issue of the financial statements on the 27 June 2022

D H Rankin
Director

M J Keyse
Director

The accompanying Notes form part of these Financial Statements.

BDO Christchurch

SHOPPING CENTRE INVESTMENTS LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 28TH FEBRUARY 2022

	Notes	Group	
		2022	**2021**
		$	**$**
Cash flows from operating activities			
Cash was provided from:			
Rentals Received		9,611,054	9,045,042
Insurance Proceeds		425,644	-
Interest Received/(Refunded)		8,102	-
Power Commissions & Recoveries		159,507	162,703
Net GST Inflows		55,655	-
		10,259,962	9,207,745
Cash was disbursed to:			
Payments for Services		(1,419,436)	(655,524)
Payments for Direct Expenses		(676,541)	(606,741)
Interest Paid		(2,059,009)	(2,102,426)
Interest Received/(Refunded)		-	(3,179)
Income Tax Paid		(942)	(1,209)
Net GST Outflows		-	(86,116)
		(4,155,928)	(3,455,195)
Net Cash Flows from operating activities	**28**	**6,104,034**	**5,752,550**
Cash flows from investing activities			
Cash was provided from:			
Transfer from Colliers Trust Account		13,939	-
		13,939	-
Cash was disbursed to:			
Investment Properties - Strengthening		(2,407,147)	(1,862,976)
Transfer to Colliers Trust Account		-	(60,464)
		(2,407,147)	(1,923,440)
Net Cash Flows from investing activities		**(2,393,208)**	**(1,923,440)**
Cash flows from financing activities			
Cash was provided from:			
Bank Funding	**28**	-	-
		-	-
Cash was disbursed to:			
Convertible Notes Interest	**28**	(475,877)	(827,510)
Dividends Paid		(3,014,693)	(2,342,847)
Lease Liabilities - Interest	**28**	(253,954)	(256,553)
Lease Liabilities - Principal	**28**	(55,630)	(52,516)
Loan - ASB	**28**	-	(525,000)
		(3,800,154)	(4,004,426)
Net Cash Flows from financing activities		**(3,800,154)**	**(4,004,426)**
Net Increase (Decrease) in cash & cash equivalents held		(89,328)	(175,316)
Cash & cash equivalents at beginning of the year		1,964,788	2,140,104
Cash & cash equivalents at end of the year	**18**	1,875,460	1,964,788

BDO Christchurch

1 REPORTING ENTITY

The financial statements as at and for the year ended 28 February 2022 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"), International Financial Reporting Standards ("IFRS") 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 and derivatives 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.

Standards and amendments to existing standards not yet in effect and not early adopted

At the date of authorisation of the financial statements for the Group for the year ended 28 February 2022, the following standards and interpretations were in issue but not yet effective:

Standards/ Interpretations		Effective Date (Annual periods commencing on or after)
NZ IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023

Other standards and interpretations in issue but not yet effective are expected to have an impact on the financial statements of the Group in the period of initial application.

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, derivative financial instruments 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 and recorded at fair value through profit or loss 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.

Fair Value Through Profit or Loss

This category comprises in-the-money derivatives and out-of-money derivatives where the time value offsets the negative intrinsic value (see "Financial Liabilities" section for out-of-money derivatives classified as liabilities). They are carried in the Consolidated Statement of Financial Position.
Other than derivative financial instruments which are not designated as hedging instruments, the Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

The Group's accounting policy for its financial liabilities amortised at cost and recorded at fair value through profit or loss 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.

BDO Christchurch

2 ACCOUNTING POLICIES (continued)

F **FINANCIAL INSTRUMENTS (continued)**

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.

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.

BDO Christchurch

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 12).

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.

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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 +/- $
2022 Year				
Property leases with payments linked to inflation	1	-	50	145,205
Property leases with periodic uplifts to market rentals	1	-	50	108,532
Property leases with fixed payments	-	-	-	-
	2	-	100	253,737
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

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 2022 the carrying amounts of lease liabilities are not reduced because the leases do not contain any break clauses (2021: 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 16)

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 uses derivative financial instruments, principally interest rate swaps, to mitigate its exposure to interest rate risk.

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 29 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.

The Group uses derivative financial instruments, principally interest rate swaps, to exchange its floating short term interest rate exposure for fixed long term interest rate exposure in accordance with its policy bands.
As the Group holds derivative financial instruments, there is a risk that their fair value will fluctuate because of underlying changes in market interest rates. This is accepted as a product of the Group's interest rate economic hedging policy.
The value of derivative financial instruments is disclosed in the Statement of Financial Position.

BDO Christchurch

4 FINANCIAL RISK MANAGEMENT (Continued)

A Market Risk (Continued)

The sensitivity analysis following has been determined based on the exposure to interest rates for both derivative and 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 100 basis point increase or decrease (2021: 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.

Non Derivative Instruments	Group					
	28th Feb 2022	Gain / (Loss) increase of plus 1.00%	Gain / (Loss) decrease of plus 1.00%	28th Feb 2021	Gain / (Loss) increase of plus 0.50%	Gain / (Loss) decrease of plus 0.50%
Financial Assets						
Cash and Cash Equivalents	1,875,460	18,755	(18,755)	1,964,788	9,824	(9,824)
	1,875,460	18,755	(18,755)	1,964,788	9,824	(9,824)
Financial Liabilities						
ASB Loan	67,000,000	670,000	(670,000)	67,000,000	335,000	(335,000)
	67,000,000	670,000	(670,000)	67,000,000	335,000	(335,000)

The impact on equity of the Group of the + / - 1.00% movement would be $468,896 [$651,245 less 28%]
(2021: +/-0.50% $234,126 [$325,176 less 28%])

Derivative Instruments	Group					
	28th Feb 2022	Gain / (Loss) increase of plus 1.00%	Gain / (Loss) decrease of plus 1.00%	28th Feb 2021	Gain / (Loss) increase of plus 0.50%	Gain / (Loss) decrease of plus 0.50%
Financial Assets						
Derivate Financial Instrument	175,271	1,753	(1,753)	-	-	-
	175,271	1,753	(1,753)	-	-	-

The impact on equity of the Group of the + / - 1.00% movement would be $1,262 [$1,753 less 28%]
(2021: +/-0.50% $0 [$0 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) (2021 credit rating: 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.

With respect to the credit risk arising from interest rate swap arrangements, there is limited credit risk as the counterparty is a registered counterparty and is a registered bank in New Zealand. The credit rating for the bank is AA- (Standard and Poors).

Further details of the Group's accounts receivable, including details of the Group's impairment allowances, are disclosed in note 19 to the financial statements.

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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 (2021: more than one year), with all borrowings due later than one year (2021: 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 30.

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 2022 and 28 February 2021.

2022 Year	Group					
	Carrying Amount	Total Contractual cash flows	0-1 year	1-2 years	2-5 years	> 5 years
Financial Liabilities						
Accounts Payable	220,047	220,047	220,047	-	-	-
ASB Loan	67,000,000	73,384,494	2,385,200	2,385,200	68,614,094	-
Total as at 28 Febuary 2022	67,220,047	73,604,541	2,605,247	2,385,200	68,614,094	-

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	-	-

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.

BDO Christchurch

5 SHARE CAPITAL AND RESERVES

	Share Numbers	Group $
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
Authorised and issued share capital at 1 March 2021	55,125,794	62,856,275
Compulsory Conversion of Convertible Notes to Shares	13,781,449	10,518,010
Authorised and Issued share capital at 28 February 2022	68,907,243	73,374,285

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 converted 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 2022	Group 2021
As at 1 March	(5,247,174)	-
Transfer from Accumulated Losses	1,882,162	(5,247,174)
As at 28 February	(3,365,012)	(5,247,174)

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

International Financial Reporting Standards and the New Zealand equivalents to the International Financial Reporting Standards require fair value adjustments to be recorded through the Profit or Loss.
In the 2021 reporting year and for all future years, the Directors 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.

BDO Christchurch

6 CONVERTIBLE NOTES

The Parent issued 13,781,449 convertible notes at 6.75% p.a. for $13,781,449 on 11 September 2017.

On 11 September 2021 the notes compulsorily converted into ordinary shares of the Parent. Upon conversion, the equity component of the convertible notes was settled on to the ordinary shares of the Parent (see Note 5). 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).

	Group	
Liability Component of Convertible Notes:	2022	2021
Opening Balance	475,877	1,303,387
Interest Accrued	21,104	102,737
Payments to Note holders	(496,981)	(930,247)
Closing Balance	-	475,877
Current Portion	-	475,877
Non Current Portion	-	-
	-	475,877

* 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	
	2022	2021
Interest paid to note holders	496,981	930,247
Liability Component amortised during year	(475,876)	(827,510)
Interest Expense recognised in profit or loss	21,105	102,737

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		Group	
		2022	2021
7 INVESTMENT PROPERTIES			
As at 1 March		125,580,000	128,300,000
Additions - Strengthening	**8**	1,537,838	1,965,409
Additions - Other Capital Items	**8**	-	12,222
		127,117,838	130,277,631
Fair Value Adjustment		1,882,162	(4,697,631)
As at 28 February		**129,000,000**	**125,580,000**
These totals comprise			
Main Complex known as the Hornby Hub		129,000,000	125,580,000
		129,000,000	125,580,000

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 have been completed in the 2022 financial year.

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.
All 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, 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 were completed by February 2022.

DSA Report prepared by Structex, dated 28 February 2022

On 28 February 2022, Structex issued a Detailed Seismic Assessment (DSA) report to the Group identifying that the seismic strengthening work recently completed throughout the Mall has resulted in the main building structure achieving a seismic rating of at least 67% NBS (Importance Level 3). Higher seismic ratings have been achieved in other areas such as the Banking Precinct and Farmers areas.
The Importance Level 3 is a higher standard than for stand alone buildings as it is for buildings that contains large crowds and may pose a risk to large numbers of people in close proximity.

Valuation

The properties were valued as at the 28 February 2022 by Tim Arnott and Anisha Segar, registered valuers of the firm CBRE Limited. Both Tim Arnott and Anisha Segar are members of the Property Institue of New Zealand (MPINZ).
(2021: Gary Sellars of Colliers International Valuation (Christchurch) Limited.)

The valuation methodology adopted applied an equal weighting between both Capitalisation Approach (Market income) and Discounted Cash Flow Approach, but with a strong focus on the conclusions drawn from the Discounted Cashflow method when choosing the Capitalisation rate.
Last year, the valuation methodology adopted was the market income valuation approach.

Commercial property value growth has been strong for many sectors in recent years, even with disruption casued by Covid-19 since early 2020. This growth is attributable to historically low interest rates, alternative investment markets demonstrating more risk and volatility and low vacancy rates in some sectors (particularly industrial). Prime quality strongly leased property transactions continue to show some yields at historical lows.

Notwithstanding current bouyant conditions in many parts of the property market, the ongoing impact of Covid-19 on the global economy (including the emergence of more infectious strains) means that values and incomes may change more rapidly and significantly than during normal market conditions. CBRE notes that the Reserve Bank increased the OCR from October 2021 with further rises signalled. Retail interest rates have risen sharply in recent months. Following CBRE's discussions with a wide range of market participants, the sentiment is that record low borrowing is at an end and many expect a possible softening of yields in 2022.

Historical cycles have shown that commercial property yields can soften rapidly in the event of a market downturn. Should economic and property market conditions deteriorate in the future, then the market value of this asset may decline.
This inherent risk factor should be considered in any lending or investment decisions.

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7 INVESTMENT PROPERTIES (Continued)

A capitalisation rate of 6.875% was adopted under the capitalisation (market income) valuation approach to produce a market value of $129,000,000. As part of the valuation assessment, the discounted cashflow investment valuation approach was considered whilst adopting a discount rate of 7.25% to cross check the market income valuation.

In 2021 a capitalisation rate of 7.40% 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 $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 CBRE have used in determining the value of the investment properties are as follows:

1 The valuation is prepared on the basis of sound average efficient management and expertise, which is considered essential to operate the property.
2 There are no side agreements that would have an adverse effect on the market value of the property.
3 CBRE's valuation includes rental growth assumptions throughout a defined cash flow period. These assumptions have been based on prevailing economic and market conditions as at the date of the valuation.
4 All outstanding rent reviews are settled in accordance with CBRE's forecast parameters.
5 Where any lease terms modelled based on deal approval forms, answers to property specific queries or unexecuted lease documentation, CBRE make their valuation on the basis that executed terms do not materially differ.

2021 Year Assumptions:

The assumptions Colliers 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 25.

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7 INVESTMENT PROPERTIES (Continued)

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

Valuation Techniques

Capitalisation 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.
2022	$ 8,956,809	
2021	$ 9,130,027	
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.
2022	6.875%	
2021	7.40% - 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.
2022	7.25%	
2021	9.50%	
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.
2022	7.50%	
2021	8.00%	

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	
		2022	2021
As at 1 March		2,805	-
Additions - Capital Repairs subject to Insurance Claim		456,871	-
Additions - Lift		454,431	2,805
Additions - Seismic Strengthening Works	7	1,537,838	1,965,409
Additions - Other Works	7	-	34,674
		2,451,945	2,002,888
Less			
Impairment of Costs		-	(22,452)
Transfer to Investment Properties	7	(1,537,838)	(1,977,631)
		(1,537,838)	(2,000,083)
As at 28 February		914,107	2,805
Recorded in the Statement of Financial Position as follows:			
Capital Works in Progress		457,236	2,805
Capital Repairs subject to Insurance Claim		456,871	-
		914,107	2,805

ACCOUNTING POLICIES

Fair value measurement on seismic strengthening, lift, and capital repairs works 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, lift, and capital repairs works 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, lift, and capital repairs work costs are identified and recognised at cost until completion of the works.

NOTES

Additions of $1,537,838 include no capitalised interest for the year ending 28 February 2022 (2021: $1,977,631 / $0). The additions of $911,302 not yet transferred to Investment Properties include no capitalised interest for the year ending 28 February 2022 (2021: $2,805 / $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.

Capital Repairs subject to Insurance Claim are initially carried at cost. The value of Capital Repairs subject to Insurance Claim 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. On 12 April 2021, it was confirmed that these repairs would be covered by an insurance claim. The insurance claim was submitted to the insurer on 15 March 2022.

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9 LEASEHOLD ASSET

	Group	
	2022	2021
As at 1 March	99,356	104,435
Additions	-	-
	99,356	104,435
Depreciation	(4,753)	(5,079)
	94,603	99,356

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	
	2022	2021
0 to 1 year	-	-
1 to 2 years	-	67,000,000
2 to 5 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	1/11/2024		3/03/2021	
$750,000 overdraft facility (not yet drawn)	-	1/11/2022			

On 26 October 2021, an overdraft facility for $750,000 with ASB was signed by the Directors. The facility was originally intended to be relinquished in three tranches ($250,000 at 28 February 2022, $250,000 at 31 August 2022 and the final tranche, including cancellation of the facility, at 28 February 2023.
Following a Deed of Amendment and Restatement in relation to the Group's ASB lending being signed in December 2021, the terms of the overdraft facility were amended so that the $750,000 facility would be relinquished in full on 1 November 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*

	2022	2021
The floating interest rate on the term loan of $67,000,000 at reporting date was:	3.56%	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 7.

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10 BORROWINGS (Continued)

The covenants on all borrowings require a loan to value ratio of not more than 55% (2021: 55%) and an interest cover ratio (that is, the ratio of earnings before interest to interest) of not less than 2.0:1 (2021: 2.0:1).
The Group complied with these covenants during the current and prior year.
As at and for the year ended 28 February 2022 the Group had a loan to value ratio of 52.52% (2021: 53.75%), an interest cover ratio of 3.43 (2021:3.49) and registered mortgage security of $67,000,000 (2021: $67,000,000)

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 DERIVATIVE FINANCIAL INSTRUMENTS

	Group	
	2022	2021
Fair value of fixed interest rate swaps with start dates that have commenced	175,271	-
At 28 February	175,271	-

i *Maturities*

The Group had derivative financial instruments in place being fixed interest swaps totalling $13,400,000 (2021: 0)
Interest rate of 2.31%.
The maturity date is 4 November 2024.

The monthly swap charge is calculated as follows; interest at the floating rate is charged on the full amount of the loan, the swap additional charge is then calculated at the fixed rate less the BBR-FRA rate. As at balance date the swap rate, after the necessary calculations, equates to 4.95%.

ii *Unrealised net change in fair value of derivative financial instruments:*

The unrealised net change in fair value of derivative financial instruments was a gain of $175,271. (2021: 0)

12 LEASES

	Group	
Right-of-Use Assets - Land	2022	2021
At 1 March	4,343,256	4,351,427
Amortisation	(120,594)	(120,594)
Effect of modification to lease terms	-	112,423
At 28 February	4,222,662	4,343,256

	Group	
Lease Liabilities - Land	2022	2021
At 1 March	5,130,374	5,070,467
Effect of modification to lease terms	-	112,423
Interest Expense	253,954	256,553
Lease Payments	(309,584)	(309,069)
At 28 February	5,074,744	5,130,374

	Group	
Lease Liabilities Due (Undiscounted)	2022	2021
Up to 3 months	77,396	77,396
Between 3 and 12 months	232,188	232,188
Between 1 and 2 years	309,584	309,584
Between 2 and 5 years	928,752	928,752
More than 5 years	9,871,263	10,180,847
	11,419,183	11,728,767

The lease liabilities due 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 2021 was 4.95% (2021: 4.95%).

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12 LEASES (continued)

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:	2022	2021
Hornby Working Mens' Club	148,824	148,824
S R Halliwell	160,760	160,245
	309,584	309,069

13 RENT RECEIVED

	Group	
	2022	2021
Base Rent	8,954,275	8,720,021
Covid-19 Rent Relief	(228,582)	(471,863)
Lease Surrender Rent	-	198,842
Percentage Rent	326,721	377,373
Casual Leases Rent	204,969	103,812
Car Park - Hornby Working Mens' Club	78,624	78,624
Sign	160,378	143,538
Sundry	128,028	109,539
	9,624,413	9,259,886

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

	2022	2021
Within one year	6,527,621	8,030,666
One year or later and not later than five years	14,279,985	17,786,981
Later than five years	1,444,535	1,370,914
	22,252,141	27,188,561

The weighted average lease duration by rental income is 4.2 years (2021: 3.82 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 20). Contingent rents associated with leases entered into with tenants are recognised in revenue when the factors triggering contingent rents occur.

Covid-19 Rent Relief was accounted for using the Covid-19 Rent Relief Amendment, therefore the leases are treated as variable leases instead of as modifications to the leases.

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14 OTHER EXPENSES

			Group	
			2022	2021
Accounting Fees			131,504	129,308
Administration Expenses			10,975	21,930
Bad Debts Written Off			1,018	186,608
Consultant's Fees			10,797	2,293
Credit Losses Allowance			1,597	(51,791)
Depreciation - Right-of-Use Assets		**12**	120,594	120,594
Electricity			32,528	27,684
Insurance / Rates / Body Corp Fees			24,063	23,126
Lease Incentives - Amortised		**20**	102,382	83,732
Leasing Fees - Amortised		**20**	52,026	42,255
Leasing Fees			-	5,726
Legal Fees			68,705	69,029
Non Deductible Expenses			1,655	-
Repairs			369,713	58,969
Supervisor Fees			10,956	15,481
Travelling Expenses			535	3,125
Valuation Fees			36,920	32,580
Other Operating Expenses			24,081	24,636
			1,000,049	795,285
Throughout the year fees have been paid to Colliers for:				
Administration	*Colliers Intl. Real Estate*	**24**	-	11,000
Leasing Fees	*Mgmt Ltd*	**24**	88,114	56,057
Valuations	*Colliers Intl. Valuation (ChCh) Ltd*		27,780	24,080
			115,894	91,137

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	Group	
	2022	2021
15 TAXATION		
Reconciliation of income tax (expense) / benefit and accounting profit multiplied by statutory tax rate:		
Profit / (Loss) before taxation	**(7,958,712)**	**773,820**
Prima facie income tax calculated at the statutory income tax rate of 28% (2021: 28%)	(2,228,439)	(216,669)
Plus tax effect of		
Unrealised net change in value of investment properties	527,005	(1,315,337)
Impairment of development costs	-	(6,287)
Depreciation	846,159	894,055
Depreciation - Right-of-Use Assets	(33,766)	(33,766)
Expected Credit Losses	(447)	14,501
Incentives and Fit Out Contributions	34,047	34,047
Insurance Proceeds Received but Not Utilised	119,180	-
Interest - Convertible Notes	133,246	231,703
Interest - Lease Liabilities	(71,108)	(71,835)
Leasing Fees - Deductible in Year Incurred	24,672	15,696
Leasing Fees - Amortised	(14,568)	(13,435)
Non Deductible Expenses	(464)	(181)
Operating Leases Payments	86,684	86,539
	(577,799)	(380,969)
Losses brought forward	-	283,479
(Taxation Due) / Losses available to be carried forward	(577,799)	(97,490)
Deferred Taxation (refer Note 16)		
Depreciation Recoverable	(846,159)	(894,055)
Expected Credit Losses	447	(14,501)
Insurance Proceeds Received but Not Utilised	(119,180)	
Lease Incentives Paid	41,727	(57,492)
Lease Liabilities	(15,576)	31,450
Liability Component of Convertible Notes	(133,246)	(231,703)
Losses Utilised	-	(283,479)
Right-of-Use Assets	33,766	2,288
	(1,038,221)	(1,447,492)
Income tax benefit (expense) reported in Profit or Loss	(1,616,020)	(1,544,982)
Tax Paid in Advance		
Provisional Tax Paid	1,703,428	1,799,709
Resident with holding tax paid	943	1,209
	1,704,371	1,800,918
Less Provision for Taxation	(1,423,956)	(97,490)
Total Tax Paid in Advance	280,415	1,703,428

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.

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16 DEFERRED TAXATION

	Deferred Tax Liabilities		Deferred Tax Assets		Net Deferred Tax	
	2022	2021	2022	2021	2022	2021
Group						
Depreciation Recoverable	(8,552,775)	(7,706,616)	-	-	(8,552,775)	(7,706,616)
Expected Credit Losses	-	-	3,590	3,143	3,590	3,143
Insurance Proceeds Received	(119,180)	-	-	-	(119,180)	-
Lease Liabilities	-	-	1,420,929	1,436,505	1,420,929	1,436,505
Lease Incentives Paid	-	-	195,609	153,882	195,609	153,882
Liability Component	-	-	-	133,246	-	133,246
Right-of-Use Assets	(1,182,346)	(1,216,112)	-	-	(1,182,346)	(1,216,112)
	(9,854,301)	(8,922,728)	1,620,128	1,726,776	(8,234,172)	(7,195,951)

Movement in temporary differences during the year	Opening Balance	Recognised in Profit or Loss **(Note 15)**	Recognised in Equity	Closing Balance
Group: 2022 Year				
Depreciation	(7,706,616)	(846,159)	-	(8,552,775)
Expected Credit Losses	3,143	447	-	3,590
Insurance Proceeds Received but Not Utilised	-	(119,180)	-	(119,180)
Lease Liabilities	1,436,505	(15,576)	-	1,420,929
Lease Incentives Paid	153,882	41,727	-	195,609
Liability Component of Convertible Notes	133,246	(133,246)	-	-
Right-of-Use Assets	(1,216,112)	33,766	-	(1,182,346)
	(7,195,952)	(1,038,221)	-	(8,234,172)
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)

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.

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16 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	
	2022	2021
17 IMPUTATION CREDIT ACCOUNT		
Opening Imputation credit balance	2,073	864
Taxation Paid (Income Tax)	-	-
Taxation Paid (RWT deducted)	943	1,209
	3,016	2,073
Less Refunds	-	-
Closing imputation credit balance	**3,016**	**2,073**

		Group	
		2022	2021
18 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents comprise	Interest Rate		
Cash at Bank	0.00%	41,815	52,230
ASB Maintenance Reserve Fund	0.05%	800,281	120,118
ASB Savings Account	0.25%	1,033,364	1,792,440
		1,875,460	1,964,788

All funds held are held in either a chequing or savings account. No funds were held on term deposit at 28 February 2022.

	Group	
19 ACCOUNTS RECEIVABLE	2022	2021
Rentals due	685,937	626,076
Power Commissions & Recoverables Due	21,099	18,359
Other Receivables	6,246	40,046
	713,282	684,481
Provision for Credit Losses	(12,823)	(11,226)
Total	700,459	673,255
Due less than 30 days (current)	700,459	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.

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19 ACCOUNTS RECEIVABLE (continued)

At 28 February 2022 the expected loss provision for trade receivables is as follows:

	2022	2021		Group 2022	Group 2021
Rental debtors totalling:				(63,359)	18,750
Current	0.00%	16.07%		7,079	3,013
30 Days	0.00%	15.30%		5,744	2,869
60 Days	0.00%	5.03%		-	943
90+ Days	0.00%	23.47%		-	4,401
Provision for Credit Losses				12,823	11,226

	Group 2022	Group 2021
Rental Debtors consist of:		
Rentals due	687,651	626,076
Less Net February Rental Funds Due	(396,648)	(289,326)
Less Accrued Percentage Rentals	(354,362)	(318,000)
	(63,359)	18,750

The approach taken to determine the expected credit losses for 2022 has changed due to the skewed outcome arising from a number of debtors in credit than if the same approach as the prior year was taken. The credit loss for this year reflects the total debt owed by the identified at risk tenant - therefore no percentages are displayed above.

In 2021, the expected credit loss rates are based on the Group's current at risk tenants over the debtors total (including OPEX and marketing). These rates were then applied to the rental debtors owing.

20 LEASING COSTS

	Note	Group 2022	Group 2021
Leasing costs consist of the following:			
Leasing Fees			
Opening Balance		159,782	151,707
Incurred during the year		88,113	50,330
Amortised	**14**	(52,026)	(42,255)
Closing Balance		195,869	159,782
Lease Incentives			
Opening Balance		285,652	369,384
Incurred during the year		373,000	-
Amortised	**14**	(102,382)	(83,732)
Closing Balance		556,270	285,652
Total Leasing Costs		752,139	445,434

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.

21 ACCOUNTS PAYABLE

	Group 2022	Group 2021
Accruals and other liabilities in respect of investment properties	87,335	141,529
Other accounts payable, accruals and other liabilities	132,712	64,840
Total	220,047	206,369
Due less than 30 days (current)	220,047	206,369

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22 PROVISION FOR GOC REFUND

	Group	
	2022	2021
Provision for rent refund due to tenants	347,419	328,050
	347,419	328,050

The Provision for GOC (Gross Occupancy Cap) Refund identifies the estimated rent that is to be refunded to tenants. A Gross Occupancy Cap limits a tenants occupancy expense (rent paid) to a percentage (as per the lease agreement) of their turnover. Therefore, if their calculated occupancy expense is less than the rent paid to the Group then they will receive a refund for the overpaid rent.

The Provision for GOC Refund recognised during the year is calculated based on the turnover provided by tenants to Colliers (the Property Manager). However, it is not paid out until certified turnover figures have been provided to the Group.

23 GROUP COMPANIES

As at the 28 February 2022 Shopping Centre Investments Limited held shareholdings in the following subsidiaries:

Subsidiary	Balance Date	Incorporated in NZ	Domiciled	Shareholding 2022	Shareholding 2021
BC Chalmers Investments Ltd	28/02/2022	23/08/2005	New Zealand	100.00%	100.00%
Hornby Enterprises Ltd	28/02/2022	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.

B C 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.

24 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 2022 were:

Director	Entity		Directors Fees Paid 2022	Directors Fees Paid 2021
Michael Keyse	Shopping Centre Investments Limited	A: 19/08/2013	76,250	75,000
Sarah Ott	Shopping Centre Investments Limited	A: 30/03/2021	36,625	-
Tom Pryde	Shopping Centre Investments Limited	R: 27/07/2021	14,579	35,000
David Rankin	Shopping Centre Investments Limited	A: 15/07/2014	39,250	36,500
Tony Sewell	Shopping Centre Investments Limited	A: 26/07/2016	38,875	36,500
(Key: A = Appointed and R = Retired)			205,579	183,000

Michael Keyse, in addition to his Director role, also carries out further duties as there is no appointment of a determined CEO. The fee paid to him takes into account these additional demands.

Directors Fees totalling $3,000 were payable at 28 February 2022 (2021: $0)

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24 RELATED PARTY DISCLOSURES (continued)

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, was also a consultant to Nexia Christchurch Limited Chartered Accountants until 31 December 2017, with whom the Company and Group has transacted with during the year. Nexia Christchurch Limited prepare the Company's annual financial statements, and monthly reports for the Board.

Michael Keyse and his associated entities has a 33.3% (2021: 33.3%) interest in MacGibbons Investments Limited. Other shareholders of MacGibbons Investments Limited are former consultants of Nexia Christchurch Limited, providers of accounting and financial administration services to Shopping Centre Investments Limited.

MacGibbons Investments Limited holds 1,665,914 shares in Shopping Centre Investments Limited (2.42%) as at 28th February 2022 (2021: Held 1,665,914 shares or 3.02%).

Michael Keyse also holds 110,910 shares of Shopping Centre Investments Limited (0.16%) in his own name (2021: 10,910 shares)

Michael Keyse held 100,000 notes which were converted to shares on 11 September 2021.
(2021: Held 100,000 Convertible Notes).

Steve Benton, a shareholder, was previously a Director of Rede Advisers. During the year, Rede Advisers were paid $10,615 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.
(2021: $10,000 paid for administration fees)

Steve Benton has a beneficial interest the Benton Family Trust which held 432,985 shares and 160,843 Convertible Notes during the year. The shares and notes were transferred to the Styche Benton Family Trust which Steve also has beneficial interest in. The Trust's notes were converted to shares on the 11 September 2021. Shares held at 28 February 2022 was 593,828. (2021: Held 432,985 shares and 160,843 Convertible Notes).

Tom Pryde, a previous 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 940,000, 1,137,300 and 0 shares respectively as at 28 February 2022.
(2021: Held 751,053, 1,037,300 and 420,466 shares respectively).
G8 Limited and Motatapu Corporate Trustee Limited also held 188,947 and 100,000 in Convertible Notes respectively during the year that were converted to shares on 11 September 2021.
(2021: 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 608,000 shares as at 28 February 2021. David Rankin is also a director of Livingstone First Realty Limited and Livingstone Realty Limited which holds 50,000 and 0 shares respectively at 28 February 2022. Livingstone First Realty Limited provided services as part of the Convertible Notes raising in 2017.
(2021: D H Rankin Childrens Trust held 437,491 shares and 170,509 Convertible Notes.)
(2021: Livingstone First Realty Limited held 30,000 Convertible Notes.)
(2021: Livingstone Realty Limited held 20,000 Convertible Notes.)

David Rankin is also a Trustee of the Rotary Club of Cashmere Charitable Trust which held 10,000 shares at 28 February 2022.
(2021: Held 10,000 Convertible Notes which converted to shares on 11 September 2021.)

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24 RELATED PARTY DISCLOSURES (continued)

Tony Sewell, a director of Shopping Centre Investments Limited, has a beneficial interest in the Fermanagh Trust which holds 84,000 shares as at 28 February 2022 (2021: Held 76,000 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 247,960 shares and as at 28 February 2022 (2021: 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 86,786 shares as at 28 February 2022 (2021: 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 97,003 shares as at 28 February 2022 (2021: 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 2022 (2021: Held 20,000 shares).

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

	Group	
	2022	2021
Accounting, secretarial and administrative support:		
Colliers Intl. Real Estate Mgmt Ltd	88,114	67,057
Cruickshank Pryde	2,060	920
Nexia Christchurch Limited	131,503	129,308
Rede Advisers	10,615	10,000
Total value of transactions with related parties	**232,292**	**207,285**

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

	2022		2021	
	Trade receivable	Trade payable	Trade receivable	Trade payable
Colliers Intl. Real Estate Mgmt Ltd	-	35,127	-	-
Nexia Christchurch Limited	-	18,683	-	10,323
Total	-	**53,810**	**-**	**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	
	2022	2021	2022	2021	2022	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.

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25 CAPITAL COMMITMENTS

2022 Year:
As at 28 February 2022, the Group has capital commitments totalling $984,418 (of total cost of $1,441,289) to complete the installation of a new passenger lift. These works are expected to be completed by September 2022.

2021 Year:
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.
(2022 update: these works were completed in February 2022.)

At 28 February 2021, the Group had capital commitments totalling $950,000 to install a new passenger lift.
These works are expected to be completed by October 2021.
(2022 update is listed above under "2022 Year".)

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

At 28 February 2021, the Group had 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. (2022 update: these works were completed in February 2022.)

The subsidiaries have no capital commitments relating to any matters.

26 CONTINGENT LIABILITIES

As at 28 February 2022 the Group had no contingent liabilities (2021: nil)

27 SUBSEQUENT EVENTS

2022 Year:
On 2 March 2022, the Board passed a resolution approving a gross dividend of 1.375 cents per share to be paid 25 March 2022. The gross dividend paid was $947,474

On 15 March 2022, the insurance claim of $462,955 plus GST was submitted to the insurer to recover the costs of repairing the cracking in the hollowcore flooring. The claim has not yet been paid out.

On 4 April 2022, Computershare took over management of the Parent's share register from Nexia New Zealand.

One lease incentive totalling $100,000 plus GST, which was agreed to prior to the end of the financial year, has been paid in April 2022.

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27 SUBSEQUENT EVENTS (continued)

2021 Year:

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.
(2022 update: The total estimated cost is $1,441,289 with works expected to be completed in September 2022.)

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.
(2022 update: these works were completed by February 2022. The insurance claim for $462,955 plus GST was submitted on 15 March 2022.)

BDO Christchurch

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

	Group	
	2022	2021
Net Income	**6,342,692**	**(771,161)**
Non cash and non operating items		
Unrealised net change in value of investment property	(1,882,161)	4,697,631
Unrealised net change in value of derivative financial instruments	(175,271)	-
Impairment of Project Costs	-	22,452
Bad Debts	1,018	186,608
Depreciation	125,347	125,673
GST on Asset Sales and Purchases	-	(2,039)
Interest on Lease Liabilities	253,953	256,553
Tax Expense	577,799	97,490
Deferred tax	1,038,221	1,447,491
	(61,094)	6,831,859
Cash flow from operations before working capital changes	6,281,598	6,060,698
Movements in Working Capital		
Increase / (Decrease) in Accounts Payable	60,285	(51,470)
Increase / (Decrease) in Interest Accrued (Loans)	36,232	(53,390)
Increase / (Decrease) in Bonds	-	60,747
Increase / (Decrease) in Credit Losses Allowance	1,597	(51,790)
Increase / (Decrease) in GST Payable	55,656	(64,221)
(Increase) / Decrease in Interest Accrued	(850)	234
(Increase) / Decrease in Leasing Fees	(36,087)	(8,075)
(Increase) / Decrease in Lease Incentives	(270,618)	83,732
Increase / (Decrease) in Provision for GOC Refund	19,369	(156,096)
(Increase) / Decrease in Accounts Receivable	(42,443)	(73,785)
(Increase) / Decrease in Prepayments	238	7,175
(Increase) / Decrease Future Tax Benefits	(943)	(1,209)
	(177,564)	(308,148)
Net Cash Flows from Operating Activities	**6,104,034**	**5,752,550**

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28 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	
2022	2021	Cash Flows	Reclassification Between Short and Long Term	2022
Long-term borrowings				
Lease Liabilities	5,074,743	(253,953)	195,569	5,016,359
Term Loans - ASB	67,000,000	-	-	67,000,000
	72,074,743	(253,953)	195,569	72,016,359
Short-term borrowings				
Liability Component of Convertible Notes	475,877	(475,877)	-	-
Lease Liabilities	55,631	(55,631)	58,385	58,385
	531,508	(531,508)	58,385	58,385
	72,606,251	(785,461)	253,954	72,074,744

2021	2020	Cash Flows	Reclassification Between Short and Long Term	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

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29 FINANCIAL INSTRUMENTS - BY CATEGORY

The Group has the following Financial Instruments:

2022 Year

	Group				
	Assets at amortised cost	Liabilities at amortised cost		Assets at fair value through Profit or Loss	Total carrying amount
Financial Assets					
Cash and cash equivalents	1,875,460	-		-	1,875,460
Colliers Trust Account	92,611	-		-	92,611
Accounts Receivable	700,459	-		-	700,459
Derivative Financial Instruments	-	-		175,271	175,271
Total as at 28 February 2022	2,668,530	-		175,271	2,843,801

	Group				
	Assets at amortised cost	Liabilities at amortised cost		Assets at fair value through Profit or Loss	Total carrying amount
Financial Liabilities					
Accounts payable,accruals & other liabilities		220,047		-	220,047
ASB Loan		67,000,000		-	67,000,000
Total as at 28 February 2022		67,220,047		-	67,220,047

2021 Year

	Group				
	Assets at amortised cost	Liabilities at amortised cost		Assets at fair value through Profit or Loss	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		Assets at fair value through Profit or Loss	Total carrying amount
Financial Liabilities					
Accounts payable,accruals & 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

ACCOUNTING POLICIES

The following items in the Consolidated Statement of Financial Position are classified as financial instruments: cash cash equivalents, Colliers Trust Account, accounts receivable, derivative financial instruments, accounts payable and the ASB loan. All financial instruments are recorded at amortised cost with the exception of derivative financial instruments, which are recorded at fair value through profit or loss.

ASB Loan

The ASB Loan is a financial instrument that is recorded at amortised cost.
However, due to worsening credit spreads the fair value of the ASB Loan at 28 February 2022 has been calculated using the Fair Value Hierarchy Level 2 with discount rates of 3.56% to 4.31%.

The fair value of the ASB Loan at 28 February 2022 is $64,913,153 (2021: $67,000,000)
Due to stable credit spreads at 28 February 2021, it was deemed that the at amortised cost value represented the fair value.

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30 CAPITAL MANAGEMENT POLICIES (continued)

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.

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 2022, the Group's strategy was to maintain a loan to value ratio of no more than 55%.

The covenants on all borrowings require a loan to value ratio of not more than 55% (2021: 55%) and an interest cover ratio (that is, the ratio of earnings before interest to interest) of not less than 2.00:1 (2021: 2.00:1).
The Group complied with these covenants during the current and prior year.

As at and for the year ended 28 February 2022, the Group had a loan to value ratio of 52.52% (2021: 53.75%).
The Group had an interest cover ratio of 3.43 (2021: 3.49) and registered mortgage securities of $67,000,000.
As at 28 February 2022 the funds drawn totalled $67,000,000 (2020: $67,000,000)

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.

31 Dividend Payout Ratio

	Group	
	2022	2021
Cash Flows from Operations	**5,678,390**	**5,752,550**
Less amount retained	2,663,697	3,409,703
Cash Dividend	**3,014,693**	**2,342,847**
Payout Ratio	53%	41%
Cash Dividend (cents per share)	0.0438	0.0425

	2022			2021		
Dividends paid as follows	Date	Rate (cps)	Gross	Date	Rate (cps)	Gross
	26/03/2021	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
	10/09/2021	0.01250	689,072	9/10/2020	0.01125	620,165
	15/12/2021	0.01375	947,475	11/12/2020	0.01125	620,165
			3,014,693			**2,342,847**

BDO Christchurch

32 Covid-19 Global Pandemic

2022 Year:

On 17 August 2021, New Zealand moved to Alert Level 4 with all of New Zealand then moving to Alert Level 2 on 31 August 2021 and to Level 2 on 7 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.

The move in Alert Levels 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 month of September 2021. Further assistance was considered on a case by case basis. The rent abatements were $228,582 plus GST for the reporting year.

Since moving into the Red traffic light on 24 January 2022, tenants have been able to continue to trade with restrictions around social distancing. From February 2022, Covid-19 began spreading throughout Canterbury.
No rental relief has been provided to the tenants as a result of moving to Red or due to reduced ability to trade due to staff shortages through illness or isolating.

2021 Year:

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.

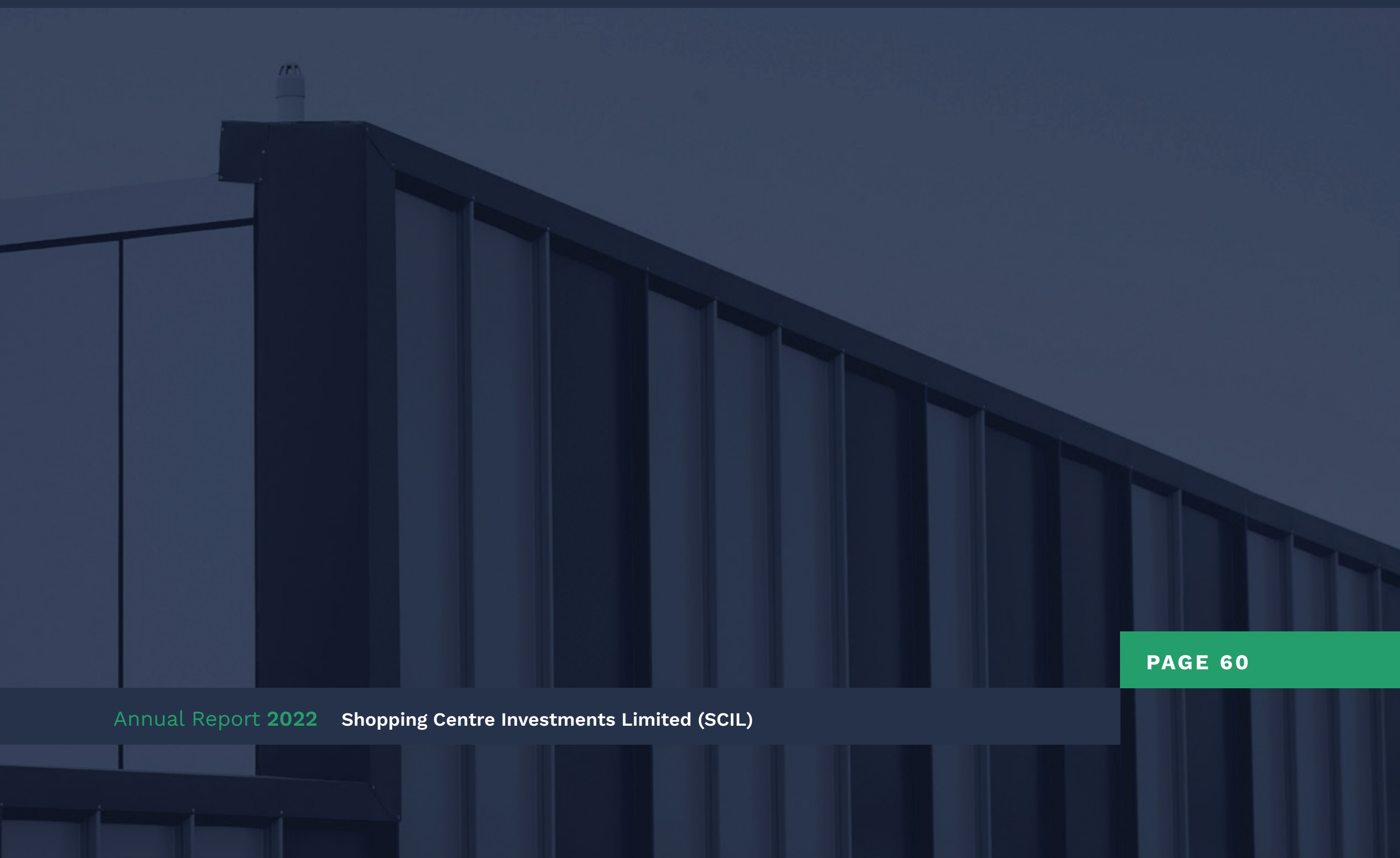
New Zealand moved from Alert Level 4 to Alert Level 3 on 28 April 2020, to Alert Level 2 on 14 May 2020 and to Alert Level 1 on 9 June 2020. Alert levels were increased to Level 3 in Auckland and Level 2 across the rest of New Zealand on 12 August 2020 following new cases of community transmission of 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.

BDO Christchurch

SUMMARY OF FINANCIAL RESULTS FOR THE FIVE YEAR PERIOD 2018 TO 2022

Five Year
Financial Summary



Summary Of Financial Results For The Five Year Period 2018 To 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2018	2019	2020	2021	2022
Rent Received	7,906,655	8,522,543	9,384,254	9,259,886	9,624,413
Insurance Recoveries	113,528	-	-	-	425,644
Interest Received	26,504	1,105	8,410	(3,412)	8,952
Sundry Income	162,332	156,520	182,279	160,844	162,247
	8,209,019	8,680,168	9,574,943	9,417,318	10,221,256
DIRECT EXPENSES					
Management Contributions	67,111	67,754	70,467	53,107	89,288
Operating Contributions	700,335	684,382	628,059	497,834	587,492
	767,446	752,136	698,526	550,941	676,780
Gross Profit	**7,441,573**	**7,928,032**	**8,876,417**	**8,866,377**	**9,544,476**
OVERHEAD EXPENSES					
Audit Fees	27,489	41,500	40,651	32,800	40,500
Directors Fees	172,500	183,000	183,000	183,000	205,579
Interest	3,439,620	2,898,193	2,653,021	1,946,299	2,074,136
Interest Expense on Conv Notes	-	255,025	185,394	102,737	21,105
Interest Expense on Lease Liabilities	-	-	253,460	256,553	253,953
Other Operating Expenses	809,395	794,642	656,287	851,085	1,047,923
	4,449,004	4,172,360	3,971,813	3,372,474	3,643,196
Net Operating Income	**2,992,569**	**3,755,672**	**4,904,604**	**5,493,903**	**5,901,280**
Unrealised net change investment properties	(7,881)	(6,197,851)	(3,451,413)	(4,697,631)	1,882,161
Derivative Financial Instruments	-	-	-	-	175,271
Impairment Development Costs	-	-	-	(22,452)	-
Unrealised Fair Value Derivatives	80,478	-	-	-	-
	3,065,166	(2,442,179)	1,453,191	773,820	7,958,712
Deferred Tax	54,661	(836,106)	(1,177,678)	(1,544,981)	(1,616,020)
Net Income	**3,119,827**	**(3,278,285)**	**275,513**	**(771,161)**	**6,342,692**
Equity Opening	53,749,795	65,733,864	59,837,103	57,256,794	54,142,786
Effect of Adoption NZIFRS16	-	-	(650,792)	-	-
Convertible Notes	10,518,011	-	-	-	-
Net Income	3,119,827	(3,278,285)	275,513	(771,161)	6,342,692
Distributions	(1,653,769)	(2,618,476)	(2,205,031)	(2,342,847)	(3,014,693)
Equity Closing	**65,733,864**	**59,837,103**	**57,256,793**	**54,142,786**	**57,470,785**

Summary Of Financial Results For The Five Year Period 2018 To 2022 CONTINUED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2018	2019	2020	2021	2022
SHAREHOLDER EQUITY					
Share Capital	62,856,275	62,856,275	62,856,275	62,856,275	73,374,286
Convertible Notes	10,518,011	10,518,011	10,518,011	10,518,011	-
Accumulated Losses	(7,640,422)	(13,537,183)	(16,117,492)	(13,984,326)	(12,538,489)
Accumulated Losses Attribution Reserve	-	-	-	(5,247,174)	(3,365,012)
	65,733,864	59,837,103	57,256,794	54,142,786	57,470,785
CURRENT LIABILITIES					
Accounts Payable	617,831	1,243,639	325,323	434,704	532,536
Interest Accrued	186,559	194,231	187,063	133,673	169,905
Liability Component of Convertible Notes	675,222	747,403	827,510	475,877	-
GST Payable	163,909	81,389	184,862	120,640	170,258
Provision for Deferred Maintenance	12,449	12,449	12,449	12,449	12,449
Provision for GOC Cap refunds	186,206	378,470	484,145	328,050	347,419
Term Loan Current Portion	2,350,212	-	-	-	-
	4,192,388	2,657,581	2,021,352	1,505,393	1,232,567
TERM LIABILITIES					
Term Loan	62,980,000	66,025,000	67,525,000	67,000,000	67,000,000
Lease Liabilities	-	-	5,018,055	5,074,743	5,016,359
Liability Component of Convertible Notes	2,050,790	1,303,387	475,877	-	-
Deferred Tax Liability	3,734,676	4,570,782	5,748,460	7,195,951	8,234,172
	68,765,466	71,899,169	78,767,392	79,270,694	80,250,531
Total Equity and Liabilities	**138,691,718**	**134,393,853**	**138,045,538**	**134,918,873**	**138,953,883**
CURRENT ASSETS					
Cash and Cash Equivalents	1,217,520	838,859	2,186,190	2,071,338	1,968,071
Accounts Receivable	904,855	536,851	782,685	673,255	700,459
Derivative Financial Instrument	-	-	-	-	175,271
Tax Paid in Advance	1,803,623	1,800,589	1,799,709	-	-
	3,925,998	3,176,299	4,768,584	2,744,593	2,843,801
NON CURRENT ASSETS					
Investment Properties	134,650,000	130,600,000	128,300,000	125,580,000	129,000,000
Capital Works in Progress	-	-	-	2,805	457,236
Capital Repairs subject Insurance Claim	-	-	-	-	456,871
Leasehold Asset	115,720	109,877	104,435	99,356	94,602
Leasing Costs	-	507,677	521,091	445,434	752,139
Right of Use of Assets	-	-	4,351,428	4,343,257	4,222,662
Tax Paid in Advance	-	-	-	1,703,428	1,126,572
Total Assets	**138,691,718**	**134,393,853**	**138,045,538**	**134,918,873**	**138,953,883**

Additional Information

Corporate Governance

The governance policies, practices and processes are defined within the Statement of Board Governance and Board Charter.

The Statement of Board Governance comprises 8 principles based on the contents of publications by the Institute of Directors, the handbook for Directors published by the FMA (Financial Marketing Authority) and though not a member of the NZX Exchange the "NZX Corporate Governance Code has been referred to.

These principles are detailed within the Company website, the headings of which are:
1. Code of Ethical Behaviour
2. Board Composition and Performance
3. Board Committees
4. Reporting and Disclosure
5. Remuneration
6. Risk Management
7. Auditors
8. Shareholder Rights and Relations

The Board Charter

The role of the Charter is to define the Company's direction and to set operational goals.

The goals of the company are:

1. To provide a Mall of Regional stature with at least two anchor tenants in place.
2. To put in place a suitable divergence and quality of tenants to attract maximum rental returns and provide an interesting and eclectic range of products and services to attract shoppers at maximum levels. With such goals it would be anticipated that the Company would maximise its income producing potential and that returns satisfactory to the stakeholders would be achieved.
3. To maximise the asset value of the investment, aim for a diversification of asset holdings and to improve the liquidity of the shareholder investment.
4. To identify that the entity has responsibilities to its community base, to promote an environment of well-being and sustainability.

Board of Directors

MICHAEL KEYSE
Board Chair

Michael is a Fellow of, Chartered Accountants Australia New Zealand, and previously a Senior Partner of Hilson Fagerlund Keyse, Chartered Accountants, Christchurch. Michael, before retiring from public practice, was an advisor to a diverse range of clients and was instrumental in establishing a number of successful property syndications.

His experience in Public Practice has allowed him to forge positive relationships with other professional advisors including bankers, valuers, lawyers, project managers, property management professionals, architects, structural engineers, and financial advisors.

Michael has acted as an accountant for a public company and is experienced in prospectus construction and audit. He has overseen various trusteeships and executive positions for several charitable bodies, the largest of which bestowed upon him a life membership in recognition of his professional stewardship. Michael holds Directorships in a varied number of private companies.

SARAH OTT
Independent Board Member

Sarah joined the board of SCIL in March 2021 and is an experienced Chartered Accountant with a broad commercial background having held a range of public practice roles, both commercial and corporate. Sarah has significant experience in the governance of investment entities, including a directorship of a property syndicate manager for ten years, seeing it through the cycle of acquisition, development and sale. She also chairs the board of a significant family investment company and is a trustee and advisor to a number of family investment entities.

Having worked in financial, operational and investment management, Sarah has significant experience in governance and management of property based investments.

Sarah is currently the independent Chair of Halland Investments Limited, and has previously been the Director of Ocean Partners Property Management and an Executive Director at Ernst Young.

DAVID RANKIN
Board Member

Appointed Director July 2014. David is a Director of Livingstone Realty Limited having formerly been Principal Officer and Director of H G Livingstone Ltd when it was managing 27 Shopping Centres throughout New Zealand. With over 30 years of experience in the real estate industry, he is a Life Member and former Director of The Real Estate Institute of New Zealand, Chartered Member of the Institute of Directors, is qualified in valuation and has been a Registered Valuer.

David is a Director and former Chairman of Addington Raceway Ltd, is Chairman of NZ Metropolitan Properties Ltd and was Chairman of a Co-operative Company for several years.

Due to his senior position and experience David has project managed and sat on the development boards for commercial developments which included overseeing construction contracts, leasing and rent reviews

TONY SEWELL
Board Member

Tony joined the Board in 2016. He is a member of the Institute of Directors, a Fellow of the Institute of Management New Zealand, and Property Institute of New Zealand, as well as a member of the Property Council of New Zealand.

Tony brings to the Board a wide-ranging depth of commercial experience and knowledge and is well known in the Christchurch and New Zealand business environments. His comment and advice are sought after by a large number of diverse entities.

He is the current Managing Director of Tony Sewell Limited, a consultancy business specialising in advising clients in the Property and Construction sector. Prior to that Tony was Chief Executive of Ngai Tahu Property Limited.

Currently Chair of Generation Homes, a Director of Tama Asset Holding Company and a Director of three companies in the Hapai Group of Companies, Tony is also the Trustee of several other New Zealand based entities.

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DIRECTORS

Chair: **Michael Keyse**
Independent Director: **Sarah Ott**
Non-Executive Directors: **David Rankin, Tony Sewell**

SCIL

Shopping Centre Investments Ltd

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