SCIL

Shopping Centre Investments Ltd

22 September 2023

Dear Shareholder,

This is my report for the quarter ended 30 September 2023 which is the first report since the Annual General meeting held on the 24 July 2023.

The Board continues to closely monitor the trading results of its tenants and for the period to the end of August the overall trading patterns remain positive despite economic reports to the contrary. Both anchors are enjoying more than satisfactory percentage growth increases.

The replacement program of refurbishing the original travelators has progressed and this will be completed late in the next financial year. The commissioning of the new lift within the Pak N Save area has proved a helpful and positive supplementary alternative whilst these refits are carried out and in future years this will lessen the degree of travelator wear.
The Board continues to explore alternatives to upgrade the secondary entrance next to the Bank precinct. The space previously occupied by the specific COVID clinic is now empty due to that program reaching completion and Colliers have been instructed to identify, with innovative plans, as to how that area can be utilized.

There are a number of tenancies that will reach maturity over the next six months, and this will be a period of renegotiation and resolution. With the advent of Spring and the new residential developments coming on stream, the continuing innovative programs advanced by Jason Marsden and his team, the Centre is in good heart.

There are a number of new fit outs taking place and permanent ram raiding deterrents will be installed prior to the Christmas lead up. The present large concrete blocks are a temporary measure only.

The position identified at the AGM has consolidated, an improvement in the financial results is dependent on the interest rates stabilizing and reducing. It is with some relief that the latest regular floating rate announcement by our Bankers identified a very small decrease of .015%. An insignificant figure but the first decrease for a considerable number of months! We hold our breath, as does the Country, that this signals an end to these unsustainable announcements. The National forecast for the commencement of some interest rate relief has now been extended to the 2025 year.

Due to the above timespan the Board has thought it prudent to ensure that our cash balances should be maintained at a more conservative level and to that end the next quarterly dividend has been reduced to an annual gross rate of 2.5% payable on the 30 September 2023. [previous rate 3.25%]

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It must be stressed that the forecasts and projections, and the requirements of our Bankers, have not changed since the last AGM date. The Board was cognizant that there was a shareholder expectation that the pattern of quarterly dividend announcements should continue even if these were subject to some downward adjustment. The Board's policy is to revert to the previous rates obtained as soon as conditions permit, it regrets the immediate action but anticipates that shareholders will recognize it is acting in a financially prudent manner.

The dividend rate will be reassessed just prior to the immediate Christmas announcement, this being the next quarterly advice. It is anticipated that a distribution will be made but subject to the usual qualifications of solvency and covenant demands.

I hope, with the onset of Summer and with some clarity around the political environment, that the next quarter will maintain and indeed improve upon the present positive trading patterns, that interest rates will stabilize and that the forecasted rate reductions will remain identifiable.

Best wishes

M J Keyse

Michael Keyse
Chairman
Shopping Centre Investments Limited

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