

SHOPPING CENTRE INVESTMENTS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 AUGUST 2024

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SHOPPING CENTRE INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 AUGUST 2024

		Group	
		Unaudited 6 Months 31 Aug 2024	Unaudited 6 Months 31 Aug 2023
Notes		\$	\$
Operating Income			
	Rent Received	4,786,561	4,462,368
		<u>4,786,561</u>	<u>4,462,368</u>
Other Income			
	Insurance Proceeds Received	52,559	-
	Interest Received/(Refunded) on Assets Amortised at Cost	20,255	17,246
	Power Commissions & Recoveries	96,118	90,345
		<u>168,932</u>	<u>107,591</u>
Less Overhead Expenses			
	Management Contributions	49,451	42,818
	Operating Contributions	325,440	331,586
	Power Supplies	25,526	21,511
	Audit Fees (BDO Christchurch - Statutory Audit)	41,800	44,825
	Directors Fees	110,000	100,000
	Interest Expense on Lease Liabilities	137,075	130,391
	Interest Expense on Liabilities at Amortised Cost	2,395,774	2,475,801
	Other Operating Expenses	609,806	791,189
		<u>3,694,872</u>	<u>3,938,121</u>
	Operating Profit / (Loss)	1,260,621	631,838
Non Operating Income and Expenses			
	Net change in the value of the Derivative Financial Instruments	(551,364)	(145,016)
		<u>(551,364)</u>	<u>(145,016)</u>
	Profit / (Loss) before Income Tax	709,257	486,822
Income Tax Benefit / (Expense)			
	Income Tax	(223,345)	(141,592)
		<u>(223,345)</u>	<u>(141,592)</u>
	Profit / (Loss) Attributable to Shareholders	485,912	345,230
	Other Comprehensive Income	-	-
	Total Comprehensive Income attributable to Shareholders	485,912	345,230

The accompanying Notes form part of these Financial Statements.

SHOPPING CENTRE INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 AUGUST 2024

31ST AUGUST 2023

Notes	Group			
	Share Capital	Accumulated Losses	Accumulated Losses Attribution Reserve	Total
	\$	\$	\$	\$
Balance at 28 February 2023	73,374,286	(12,396,922)	(13,165,971)	47,811,393
Total Comprehensive Income for the Year				
Profit / (Loss) for the Year	-	345,230	-	345,230
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income for the Year	-	345,230	-	345,230
Transactions with Owners recorded directly in Equity				
Dividends to Shareholders	-	(1,119,743)	-	(1,119,743)
Balance at 31 August 2023	73,374,286	(13,171,435)	(13,165,971)	47,036,880

31ST AUGUST 2024

Notes	Group			
	Share Capital	Accumulated Losses	Accumulated Losses Attribution Reserve	Total
	\$	\$	\$	\$
Balance at 29 February 2024	73,374,286	(12,774,530)	(8,662,279)	51,937,477
Total Comprehensive Income for the Year				
Profit / (Loss) for the Year	-	485,912	-	485,912
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income for the Year	-	485,912	-	485,912
Transactions with Owners recorded directly in Equity				
Dividends to Shareholders	-	(861,341)	-	(861,341)
Balance at 31 August 2024	73,374,286	(13,149,959)	(8,662,279)	51,562,048

	Group	
	31 Aug 2024	31 Aug 2023
Dividends for the period (cents per share)	0.0125	0.0163
Dividend	861,341	1,119,743
Shares dividends paid on	68,907,243	68,907,243

The accompanying Notes form part of these Financial Statements.

SHOPPING CENTRE INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT THE 31ST AUGUST 2024

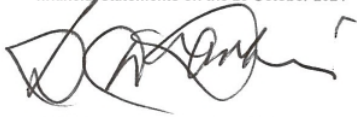
		Group	
		Unaudited 6 Months 31 Aug 2024	Audited Year Ended 29 Feb 24
Notes		\$	\$
Current Assets			
	Cash and Cash Equivalents	1,983,568	1,316,318
	Colliers Trust Account	306,347	129,189
12	Accounts & Other Receivables	593,373	1,304,136
7	Derivative Financial Instrument	-	400,623
	Total Current Assets	2,883,288	3,150,266
Non Current Assets			
4	Investment Properties	126,020,306	126,000,000
	Leasehold Asset	83,984	85,956
	Leasing Costs	495,336	579,829
8	Right-of-Use Assets	4,489,932	4,223,904
11	Tax Paid in Advance	475,996	487,277
	Total Non Current Assets	131,565,554	131,376,966
	Total Assets	134,448,842	134,527,232

The accompanying Notes form part of these Financial Statements.

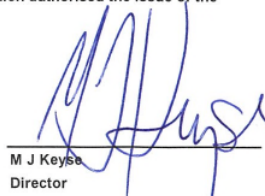
SHOPPING CENTRE INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT THE 31ST AUGUST 2024

	Group	
	Unaudited 6 Months 31 Aug 2024	Audited Year Ended 29 Feb 2024
	\$	\$
Notes		
Shareholders' Equity		
Share Capital	73,374,286	73,374,286
Accumulated Losses	(13,149,959)	(12,774,530)
Accumulated Losses Attribution Reserve	(8,662,279)	(8,662,279)
Total Shareholders' Equity	51,562,048	51,937,477
Current Liabilities		
Accounts Payable	285,605	271,231
Interest Accrued	377,136	372,394
Bonds Prepaid	287,266	173,623
Income Received in Advance	540,891	158,406
Lease Liabilities	8 33,792	65,390
GST Payable	131,349	200,722
Provision for Deferred Maintenance	-	12,449
Provision for GOC Refund	241,606	660,261
Deficit Funds Received	126,991	143,944
Derivative Financial Instrument	7 150,741	-
Term Loans - ASB Bank	6 375,000	750,000
Total Current Liabilities	2,550,377	2,808,420
Term Liabilities		
Term Loans - ASB Bank	6 65,312,500	65,312,500
Lease Liabilities	8 5,472,357	5,140,620
Deferred Tax Liability	9,551,560	9,328,215
Total Term Liabilities	80,336,417	79,781,335
Total Equity and Liabilities	134,448,842	134,527,232

Signed for and on behalf of the Board of Directors which authorised the issue of the financial statements on the 29 October 2024



D H Rankin
Director



M J Keyse
Director

The accompanying Notes form part of these Financial Statements.

SHOPPING CENTRE INVESTMENTS LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 31 AUGUST 2024

	Notes	Group	
		Unaudited	Unaudited
		6 Months 31 Aug 2024	6 Months 31 Aug 2023
		\$	\$
Cash flows from operating activities			
<i>Cash was provided from:</i>			
Rentals Received		5,538,219	5,090,438
Interest Received/(Refunded)		20,255	19,800
Power Commissions & Recoveries		96,118	85,284
Income Tax Refund		18,467	-
Net GST Inflows		-	13,839
		5,673,059	5,209,361
<i>Cash was disbursed to:</i>			
Payments for Services		(808,602)	(849,309)
Payments for Direct Expenses		(422,721)	(419,175)
Interest Paid		(2,116,881)	(2,396,794)
Income Tax Paid		(7,185)	(5,003)
Net GST Outflows		(82,906)	-
		(3,438,295)	(3,670,281)
Net Cash Flows from operating activities	18	2,234,764	1,539,080
Cash flows from investing activities			
<i>Cash was provided from:</i>			
Insurance Proceeds		52,559	-
		52,559	-
<i>Cash was disbursed to:</i>			
Investment Properties		(37,259)	(119,029)
Transfer to Colliers Trust Account		(177,158)	(54,852)
		(214,417)	(173,881)
Net Cash Flows from investing activities		(161,858)	(173,881)
Cash flows from financing activities			
<i>Cash was disbursed to:</i>			
Dividends Paid		(861,341)	(1,119,743)
Lease Liabilities - Interest	18	(137,075)	(130,391)
Lease Liabilities - Principal	18	(32,240)	(31,153)
Loan - ASB	18	(375,000)	(375,000)
		(1,405,656)	(1,656,287)
Net Cash Flows from financing activities		(1,405,656)	(1,656,287)
Net Increase (Decrease) in cash & cash equivalents held		667,250	(291,088)
Cash & cash equivalents at beginning of the period		1,316,318	1,538,696
Cash & cash equivalents at end of the period		1,983,568	1,247,609

The accompanying Notes form part of these Financial Statements.

1 REPORTING ENTITY

The financial statements as at and for the six months ended 31 August 2024 are those for Shopping Centre Investments Limited (the Company) and its controlled entities (the Group), B C Chalmers Investments Limited and Hornby Enterprises Limited.

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

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

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

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

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

2 ACCOUNTING POLICIES

The accounting policies and methods of computation used in the preparation of these interim financial statements are consistent with those used in the 2024 annual financial statements.

A BASIS OF PREPARATION

Statement of Compliance

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

Preparation of Financial Statements

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

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

New standards and amendments to existing standards effective after 1 March 2024

There were no new standards or amendments to existing standards that came into effect from 1 March 2024 that had a material impact on the Group.

3 MATERIAL 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 material judgements, estimates and assumptions made in the preparation of these financial statements are detailed in the following notes:

- Investment Properties (refer Note 4)
- Deferred Taxation

		Group	
		Unaudited	Audited
		31 Aug 2024	29 Feb 2024
4 INVESTMENT PROPERTIES			
As at beginning of period		126,000,000	121,280,000
Additions - Lift	5	-	8,735
Additions - Other Capital Items	5	20,306	207,573
		<u>126,020,306</u>	<u>121,496,308</u>
Fair Value Adjustment		-	4,503,692
As at end of period		126,020,306	126,000,000
These totals comprise			
Main Complex known as the Hornby Hub		126,020,306	126,000,000
		<u>126,020,306</u>	<u>126,000,000</u>

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

ACCOUNTING POLICIES

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

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

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

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

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

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

MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

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

4 INVESTMENT PROPERTIES (Continued)

NOTES

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

Valuation

The properties have not been revalued for the interim accounts for the six months ended 31 August 2024, as the Directors' have adopted the valuation completed as at 29 February 2024 by Kane Sweetman and Jacqueline Frost of the firm CVAS (NZ) Limited trading as Colliers, plus the cost of assets acquired to date. This represents the Directors' best estimate of fair value at 31 August 2024.

The valuation methodology, inputs and assumptions are the same as those disclosed in the annual financial statements for the year ended 29 February 2024.

5 CAPITAL WORKS IN PROGRESS & SEISMIC STRENGTHENING WORK

		Group	
		Unaudited	Audited
		31 Aug 2024	29 Feb 2024
As at beginning of period		-	-
Additions - Lift	4	-	8,775
Additions - Other Works	4	20,306	207,573
		20,306	216,348
Less			
Transfer to Investment Properties	4	(20,306)	(216,348)
		(20,306)	(216,348)
As at end of period		-	-

NOTES

Capital work in progress had additions of \$20,306, which do not include any capitalised interest for the six months ended 31 August 2024.

(Year Ended 29 February 2024: \$216,348).

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.

6 BORROWINGS

i Borrowings

Balance of ASB Term Loan
 Current
 Non-Current
Total

Group	
Unaudited	Audited
31 Aug 2024	29 Feb 2024
375,000	750,000
65,312,500	65,312,500
65,687,500	66,062,500

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

The Group has facilities with the ASB Bank for \$67,000,000 facility (fully drawn)

Amount	Matures	Reset Maturity Date	Floating
65,687,500	31/10/2026	4/09/2024	

On 27 March 2024, ASB extended the loan maturity date by one year from 31 October 2025 to 31 October 2026. The Loan to Value Ratio covenant was also increased from 52% to 55%. The Board accepted the offer from ASB and signed Amendment to Committed Cash Advances Facility Agreement on 22 April 2024.

iii Security

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

The value of the property is detailed in note 4.

iv Other

The floating interest rate, subject to the interest swap rates (see Note 7) on the term loan facility of \$65,687,500 (29 February 2024: \$66,062,500) at reporting date was:

	31 Aug 2024	29 Feb 2024
	8.00%	8.23%

The borrowings are subject to monthly principal payments of \$62,500 and interest until the maturity date. No borrowing costs were capitalised to investment properties during the year (2024: \$0) - Note 4.

The covenants on all borrowings require a loan to value ratio of not more than 55% (2024: 55%) and an interest cover ratio (that is, the ratio of earnings before interest to interest) of not less than 1.5:1 (2024: 1.5:1).

The covenants are calculated on an annual basis and therefore have not been assessed as at 31 August 2024.

The Group complied with these covenants during the 2024 year.

For the year ended 29 February 2024 the Group had a loan to value ratio of 52.43% (2023: 55.09%), an interest cover ratio of 1.50 (2023: 2.23) and registered mortgage security of \$66,062,500 (2023: \$66,812,500)

7 DERIVATIVE FINANCIAL INSTRUMENTS

	Group	
	Unaudited	Audited
	31 Aug 2024	29 Feb 2024
Fair value of fixed interest rate swaps with start dates that have commenced	(150,741)	400,623
At reporting date	(150,741)	400,623

The fair value of the interest rate derivative is determined from valuations prepared by ASB Bank using valuation techniques classified as Level 2 in the fair value hierarchy (2024: Level 2). These are based on the present value of estimated future cash flows based on the term and maturity of the contract and the current market interest rate at reporting date.

i Maturities

The Group had derivative financial instruments in place being fixed interest swaps totalling \$33,400,000 (2023: \$13,400,000) Interest rates of 2.31% - 4.85% (2023: 2.31%). The maturity dates are 4 November 2024 (\$13,400,000), 3 February 2026 (\$10,000,000) and 3 February 2027 (\$10,000,000). 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 5.41% (2024: 5.64%).

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

The unrealised net change in fair value of derivative financial instruments was a loss of \$551,364 (August 2023: loss of \$145,016 / February 2024: loss of \$292,957).

8 LEASES

	Group	
	Unaudited	Audited
	31 Aug 2024	29 Feb 2024
Right-of-Use Assets - Land		
At beginning of period	4,223,904	4,349,217
Amortisation	(66,350)	(125,313)
Effect of modification to lease terms	332,378	-
At end of period	4,489,932	4,223,904

	Group	
	Unaudited	Audited
	31 Aug 2024	29 Feb 2024
Lease Liabilities - Land		
At beginning of period	5,206,010	5,268,316
Effect of modification to lease terms	332,378	-
Interest Expense	137,075	260,781
Lease Payments	(169,313)	(323,087)
At end of period	5,506,150	5,206,010

9 RENT RECEIVED

	Group	
	Unaudited	Unaudited
	31 Aug 2024	31 Aug 2023
Base Rent	4,452,930	4,142,285
Percentage Rent	40,004	44,980
Casual Leases Rent	65,900	50,496
Car Park	39,312	39,312
Sign	91,476	83,377
Sundry	96,939	101,918
	4,786,561	4,462,368

ACCOUNTING POLICIES

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

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

SHOPPING CENTRE INVESTMENTS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Six Months Ended 31st August 2024

10 OTHER EXPENSES

	Group	
	Unaudited	Unaudited
	31 Aug 2024	31 Aug 2023
Accounting Fees	87,150	90,543
Bad Debts Written Off	72,354	11,377
Consultant's Fees	8,843	14,534
Credit Losses Allowance	(87,407)	23,441
Depreciation - Right-of-Use Assets	8 66,350	62,657
Electricity	24,617	17,601
Insurance / Rates / Body Corp Fees	22,131	24,033
Lease Incentives - Amortised	68,967	82,155
Leasing Fees - Amortised	43,164	44,912
Legal Fees	48,417	61,327
Listing Fees (USX)	9,094	9,854
Non Deductible Expenses	-	270
Registry Fees (Computershare)	8,661	8,781
Repairs	175,427	301,223
Valuation Fees	34,360	26,090
Other Operating Expenses	27,678	12,391
	<u>609,806</u>	<u>791,189</u>

Throughout the six month period fees have been paid to Colliers for:

Leasing Fees	<i>Colliers Intl. Real Estate Mgmt Ltd</i>	26,138	108,475
Valuations	<i>CVAS (CHC) Limited - Colliers</i>	-	28,590
	<i>CVAS (NZ) Limited - Colliers</i>	34,360	-
		<u>60,498</u>	<u>137,065</u>

SHOPPING CENTRE INVESTMENTS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Six Months Ended 31st August 2024

	Group	
	Unaudited	Unaudited
	31 Aug 2024	31 Aug 2023
11 TAXATION		
Reconciliation of income tax (expense) / benefit and accounting profit multiplied by statutory tax rate:		
Profit / (Loss) before taxation	709,257	486,822
Prima facie income tax calculated at the statutory income tax rate of 28% (August 2022: 28%)	(198,592)	(136,310)
<i>Plus tax effect of</i>		
Depreciation	360,666	382,169
Depreciation - Right-of-Use Assets	(18,578)	(17,544)
Expected Credit Losses	24,474	(6,563)
Incentives and Fit Out Contributions	-	7,500
Interest - Lease Liabilities	(38,381)	(36,510)
Leasing Fees - Deductible in Year Incurred	7,319	30,373
Leasing Fees - Amortised	(11,666)	(12,575)
Legal Fees - Non Deductible	(1,095)	-
Non Deductible Expenses	-	(76)
Operating Leases Payments	47,408	45,232
	171,555	255,696
Losses brought forward	159,900	-
(Taxation Due) / Losses available to be carried forward	331,453	255,696
Deferred Taxation		
Depreciation Recoverable	(360,666)	(382,169)
Expected Credit Losses	(24,474)	6,563
Lease Incentives Paid	(19,311)	(30,503)
Lease Liabilities	84,039	(8,723)
Losses Utilised	171,555	255,696
Right-of-Use Assets	(74,489)	17,544
	(223,345)	(141,592)
Income tax benefit (expense) reported in Profit or Loss	(223,345)	(141,592)
Tax Paid in Advance		
Provisional Tax Paid	468,809	477,894
Resident with holding tax paid	7,187	5,002
	475,996	482,896
Less Provision for Taxation	-	-
Total Tax Paid in Advance	475,996	482,896

12 ACCOUNTS RECEIVABLE

	Group	
	Unaudited	Audited
	31 Aug 2024	29 Feb 2024
Rentals due	521,668	1,336,758
Power Commissions & Recoverables Due	24,232	20,390
Other Receivables	66,428	53,350
	612,328	1,410,498
Provision for Credit Losses	(18,955)	(106,362)
Total	593,373	1,304,136
Due less than 30 days (current)	593,373	1,304,136

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.

	Group	
	31 Aug 2024	29 Feb 2024
<u>Provision for Expected Credit Losses</u>		
Opening Provision at beginning of period	(106,362)	(66,276)
Bad Debts Written Off	72,354	11,377
Release or (Additional) Expected Credit Losses Provision	15,053	(51,463)
Closing Provision at end of period	(18,955)	(106,362)

Due to a lack of useful historical data on which to base receivable impairment analysis, the Group has assessed its expected credit losses for each individual debtor applying judgement using the property managers experience, customer knowledge and interactions and expected economic factors. This has resulted in a decrease in the expected credit losses provision to \$18,955 (2024: \$106,362). This credit loss provision reflects the uncertainty associated with the collection of certain outstanding debts.

13 GROUP COMPANIES

As at the 31 August 2024 Shopping Centre Investments Limited held shareholdings in the following subsidiaries:

Subsidiary	Balance Date	Incorporated		Shareholding	
		in NZ	Domiciled	2023	2022
BC Chalmers Investments Ltd	28/02/2023	23/08/2005	New Zealand	100.00%	100.00%
Hornby Enterprises Ltd	28/02/2023	8/08/2008	New Zealand	100.00%	100.00%

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

BC Chalmers Investments Limited This company previously held property and leased property along Chalmers Street. In the year ended 29 February 2012, the property held was transferred to the Parent. There have been advances by the parent company to the various subsidiaries, these are interest free and repayable on demand. Though impaired these have not been written off.

14 RELATED PARTY DISCLOSURES

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

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

Directors within the Company and Group for the six months ending 31 August 2023 were:

Director	Entity		Directors Fees Paid	
			Unaudited	Unaudited
			31 Aug 2024	31 Aug 2023
Michael Keyse	Shopping Centre Investments Limited	A: 19/08/2013	42,500	40,000
Nigel Atherfold	Shopping Centre Investments Limited	A: 25/07/2022	22,500	20,000
Sarah Ott	Shopping Centre Investments Limited	A: 30/03/2021	22,500	20,000
David Rankin	Shopping Centre Investments Limited	A: 15/07/2014	22,500	20,000
(Key: A = Appointed and R = Retired)			110,000	100,000

No Directors Fees were payable at 31 August 2024 (31 August 2023: Nil).

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

The Shares held by Related Parties as at 31 August 2024 has not changed from the holdings disclosed in the annual financial statements for the year ended 29 February 2024.

14 RELATED PARTY DISCLOSURES (continued)

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

	Group	
	Unaudited	Unaudited
	31 Aug 2024	31 Aug 2023
Accounting, secretarial and administrative support:		
Nexia Christchurch Limited	87,150	90,543
Insurance:		
Amicus	17,625	17,625
Leasing:		
Colliers Intl. Real Estate Mgmt Ltd	26,138	108,475
Total value of transactions with related parties	130,913	216,643

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

	31 August 2024		29 February 2024	
	Trade receivable	Trade payable	Trade receivable	Trade payable
Colliers Intl Real Estate Mgmt Ltd	-	13,800	-	-
Nexia Christchurch Limited	-	15,740	8,816	-
Total	-	29,540	8,816	-

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 its subsidiary companies B C Chalmers Investments Limited and Hornby Enterprises Limited.

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.

15 CAPITAL COMMITMENTS

As at 31 August 2024, the Group has no capital commitments.

16 CONTINGENT LIABILITIES

As at 31 August 2024 the Group had no contingent liabilities (29 February 2024: nil)

17 SUBSEQUENT EVENTS

On 27 August 2024, the Board passed a resolution approving a gross dividend of 0.625 cents per share to be paid 30th September 2024. The gross dividend paid was \$430,670.

On 7 August 2024, the Board entered into a Sale & Purchase Agreement for the sale of 7-11 Chalmers Street and 13-17 Chalmers Street for \$5,000,000. The Agreement went unconditional on 13 September 2024 with settlement due 14 November 2024.

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

	Group	
	Unaudited	Unaudited
	31 Aug 2024	31 Aug 2023
Net Income	485,912	345,230
<i>Non cash and non operating items</i>		
Unrealised net change in value of investment property	-	-
Unrealised net change in value of derivative financial instruments	551,364	145,017
Bad Debts	72,354	11,377
Depreciation	68,321	64,750
Interest on Lease Liabilities	137,075	130,390
Insurance Proceeds	(52,559)	
Tax Expense	-	-
Deferred tax	223,345	141,592
	999,900	493,126
Cash flow from operations before working capital changes	1,485,812	838,356
Movements in Working Capital		
Increase / (Decrease) in Accounts Payable	239,785	(23,619)
Increase / (Decrease) in Interest Accrued (Loans)	4,743	79,008
Increase / (Decrease) in Bonds	(113,643)	41,507
Increase / (Decrease) in Credit Losses Allowance	15,013	23,441
Increase / (Decrease) in GST Payable	(82,907)	13,838
(Increase) / Decrease in Interest Accrued	-	2,554
(Increase) / Decrease in Leasing Fees	153,460	100,748
(Increase) / Decrease in Lease Incentives	(68,966)	(82,155)
Increase / (Decrease) in Provision for GOC Refund	(431,104)	40,499
(Increase) / Decrease in Accounts Receivable	1,069,119	554,677
(Increase) / Decrease in Prepayments	(47,830)	(44,771)
(Increase) / Decrease in GST Receivable	-	-
(Increase) / Decrease Future Tax Benefits	11,283	(5,002)
	748,953	700,725
Net Cash Flows from Operating Activities	2,234,764	1,539,080

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

ACCOUNTING POLICIES

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

- i **Cash and cash equivalents** means cash, demand deposits and other highly liquid (being those with original maturities of three months or less) investments in which the group has invested as part of its day to day cash management. Cash includes current liabilities such as negative cash balances in the form of overnight bank overdrafts. Cash does not include receivables or payables or any borrowing that forms part of a term liability.
- ii **Operating activities** include all transactions and other events that are neither investing nor financing activities.
- iii **Investing activities** include those relating to the addition, acquisition, and disposal of investment properties and any addition and reduction of subsidiary investment and loans.
- iv **Financing activities** are those activities that result in changes in the size and composition of the capital structure of the Group, including dividends paid.

Cash Flows from Financing Activities

			Non-Cash Changes			31 Aug 2024
	1 Mar 2024	Cash Flows	Reclassification			
			Between Short and Long Term	FX Movements	Fair Value Changes	
31 August 2024						
Long-term borrowings						
Lease Liabilities	5,140,620	(137,075)	136,434	-	332,378	5,472,357
Term Loans - ASB	65,312,500	-	-	-	-	65,312,500
	<u>70,453,120</u>	<u>(137,075)</u>	<u>136,434</u>	<u>-</u>	<u>332,378</u>	<u>70,784,857</u>
Short-term borrowings						
Lease Liabilities	65,390	(32,240)	642	-	-	33,792
Term Loans - ASB	750,000	(375,000)	-	-	-	375,000
	<u>815,390</u>	<u>(407,240)</u>	<u>642</u>	<u>-</u>	<u>-</u>	<u>408,792</u>
	<u>71,268,510</u>	<u>(544,315)</u>	<u>137,076</u>	<u>-</u>	<u>332,378</u>	<u>71,193,649</u>
31 August 2023						
Long-term borrowings						
Lease Liabilities	5,206,010	(130,391)	130,391	-	-	5,206,010
Term Loans - ASB	-	-	-	-	-	-
	<u>5,206,010</u>	<u>(130,391)</u>	<u>130,391</u>	<u>-</u>	<u>-</u>	<u>5,206,010</u>
Short-term borrowings						
Lease Liabilities	62,306	(31,153)	-	-	-	31,153
Term Loans - ASB	66,812,500	(375,000)	-	-	-	66,437,500
	<u>66,874,806</u>	<u>(406,153)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,468,653</u>
	<u>72,080,816</u>	<u>(536,544)</u>	<u>130,391</u>	<u>-</u>	<u>-</u>	<u>71,674,663</u>

19 Dividend Payments

Dividends paid as follows	31 August 2024			31 August 2023		
	Date	Rate (cps)	Gross	Date	Rate (cps)	Gross
	31/03/2023	0.00625	430,670	31/03/2023	0.00813	559,871
	30/06/2024	0.00625	430,670	30/06/2023	0.00813	559,871
			<u>861,341</u>			<u>1,119,742</u>
Cash Dividend (cents per share)			0.0125			0.0162