SCIL

Shopping Centre Investments Ltd

# 2025 Annual Report

SCIL.CO.NZ

# Contents

## Year in Review

### FINANCIAL HIGHLIGHTS

23.66% Increase

Profit for the Year

$ 7.552m

3.33% Increase
in Rental Revenue

From $9.94m to $10.27m

44.82% Increase in Operating Profit

$3.593m

Loan to Value Ratio: An improvement from **52.43% to 47.80%**

## FINANCIAL HIGHLIGHTS CONTINUED

Increase in Value of Investment Properties

$ 3.815 million

Realised Gain on Sale of Property

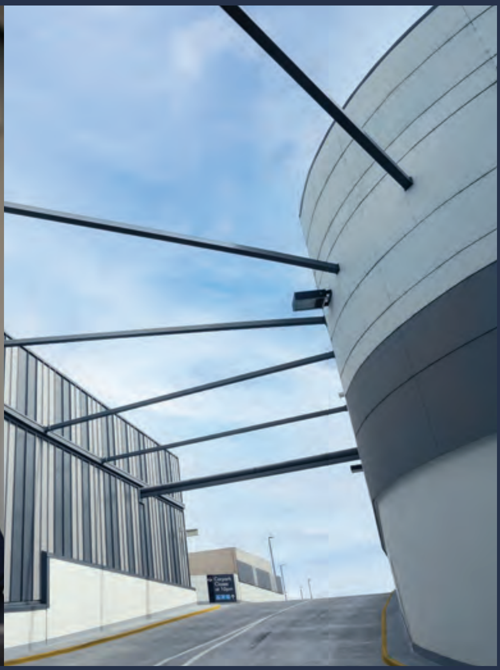
$ 1.51 million

10.73% Increase
in Shareholder's Equity
8.63% increase 2024 Year

From $51.9m to $57.5m

| Indicated Value per share based on Net Tangible Assets | |
|---|---|
| Shareholder's Equity | $57,508,430 |
| Adjustment for Financial Reporting Requirement | $8,224,445 |
| **Total** | **$65,732,875** |
| Divided by 68,907,243 shares equals | **95.4 cents per share** |

## FINANCIAL HIGHLIGHTS CONTINUED



### Property Valuation Summary

| Year | Financial Reporting Valuation | | | Insurance Replacement Value | Plus Land Value | Total | Difference between the Valuation and the Total |
|---|---|---|---|---|---|---|---|
| | Land Value | Value of Improvements | Total Valuation | | | | |
| **2025*** | **33,000,000** | **93,500,000** | **126,500,000** | **223,357,000** | **33,000,000** | **256,357,000** | **129,857,000** |
| 2024 | 25,520,000 | 100,480,000 | 126,000,000 | 236,262,000 | 25,520,000 | 261,782,000 | 135,782,000 |
| 2023 | 25,240,000 | 96,040,000 | 121,280,000 | 236,262,000 | 25,240,000 | 261,502,000 | 140,222,000 |
| 2022 | 31,800,000 | 97,200,000 | 129,000,000 | 171,133,000 | 31,800,000 | 202,933,000 | 73,933,000 |
| 2021 | 21,190,000 | 104,090,000 | 125,280,000 | 171,133,000 | 21,190,000 | 192,323,000 | 67,043,000 |

*After sale of Chalmers Street properties.

# Chair's Report for the Year Ended 28 February 2025

**MICHAEL KEYSE**
CHAIR

## The past twelve months have been characterized by a number of events, both internal and external, which have positively impacted upon the operations of the Company.

The reduction in interest rates in the latter part of the financial year has been a dominating factor and the floating interest rate charges have been further influenced by the determination of the Board to complete the sale of the adjoining properties at 7-11 and 13-17 Chalmers Street on the 14 November 2024. The resultant realized gain on sale is identified within the Annual Accounts.

These proceeds were applied to the ASB Bank term loan and resulted in an improvement to the covenant conditions imposed. From these outcomes the Bank has reduced its interest rate margin. Despite the negativity surrounding the present economic conditions the Centre's total sales turnover continues to improve with a corresponding uplift in foot traffic numbers. Though modest, this is identified by the increase in Operating Income from the previous year. As previously communicated the Fashion precinct continues to be problematic with some vacancies being apparent. The reduction in rental income is not as significant as perceived as these tenancies were subject to onerous Operating Cost Caps resulting in end of year adjustments. There have been recent changes to the leasing team at Colliers and new initiatives have been orchestrated, previous drawn-out negotiations have been concluded, dynamic alternatives are in train and the negative Occupancy Cost Cap impacts have been softened. Despite the current market conditions there is a climate of optimism within the Board.

**MICHAEL KEYSE**
CHAIR

### Operating Income and Distribution Growth

Operating Profit has improved by 44.8% and this does not include such items as the unrealized gain in the value of the property nor the realized gain on sale of the Chalmers Street properties but does include the continuing costs of the measured escalator improvement campaign. The Audit Fee cost is an anomaly due to a change in the accrual calculation; the annual cost remains similar to previous years.

With the improvement in cash earnings the Board has been able to reassess its shareholder distribution policy and this is reflected in the improvements to the dividend rates and the inclusion of a special dividend paid in December. As stated in my March 2025 communication "we look forward to further reductions in interest rates charged, if these should materialize and the trading income is, as a minimum maintained, then a further review of the dividend rate will be contemplated".


**OCCUPANCY PERCENTAGE**
AT FEBRUARY 2025

### Valuation

For the second consecutive year an increase in the Unrealized Value of the complex has been obtained. The net positive change is $3.8 million dollars and this is further to the positive gain of $4.5 million in the previous year.

Year 2023 the fair value determination was $121,280,000, year 2024 $126,000,000, year 2025 $126,500,00 and this after the sale of the adjoining Chalmers Street properties. The previous decision to undertake the strengthening of the Mall to the appropriate NBS standards is no small factor to contributing to these positive outcomes. Though onerous at the time this now adds additional flexibility for future deliberations by the Board.

### Shareholder Equity

Due to the factors listed above, Shareholder Equity continues to improve. Equity has increased for the year from $51.94 million to $57.51 million, an improvement of 10.73%. The percentage increase for the two-year period from year 2023 is 20.28% [$47.81m to $57.51m]. A simple calculation of Equity, adjusted by Financial Reporting requirements of a technical nature, divided by the number of shares provides a theoretical indication. This indication has a value of 95.4 cents per share and the determination is detailed within the Annual Report. The corresponding value last year was 86.6 cents per share.

The Loan to Value calculation is of importance, the property has been valued at $126.5m, the term loan balance $60.46m, which now equals an improvement to 47.8% [last year $126m / $66.06m, 52.43%]

### Share Liquidity

The lack of liquidity continues to be of concern and recent sales of small parcels of shares do not reflect the underlying value of the asset held. The Annual Financial Accounts identify an improvement in profitability and equity and has been recognized, in tangible form, by the recent dividend rate increases.

# Chair's Report for the Year Ended 28 February 2025 CONTINUED

**MICHAEL KEYSE**
CHAIR

69 million
Number of Shares on Issue

250
Number of Shareholders

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

Whether the timing is appropriate to initiate sale proceedings to realize the inherent value, this will most probably be a subject of debate at the forthcoming Annual General meeting.

**Summary**

The improvements to cash flow due to careful management and reducing interest rates, has generated a climate of optimism and, at the immediate, allows the Board an ability to explore further options within its governing role.

I bring to your attention the many positive financial highlights included within the Annual Report of which this Chair Report is a part.

Leasing outcomes, though tight, remain up-beat in light of recent rent review conclusions and the energy expressed by the Colliers Leasing Team. New tenancy negotiations are underway, one, which is at an advanced stage, would have a significant strategic impact if concluded.

We are confident that with the frameworks and communications that have been established, the continuance of disciplined financial management, the rapport between the Board and its Managing Agents, Colliers, the indications of the completed forecasts and budgets for the ensuing year, that the Company will enjoy positive outcomes in the next twelve months.

# Report from the Centre Manager

**JASON MARSDEN**
SENIOR CENTRE MANAGER

## Survive Until 25 was the catch phrase on the lips of many throughout 2024. A belief that 2025 would provide a fresh start, new opportunities and more favourable business conditions. On January 1st enquiries started for pop up stores, a very welcome and positive start to the year.

Little did we know what the next challenge would be with the sabre rattling and trade war in the northern hemisphere. Offsetting this the lower mortgage rates will hopefully boost consumer spending as the year progresses, and more mortgages roll over.

At a local level The Hub has continued to perform well compared to our market comparisons. Turnover continued to show growth across some key categories. This however was tempered by the continual head winds facing many clothing retailers. This resulted in the three New Zealand Jeanswest stores, one of which situated at The Hub, closing, following the Australasia wide liquidation of the parent company. In close timing another fashion store, Max, also closed. With the vacancies created by the departure of these two stores we were able to offer space to pop up offerings as well as expand on our Dress for Success partnership to host their very first permanent store "Loved". This is a unique partnership that allows the tenant to test their model and, if successful, engage with us to negotiate a permanent lease. The same principle was applied to novel educational play provider, Messy Mates. This incubator site use has also added a play option for children not previously offered within the Centre. We also continue to host our artist in residence, Loretta Sloan, with her WOW felt creations and popular textile art drop-in classes.

**82**
Total number of tenancies.
As at latest balance date 28 February 2025

**23,515** sqm
Total lettable Area

**JASON MARSDEN**
SENIOR CENTRE MANAGER

Foot traffic is now measured across all entrances by industry leading provider Bellwether, providing us with more detailed data and increased accuracy. This shows a modest one percent increase over the previous year. Whilst minor in its quantum this still compares well to the wider market.

The last year saw some positive milestones with Specsavers substantially increasing their store size and introducing a comprehensive audiology offering.

One of the biggest endorsements for the Centre was securing the return of Silvermoon Jewellery. This business, comprising multiple sites, had been sold some years prior and unfortunately failed. The original founding owner of the business chose The Hub as the flagship site to reopen. This also coincided with the return instore of the popular Pandora range of jewellery. Silvermoon had the choice of multiple shopping centres but picked The Hub based on their confidence in the Centre and past business relationship.

Looking at the shifts in our catchment and customer shopping patterns it becomes apparent what changes in course are prudent and, at a higher level, what the community responds to and seeks from a shopping centre. The Hub has developed a strong culture of community and connection. From the isolation and lessons learnt from Covid, to the utility of transactional online shopping, remote working, Teams and Zoom meetings, it is apparent that physical retail centres provide the opportunity for human connection. This should not be undervalued as a core proposition and customer benefit to be fostered through services, amenities and events.

In September of 2024 the Centre hosted the first Grandate initiative. Bringing together youth and seniors over a coffee. Thinking this may be awkward to start and we wrote prompt questions. Our fears were unfounded. The genuine connection, eye contact and conversations were immediate, so much so that the drinks almost remained untouched. Promotions such as Proud to Be, Meal with Mum and Meet the Chef initiatives further build connections both within the community and between the Centre and community. Our marketing expert, Lyn Grae, and stylist Vicki McMillan deserve credit for their work which strongly champions these community connection goals and is reflected in everything we do.

Due to the hard work of our Centre Administrator, Donna Waiariki, we were once again achieved Toitū Gold accreditation confirming The Hub’s industry leading environmental responsibility. Our Operations Manager, Kiri Thomson continues to ensure the Centre is presented to the highest of standards. This resulted in The Hub being recognised as a finalist in the national “Clean Sweep” awards. Other operations milestones included the recent mechanical refurbishment of the Pak’n Save rooftop entrance escalator along with ongoing significant HVAC and roof upgrades.

# Report from the Centre Manager CONTINUED

**JASON MARSDEN**
SENIOR CENTRE MANAGER

Our Asset Manager, Joanna Koster, retired which saw the return of Tim Raateland. Tim may be familiar to some as he was involved with the Centre for many years previously. Tim brings a high level of enthusiasm and energy, along with an eye for detail and retail acumen that further enhances Colliers' effectiveness.

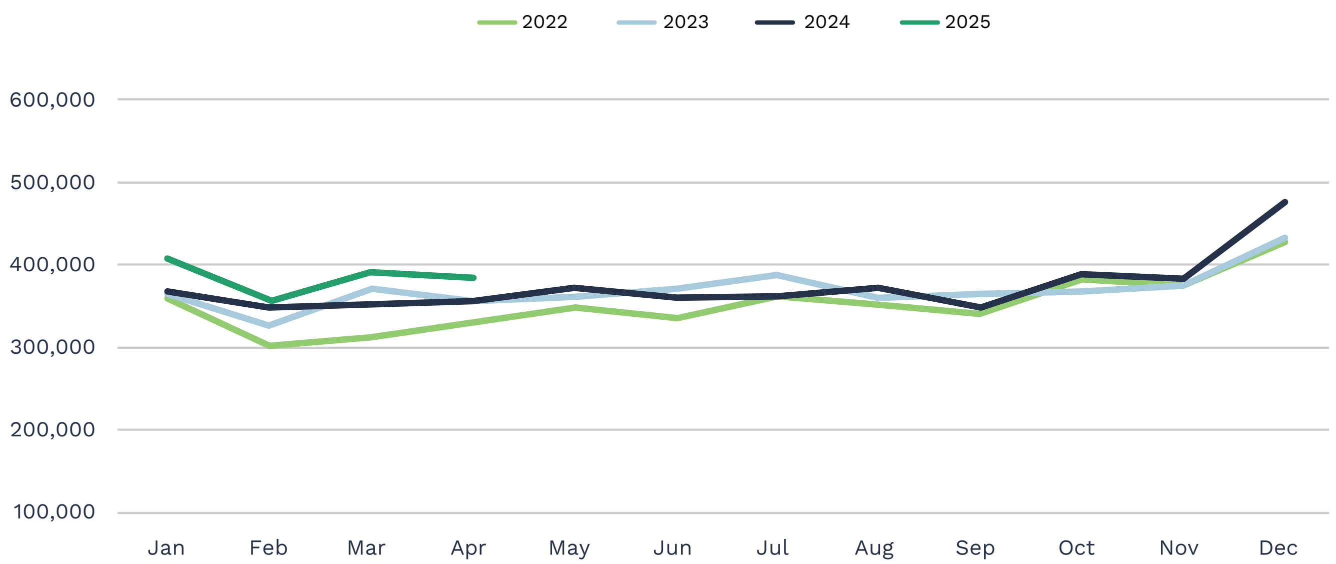
As always, I wish to express my thanks to the SCIL Board for their continued guidance and support of Colliers and the onsite team. This empowers us to deliver our shared vision for the Centre to the retailers, community and owners.

2025 Foot Count

4.514 million

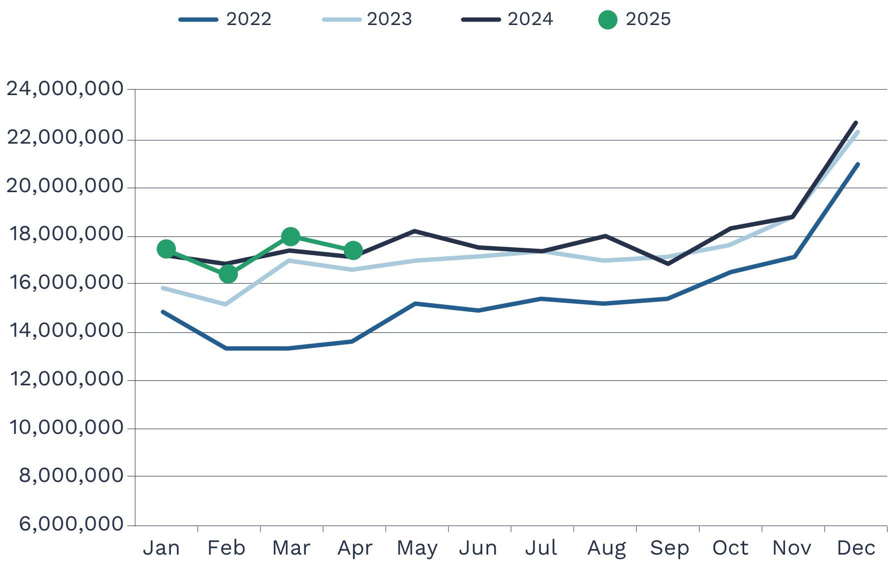
# Significant Graphs

## THE HUB FOOT TRAFFIC*



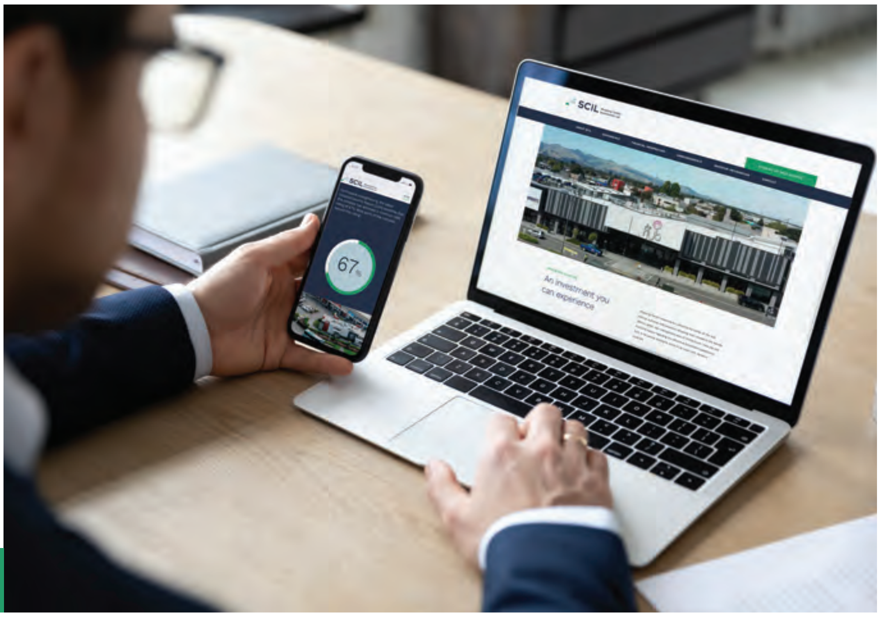

*Based on new footcount system with Bellwether.

## THE HUB TURNOVER
EX GST




the hub

# Website



SCIL.CO.NZ

A detailed website is available online and a notification to the link has previously been sent to all 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 2025 Annual Report which contains the audited financial statements for the Year ended 28 February 2025.

The 2024 Annual Report.
2024 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 email, form for completion.
Direct links to:
a) Computershare
b) Companies Office

# Secondary Listing

The Company is a registered member within the USX Unlisted Securities Exchange.

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

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.

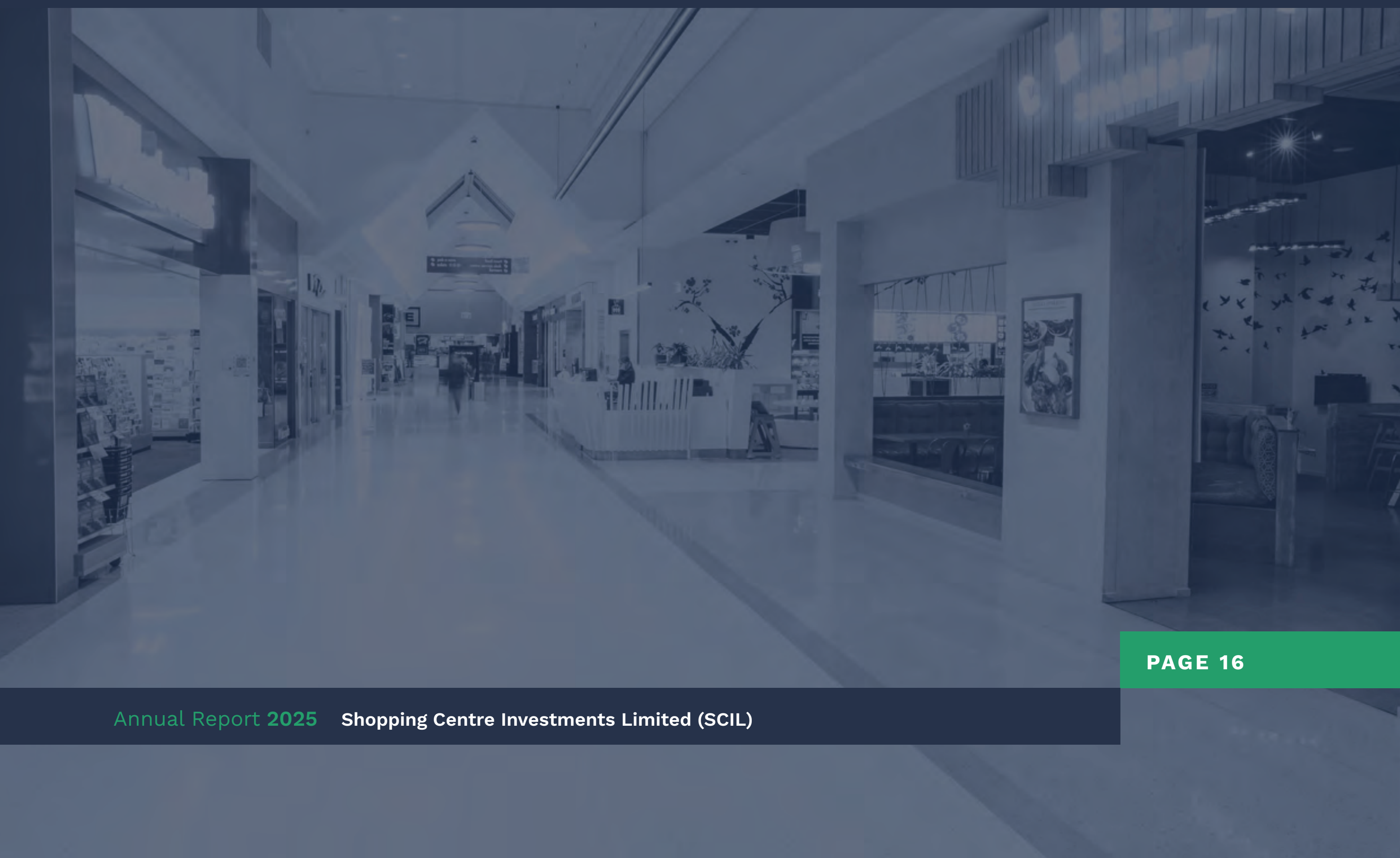
Any investor must first sign an Investor Information and Disclaimer form.

**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 2025

# 2025
# Financial Results



**SHOPPING CENTRE INVESTMENTS LIMITED**

**CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 28TH FEBRUARY 2025

**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 2025 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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 2025 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") and IFRS® Accounting Standards.

## 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 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* 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 any of 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

***Valuation of Investment Properties- Key Audit Matter***

As disclosed in note 6 of the consolidated financial statements the Group's Investment Properties are carried at fair value. The property was valued at $126.5m (2024: $126m). The revaluation gain recognised in the consolidated statement of profit or loss and other comprehensive income was $3.8m (2024: $4.5m). During the year the group also sold a portion of the investment property for $4.87m (2024: $0) which resulted in a realised gain on disposal of $1.5m recognised in the consolidated statement of profit or loss and other comprehensive income

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

- The significance to the financial statements: The investment properties accounts for 93.7% of the total assets (2024: 93.7%) 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; and
- The valuation requires the use of judgments specific to the properties, as well as consideration of the prevailing market conditions. Over the year there has been a stabilisation in market conditions post a period of softening investor sentiment during a period of increasing OCR, from August 2024 the OCR has undergone a series of reductions easing access to capital, however the market remains one with a low volume of transactions, creating uncertainty in the key judgements. Significant assumptions used in the valuations are inherently subjective and in times of uncertainty the degree of subjectivity is higher than it might otherwise be. A small difference in any one of the key assumptions 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 properties and reviewing the valuation methodology and the reasonableness of the significant underlying assumptions.
- Discussing with management the nature of key assumptions and the expected impacts of economic conditions 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.
- Assessing the adequacy of the disclosures made in respect of the valuation of investment properties in the consolidated financial statements.

**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 IFRS Accounting Standards, 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/standards/assurance-standards/auditors-responsibilities/audit-report-1-1/.

This description forms part of our auditor's report.

**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 Audit Limited*

BDO Christchurch Audit Limited
Christchurch
New Zealand
26 May 2025

**SHOPPING CENTRE INVESTMENTS LIMITED**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 28TH FEBRUARY 2025

BDO Christchurch

| | | Group | |
|---|---|---|---|
| | | 2025 | 2024 |
| | Notes | $ | $ |
| **Operating Income** | | | |
| Rent Received | 11 | 10,272,179 | 9,941,557 |
| | | 10,272,179 | 9,941,557 |
| **Other Income** | | | |
| Insurance Proceeds Received | | 52,559 | 140,577 |
| Interest Received on Assets Amortised at Cost | | 46,337 | 39,882 |
| Power Commissions & Recoveries | | 177,425 | 187,019 |
| | | 276,321 | 367,478 |
| **Less Overhead Expenses** | | | |
| Management Contributions | | 87,737 | 85,016 |
| Operating Contributions | | 696,966 | 673,627 |
| Power Supplies | | 36,136 | 45,716 |
| Audit Fees (BDO Christchurch - Statutory Audit) | 12 | 91,050 | 44,825 |
| Directors Fees | 23 | 223,000 | 203,000 |
| Interest Expense on Lease Liabilities | 10 | 274,150 | 260,781 |
| Interest Expense on Liabilities at Amortised Cost | | 4,540,609 | 4,981,724 |
| Other Operating Expenses | 13 | 1,005,865 | 1,341,471 |
| Repairs - Expenditure Related to Insurance Proceeds | | - | 191,870 |
| | | 6,955,513 | 7,828,030 |
| **Operating Profit / (Loss)** | | **3,592,987** | **2,481,005** |
| **Non Operating Income and Expenses** | | | |
| Net change in the value of the: | | | |
| Investment Properties | 6 | 3,814,976 | 4,503,692 |
| Derivative Financial Instruments | 9 | (790,314) | (292,957) |
| Realised Gain on Investment Properties | 6 | 1,510,491 | - |
| | | 4,535,153 | 4,210,735 |
| **Profit / (Loss) before Income Tax** | | **8,128,140** | **6,691,740** |
| **Income Tax Benefit / (Expense)** | | | |
| Income Tax | 14 & 15 | (576,103) | (584,572) |
| | | (576,103) | (584,572) |
| **Profit / (Loss) Attributable to Shareholders** | | **7,552,037** | **6,107,168** |
| **Other Comprehensive Income** | | - | - |
| **Total Comprehensive Income attributable to Shareholders** | | **7,552,037** | **6,107,168** |

The accompanying Notes form part of these Financial Statements.

BDO Christchurch

**29TH FEBRUARY 2024**

| | 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 | | - | 6,107,168 | - | 6,107,168 |
| Other Comprehensive Income | | - | - | - | - |
| **Total Comprehensive Income for the Year** | | - | 6,107,168 | - | 6,107,168 |
| **Transactions with Owners recorded directly in Equity** | | | | | |
| Dividends to Shareholders | | - | (1,981,084) | - | (1,981,084) |
| Transfer to/(from) Accumulated Losses Attribution Reserve | 5 | - | (4,503,692) | 4,503,692 | - |
| **Balance at 29 February 2024** | | **73,374,286** | **(12,774,530)** | **(8,662,279)** | **51,937,477** |

**28TH FEBRUARY 2025**

| | 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 | | - | 7,552,037 | - | 7,552,037 |
| Other Comprehensive Income | | - | - | - | - |
| **Total Comprehensive Income for the Year** | | - | 7,552,037 | - | 7,552,037 |
| **Transactions with Owners recorded directly in Equity** | | | | | |
| Dividends to Shareholders | | - | (1,981,084) | - | (1,981,084) |
| Transfer to/(from) Accumulated Losses Attribution Reserve | 5 | - | (3,814,976) | 3,814,976 | - |
| **Balance at 28 February 2025** | | **73,374,286** | **(11,018,553)** | **(4,847,303)** | **57,508,430** |

| | Group | |
|---|---|---|
| | 2025 | 2024 |
| **Dividends for the period (cents per share)** | **0.0288** | **0.0288** |
| Dividend | 1,981,084 | 1,981,084 |
| 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 28TH FEBRUARY 2025

BDO Christchurch

| | Notes | Group 2025 $ | Group 2024 $ |
|---|---|---|---|
| **Current Assets** | | | |
| Cash and Cash Equivalents | **17** | 2,018,577 | 1,316,318 |
| Colliers Trust Account | | 261,100 | 129,189 |
| Accounts & Other Receivables | **18** | 1,064,366 | 1,304,136 |
| Derivative Financial Instrument | **9** | - | 400,623 |
| **Total Current Assets** | | **3,344,043** | **3,150,266** |
| **Non Current Assets** | | | |
| Investment Properties | **6** | 126,500,000 | 126,000,000 |
| Leasehold Asset | | 82,013 | 85,956 |
| Leasing Costs | **19** | 418,664 | 579,829 |
| Right-of-Use Assets | **10** | 4,423,582 | 4,223,904 |
| Tax Paid in Advance | **14** | 244,696 | 487,277 |
| **Total Non Current Assets** | | **131,668,955** | **131,376,966** |
| **Total Assets** | | **135,012,998** | **134,527,232** |

The accompanying Notes form part of these Financial Statements.

**SHOPPING CENTRE INVESTMENTS LIMITED**
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
AS AT THE 28TH FEBRUARY 2025

BDO Christchurch

| | Notes | Group 2025 $ | Group 2024 $ |
|---|---|---|---|
| **Shareholders' Equity** | | | |
| Share Capital | 5 | 73,374,286 | 73,374,286 |
| Accumulated Losses | | (11,018,553) | (12,774,530) |
| Accumulated Losses Attribution Reserve | 5 | (4,847,303) | (8,662,279) |
| **Total Shareholders' Equity** | | **57,508,430** | **51,937,477** |
| **Current Liabilities** | | | |
| Accounts Payable | 20 | 161,506 | 271,231 |
| Interest Accrued | | 282,973 | 372,394 |
| Bonds Prepaid | | 285,252 | 173,623 |
| Derivative Financial Instrument | 9 | 389,691 | - |
| Income Received in Advance | | 301,218 | 158,406 |
| Lease Liabilities | 10 | 70,852 | 65,390 |
| GST Payable | | 181,953 | 200,722 |
| Provision for Deferred Maintenance | | - | 12,449 |
| Provision for GOC Refund | 21 | 173,382 | 660,261 |
| Defit Funds Received | | 126,205 | 143,944 |
| Term Loans - ASB Bank | 8 | 750,000 | 750,000 |
| **Total Current Liabilities** | | **2,723,032** | **2,808,420** |
| **Non-Current Liabilities** | | | |
| Term Loans - ASB Bank | 8 | 59,714,311 | 65,312,500 |
| Lease Liabilities | 10 | 5,401,505 | 5,140,620 |
| Deferred Tax Liability | 15 | 9,665,720 | 9,328,215 |
| **Total Term Liabilities** | | **74,781,536** | **79,781,335** |
| **Total Equity and Liabilities** | | **135,012,998** | **134,527,232** |

**Signed for and on behalf of the Board of Directors which authorised the issue of the financial statements on the 26 May 2025**

**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 YEAR ENDED 28TH FEBRUARY 2025

BDO Christchurch

| | Notes | Group 2025 | Group 2024 |
|---|---|---|---|
| | | $ | $ |
| **Cash flows from operating activities** | | | |
| *Cash was provided from:* | | | |
| Rentals Received | | 10,393,688 | 9,592,982 |
| Interest Received | | 45,422 | 40,552 |
| Power Commissions & Recoveries | | 183,925 | 186,913 |
| Tax Refunds | | 18,467 | - |
| Net GST Inflows | | - | 102,557 |
| | | 10,641,502 | 9,923,004 |
| *Cash was disbursed to:* | | | |
| Payments for Services | | (1,253,089) | (1,333,734) |
| Payments for Direct Expenses | | (777,482) | (768,530) |
| Interest Paid | | (4,629,750) | (4,951,045) |
| Income Tax Paid | | (14,482) | (9,381) |
| Net GST Outflows | | (73,363) | - |
| | | (6,748,166) | (7,062,690) |
| **Net Cash Flows from operating activities** | **27** | **3,893,336** | **2,860,314** |
| **Cash flows from investing activities** | | | |
| *Cash was provided from:* | | | |
| Insurance Proceeds | | 52,559 | 140,577 |
| Sale of Investment Properties | | 4,868,948 | - |
| | | 4,921,507 | 140,577 |
| *Cash was disbursed to:* | | | |
| Investment Properties | | (61,218) | (118,089) |
| Transfer to Colliers Trust Account | | (131,911) | (51,008) |
| | | (193,129) | (169,097) |
| **Net Cash Flows from investing activities** | | **4,728,378** | **(28,520)** |
| **Cash flows from financing activities** | | | |
| *Cash was disbursed to:* | | | |
| Dividends Paid | | (1,981,084) | (1,981,084) |
| Lease Liabilities - Interest | 27 | (274,150) | (260,781) |
| Lease Liabilities - Principal | 27 | (66,032) | (62,307) |
| Loan - ASB | 27 | (5,598,189) | (750,000) |
| | | (7,919,455) | (3,054,172) |
| **Net Cash Flows from financing activities** | | **(7,919,455)** | **(3,054,172)** |
| Net Increase (Decrease) in cash & cash equivalents held | | 702,259 | (222,378) |
| Cash & cash equivalents at beginning of the year | | 1,316,318 | 1,538,696 |
| Cash & cash equivalents at end of the year | 17 | 2,018,577 | 1,316,318 |

The accompanying Notes form part of these Financial Statements.

BDO Christchurch

**1 REPORTING ENTITY**

The financial statements as at and for the year ended 28 February 2025 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 material 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 2024***

*NZ IAS 1: Presentation of Financial Statements (Amendments - Classification of Liabilities as Current or Non-Current and Non-Current Liabilities with Covenants)*

In January 2020, the IASB issued amendments to NZ IAS 1. The amendments aim to clarify the following:
- An entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period.
- If an entity's right to defer settlement of a liability is subject to covenants, such covenants affect whether that right exists at the end of the reporting period only if the entity is required to comply with the covenant on or before the end of the reporting period.
- The classification of a liability as current or non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement.
- In case of a liability that can be settled, at the option of the counterparty, by the transfer of the entity's own equity instruments, such settlement terms do not affect the classification of the liability as current or non-current only if the option is classified as an equity instrument.

These amendments have no effect on the measurement or presentation of any items in the consolidated financial statements of the Group.

*FRS-44: New Zealand Additional Disclosures*

In May 2023, the New Zealand Accounting Standards Board (NZ ASB) issued amendments to FRS-44 to require a description of the services provided by a reporting entity's audit or review firm and to disclose the fees incurred by the entity for those services using prescribed categories. These amendments have no effect on the measurement of any items in the consolidated financial statements of the Group, and merely result in additional disclosures. Refer to note 12 for further details.

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**2 ACCOUNTING POLICIES (continued)**

There were no other new standards or amendments to existing standards that came into effect from 1 March 2024 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 2025, the following standards and interpretations were in issue but not yet effective:

| Standards/ Interpretations | | Effective Date (Annual periods commencing on or after) |
|---|---|---|
| IFRS 18 | Presentation and Disclosure in Financial Statements | 1 January 2027 |

The Group is currently assessing the impact of NZ IFRS 18 *Presentation and Disclosure in Financial Statements, which was* issued in May 2024. Even though it will not have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to have a significant impact on the presentation and disclosure of certain items in the financial statements.

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.

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.

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.

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**2 ACCOUNTING POLICIES (continued)**

**F FINANCIAL INSTRUMENTS**

i ***Non derivative financial instruments***

The Group's accounting policy for its financial assets at amortised cost and recorded at fair value through profit or loss is as follows:

*At Amortised 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 expected credit losses.

Expected credit losses 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 recognised 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. Fair value movements hereon are recognised 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.

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**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.

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.

H **LEASES - as Lessee**

The accounting policy for leases as Lessor are stipulated in Note 10.

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.

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.

| **2025 Year** | Group | | | |
|---|---|---|---|---|
| | Lease Contracts Number | Fixed Payments % | Variable Payments % | Sensitivity +/- $ |
| Property leases with payments linked to inflation | 1 | - | 50 | 171,605 |
| Property leases with periodic uplifts to market rentals | 1 | - | 50 | 102,013 |
| | 2 | - | 100 | 273,618 |
| **2024 Year** | | | | |
| Property leases with payments linked to inflation | 1 | - | 50 | 156,009 |
| Property leases with periodic uplifts to market rentals | 1 | - | 50 | 104,292 |
| | 2 | - | 100 | 260,301 |

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 2025 the carrying amounts of lease liabilities are not reduced because the leases do not contain any break clauses (2024: no reduction to lease liabilities).

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**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 6)
- Deferred Taxation (refer Note 15)

**4 FINANCIAL RISK MANAGEMENT**

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

The Group's principal financial instruments comprise borrowings. The main purpose of these borrowings is to raise finance for the Group. The Group 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 28 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.

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**4 FINANCIAL RISK MANAGEMENT (Continued)**

**A Market Risk (Continued)**

The sensitivity analysis following has been determined based on the exposure to interest rates for 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 (2024: 100 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 2025 | Gain / (Loss) increase of plus 1.00% | Gain / (Loss) decrease of plus 1.00% | 29th Feb 2024 | Gain / (Loss) increase of plus 1.00% | Gain / (Loss) decrease of plus 1.00% |
| **Financial Assets** | | | | | | |
| Cash and Cash Equivalents | 2,018,577 | 20,186 | (20,186) | 1,316,318 | 13,163 | (13,163) |
| | 2,018,577 | 20,186 | (20,186) | 1,316,318 | 13,163 | (13,163) |
| **Financial Liabilities** | | | | | | |
| ASB Loan* | 60,464,311 | 604,643 | (604,643) | 66,062,500 | 660,625 | (660,625) |
| | 60,464,311 | 604,643 | (604,643) | 66,062,500 | 660,625 | (660,625) |

*The sensitivity analysis for the ASB Loan of 100 basis points (2024: 100) is applied to the interest rate of 6.57% (2024: 8.23%) and this derives the resulting impact on the Group.

The impact on equity of the Group of the + / - 1.00% movement would be $420,809 [$584,457 less 28%]
(2024: +/-1.00% $466,173 [$647,462 less 28%])

| ***Derivative Instruments*** | Group | | | | | |
|---|---|---|---|---|---|---|
| | 28th Feb 2025 | Gain / (Loss) increase of plus 1.00% | Gain / (Loss) decrease of plus 1.00% | 29th Feb 2024 | Gain / (Loss) increase of plus 1.00% | Gain / (Loss) decrease of plus 1.00% |
| **Financial Assets** | | | | | | |
| Derivative Financial Instrument | - | - | - | 400,623 | 4,006 | (4,006) |
| | - | - | - | 400,623 | 4,006 | (4,006) |
| **Financial Liabilities** | | | | | | |
| Derivative Financial Instrument | 389,691 | 3,897 | (3,897) | - | - | - |
| | 389,691 | 3,897 | (3,897) | - | - | - |

The impact on equity of the Group of the + / - 1.00% movement would be $2,806 [$3,897 less 28%]
(2024: +/-1.00% $2,884 [$4,006 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) (2024 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.

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**4 FINANCIAL RISK MANAGEMENT (Continued)**

**B Credit Risk (continued)**

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 18 to the financial statements.

**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 amounts stated below are undiscounted.

The maturities of the Group's borrowings based on the remaining period is more than one year (2024: more than one year), with all borrowings due later than one year (2024: more than one year).

Further details of the Group's borrowings, including the maturities of the Group's borrowings, are disclosed in note 8 to the financial statements. Details of the renegotiated finance facility are detailed in Note 29.

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 2025 and 29 February 2024.

| **2025 Year** | Group | | | | | |
|---|---|---|---|---|---|---|
| | Carrying Amount | Total Contractual cash flows | 0-1 year | 1-2 years | 2-5 years | > 5 years |
| **Financial Liabilities** | | | | | | |
| Accounts Payable | 161,506 | 161,506 | 161,506 | - | - | - |
| ASB Loan | 60,464,311 | 70,949,759 | 4,722,505 | 4,673,230 | 61,554,024 | - |
| Total as at 28 Febuary 2025 | 60,625,817 | 71,111,265 | 4,884,011 | 4,673,230 | 61,554,024 | - |

| **2024 Year** | Group | | | | | |
|---|---|---|---|---|---|---|
| | Carrying Amount | Total Contractual cash flows | 0-1 year | 1-2 years | 2-5 years | > 5 years |
| **Financial Liabilities** | | | | | | |
| Accounts Payable | 271,231 | 271,231 | 271,231 | - | - | - |
| ASB Loan | 66,062,500 | 80,455,812 | 6,186,944 | 6,125,219 | 68,143,649 | - |
| Total as at 29 Febuary 2024 | 66,333,731 | 80,727,043 | 6,458,175 | 6,125,219 | 68,143,649 | - |

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 year, but not the prior year.

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## 5 SHARE CAPITAL AND RESERVES

| | Share Numbers | Group $ |
|---|---|---|
| Authorised and issued share capital at 1 March 2023 | 68,907,243 | 73,374,286 |
| Authorised and Issued share capital at 29 February 2024 | 68,907,243 | 73,374,286 |
| Authorised and issued share capital at 1 March 2024 | 68,907,243 | 73,374,286 |
| Authorised and Issued share capital at 28 February 2025 | 68,907,243 | 73,374,286 |

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

**Accumulated Losses Attribution Reserve**

| | Group | |
|---|---|---|
| | 2025 | 2024 |
| As at 1 March | (8,662,279) | (13,165,971) |
| Transfer from Accumulated Losses | 3,814,976 | 4,503,692 |
| As at 28 February | (4,847,303) | (8,662,279) |

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.

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

BDO Christchurch

## 6 INVESTMENT PROPERTIES

| | Group | |
|---|---|---|
| | 2025 | 2024 |
| As at 1 March | 126,000,000 | 121,280,000 |
| Additions - Lift | - | 8,735 |
| Additions - Other Capital Items | 43,480 | 207,573 |
| Disposal | (4,868,948) | - |
| | 121,174,532 | 121,496,308 |
| Fair Value Adjustment | 3,814,976 | 4,503,692 |
| Realised Gain / (Loss) on Disposal | 1,510,491 | - |
| | 5,325,467 | 4,503,692 |
| As at 28 February | **126,500,000** | **126,000,000** |
| **These totals comprise** | | |
| Main Complex known as the Hornby Hub | 126,500,000 | 126,000,000 |
| | 126,500,000 | 126,000,000 |

The property is secured against the borrowings from ASB. Details of the borrowings and security are included in note 8.

**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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**6 INVESTMENT PROPERTIES (Continued)**

**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.

**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.

**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 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 2025 by Kane Sweetman and Jacqueline Frost, independent registered valuers of the firm CVAS (NZ) Limited trading as Colliers. Both are members of the Property Institute of New Zealand (MPINZ).
(2024: Kane Sweetman and Jacqueline Frost of CVAS (NZ) Limited trading as Colliers.)

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

In response to escalating inflation levels in late 2021, the Reserve Bank of New Zealand (RBNZ) embarked on a steep monetary tightening cycle, with wholesale interest rates increasing from 0.25% to 5.50% before plateauing for over a year.
In August 2024, the RBNZ began a cycle of easing monetary policy with consecutive rate cuts decreasing the official cash rate to 4.75% as of October 2024, with further forecasted decreas on the horizon. Whilst global debt levels are at historic highs, the majority of defaults and liquidations appear to have peaked, with lower forecast interest rates supporting an improvement in the outlook for economic conditions going forward. There are still however many fundamental risks and headwinds to local and global economic recovery. Global geopolitical challenges are a key aspect with lower global growth, rising unemployment and possible new inflationary pressures in the US all factors that suggest a slower and longer recovery is likely compared to previous cycles.

Investor sentiment has definitely improved in the property sector since the interest rate cuts and should support more positive market conditions moving forward, however once again the challenges and ongoing uncertainty noted above are seeing caution and scrutiny amongst potential purchasers at the current time.

At the date of valuation, there remains a shortage of recent sales transactions from which to accurately determine current market values, which increases the certainty around Colliers' valuation conclusions. Colliers also consider that there is the possibility of further value changes over the remainder of 2024 and into 2025 on the back of further OCR cuts.

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**6 INVESTMENT PROPERTIES (Continued)**

**Valuation (continued)**

Considering these prevailing marketing conditions, Colliers strongly recommend that the valuation of all property be kept under frequent review as valuation advice could become outdated in a shorter timeframe than is normally the case. Colliers reiterate, in accordance with the accepted definition, that the market value is concluded "as at the valuation date" and is based on their interpretation of events, evidence (such as it is) and sentiment up to that date. It is the value on that day.

A capitalisation rate of 8.00% was adopted under the market income valuation approach, with turnover and casual rent being capitalised at 9.75% and power recoveries and commissions income being capitalised at 9.75% to produce a market value of $126,500,000. As part of the valuation assessment, the discounted cashflow investment valuation approach was considered whilst adopting a discount rate of 9.75% to cross check the market income valuation.

In 2024, a capitalisation rate of 8.00% 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 9.5% to produce a market value of $126,000,000. 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 basis and assumptions Colliers have used in determining the value of the investment properties are as follows:

1 Colliers were instructed to assess the market value for financial reporting purposes on the basis that the lessee's interest in the property at 21 Carmen Road is excluded. Colliers have completed the financial reporting valuation on this basis.

2 Colliers were instructed to assess the market value for mortgage security purposes including the lessee's interest in the property at 21 Carmen Road is included. Colliers have completed the mortgage security valuation on this basis.

3 Colliers Real Estate Management Limited has provided financial data in relation to tenancy schedules, operating expenses summaries and budgets. Colliers have relied upon this information in completing the valuations.

4 Colliers' valuations have been completed on the assumption that the building(s) and associated site development can be adequately covered by normal full reinstatement insurance, including earthquake cover both now and in the future. Should this not be the case or should the situation change in the future, Colliers caution that the valuations may change.

5 Colliers have been instructed to assume the outstanding market rent reviews for two tenants have been agreed at an increase of 3% to 5%. Given the current passing rentals are broadly in line with market, Colliers have adopted a 3% increase on the passing rentals for the purposes of this valuation.

6 One tenant has indicated that they would like to extend their lease for a further 6 years. Colliers have been instructed to assume the same lease terms and conditions with the rental to remain at the existing level. Colliers have assumed this for the purposes of the valuation.

The above assumptions (1 to 4) were also applied in the 2024 year.

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**6 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. |
| 2025 | $ 9,746,715 | |
| 2024 | $ 9,992,787 | |
| 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. |
| 2025 | 8.00% - 9.75% | |
| 2024 | 8.00% - 9.50% | |

**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. |
| 2025 | 9.75% | |
| 2024 | 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. |
| 2025 | 8.50% | |
| 2024 | 8.50% | |

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.

The variables used within the valuation include the valuer relying on estimates and making assumptions around capitalisation rates, the market rent and anticipated growth based on available market data and transactions.

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**7 CAPITAL WORKS IN PROGRESS & SEISMIC STRENGTHENING WORK**

| | | Group | |
|---|---|---|---|
| | | 2025 | 2024 |
| As at 1 March | | - | - |
| Additions - Lift | | - | 8,775 |
| Additions - Other Works | **6** | 43,480 | 207,573 |
| | | 43,480 | 216,348 |
| Less | | | |
| Transfer to Investment Properties | **6** | (43,480) | (216,348) |
| | | (43,480) | (216,348) |
| As at 28 February | | - | - |

**NOTES**

Additions of $Nil include no capitalised interest for the year ending 28 February 2025 (2024: $216,348 / $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.

**8 BORROWINGS**

| | Group | |
|---|---|---|
| Balance of ASB Term Loan at 28 February: | 2025 | 2024 |
| Current | 750,000 | 750,000 |
| Non-Current | 59,714,311 | 65,312,500 |
| | 60,464,311 | 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.

**i *Maturities***

The maturities of the Group's borrowings are disclosed in Note 4(C - Liquidity Risk). The values identified within this disclosure are undiscounted and reflect both the principal repayments and expected interest payments.

**NOTES**

**ii *Facility***

| | Amount | Matures | | Reset Maturity Date | Floating |
|---|---|---|---|---|---|
| The Group has facilities with the ASB Bank for $67,000,000 facility (fully drawn) | 60,464,311 | 30/10/2027 | | 3/03/2025 | |

On 20 February 2025, ASB extended the loan maturity date by one year from 30 October 2026 to 30 October 2027. The Board accepted the offer from ASB and signed Amendment to Committed Cash Advances Facility Agreement on 26 February 2025.

**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 6.

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**8 BORROWINGS (Continued)**

**iv *Other***

| | 2025 | 2024 |
|---|---|---|
| The floating interest rate, subject to the interest swap rates (see Note 9) on the term loan facility of $60,464,311 (2024: $66,062,500) at reporting date was: | 6.57% | 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 6.

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 Group complied with these covenants during the current and prior year.
As at and for the year ended 28 February 2025 the Group had a loan to value ratio of 48.76% (2024: 52.43%), an interest cover ratio of 1.79 (2024:1.50) and registered mortgage security of $60,464,311 (2024: $66,062,500)

**9 DERIVATIVE FINANCIAL INSTRUMENTS**

| | Group | |
|---|---|---|
| | 2025 | 2024 |
| Fair value of fixed interest rate swaps with start dates that have commenced | (389,691) | 400,623 |
| At 28 February | (389,691) | 400,623 |

The fair value of 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 $30,000,000 (2024: $33,400,000)
Interest rates of 3.70% - 4.85% (2023: 2.31% - 4.85%).
The maturity dates are 3 February 2026 ($10,000,000), 3 February 2027 ($10,000,000) and 3 February 2028 ($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 4.22% (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 $790,314 (2024: loss of $292,957)

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## 10 LEASES

| | Group | |
|---|---|---|
| **Right-of-Use Assets - Land** | 2025 | 2024 |
| At 1 March | 4,223,905 | 4,349,217 |
| Depreciation | (132,700) | (125,312) |
| Effect of modification to lease terms | 332,377 | - |
| At 28 February | 4,423,582 | 4,223,905 |

| | Group | |
|---|---|---|
| **Lease Liabilities - Land** | 2025 | 2024 |
| At 1 March | 5,206,010 | 5,268,316 |
| Effect of modification to lease terms | 332,377 | - |
| Interest Expense | 274,150 | 260,781 |
| Lease Payments | (340,180) | (323,087) |
| | 5,472,357 | 5,206,010 |

| | Group | |
|---|---|---|
| **Lease Liabilities Due (Undiscounted)** | 2025 | 2024 |
| Up to 3 months | 85,434 | 80,772 |
| Between 3 and 12 months | 256,301 | 242,316 |
| Between 1 and 2 years | 341,734 | 323,088 |
| Between 2 and 5 years | 1,025,203 | 969,264 |
| More than 5 years | 10,180,287 | 9,872,628 |
| | 11,888,958 | 11,488,068 |

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 2025 was 4.95% (2024: 4.95%).

Lease Commitments

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

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

The lease with S R Halliwell contains three rights of renewals, being 31 March 2035, 31 August 2048 and 31 August 2058.

The final expiry date of the lease is 31 August 2068.

| | Group | |
|---|---|---|
| Lease payments made: | 2025 | 2024 |
| Hornby Working Mens' Club | 148,824 | 148,824 |
| S R Halliwell | 191,356 | 174,263 |
| | 340,180 | 323,087 |

## 11 RENT RECEIVED

| | Group | |
|---|---|---|
| | 2025 | 2024 |
| Base Rent | 8,768,240 | 8,525,699 |
| Covid-19 Rent Relief | - | 500 |
| Percentage Rent | 947,677 | 911,480 |
| Casual Leases Rent | 114,941 | 102,890 |
| Car Park - Hornby Working Mens' Club | 78,624 | 78,624 |
| Sign | 186,759 | 167,234 |
| Sundry | 175,938 | 155,130 |
| | 10,272,179 | 9,941,557 |

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**11 RENT RECEIVED (continued)**

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

| | Group | |
|---|---|---|
| | 2025 | 2024 |
| Within one year | 8,859,709 | 8,228,958 |
| One year or later and not later than five years | 17,813,012 | 20,687,645 |
| Later than five years | 1,920,996 | 1,930,391 |
| | 28,593,717 | 30,846,994 |

The weighted average lease duration by rental income is 3.43 years (2024: 3.76 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 19). Contingent rents associated with leases entered into with tenants are recognised in revenue when the factors triggering contingent rents occur.

**12 AUDIT FEES**

Audit fees include payments to BDO Christchurch Audit Limited for the following:

| | Group | |
|---|---|---|
| | 2025 | 2024 |
| Audit of the financial statements | 51,800 | 44,825 |
| Audit of the financial statements (accrued) | 39,250 | - |
| Total fees paid to auditors | 91,050 | 44,825 |

**13 OTHER EXPENSES**

| | | | Group | |
|---|---|---|---|---|
| | | | 2025 | 2024 |
| Accounting Fees | | | 140,469 | 141,013 |
| Bad Debts Written Off | | | 72,354 | 11,377 |
| Consultant's Fees | | | 13,248 | 16,316 |
| Credit Losses Allowance | | | (105,185) | 40,086 |
| Depreciation - Right-of-Use Assets | | **10** | 132,700 | 125,313 |
| Electricity | | | 47,536 | 40,715 |
| Insurance / Rates / Body Corp Fees | | | 29,266 | 28,281 |
| Lease Incentives - Amortised | | **19** | 119,600 | 157,788 |
| Leasing Fees - Amortised | | **19** | 85,831 | 83,472 |
| Leasing Fees | | | 1,501 | - |
| Legal Fees | | | 70,866 | 89,623 |
| Listing Fees (USX) | | | 16,944 | 20,192 |
| Non Deductible Expenses | | | 6,081 | 1,362 |
| Registry Services (Computershare) | | | 16,242 | 14,880 |
| Repairs - General | | | 276,498 | 529,368 |
| Valuation Fees | | | 34,360 | 26,090 |
| Other Operating Expenses | | | 47,554 | 15,593 |
| | | | 1,005,865 | 1,341,471 |
| Throughout the year fees have been paid to Colliers for: | | | | |
| Leasing Fees | *Colliers Real Estate Management Limited* | **23** | 44,267 | 134,688 |
| Valuations | *CVAS (CHC) Limited* | | - | 26,090 |
| | *CVAS (NZ) Limited* | | 34,360 | - |
| | | | 78,627 | 160,778 |

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## 14 TAXATION

| | Group | |
|---|---|---|
| | 2025 | 2024 |
| Reconciliation of income tax (expense) / benefit and accounting profit multiplied by statutory tax rate: | | |
| **Profit / (Loss) before taxation** | **8,128,140** | **6,691,740** |
| Prima facie income tax calculated at the statutory income tax rate of 28% (2024: 28%) | (2,275,879) | (1,873,687) |
| *Plus tax effect of* | | |
| Realised gain/(loss) on disposal of investment properties | 422,937 | - |
| Unrealised net change in value of investment properties | 1,068,193 | 1,261,034 |
| Depreciation | 384,810 | 766,925 |
| Depreciation - Right-of-Use Assets | (37,156) | (35,088) |
| Expected Credit Losses | 29,452 | (11,224) |
| Incentives and Fit Out Contributions | - | 15,000 |
| Interest - Lease Liabilities | (76,762) | (73,019) |
| Leasing Fees - Deductible in Year Incurred | 12,395 | 37,713 |
| Leasing Fees - Amortised | (24,033) | (23,372) |
| Losses on Disposal | 3,997 | 5,535 |
| Non Deductible Expenses | (1,702) | (382) |
| Operating Leases Payments | 95,250 | 90,465 |
| | - | |
| | (398,498) | 159,900 |
| Losses brought forward | 159,900 | - |
| (Taxation Due) / Losses available to be carried forward | (238,598) | 159,900 |
| **Deferred Taxation (refer Note 15)** | | |
| Depreciation Recoverable | (133,333) | (714,157) |
| Expected Credit Losses | (29,451) | 11,224 |
| Lease Incentives Paid | (33,488) | (59,181) |
| Lease Liabilities | 74,577 | (17,446) |
| Losses Utilised | (159,900) | - |
| Right-of-Use Assets | (55,910) | 35,088 |
| | (337,505) | (744,472) |
| **Income tax benefit (expense) reported in Profit or Loss** | (576,103) | (584,572) |
| **Tax Paid in Advance** | | |
| Provisional Tax Paid | 487,277 | 478,619 |
| Resident Withholding Tax Paid | 14,485 | 8,658 |
| | 501,762 | 487,277 |
| Less Provision for Taxation | (238,598) | - |
| Less Tax Refund | (18,468) | - |
| | (257,066) | - |
| Total Tax Paid in Advance | 244,696 | 487,277 |

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**15 DEFERRED TAXATION**

| | Deferred Tax Liabilities | | Deferred Tax Assets | | Net Deferred Tax | |
|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| **Group** | | | | | | |
| Depreciation Recoverable | (10,017,086) | (9,883,753) | - | - | (10,017,086) | (9,883,753) |
| Expected Credit Losses | - | - | 330 | 29,781 | 330 | 29,781 |
| Lease Liabilities | - | - | 1,532,260 | 1,457,683 | 1,532,260 | 1,457,683 |
| Lease Incentives Paid | - | - | 57,379 | 90,867 | 57,379 | 90,867 |
| Losses | - | - | - | 159,900 | - | 159,900 |
| Right-of-Use Assets | (1,238,603) | (1,182,693) | - | - | (1,238,603) | (1,182,693) |
| | (11,255,689) | (11,066,446) | 1,589,969 | 1,738,231 | (9,665,720) | (9,328,215) |

| Movement in temporary differences during the year | Opening Balance | Recognised in Profit or Loss **(Note 14)** | Recognised in Equity | Closing Balance |
|---|---|---|---|---|
| **Group: 2025 Year** | | | | |
| Depreciation | (9,883,753) | (133,333) | - | (10,017,086) |
| Expected Credit Losses | 29,781 | (29,451) | - | 330 |
| Lease Liabilities | 1,457,683 | 74,577 | - | 1,532,260 |
| Lease Incentives Paid | 90,867 | (33,488) | - | 57,379 |
| Losses | 159,900 | (159,900) | | - |
| Right-of-Use Assets | (1,182,693) | (55,910) | - | (1,238,603) |
| | (9,328,215) | (337,505) | - | (9,665,720) |
| **Group: 2024 Year** | | | | |
| Depreciation | (9,169,596) | (714,157) | - | (9,883,753) |
| Expected Credit Losses | 18,557 | 11,224 | - | 29,781 |
| Lease Liabilities | 1,475,129 | (17,446) | - | 1,457,683 |
| Lease Incentives Paid | 150,048 | (59,181) | - | 90,867 |
| Liability Component of Convertible Notes | - | 159,900 | - | 159,900 |
| Right-of-Use Assets | (1,217,781) | 35,088 | - | (1,182,693) |
| | (8,743,643) | (584,572) | - | (9,328,215) |

**ACCOUNTING POLICIES**

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 for on depreciation of investment properties as it is assumed that the carrying amount will be recovered when they are sold.

Deferred tax is recognised on lease liabilities and right-of-use assets due to the difference in financial reporting purposes and the amounts used for taxation.

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## 16 IMPUTATION CREDIT ACCOUNT

| | Group 2025 | Group 2024 |
|---|---|---|
| Opening Imputation credit balance | 18,467 | 9,175 |
| Taxation Paid (Income Tax) | - | 9,841 |
| Taxation Paid (RWT deducted) | 14,485 | 8,658 |
| | 32,952 | 27,674 |
| Less Refunds | (18,467) | (9,116) |
| Prior Year Adjustment | - | (91) |
| | (18,467) | (9,207) |
| Closing imputation credit balance | **14,485** | **18,467** |

## 17 CASH AND CASH EQUIVALENTS

| Cash and cash equivalents comprise | Interest Rate | Group 2025 | Group 2024 |
|---|---|---|---|
| Cash at Bank | 0.00% | 164,519 | 29,206 |
| ASB Maintenance Reserve Fund | 0.70% | 338,703 | 330,472 |
| ASB Savings Account | 1.15% | 1,515,355 | 956,640 |
| | | 2,018,577 | 1,316,318 |

All funds held are held in either a chequing or savings account. No funds were held on term deposit at 28 February 2025.

## 18 ACCOUNTS RECEIVABLE

| | Group 2025 | Group 2024 |
|---|---|---|
| Rentals due | 1,042,240 | 1,336,758 |
| Power Commissions & Recoverables Due | 12,156 | 20,390 |
| Other Receivables | 11,147 | 53,350 |
| | 1,065,543 | 1,410,498 |
| Provision for Expected Credit Losses | (1,177) | (106,362) |
| Total | 1,064,366 | 1,304,136 |
| | | |
| Due less than 30 days (current) | 1,064,366 | 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.

| Provision for Expected Credit Losses | Group 2025 | Group 2024 |
|---|---|---|
| Opening Provision at 1 March | (106,362) | (66,276) |
| Bad Debts Written Off | 72,354 | 11,377 |
| Release or (Additional) Expected Credit Losses Provision | 32,831 | (51,463) |
| Closing Provision at 28 February | (1,177) | (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 reduction in the expected credit losses provision to $1,177 (2024: $106,362). This credit loss provision reflects the uncertainty associated with the collection of certain outstanding debts at year end.

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**19 LEASING COSTS**

| | | Group | |
|---|---|---|---|
| | | 2025 | 2024 |
| Leasing costs consist of the following: | | | |
| **Leasing Fees** | | | |
| Opening Balance | | 255,303 | 204,087 |
| Incurred during the year | | 44,267 | 134,688 |
| Amortised | 13 | (85,831) | (83,472) |
| Closing Balance | | 213,739 | 255,303 |
| | | | |
| **Lease Incentives** | | | |
| Opening Balance | | 324,525 | 482,313 |
| Amortised | 13 | (119,600) | (157,788) |
| Closing Balance | | 204,925 | 324,525 |
| | | | |
| **Total Leasing Costs** | | 418,664 | 579,828 |

**ACCOUNTING POLICIES**

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

**20 ACCOUNTS PAYABLE**

| | Group | |
|---|---|---|
| | 2025 | 2024 |
| Other accounts payable, accruals and other liabilities | 161,506 | 271,231 |
| Total | 161,506 | 271,231 |
| | | |
| Due less than 30 days (current) | 161,506 | 271,231 |

**21 PROVISION FOR GOC REFUND**

| | Group | |
|---|---|---|
| Provision for rent refund due to tenants | 2025 | 2024 |
| Opening Provision at 1 March | 660,261 | 475,388 |
| Additional Provision during the year | 97,926 | 522,768 |
| Refunds to tenants | (584,805) | (337,895) |
| Closing Provision at 28 February | 173,382 | 660,261 |

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.

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**22 GROUP COMPANIES**

As at the 28 February 2025 Shopping Centre Investments Limited held shareholdings in the following subsidiaries:

| Subsidiary | Balance Date | Incorporated in NZ | Domiciled | Shareholding 2025 | Shareholding 2024 |
|---|---|---|---|---|---|
| BC Chalmers Investments Ltd | 28/02/2025 | 23/08/2005 | New Zealand | 100.00% | 100.00% |
| Hornby Enterprises Ltd | 28/02/2025 | 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.

**23 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 2025 were:

| **Director** | | **Entity** | | Directors Fees Paid 2025 | Directors Fees Paid 20204 |
|---|---|---|---|---|---|
| Nigel Atherfold | | Shopping Centre Investments Limited | A: 25/07/2022 | 45,000 | 40,000 |
| Michael Keyse | Chairman | Shopping Centre Investments Limited | A: 19/08/2013 | 85,000 | 80,000 |
| Sarah Ott | | Shopping Centre Investments Limited | A: 30/03/2021 | 46,500 | 41,500 |
| David Rankin | | Shopping Centre Investments Limited | A: 15/07/2014 | 46,500 | 41,500 |
| (Key: A = Appointed and R = Retired) | | | | 223,000 | 203,000 |

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.

No Directors Fees were payable at 28 February 2025 (2024: nil)

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

Michael Keyse, a director of Shopping Centre Investments Limited, 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 has a beneficial interest in the Sherwood Family Trust which holds 555,304 shares at 28 February 2025. (2024: Held 555,304 shares)

Michael Keyse holds 110,910 shares of Shopping Centre Investments Limited in his own name (2024: Held 110,910 shares).

Michael Keyse is an executor of the Estate of Mostyn Stewart Elms which is a shareholder of C S Elms Limited that holds 450,000 shares at 28 February 2025 (2024: 450,000 shares).

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**23 RELATED PARTY DISCLOSURES (continued)**

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 2025. David Rankin is also a director of Livingstone First Realty Limited which holds 50,000 shares at 28 February 2025.
(2024: D H Rankin Childrens Trust held 608,000 shares.)
(2024: Livingstone First Realty Limited held 50,000 shares.)

David Rankin is also a Trustee of the Rotary Club of Cashmere Charitable Trust which held 10,000 shares at 28 February 2025.
(2024: Held 10,000 shares.)

David Rankin is also a Trustee of a shareholder in Amicus, who as insurance brokers co-ordinate the Directors' and Officers Liability insurance for the Group. The insurance premiums paid to Amicus during the year were $17,625 (2024: $17,625).

Colliers Real Estate Management Limited are the managers of the shopping centre.

Evan Harris, the National Retail Property Consultant of Colliers 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 at 28 February 2025 (2024: Held 247,960 shares).

Joanna Koster, an Associate Director - Retail of Colliers Real Estate Management Limited, until February 2025, who oversaw leasing and property management of Shopping Centre Investments Limited, holds 86,786 shares as at 28 February 2025 (2024: Held 86,786 shares).

Jason Marsden, employed by Colliers Real Estate Management Limited and is the Mall Manager at The Hub, holds 97,003 shares as at 28 February 2025 (2024: Held 97,003 shares).

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 2025 (2024: Held 20,000 shares).

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

| | Group | |
|---|---|---|
| | 2025 | 2024 |
| ***Accounting, secretarial and administrative support:*** | | |
| Nexia Christchurch Limited | 140,469 | 141,013 |
| ***Insurance:*** | | |
| Amicus | 17,625 | 17,625 |
| ***Leasing:*** | | |
| Colliers Intl. Real Estate Mgmt Ltd | 44,267 | 134,688 |
| Total value of transactions with related parties | **202,361** | **293,326** |

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**23 RELATED PARTY DISCLOSURES (continued)**

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

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | Trade receivable | Trade payable | Trade receivable | Trade payable |
| Colliers Intl. Real Estate Mgmt Ltd | - | - | - | - |
| Nexia Christchurch Limited | - | 11,174 | - | 8,816 |
| Total | - | **11,174** | **-** | **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 it's 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 these advances are that they are interest free and repayable on demand.

**24 CAPITAL COMMITMENTS**

**2025 Year:**
As at 28 February 2025, the Group has no capital commitments.

**2024 Year:**
As at 28 February 2024, the group had no capital commitments.

The subsidiaries have no capital commitments relating to any matters.

**25 CONTINGENT LIABILITIES**

As at 28 February 2025 the Group had no contingent liabilities (2024: nil)

**26 SUBSEQUENT EVENTS**

**2025 Year:**
On 6 March 2025, the Board passed a resolution approving a gross dividend of 0.75 cents per share to be paid 28 March 2025. The gross dividend paid was $516,804.

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

| | Group | |
|---|---|---|
| | 2025 | 2024 |
| **Net Income** | **7,552,037** | **6,107,168** |
| *Non cash and non operating items* | | |
| Realised (Gain) / Loss on Disposal of Investment Property | (1,510,491) | - |
| Unrealised net change in value of investment property | (3,814,976) | (4,503,692) |
| Unrealised net change in value of derivative financial instruments | 790,314 | 292,957 |
| Bad Debts | 72,354 | 11,377 |
| Depreciation | 136,643 | 129,501 |
| Insurance Proceeds | (52,559) | (140,577) |
| Interest on Lease Liabilities | 274,150 | 260,781 |
| Tax Expense | 238,598 | - |
| Deferred tax | 337,505 | 584,572 |
| | (3,528,462) | (3,365,081) |
| Cash flow from operations before working capital changes | 4,023,575 | 2,742,087 |
| **Movements in Working Capital** | | |
| Increase / (Decrease) in Accounts Payable | 132,828 | 99,812 |
| Increase / (Decrease) in Interest Accrued (Loans) | (89,420) | 30,679 |
| Increase / (Decrease) in Bonds | (111,629) | (17,973) |
| Increase / (Decrease) in Credit Losses Allowance | (177,539) | 28,709 |
| Increase / (Decrease) in GST Payable | (73,362) | 102,559 |
| (Increase) / Decrease in Interest Accrued | (915) | 670 |
| (Increase) / Decrease in Leasing Fees | 41,565 | (51,217) |
| (Increase) / Decrease in Lease Incentives | 119,600 | 157,789 |
| Increase / (Decrease) in Provision for GOC Refund | (499,328) | 184,873 |
| (Increase) / Decrease in Accounts Receivable | 516,755 | (398,405) |
| (Increase) / Decrease in Prepayments | 7,222 | (9,887) |
| (Increase) / Decrease Future Tax Benefits | 3,984 | (9,382) |
| | (130,239) | 118,227 |
| **Net Cash Flows from Operating Activities** | **3,893,336** | **2,860,314** |

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**27 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**

| **2025** | 2024 | Cash Flows | Non-Cash Changes<br>Reclassification Between Short and Long Term | 2025 |
|---|---|---|---|---|
| **Long-term borrowings** | | | | |
| Lease Liabilities | 5,140,620 | (274,792) | 535,677 | 5,401,505 |
| Term Loans - ASB | 65,312,500 | (4,848,189) | (750,000) | 59,714,311 |
| | 70,453,120 | (5,122,981) | (214,323) | 65,115,816 |
| **Short-term borrowings** | | | | |
| Lease Liabilities | 65,390 | (65,390) | 70,852 | 70,852 |
| Term Loans - ASB | 750,000 | (750,000) | 750,000 | 750,000 |
| | 815,390 | (815,390) | 820,852 | 820,852 |
| | 71,268,510 | (5,938,371) | 606,529 | 65,936,668 |

| **2024** | 2023 | Cash Flows | Reclassification Between Short and Long Term | 2024 |
|---|---|---|---|---|
| **Long-term borrowings** | | | | |
| Lease Liabilities | 4,625,384 | (269,834) | 785,070 | 5,140,620 |
| Term Loans - ASB | | | 65,312,500 | 65,312,500 |
| | 4,625,384 | (269,834) | 66,097,570 | 70,453,120 |
| **Short-term borrowings** | | | | |
| Lease Liabilities | 53,254 | (53,254) | 65,390 | 65,390 |
| Term Loans - ASB | 66,812,500 | (750,000) | (65,312,500) | 750,000 |
| | 66,865,754 | (803,254) | - (65,247,110) | 815,390 |
| | 71,491,138 | (1,073,088) | 850,460 | 71,268,510 |

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**28 FINANCIAL INSTRUMENTS - BY CATEGORY**

The Group has the following Financial Instruments:

**2025 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 | 2,018,577 | - | | - | 2,018,577 |
| Colliers Trust Account | 261,100 | - | | - | 261,100 |
| Accounts Receivable | 1,064,366 | - | | - | 1,064,366 |
| Derivative Financial Instruments | - | - | | - | - |
| Total as at 28 February 2025 | 3,344,043 | - | | - | 3,344,043 |

| | 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 | - | 161,506 | | - | 161,506 |
| ASB Loan | - | 60,464,311 | | - | 60,464,311 |
| Derivative Financial Instruments | - | - | | 389,691 | 389,691 |
| Total as at 28 February 2025 | - | 60,625,817 | | 389,691 | 61,015,508 |

| **2024** | 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 | 1,316,318 | - | | - | 1,316,318 |
| Colliers Trust Account | 129,189 | - | | - | 129,189 |
| Accounts Receivable | 1,304,136 | - | | - | 1,304,136 |
| Derivative Financial Instruments | - | - | | 400,623 | 400,623 |
| Total as at 29 February 2024 | 2,749,643 | - | | 400,623 | 3,150,266 |

| | 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 | - | 271,231 | | - | 271,231 |
| ASB Loan | - | 66,062,500 | | - | 66,062,500 |
| Total as at 29 February 2024 | - | 66,333,731 | | - | 66,333,731 |

**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 2025 has been calculated using the Fair Value Hierarchy Level 2 with discount rates of 6.22% to 6.57% (2024: 8.18% to 8.23%).
The worsening credit spreads lead to the use of Fair Value Hierarchy Level 2 as the calculation relies upon the RBNZ 90 day BKBM rate, which is a quoted rate available as at and post reporting date.

The fair value of the ASB Loan at 28 February 2025 is $61,612,319 (2024: $66,327,188)

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## 29 CAPITAL MANAGEMENT POLICIES

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

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

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 2025, 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% (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 Group complied with these covenants during the current and prior year.

As at and for the year ended 28 February 2025, the Group had a loan to value ratio of 48.76% (2024:52.43%).
The Group had an interest cover ratio of 1.79 (2024: 1.50) and registered mortgage securities of $60,464,311
As at 28 February 2025 the funds drawn totalled $60,464,311 (2024: $66,062,500)

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.

- At 28 February 2025, the Company had met its covenants.
  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.

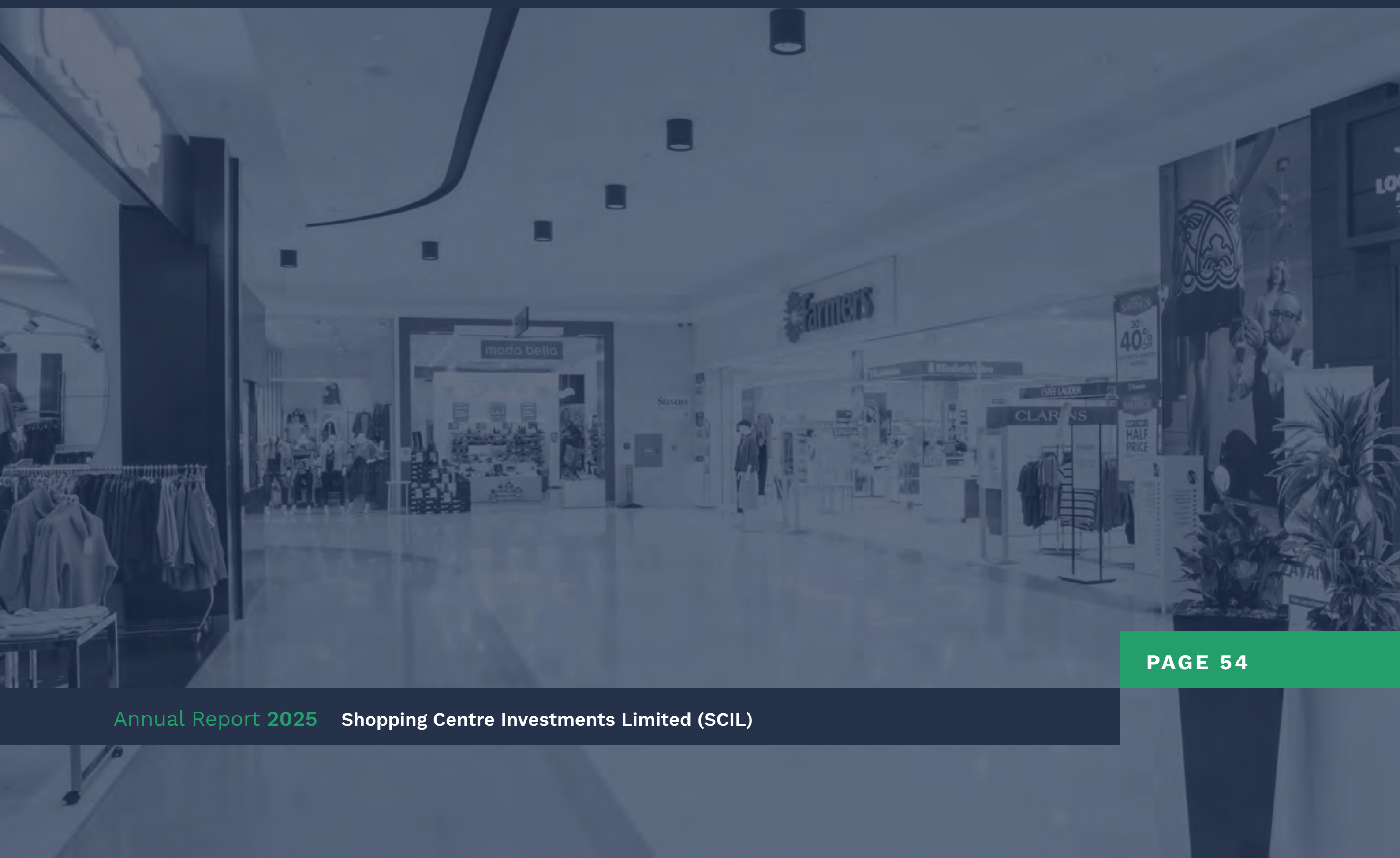
## 30 Dividend Payout Ratio

| | Group | |
|---|---|---|
| | 2025 | 2024 |
| Cash Flows from Operations | **3,893,336** | **2,860,314** |
| Less amount retained | 1,912,252 | 879,230 |
| **Cash Dividend** | **1,981,084** | **1,981,084** |
| Payout Ratio | 51% | 69% |
| Cash Dividend (cents per share) | 0.0288 | 0.0288 |

| | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|
| **Dividends paid as follows** | Date | Rate (cps) | Gross | Date | Rate (cps) | Gross |
| | 28/03/2024 | 0.00625 | 430,670 | 31/03/2023 | 0.00813 | 559,871 |
| | 27/06/2024 | 0.00625 | 430,670 | 30/06/2023 | 0.00813 | 559,871 |
| | 30/09/2024 | 0.00625 | 430,670 | 29/09/2023 | 0.00625 | 430,670 |
| | 20/12/2024 | 0.01000 | 689,072 | 20/12/2023 | 0.00625 | 430,670 |
| | | | **1,981,084** | | | **1,981,084** |

SUMMARY OF FINANCIAL RESULTS FOR THE FIVE YEAR PERIOD 2021 TO 2025

# Five Year Financial Summary



# Summary of Financial Results for the Five Year Period 2021 to 2025

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|
| Rent Received | 9,259,886 | 9,624,413 | 9,994,988 | 9,941,557 | 10,272,179 |
| Insurance Recoveries | - | 425,644 | 467,720 | 140,577 | 52,559 |
| Interest Received | (3,412) | 8,952 | 27,570 | 39,882 | 46,337 |
| Sundry Income | 160,844 | 162,247 | 184,148 | 187,019 | 177,425 |
| | 9,417,318 | 10,221,256 | $10,674,426 | 10,309,035 | 10,548,500 |
| | | | | | |
| **DIRECT EXPENSES** | | | | | |
| Management Contributions | 53,107 | 89,288 | 83,629 | 85,016 | 87,737 |
| Operating Contributions | 497,834 | 587,492 | 552,720 | 673,627 | 696,966 |
| | 550,941 | 676,780 | 636,349 | 758,643 | 784,703 |
| | | | | | |
| **Gross Profit** | **8,866,377** | **9,544,476** | **10,038,077** | **9,550,392** | **9,763,797** |
| | | | | | |
| **OVERHEAD EXPENSES** | | | | | |
| Audit Fees | 32,800 | 40,500 | 41,500 | 44,825 | 91,050 |
| Directors Fees | 183,000 | 205,579 | 203,000 | 203,000 | 223,000 |
| Interest | 1,946,299 | 2,074,136 | 3,652,659 | 4,981,724 | 4,540,609 |
| Interest Expense on Conv Notes | 102,737 | 21,105 | - | - | - |
| Interest Expense on Lease Liabilities | 256,553 | 253,953 | 263,667 | 260,781 | 274,150 |
| Other Operating Expenses | 851,085 | 1,047,923 | 1,558,277 | 1,579,057 | 1,042,001 |
| | 3,372,474 | 3,643,196 | 5,719,103 | 7,069,387 | 6,170,810 |
| | | | | | |
| **Net Operating Income** | **5,493,903** | **5,901,280** | **4,318,974** | **2,481,005** | **3,592,987** |
| | | | | | |
| Unrealised net change investment properties | (4,697,631) | 1,882,161 | (9,800,959) | 4,503,692 | 3,814,976 |
| Derivative Financial Instruments | - | 175,271 | 518,309 | (292,957) | (790,314) |
| Impairment Development Costs | (22,452) | - | - | - | - |
| Realised Gain on Investment Properties | - | - | - | - | 1,510,491 |
| | 773,820 | 7,958,712 | (4,963,676) | 6,691,740 | 8,128,140 |
| | | | | | |
| Deferred Tax | (1,544,981) | (1,616,020) | (1,164,219) | (584,572) | (576,103) |
| | | | | | |
| **Net Income** | **(771,161)** | **6,342,692** | **(6,127,895)** | **6,107,168** | **7,552,037** |
| | | | | | |
| **Equity Opening** | 57,256,794 | 54,142,786 | 57,470,785 | 47,811,393 | 51,937,477 |
| Net Income | (771,161) | 6,342,692 | (6,127,895) | 6,107,168 | 7,552,037 |
| Distributions | (2,342,847) | (3,014,693) | (3,531,497) | (1,981,084) | (1,981,084) |
| | | | | | |
| **Equity Closing** | **54,142,786** | **57,470,785** | **47,811,393** | **51,937,477** | **57,508,430** |

# Summary of Financial Results for the Five Year Period 2021 to 2025 CONTINUED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|
| **SHAREHOLDER EQUITY** | | | | | |
| Share Capital | 62,856,275 | 73,374,286 | 73,374,286 | 73,374,286 | 73,374,286 |
| Convertible Notes | 10,518,011 | - | - | - | - |
| Accumulated Losses | (13,984,326) | (12,538,489) | (12,396,922) | (12,774,530) | (11,018,553) |
| Accumulated Losses Attribution Reserve | (5,247,174) | (3,365,012) | (13,165,971) | (8,662,279) | (4,847,303) |
| | 54,142,786 | 57,470,785 | 47,811,393 | 51,937,477 | 57,508,430 |
| **CURRENT LIABILITIES** | | | | | |
| Accounts Payable | 434,704 | 532,536 | 523,262 | 654,188 | 643,815 |
| Derivative Financial Instrument | - | - | - | - | 389,691 |
| Income Received in Advance | - | - | 84,305 | 158,406 | 301,218 |
| Interest Accrued | 133,673 | 169,905 | 341,714 | 372,394 | 282,973 |
| Liability Component of Convertible Notes | 475,877 | - | - | - | - |
| GST Payable | 120,640 | 170,258 | 164,487 | 200,722 | 181,953 |
| Provision for Deferred Maintenance | 12,449 | 12,449 | 12,449 | 12,449 | - |
| Provision for GOC Cap refunds | 328,050 | 347,419 | 475,388 | 660,261 | 173,382 |
| Term Loan Current Portion | - | - | 66,812,500 | 750,000 | 750,000 |
| | 1,505,393 | 1,232,567 | 68,414,105 | 2,808,420 | 2,723,032 |
| **TERM LIABILITIES** | | | | | |
| Term Loan | 67,000,000 | 67,000,000 | - | 65,312,500 | 59,714,311 |
| Lease Liabilities | 5,074,743 | 5,016,359 | 5,206,010 | 5,140,620 | 5,401,505 |
| Deferred Tax Liability | 7,195,951 | 8,234,172 | 8,743,643 | 9,328,215 | 9,665,720 |
| | 79,270,694 | 80,250,531 | 13,949,653 | 79,781,335 | 74,781,536 |
| | | | | | |
| **Total Equity and Liabilities** | **134,918,873** | **138,953,883** | **130,175,151** | **134,527,232** | **135,012,998** |
| **CURRENT ASSETS** | | | | | |
| Cash and Cash Equivalents | 2,071,338 | 1,968,071 | 1,616,877 | 1,445,507 | 2,279,677 |
| Accounts Receivable | 673,255 | 700,459 | 981,038 | 1,304,136 | 1,064,366 |
| Derivative Financial Instrument | - | 175,271 | 693,580 | 400,623 | - |
| Tax Paid in Advance | - | - | - | - | - |
| | 2,744,593 | 2,843,801 | 3,291,495 | 3,150,266 | 3,344,043 |
| **NON CURRENT ASSETS** | | | | | |
| Investment Properties | 125,580,000 | 129,000,000 | 121,280,000 | 126,000,000 | 126,500,000 |
| Capital Works in Progress | 2,805 | 457,236 | - | - | - |
| Capital Repairs subject Insurance Claim | - | 456,871 | - | - | - |
| Leasehold Asset | 99,356 | 94,602 | 90,146 | 85,956 | 82,013 |
| Leasing Costs | 445,434 | 752,139 | 686,399 | 579,829 | 418,664 |
| Right of Use of Assets | 4,343,257 | 4,222,662 | 4,349,217 | 4,223,904 | 4,423,582 |
| Tax Paid in Advance | 1,703,428 | 1,126,572 | 477,894 | 487,277 | 244,696 |
| | 132,174,280 | 136,110,082 | 126,883,656 | 131,376,966 | 131,668,955 |
| | | | | | |
| **Total Assets** | **134,918,873** | **138,953,883** | **130,175,151** | **134,527,232** | **135,012,998** |

# 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 Director**

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**
**Director**

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

**NIGEL ATHERFOLD**
**Independent Director**

Nigel joined the board in July 2022. He is an experienced director. In the last 15 years he has served on boards that have covered the spectrum from farming to manufacturing to consumer-branded goods, from start-ups to rapid growth to mature companies.

He is currently on the boards of Landcorp Farming Limited (deputy chair), Rural Equities Limited, Melody Dairies GP Limited, Spring Sheep Dairy NZ Management Limited, and Terracostosa Limited.

The early part of his career was spent in the property finance and corporate banking areas of New Zealand's major banks before spending five years in the treasury division of New Zealand Dairy Board. He has been self-employed since 2006 and is part-owner of an economics and treasury risk management advisory firm TDB Advisory Limited.

He has a bachelors degree in economics degree and a masters degree in corporate finance.

# Directory

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**Operations Manager:** Kiri Thomson

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## DIRECTORS

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

SCIL

Shopping Centre
Investments Ltd