

Offer of Unsecured Subordinated Mandatory Convertible Notes by Shopping Centre Investments Limited



PRODUCT DISCLOSURE STATEMENT

Dated 25th July, 2017

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This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer on www.business.govt.nz/disclose (offer ref:11982)

Shopping Centre Investments Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial adviser to help you make an investment decision.

1. Key information summary

1.1. *What is this?*

This is an offer of unsecured subordinated mandatory convertible notes by Shopping Centre Investments Limited (**SCIL**). Convertible notes are debt securities issued by SCIL. You give SCIL money, and in return SCIL promises to pay you interest for the Term of the Note. You will be able to convert the principal amount of your Notes for ordinary shares in SCIL after the first two years. At the end of the Term any unconverted Notes will convert the principal amount you originally paid for the convertible notes into Shares in SCIL.

Shares give you a stake in the ownership of SCIL. As a shareholder you may receive a return if dividends are paid by SCIL or if SCIL increases in value and you are able to sell your Shares at a higher price than you paid for them.

If SCIL runs into financial trouble, you might lose some or all of the money you invested.

1.2. *About Shopping Centre Investments Limited (SCIL)*

SCIL is an established commercial property investment company which was formed in 2001 to purchase and own the property known as 'The Hub Hornby' shopping mall in Christchurch. The Property is located over three sites being 418 Main South Road, 7-11 Chalmers Street and 13-17 Chalmers Street, Christchurch.

1.3. *Purpose of this offer*

The purpose of this Offer is to raise \$13,781,449 of new capital to enable SCIL to:

- Repay existing Bank lending and reduce its debt to equity ratio; and
- Partly reduce the existing lending from the Second and Third Mortgagees. The Second and Third Mortgagees are individuals, family and charitable trusts.

1.4. *Key terms of the offer*

Description of securities	This is an offer of unsecured subordinated mandatory convertible notes in SCIL. The Notes will be an unsecured fixed rate debt obligation ranking behind all Senior Creditors. Noteholders will have the option to convert their Notes into Shares after the first two years. At the end of the Term all unconverted Notes will convert into Shares in SCIL.
Length of Note term	Four years.
Note price	\$1.00 per Note.
Coupon interest rate of Notes	6.75% per annum from the Issue Date to the expiry of the Term.
PDS Date	25 July 2017.
Opening Date for Applications	2 August 2017. This is the date that SCIL can start accepting Applications.
Offer Closing Date	The Offer Closing Date will be 28 August 2017 (but to be extended to 11 September 2017 if required).
Minimum raise amount	The minimum amount needed to be raised is \$6,000,000. Accordingly, the Notes will not be issued

	unless applications for \$6,000,000 of Notes are received. In the event that the Offer raises less than \$9,520,000 then the Note issue can only occur with the Bank's consent and the variation of its lending terms.
Shareholder Pre-emptive Date	Existing shareholders must exercise their pre-emptive rights to acquire Notes on or before the 10 th Business Day following the PDS Date (being 8 August 2017). Interest will be paid at 5% per annum on Application Monies paid by existing Shareholders exercising their pre-emptive rights.
Interest payment dates	Interest payments are due to be paid quarterly with the first interest payment date being 30 November 2017.
Fees or charges	Taxes will be deducted from interest payments on the Notes. Please read <i>Section 9: Tax</i> for further details.
Extension or reduction of interest payment periods	SCIL may defer payment of interest in certain circumstances, such as when it is in default of its obligations to the Bank. Interest will continue to accrue. For more information see <i>Section 6: Key features of Notes</i> .
Application amounts for non Shareholders	The minimum subscription amount is 50,000 Notes and multiples of 10,000 thereafter.
Application amounts for existing Shareholders	The minimum amounts will not apply to the pre-emptive rights of existing Shareholders. Existing Shareholders may subscribe for their pre-emptive allocation for the Notes as provided in their Application. Existing Shareholders are entitled to subscribe for up to or more than their pre-emptive allocations.
Description of convertible product	Notes are a debt security and earn interest. When the Notes are converted they become Shares. The Shares are an equity security which give shareholders rights in SCIL, including the right to receive dividends. The converted Shares will be ordinary shares in SCIL and will be no different to other ordinary shares in SCIL. The Shares will have the same rights and obligations as shares generally.
Circumstance for conversion	<p>Notes can be converted into Shares at the option of the Noteholder after the first two years. A Noteholder must provide SCIL with a Conversion Notice as set out in the Trust Deed, to exercise its option to convert all or part of its Note holding. The conversion will occur at the next quarterly Interest Payment Date.</p> <p>Notes will automatically convert into Shares at the end of the four year Term (if they have not been converted already). This is called a mandatory conversion.</p> <p>Conversion of the Notes into Shares will be subject to the solvency of SCIL.</p>
Terms of conversion	The price of Shares on conversion is fixed at \$1.00 per Note. Accordingly, the number of Notes held will directly correspond to the number of Shares held immediately following conversion.

The above dates are indicative only and may change. The Issuer reserves the right to alter or extend these dates. The Issuer may also withdraw the Offer at any time before the allocation of Notes or accept late applications (either generally or in individual cases).

The Offer is not underwritten.

1.5. *No Guarantee*

The Notes are not guaranteed by the Supervisor or any other person and SCIL is solely responsible for the payment of interest and conversion of the Notes into Shares.

1.6. *How can you get your money out early or transfer your Notes?*

The Notes are non-redeemable. There is no obligation on SCIL or right for a Noteholder (or any other person) to redeem the Notes for money, except following the occurrence of a liquidation of SCIL (see *Section 6: Key features of the Notes*).

There will be no prohibition on the sale of Notes by Noteholders to third parties. However, SCIL does not intend to quote the Notes on a market licenced in New Zealand and there is no established market for trading them. This means that you may not be able to sell your Notes before the end of the Term.

SCIL also does not intend to quote the Shares on a market licenced in New Zealand and there is no established market for trading them. This means that you may not be able to sell your Shares.

1.7. *How Notes rank for repayment*

In the event of the liquidation of SCIL during the Term:

1. The Notes will rank behind the indebtedness owing under the Bank lending, any balance money owed to the Second and Third Mortgagees and any money owing to other Senior Creditors. If the Offer is successful but not fully subscribed then the Second and Third Mortgages may not be fully repaid.

2. The Notes will rank equally among themselves, and will rank equally with other unsecured creditors of SCIL (other than those preferred by law).

3. The Notes will rank ahead of existing shareholders.

Shares issued on conversion will rank equally with all other Shares. You can find more information about the terms of the Offer in *Section 6: Key features of the Notes*.

1.8. *No Security*

The Notes are not secured by any mortgage, security charge, guarantee or other form of security.

1.9. *Where you can find SCIL's financial information*

The financial position and performance of SCIL is essential to an assessment of SCIL's ability to meet its obligations under the Note. For more information you should read *Section 7: SCIL's financial information*.

1.10. *Key risks affecting this investment*

Investments in debt securities have risks. A key risk is that SCIL does not meet its commitments to repay you or pay you interest (credit risk). Section 8 of the PDS (risk of investing) discusses the main factors that give rise to the risk. You should consider if the credit risk of these debt securities is suitable for you.

The rate of interest for the Notes should also reflect the degree of credit risk. In general, higher returns are demanded by investors from businesses with higher risk of defaulting on their commitments. You need to decide whether the offer is fair.

SCIL considers its most significant risk factors are:

1. High tenant vacancy: If SCIL suffers high tenant vacancy and this extends for a reasonable period of time then it could have a serious detrimental impact on its business. If the tenant vacancy is significant enough then it will affect SCIL's ability to generate income, to meet expenses, to pay interest on Notes and potentially the ability of Noteholders to recoup their original investment.

The likelihood of such an event occurring is understood to be reasonably low based on:

- (a) The large number and diversity of existing nationwide retail tenants, coupled with the relatively strong population growth in the areas surrounding the Property in recent years;
- (b) The limited amount of unleased space in the Property (less than 10% unleased area compared with total lettable area of the Property);
- (c) Professional tenant and property management and agency through Colliers; and
- (d) Current performance and market conditions. Pak'nSave and Farmers, have remaining lease terms of more than seven years each. The Property has recently undergone a major redevelopment which has increased the Property's ability to attract customers.

2. Finance/ interest rate: SCIL has a significant amount of lending from the Bank, being \$66.025 million on the basis of a fully subscribed Offer. If a breach of Bank lending terms is not remedied by SCIL then the Bank may enforce its securities, which includes the ability to liquidate the Company or sell the Property. As a subordinated creditor a Noteholder will only get repaid on liquidation after all Senior Creditors are repaid in full.

SCIL plans to continue to manage its financing risks. Bank lending is currently operating on interest only payments and interest is based on floating rates. The prospective financial information suggests that SCIL should meet the Bank's lending covenants over the next two financial years. The indicated interest coverage ratio for year end 2018 will be 2.18 and will be 2.62 for year end 2019. The estimated loan to value ratio for year end 2018 is 47.99% and is 47.00% for year end 2019.

3. Concentration risk: SCIL is exposed to single asset risk as the Property will be its only asset. Its financial performance is solely and fundamentally linked to the Property. SCIL is also subject to property ownership risk and costs. Structural repairs and certain long term maintenance and capital works may be required for the Property. This would affect the profitability of SCIL.

SCIL understands that there is a reasonably low chance of these events occurring and the cost may be recovered from insurance or SCIL may have the ability to raise funds (for capital upgrade work). Single asset risk is not mitigated because SCIL does not intend to acquire any separate assets in the near future.

When the Notes convert into Shares, these risks will change significantly. You should consider whether the degree of uncertainty about SCIL's future performance and returns is suitable to you.

This summary does not cover all of the risks of investing in SCIL. You should also read *Section 8: Risks of investing* and other places in the PDS that describe risk factors such as *Section 6: Key features of the Notes*.

1.11. No credit rating

SCIL's creditworthiness has not been assessed by an approved rating agency. This means that SCIL has not received an independent opinion of its capability and willingness to repay its debts from an approved source.

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Letter from chairperson

Dear Investor

It is my pleasure to invite you to become an Investor in Shopping Centre Investments Limited. Shopping Centre Investments Limited (SCIL) was incorporated in 2001 when it acquired the asset now known as "The Hornby Hub", a shopping mall located to the South West of Christchurch 10 kilometres from the Central Business District. SCIL has been involved in almost continuous construction and development of the site since incorporation, culminating in the most recent stage completed in December 2016.

The Property has the advantage of being a multi tenanted shopping mall with three large anchor tenancy areas comprising the Farmers retail store, the Pak'nSave supermarket and the recently constructed food court. The Property is located in an area experiencing substantial population growth.

The intention of this Offer is to provide funding to reduce Bank debt so as to improve the company's Bank debt to equity ratio and to repay the existing lending from the Second and Third Mortgagees. Noteholders will receive a fixed interest rate for up to four years and then the Notes will automatically convert into Shares in SCIL, unless converted earlier.

This Product Disclosure Statement contains detailed and important information about the key features of the Notes, the Property, SCIL's financial information and the risk of investing in the Notes. I commend you to carefully read the PDS and to consider how such an investment would add to and fit within your investment portfolio and risk management strategy.

It is important that you identify and consider in particular the risks and assumptions set out in *Section 8: Risk of Investing*. I especially encourage and recommend that you seek professional independent advice to assist you with your deliberations.

I would very much welcome your participation as a Noteholder and sharing with you the anticipated opportunities to maximise the value of your investment.

Yours sincerely



Michael Keyse
Chairperson of Shopping Centre Investments Limited

2. Key dates and offer process

Key dates

PDS Date	25 July 2017.
Opening Date for Applications	2 August 2017. This is the date that SCIL can start accepting Applications.
Offer Closing Date	<p>The Offer Closing Date will be 28 August 2017 (but to be extended to 11 September 2017 if required).</p> <p>Existing shareholders must exercise their pre-emptive rights to Notes on or before the 10th Business Day following the PDS Date (being 8 August 2017).</p>
Date the debt securities are issued	Being ten working days from the Offer Closing Date.
First interest payment date	30 November 2017.
Date of mandatory conversion into Shares	The fourth anniversary from Issue Date for the Notes.

The above dates are indicative only and may change. The Issuer reserves the right to alter or extend these dates. The Issuer may also withdraw the Offer at any time before the allocation of Notes or accept late applications (either generally or in individual cases).

The existing shareholders of SCIL have pre-emptive rights to subscribe for all of the Notes. Accordingly, non-shareholder subscriptions will only be accepted after the existing shareholders have had the opportunity to exercise their rights. The Shareholder's pre-emptive rights mean that they must be offered the right to subscribe to an amount of Notes which corresponds to their current shareholding in SCIL (called a pre-emptive allocation). If there are undersubscriptions by existing Shareholders then other Shareholders applying for more Notes will take priority over non Shareholders. The offer to existing Shareholders under pre-emptive rights must occur before SCIL can accept Applications from non Shareholders.

3. Terms of the offer

SCIL intends to raise \$13,781,449 by the way of an issue of 13,781,449 Notes at a price of \$1.00 each. The notes will be convertible to ordinary shares in SCIL. There will be a mandatory conversion to Shares on the fourth anniversary of the Issue Date for the Notes. Shares on conversion will enjoy the same ranking and rights as that of the existing ordinary shares in SCIL, which at present total 55,125,794 in number.

Key Terms

Number of Notes available	13,781,449
Note price	\$1.00 per Note
Minimum amounts for non Shareholders	The minimum subscription for non shareholders is 50,000 Notes and in multiples of 10,000 thereafter.
Minimum amounts for existing Shareholders	Minimum amounts will not apply to the pre-emptive rights of existing Shareholders. Existing Shareholders may subscribe for their pre-emptive allocation of Notes as provided in their Application. Existing Shareholders are entitled to subscribe for up to or more than their pre-emptive allocations.
Interest on Application Monies for existing shareholders exercising pre-emptive rights.	Interest will be paid at 5% per annum on all Application Monies paid by existing Shareholders exercising their pre-emptive rights. Interest will accrue on pre-emptive Application Monies between the 11 th Business Day after the Opening Date and the day before Notes are issued.
Term and interest rate	Notes have a term of four years from the Issue Date. The interest rate is fixed at 6.75% per annum for the Term. SCIL has the ability to suspend interest payments in some circumstances.
Interest payment dates	Interest payments are due to be paid on the last day of each Quarter with the first interest payment date scheduled for 30 November 2017.
Ranking of Notes on liquidation	<p>The Notes are subordinated and unsecured debt owed by SCIL. On any liquidation which occurs prior to conversion, Notes will rank for payment:</p> <ol style="list-style-type: none"> 1. Behind secured liabilities; 2. Jointly with other unsecured liabilities of SCIL; and 3. Ahead of equity holdings.
No Redemption	Notes can only be converted into Shares. There is no ability for a Noteholder to require SCIL to redeem the Notes for money except following a liquidation of SCIL. Noteholders will not receive a repayment of their Principal Amount at the end of the Term, instead this amount will be converted into Shares.
Circumstance for conversion	Notes can be converted into Shares by a Noteholder after the initial two years from the Issue Date. Under a Conversion Notice a Noteholder can convert all or part of its Note holding. Notes will automatically convert into Shares on the fourth anniversary of the Issue Date of the Notes (if they have not been converted already).

Terms of conversion	<p>The price of Shares on conversion is fixed at \$1.00 per Note. Notes convert to Shares on a 1:1 ratio so that Noteholder will get one Share for one Note. The conversion is not based on the underlying value of the Shares.</p> <p>All accrued and unpaid interest will remain as an outstanding unsecured debt if unpaid on conversion. Conversion is subject to the solvency of SCIL.</p>
Administration Fee	SCIL will apply an administration fee of 5% of the gross interest earned on all Application Monies held on trust.
Trust Deed	<p>A summary of the key terms of the Trust Deed is provided in <i>Section 6: Key features of the Notes</i>. A copy of the Trust Deed is available on the disclose register:- www.business.govt.nz/disclose (Offer ref: 11982).</p>

Other relevant terms of the Offer

Refunds	<p>The Offer may be withdrawn by the Issuer at any time before the allocation of the Notes at the Issuers sole discretion. If the Offer or any part of it is withdrawn, then the relevant Application amount will be refunded with any interest earned (less RWT and the Administration Fee) no later than 10 days after the decision to withdraw the Offer.</p> <p>Money received in respect of Applications which are declined in whole or part will be refunded in whole or part (as the case may be). Refunds will be paid to unsuccessful Applicants within 10 days of the allocation of Notes or after the Applicant has been declined (as applicable). Refunds will be paid in the manner selected by the Applicant for future dividend payments in the Application form. Oversubscriptions will not be accepted.</p>
Allocation and Allotment	<p>The allotment of Notes to successful Applicants is scheduled to take place within 10 Business Days following the Offer Closing Date. SCIL will allocate Notes in the following preference:</p> <ol style="list-style-type: none"> 1. To existing Shareholders in accordance with the pre-emptive allocation; then to 2. To existing Shareholders who have applied for more than their allocated amount; then to 3. Existing Second and Third Mortgagees who have applied to Exchange existing lending for Notes (subject to a minimum raise of \$9.52m); and 4. To all other Applicants at SCIL's absolute discretion.

4. SCIL and what it does

4.1. Overview

- 4.1.1. SCIL's sole business is to operate as a commercial property owner and landlord. SCIL has been the owner of the Property for over 15 years since the company was formed and acquired the Property in 2001. Its revenue is generated from rental returns in respect of the leases held for the Property. SCIL's wholly owned subsidiaries are B C Chalmers Limited and Hornby Enterprises Limited. These are non-trading subsidiaries and are not guarantors to the Offer as they do not have any ownership in the Property.
- 4.1.2. The Property is described as a 'regional shopping centre', containing a full line department store, a large supermarket and more than 60 specialty stores. Various share issues since 2001 have helped fund the expansion of the Property by way of a number of construction stages culminating in the construction of the new food court and adjacent speciality shops. No further stages of development are contemplated in the immediate future.
- 4.1.3. SCIL as at the date of this PDS comprises approximately 200 shareholders of which there are no majority shareholders. Of the 55,125,794 shares presently held the largest shareholding is 4,639,532 shares (approximately 8.4%). The net equity of SCIL as per the audited financial statements for the year ended 28 February 2017 was \$53,749,795.

4.2. Commercial property sector

- 4.2.1. In general, the commercial property sector focuses on the rental an owner can derive from its property assets and property value. Commercial property values and rental levels are based on a number of different factors. Rental is most heavily affected by tenant demand and rental levels are based on assessing current rentals in comparable premises. The most important factors in assessing a property's value is the actual value of land improvements, along with the level of rental return and certainty of rental return over time.

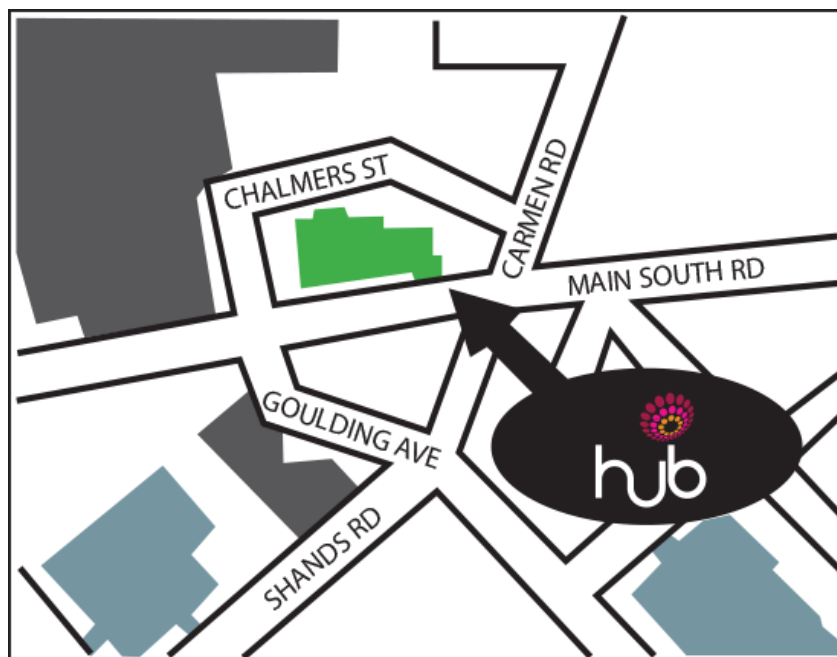
4.3. Property information

General

- 4.3.1. SCIL's business and financial performance is fundamentally linked to the property it owns. The Property is known as the "The Hornby Hub" and is located 10 kilometres South West from the Christchurch Central Business District and has frontage to Main South Road and Carmen Road. The Property comprises the main mall complex (416-418 Main South Road) with adjoining two properties being 7-11 Chalmers Street and 13-17 Chalmers Street.
- 4.3.2. The Valuer has independently valued the Property at \$130,190,000 plus GST (if any) as at 28 February 2017 in accordance with International Valuation Standards and API/PINZ Valuation Standards. This valuation amount includes a deduction of \$2,360,000, being the estimated cost of the strengthening works being completed. The Valuation Summary report contains further details and can be found at www.business.govt.nz/disclose (Offer ref: 11982) under "Other Material Information". The Valuer has consented to the Valuation Summary being included in this PDS and on the disclose register.
- 4.3.3. The Hornby commercial and retail areas have seen substantial redevelopment in recent years with the construction of large retail bulk barns and other retail outlets complementary to the Property. There has been an increase in the number of people living in the western areas of Christchurch and the outlying towns of Halswell, Lincoln, Prebbleton and Rolleston. Since the 2010 and 2011 Christchurch earthquakes there have been a

number of newly developed residential subdivisions around the west and south west of Christchurch, including the large Ngai Tahu development of Wigram Skies.

- 4.3.4. The main mall building has a significant frontage to Main South Road and is bounded to the east by the recently completed four lane Carmen road. Carmen Road is a main access route to the north of the city and the Christchurch International Airport. This is a large cross road system. Both of these road systems are major arterial roads with substantial traffic flows.



- 4.3.5. Chalmers Road is link between Carmen Road and Main South Road and it forms a boundary around the main mall building. This public road accesses the internal car parks and the adjacent leased car park areas. The road contains the bus station which is located by the large northern pedestrian entrance and this station is serviced by the circular Christchurch bus 'Orbiter' system. The Property provides 798 car parks. In addition there are 212 leased car park spaces on the adjoining property to the north.
- 4.3.6. The Property is made up of the following titles:

416-418 Main South Road	Lot 1 DP 473884	650093
7-11 Chalmers Street	Lot 2 DP 26107	CB7D/1082
13-17 Chalmers Street	Lot 3 DP 26107	39748

The total combined area of the Property is 3.6627 hectares.

Building structures

- 4.3.7. The main mall building was originally constructed in the 1970's and has been substantially redeveloped in stages from 1978. There have been several major redevelopment projects for the mall building in the last 12 years. The first was the 2005 construction of the supermarket addition, rooftop carpark and 23 speciality shops in a north mall concourse and a new entrance. The south side of the building saw the addition of eight new specialty shops and a new southern entrance. In 2008 the banking precinct was established and a café area was completed.

- 4.3.8. The mall building has also undergone substantial staged developments between 2014 and 2016, including the construction of the two level Farmers department store, ten specialty stores and an additional 40 car parks on level 1. The latest stage to be completed includes a redeveloped food court and northern entrance. The recent works were designed by Buchan Architects and construction was carried out by Leighs Construction with the final code compliance certification for the works issued by the Christchurch City Council on 24 April 2017. All three buildings have current building warrants of fitness as at the date of this PDS.
- 4.3.9. SCIL also owns three other buildings surrounding the main mall complex, being:
- The standalone KFC restaurant building at 402 Main South Road;
 - The building containing the restaurant and food outlets at 7-11 Chalmers Street;
 - The building containing St. Pierre's and Timezone at 13-17 Chalmers Street.
- 4.3.10. The engineering reports received by SCIL indicate that the main mall building only suffered relatively minor structural damage as a result of the 2010 and 2011 Canterbury earthquake events. The latest engineering summary for the main mall building (416-418 Main North Road) states that a seismic evaluation indicates a significant portion of the building achieves at least 67% of NBS (IL3), and recent works fully comply with the current New Zealand building standard. There are parts of the main mall building and other buildings which have been accessed between 33-67% of NBS (IL3). Strengthening to at least 67% NBS for the main mall building areas is either currently under construction, or consent documents are in the process of being obtained.
- 4.3.11. Seismic strengthening to the banking precinct area on the south east end of the mall is expected to be completed shortly, the south end precinct roof upgrade and minor strengthening is also under construction and will be completed before the end of this year. The balance of the strengthening works is expected to be completed before the end March 2018. A copy of the latest engineering summary can be found at www.business.govt.nz/diclose (Offer ref: 11982) under "Other Material Information".

4.4. **Tenancies**

- 4.4.1. The completion of the latest stage of development means that the Property has a total lettable floor area of approximately 24,857m². As at 1 June 2017 the Property had approximately 2,380m² of vacant tenable space, just under 10% of the total lettable area. Lease negotiations are in progress for six of the twelve vacant areas.
- 4.4.2. There is a mix of different tenancies throughout the main mall building. The total number of tenancies exceeds 70 (as at 1 June 2017), with Farmers and Pak'nSave as the two major tenants. Tenancies include a retail banking precinct with branches of ANZ, ASB, the BNZ and Westpac. The main mall contains a central food court which comprises seven separate hospitality tenancies and there is also a newly opened Robert Harris café adjacent to the main northern entrance. KFC, Subway and St. Pierre's restaurants are located in the buildings that surround the main mall. There are various other retail tenancies including a large pharmacy, stationery store and a number of fashion retailers. The Valuation Summary provides a net maintainable base rent of \$9,154,673 per annum for the property as at 28 February 2017.
- 4.4.3. The two major tenants, Farmers and Pak'nSave, are both significant retail organisations and have substantial brand profiles nationwide. Pak'nSave's premises is located at the western end of the main mall and Farmers is located at the eastern end and is located on both the ground floor and level 1. The Farmers and Pak'nSave premises have a combined

BANKS & INSURANCE		FOOD & CAFES		ENTERTAINMENT		FASHION & ACCESSORIES		HEALTH & BEAUTY	
<div></div> AMI Insurance	104	<div></div> Auntie Da's Dumplings	42	<div></div> EB Games	39	<div></div> Bob Style	6	<div></div> Health 2000	22
<div></div> ANZ	60	<div></div> Cheeky Sparrow Cafe	F6			<div></div> Caroline Eve	36	<div></div> Just Cuts	50
<div></div> ASB	62	<div></div> Divine Cakes & Desserts	88	GIFTS & GENERAL		<div></div> Dowsons	5	<div></div> Life Pharmacy	2
<div></div> BNZ	124	<div></div> Esquires Coffee House	71	<div></div> Acquisitions	39a	<div></div> Farmers	70	<div></div> OPSM	27
<div></div> Kiwibank / NZ Post	80	<div></div> Great Wok	101	<div></div> Back Country	56	<div></div> Jeanswest	48	<div></div> Rodney Wayne	86
<div></div> Westpac	61	<div></div> Hungry Wok	F2	<div></div> Centre Customer Service	M1	<div></div> K&K	57	<div></div> Shampoo'n Things	37
		<div></div> Ichiban	F7	<div></div> Cosmic Corner	4	<div></div> Looksmart	73	<div></div> Simply Beauty	29
		<div></div> Kebab Co	F1	<div></div> Espresso Car Wash	103	<div></div> Max	47	<div></div> Specsavers	25
ELECTRIC & APPLIANCE		<div></div> KFC	63	<div></div> Flight Centre	90	<div></div> Michael Hill Jeweller	28	<div></div> Synergy	20
<div></div> 2 Degrees	K3	<div></div> Liquor King	102	<div></div> Hornby Florist	41	<div></div> Moda Bella	59	<div></div> Tam's Massage	38
<div></div> HBD Mobile	K6	<div></div> Muffin Break	K4	<div></div> iGotit	K2	<div></div> On Time	81	<div></div> Touch of Elegance Nails	23
<div></div> NZ Camera	87	<div></div> Pak'n Save	1	<div></div> Just Incredible	3.3	<div></div> Pagani	3		
<div></div> Omnitech	K9	<div></div> Pepe's Mexican	40	<div></div> Mister Minit	K1	<div></div> Pascoes Jewellers	35	STATIONERY	
<div></div> Spark	44	<div></div> Pita Pit	F5	<div></div> Teaseme	30	<div></div> Silvermoon	85	<div></div> Paper Plus	24
<div></div> Vodafone	31	<div></div> Roast Republic	F3			<div></div> Stirling Sports	72	<div></div> Whitcoulls	83
		<div></div> Robert Harris	7						
		<div></div> Shamiana	F4						
		<div></div> Sushiland	43						
		<div></div> Tank Juice	F8						
		<div></div> Wendy's Supa Sundaes	89						



4.5. **Car park leases**

- 4.5.1. In addition to its onsite car parking, SCIL has arrangements which allow additional car parking to be utilised by its tenants and their customers. SCIL has a long term ground lease with the owner of 21 Carmen Road, a site nearby the main mall building. This area is subleased to the Hornby Working Men's Club and provides the HWMC with 112 carparks. In turn, SCIL has a lease with the HWMC to provide 212 carparks to SCIL for its tenants and for their customers. These car parks are located on land owned by HWMC which is immediately to the north of the main mall building.

4.6. **Directors of SCIL**

- 4.6.1. The Directors of the Issuer as at the date of this PDS are:

Michael Keyse - B Comm. ACA. ACIS.CMA (Chairman)

Michael is a Chartered Accountant, a Chartered Secretary and has a post Cost and Management Accountant qualification. Until December 2015 he was a Senior Partner of a Chartered Accounting firm, now merged into Nexia New Zealand, but upon retirement from that firm as a director he has since acted as a consultant. He is a Director of various private companies and a Trustee to a range of charitable bodies. He was appointed as a director of SCIL in 2014 and was elected chairman from that date.

Nexia New Zealand provides SCIL accounting, management and financial services. For the year ending 2017 its fees were \$145,112. Michael's remuneration as a director of SCIL will be \$60,000 for the year end 2018. Michael is also one of the Second and Third Mortgagees, with his personal loan being \$100,000. Michael's shareholding interest in SCIL is less than 5%.

Thomas (Tom) Pryde - LLB

Tom is a commercial solicitor residing and practising in Queenstown. He is the senior partner of Cruickshank Pryde which is a legal firm established by his father in 1939 and which has nine partners and approximately thirty other staff in three offices in Invercargill, Gore and Queenstown. Tom has been a director of the Company since its incorporation and has throughout this time also given extensive legal advice to the SCIL on numerous matters associated with its commercial interests and the development of the Property. He is also a director of a number of private companies and a trustee of several community charitable trusts.

Cruickshank Pryde provides SCIL legal services. For the year ending 2017 its fees were \$7,495. Tom's remuneration as a director of SCIL will be \$35,000 for the year end 2018. Tom's shareholding interest in SCIL is less than 5%.

David Rankin - FREINZ (Life), ANZIV, SPINZ, CMInst.D

David is a real estate agent, owning and operating Livingstones Realty Limited and is a professional director having previously been a director and principal officer of H. G. Livingstone Limited and a director of the Real Estate Institute of New Zealand. David is a chairman of the co-operative company Real Estate Network Limited, NZ Metropolitan Properties Limited, Icon Communications Limited and Addington Raceway Limited. David is also a registered valuer and charter member of the NZ Institute of Directors. David's remuneration as a director of SCIL will be \$35,000 for the year end 2018. David's shareholding interest in SCIL is less than 5%.

Anthony (Tony) Sewell - FNZIM, FPINZ

Tony is a professional director and consultant, having recently stepped down from the chief executive role at Ngai Tahu Property Limited. Tony has an extensive history of working in the management and development of large construction and property development

companies, including Fletchers, Downer and Land Corp. Tony achieved significant success as the chief executive of Ngai Tahu Property, growing the company's assets significantly by completing a number of successful property development projects. Tony's remuneration as a director of SCIL will be \$35,000 for the year end 2018.

4.7. **Property and administrative management**

4.7.1. The management of the complex is undertaken by Colliers who provide lease management, maintenance control and administrative services. Property management fees are part of the operating expenses recoverable from most Tenants, except where gross leases are in place (such as Farmers). Colliers has recently signed a new property management agreement for a term of three years which started in March 2017.

4.7.2. The administrative management is carried out by Nexia New Zealand, Chartered Accountants. The chairperson of SCIL, Michael Keyse, acts as a consultant to this firm. Nexia New Zealand provides services including (amongst other things):

- The construction of monthly accounting reports and cash flows, bi-monthly GST returns, annual accounts and projected financial statements.
- Providing administrative services, secretarial duties for the regular Director's meetings.
- Maintaining registers including Registers of Interests, shareholder register and the updating thereof.
- Payment of monthly creditors.
- Attending monthly property management meetings.
- Attending to requests from its lenders and especially the ASB Bank.

4.7.3. SCIL does not have any employees and it does not intend to employ any persons.

4.8. **Material governance disclosures**

4.8.1. There is no ability under SCIL's constitution or any other agreement for one or more persons to exercise a power that would usually be exercised by the shareholders by resolution.

4.8.2. Other than the normal rule requiring directors to be appointed and removed by ordinary resolution, there are no restrictions under SCIL's constitution or any agreement on the ability of the holders of the Notes to control the composition of the Board of SCIL.

4.8.3. There is no provision under SCIL's constitution or any agreement that provides for the Board of SCIL, or a director of SCIL, to act in a manner that the Board or the director believes is in the best interests of a person other than SCIL itself.

4.8.4. SCIL's constitution requires the offer of Shares to the shareholders first before offering the new shares, or similar interests such as convertible notes, to third parties (i.e. pre-emptive rights).

5. Purpose of the offer

5.1. The purpose of this Offer is to raise capital which will be used by SCIL to:

- Reduce the existing Bank lending; and also to
- Repay in part the loans from the Second and Third Mortgagees.

5.2. Funds raised by this Offer will be applied first to reduce the principal amount of the Bank lending to a maximum repayment of \$9,520,000.00, and then to pay the Offer expenses. Any balance funds will be applied to part repayment of the principal of loans held by the Second and Third Mortgagees. The principal loan amount owed to Second and Third Mortgagees is currently \$4,500,000.00.

5.3. The details of the funds to be raised and the expected use of those funds are as follows (based on a fully subscribed Offer):

Subscriptions from Investors	\$13,781,449

Funds Applied to:	
• Reduction of Bank lending	\$9,520,000
• Offer expenses (estimated)	\$290,000
• Part reduction of Second & Third Mortgagee loans	\$3,971,449

5.4. The minimum amount needed to be raised under this Offer is \$6,000,000.00. Accordingly, the Notes will not be issued unless applications for \$6,000,000 of Notes are received. In the event that the Offer raises less than \$9,520,000.00 then the Note issue can only occur with the Bank's consent and the variation of its lending terms.

5.5. A summary of the expected Offer expenses is available on the disclose register www.business.govt.nz/disclose (Offer ref: 11982) under "Other Material Information".

5.6. The Offer is not underwritten.

6. Key features of the Notes

6.1. The following is a summary of the provisions of the Trust Deed which are most relevant to Noteholders and are not set out elsewhere in this PDS. The Trust Deed and the covenants contained in them will not apply to any Shares issued following conversion:

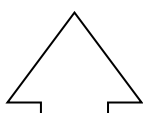
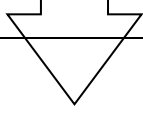
6.1.1. **Supervisor:** The Supervisor is appointed under the Trust Deed to act for the Noteholders. The Supervisor does not guarantee the payment of interest or the Principal Amount of the Notes.

6.1.2. **Role of Supervisor:** The Supervisor is to exercise reasonable diligence to ascertain whether there is any breach of the Trust Deed terms by SCIL. The Supervisor has the ability to take enforcement action against SCIL for breaches on behalf of Noteholders. Due to the subordinated nature of the Notes the Supervisor's powers are limited. The occurrence of an Event of Default or the failure to pay any interest does not constitute a breach of the terms of the Notes and so does not allow the Supervisor to request that the Notes are repaid or take any action other against the Issuer.

- 6.1.3. **Note Holding:** A record of Notes will be held on the Note Register and a Note Certificate issued by SCIL will constitute a document of title for Notes.
- 6.1.4. **No Security:** The Trust Deed does not create any security for the Notes.
- 6.1.5. **Interest payments:** If an interest payment date falls on a weekend or public holiday, payment will be made on the next Business Day without adjustment or further payment as a result. Each interest payment will be made to the relevant Noteholder on the register as at the 10th working day before the interest payment date.
- 6.1.6. **Events of default:** For the purposes of the Trust Deed, an event of default by SCIL will be if an insolvency occurs in relation to SCIL, if SCIL is in breach of any covenant or undertaking contained in the Trust Deed that is prejudicial to the interests of the Noteholders and such breach is not remedied within 10 Business Days of notice being given by the Supervisor or Noteholders, or if SCIL is in default of any terms and conditions on which any Senior Creditor has made advances to SCIL. In these circumstances SCIL will be prevented from making dividend or distribution payments to its Shareholders, however, no other consequences of an event of default result.
- 6.1.7. **Distribution on liquidation:** In the event of liquidation of SCIL, the Principal Amount invested and interest due on their Notes is owed to a Noteholder. The payment of these sums to Noteholders is subordinate to the payment of Senior Creditors and other creditors preferred by law.
- 6.1.8. **Suspension of interest payments:** SCIL may suspend interest payments to Noteholders in circumstances which would mean it would breach its obligation to other creditors. In such an event SCIL is required to give notice to Noteholders and interest shall continue to accrue without SCIL being in breach of the Trust Deed for non-payment. There is no ability for interest payments to be accelerated. All accrued and unpaid interest will remain as an outstanding unsecured debt owed by SCIL if unpaid on conversion.
- 6.1.9. **Conversion:** Notes will be converted into Shares either by a Noteholder giving notice after the first two years of the Term, or automatically at the end of the Term. When a Note is converted into a Share it will no longer earn any interest. Instead a Shareholder will be entitled to dividends if and when SCIL decides to issue dividends to Shareholders. One Note will be converted into one Share on Conversion. This means that the cost of a Share for Noteholders is \$1.00. The actual value of the shares in SCIL may be more or less than \$1.00 at the time Notes are converted into Shares.

A Noteholder may want to convert their Notes early if the value of Shares increases in value above \$1.00 and/ or the anticipated dividend payments to Shareholders gives a better return than interest on the Notes.

Diagram of ranking of liabilities:

Ranking of liability (High to Low)	Description of liability	Amount of liability (approximate \$000)¹
Liabilities that rank in higher in priority to the Notes	<ul style="list-style-type: none"> - ASB Term Loans - Second and Third Mortgagee Term Loans - Interest accrued 	 <ul style="list-style-type: none"> 66,025 529 268
Equal ranking liabilities (except as preferred by law)	<ul style="list-style-type: none"> - Equal ranking liabilities - Notes 	 <ul style="list-style-type: none"> 0 13,781
Lower ranking liabilities	- Subordinated liabilities.	0
Equity	- Amounts in relation to the existing Shares, Notes issued, reserves and retained earnings. ²	64,674

¹The figures listed above are indicative figures based on the financial position as at 1 September 2017, and are adjusted to reflect the changes in the value of the SCIL's assets and liabilities that SCIL reasonably expects to result from the issue of the Notes, being a reduction in the Bank loan of \$9,520,000 and Second and Third Mortgagee loans of \$3,971,449.

²In the figures above the Notes total \$13.781 million, of this \$3.018 million is recognised as a debt component under NZIS32. The remaining \$10.763 million is recognised as an equity component.

6.2. Guarantee

- 6.2.1. The Notes are not guaranteed by the Supervisor or any other person and SCIL is solely responsible for the payment of interest.

6.3. Key information on Shares

- 6.3.1. Key features of ordinary shares in SCIL do not differ from those that apply to ordinary shares in a company generally.
- 6.3.2. *Dividend policy:* It is intended that the dividend policy be based on net cash flow from operating activities. The Board will monitor SCIL's projected cash flow and capital requirements and will review the dividend policy as required. Dividend statements are sent to all shareholders after completion of SCIL's Annual Financial Statements and Annual General Meeting each year.
- 6.3.3. Despite the intentions set out above, neither SCIL, nor any other person gives any assurances as to the level or frequency of any dividend (or other distribution, if any) payable. Payment of dividends (if any) is at the discretion of the Board and dividends (if any) will only be declared after meeting appropriate solvency requirements.

7. SCIL's financial information

7.1. Financial information presented

- 7.1.1. This table provides selected financial information about SCIL. Full financial statements are available on the offer register (www.business.govt.nz/disclose Offer ref: 11982). SCIL's financial performance and position is critical to SCIL's ability to meet its obligations, including those owed to you. If you do not understand this sort of financial information, you can seek professional advice.
- 7.1.2. There is no guarantor of SCIL and therefore the ability for SCIL to pay interest and the actual value of its Shares (once Notes are converted) is solely reliant on the performance and financial position of SCIL.
- 7.1.3. The financial information is provided in New Zealand dollars, is GST exclusive, and is rounded to the nearest dollar unless otherwise stated, which may result in some discrepancies between the sum of components and totals within tables, and also in certain percentage calculations.

Selected financial information and ratios table

	Year ended 28 th Feb 2015	Year ended 29 th Feb 2016	Year ended 28 th Feb 2017
Revenue			
Rent Received	5,942,008	6,238,464	7,104,535
Other income	32,033	58,388	35,192
	5,974,041	6,296,852	7,139,727
Total expenses (excluding interest costs)	1,608,750	1,935,107	1,862,129
EBITDA	4,365,291	4,361,745	5,277,598
Less interest Costs	2,256,009	2,739,770	2,783,607
Net Operating Income	2,109,282	1,621,975	2,493,991
Non-Operating Income	(4,671,367)	2,242,215	6,886,596
Income/(Loss) before Income Tax	(2,562,085)	3,864,190	9,380,587
Less Tax	(99,553)	(49,661)	(338,895)
Net Profit (Loss) after Tax	(2,661,638)	3,814,529	9,041,692
Dividends	-	-	-
Total Assets	94,107,965	114,717,732	133,781,429
Cash and Cash Equivalents	539,824	1,120,707	349,953
Total Liabilities	53,214,393	70,009,628	80,031,634
Total Debt	48,784,087	63,447,012	74,591,953
Total Equity	40,893,572	44,708,104	53,749,795
Net Cash Flow from Operating Activities	2,115,626	1,579,192	2,684,699

Selected Ratios			
	Year ended 28 th Feb 2015	Year ended 29 th Feb 2016	Year ended 28 th Feb 2017
Debt / EBITA	11.18	14.55	14.13
Debt/EBITA is an indicator of the degree to which an entity has borrowed against earnings. The higher the number, the greater the risk that the entity will not be able to pay its debts.			
EBITDA / Interest Expense	1.93	1.59	1.90
EBITDA/Interest expense is a measure of the ability of an entity to pay interest on borrowings. The lower the number, the greater the risk that the entity will not be able to pay interest.			

7.2. **Prospective financial information**

- 7.2.1. This PDS contains prospective financial information, which is based on SCIL's assessment of events and conditions existing at the date of this PDS and the accounting policies and assumptions are set out in the prospective financial statements on the disclose register (www.business.govt.nz/disclose Offer ref: 11982) under the heading "Issuer prospective financial statements".
- 7.2.2. Prospective financial information by its nature involves risk and uncertainties, many of which are beyond the control of SCIL. SCIL believes that the information has been prepared with due care and attention, and considers the assumptions when taken as a whole, to be reasonable at the time of preparing this PDS. Actual results are likely to vary from the information presented. Results may not occur as expected and the variations may be material. Accordingly, neither SCIL, nor any other person can provide any assurance that the prospective financial information will be achieved and **Investors are cautioned not to place undue reliance on the prospective financial information.**

Prospective financial information table

	Year ended 28 th Feb 2018	Year ended 28 th Feb 2019
Revenue		
Projected Rent	9,138,252	10,053,784
Total Expenses (excluding interest costs)	2,174,513	1,286,144
EBITDA (earnings before interest, taxation, Depreciation and amortisation)	6,963,739	8,767,640
Less Interest Costs	3,746,921	3,502,057
Net Operating Income	3,216,818	5,265,583
Non-Operating Income (Unrealised net change in the Property value)	1,806,110	2,840,000
	5,022,928	8,105,583
Less Tax	-	32,144
Net Profit (Loss) after Tax	5,022,928	8,073,439
Dividends	1,653,774	2,618,475
Total Assets	140,155,333	144,953,475
Cash and Cash Equivalents	2,337,242	4,327,529
Total Liabilities	72,273,388	71,616,566
Total Debt	67,729,791	67,052,532
Total Equity	67,881,945	73,336,910
Net Cash Flow from Operating Activities	3,789,568	4,608,762

Extensive redevelopment was completed during the years ended 29 February 2016 and 28 February 2017. The income from the redevelopment has been staggered over the two year period and many of the gross rentals did not commence until 1 January 2017.

Summary of Principal Assumptions for Prospective Financial information

The prospective financial information in this section is based on various best estimates and information supplied by our advisors subject to review by the Board. All principal assumptions have been made by SCIL as at the date of this PDS. Actual results may vary from the Prospective Financial Statements depending on lease occupancies, lease income increases, recovery of operating expenses, interest rates and other expenses.

There is no intention to update the Prospective Financial Statements subsequent to their presentation.

The principal assumptions are summarised below:

1. The projected lease income is a key to the integrity of these statements. The Managers to SCIL, Colliers International have determined the projected lease income with reliance upon the lease documentation and some assumptions.
2. One of the major leases is a gross rental, and an appropriate charge for operating expenses have been included as Operating Contributions by the Landlord.
3. Non recoverable operating expenses have been projected based on the number of tenancies in place.
4. When comparing the historical figures with Prospective Financial Information (**PFI**) it must be identified that the PFI figures include new tenancies coming on stream which are a result of the major redevelopment completed in November 2016. This construction has resulted in a substantial increase in available lettable floor space though this has been subject to short term rental holidays (such as the Farmers lease) and timing of occupancies. The lease

income is also based on the assumption that the Property will be fully leased, including currently unoccupied space.

Due to the redevelopment large demolitions and reconstructions took place for which the overheads could not be recovered. With the completion of the redevelopment works the majority of such charges can now be recovered. There is a reduction in total expenses (excluding interest costs) especially in the 2019 forecast year.

When comparing projected "Total Expenses" with historical expenses the cessation of the previous management contract and the role of tenancy co-ordinator should be taken into account. These two items totalled \$179,079 for the year end 2017.

5. Non-Current Assets were valued as at the 28th February 2017 by the Valuer. This valuation was for \$130,190,000 and to this has been added the cost of the seismic strengthening works to date of \$448,772. For the years ended 28 February 2018 and 28th February 2019 we have received from the Valuer indicated values at the respective year end dates of \$135,480,000 and \$138,330,000 respectively. Seismic strengthening and associated works are to be completed by year end 28 February 2018, the assessed cost is \$3,493,980, of which \$448,772 was incurred prior to 28 February 2017. Further work may be required and if so this will be funded from cash, the cost should not be significant.
6. As per the lending agreement with the ASB Bank the majority of the funds to be raised by this Offer are to be applied in the reduction of Bank debt. The part repayment of the Second and Third Mortgagees loans (totalling \$4.5 million) is dependent upon funds raised. The prospective financial statements assume that the reduction in Bank debt is accomplished and that the Second and Third Mortgagee loans are repaid in full, the balance of the loans being repaid from cash.
7. The interest rates used are as follows:
 - a) ASB loan of \$72,500,000 at the present floating rate of 4.685% p.a. This comprises the ASB 90 day BKBM rate plus a margin of 2.65% p.a.
 - b) ASB development loan of \$3,045,000 at the present floating rate of 6.0% p.a. This comprises the ASB Corporate Indicator Rate plus a margin of 1.50% p.a.
 - c) Second and Third Mortgagee loan advances of \$4.5 million at 9% p.a. paid quarterly.

Bank debt of \$75.454 million is a post year end figure based on the renegotiated lending in May 2017. This amount will be reduced to approximately \$66 million in the event of a fully subscribed Offer. It is also assumed that there will be further repayment of Bank and Second and Third Mortgagee loans from cash reserves. Bank loan payments are interest only.
8. It is assumed that the issue will be fully taken up with \$13,781,449 being raised. Of this amount \$9,520,000 will be utilised to repay Bank debt, the balance will be used to pay Offer expenses and partly repay the Second and Third Mortgagee loans.
9. Interest at 6.75% p.a. has been calculated on an assumed total subscriptions from the Offer of \$13,781,449.
10. SCIL expects these floating interest rates to apply for the period ending 28 February 2018 and to increase by 0.25% p.a. commencing 1 March 2018. For interest rate changes please refer to the sensitivity analysis section in the document titled "SCIL Prospective Financial Information" on the Offer Register.
11. Distributions for the year ending 28 February 2018 are based on three quarterly instalments of 1.0 cent per share (3 cents per annum). For the year ended 28 February 2019 the projected dividends are based on the first quarter instalment of 1.0 cent per share and then three quarterly instalments of 1.25 cents per share (4.75 cents per annum).
12. The dividend payment assumption is subject to cash availability, meeting the solvency test and meeting the ASB Bank covenants in regard to minimum interest rate coverage and their minimum debt to equity ratio demands. The indication for the commencement of future dividend distributions is due to the increase in projected rental income from the redevelopment of the Property and the anticipated reduction in overhead contributions by SCIL. Explanations are detailed above.
13. The Bank lending of \$75,545,000 was re-documented in May 2017. The associated loan covenants require the interest coverage ratio must at all times be no less than 1.75. Commencing 1 October 2017 the interest coverage ratio must be at all times be no less than

2.00 and this will be tested on the 31 December 2017. The loan to value ratio is to be no greater than 50% to be first tested by the year end 31 March 2018. The Company must make lump sum repayments to the Bank of not less than \$9,520,000 by 1 December 2017. Based on the Prospective Financial Information, the indicated interest coverage ratio as at 28 February 2018 is 2.18 and as at 28 February 2019 is 2.62. The loan to value ratio as at 28 February 2018 is 47.99% and as at 28 February 2019 is 47.00%.

14. The above loan to value ratios are dependent on the annualised projected rentals being achieved with the previous capitalisation rates applied to determine the projected value of the complex at 28 February 2018 and 28 February 2019.
15. The Prospective Financial Statements have been prepared in accordance with the requirements of New Zealand generally accepted accounting practice [NZ GAAP] and in particular with the requirements of Financial Reporting Standard Number 42 [FRS 42], Prospective Financial Statements. **They have not been audited.**
16. The Company is a "For Profit" entity and is required to prepare Financial Statements under Tier 1 NZ IFRS and in accordance with GAAP.

7.3. ASB financing arrangements

A copy of the Bank loan facility agreements can be found at www.business.govt.nz/diclose (Offer ref: 11982) under "Other Material Information". The relevant terms of the Bank's loan facilities are:

- 7.3.1. Evergreen committed cash advance loan facility of \$72,500,000.00 to refinance existing borrowing from ASB. The facility is provided on a 24 month term. The interest rate for this facility is ASB's 90 day BKBM Bid rate (currently approximately 2.035% p.a.) plus a margin of 2.65% p.a.
- 7.3.2. New development funding facility of \$3,045,000.00 to fund the current strengthening works. The interest rate for the facility is ASB's corporate indicator rate (currently 4.5% p.a.) plus a margin of 1.5% p.a. The term of this facility expires on 30 June 2018.
- 7.3.3. The following existing security is provided by SCIL in favour of ASB:
 - the first registered mortgage over the Property; together with;
 - a first ranking General Security Deed over SCIL and its leases;
 - a deed of assignment between ASB and SCIL in respect of the HWMC lease for car parks;
 - a guarantee from BC Chalmers Limited (a wholly owned subsidiary of SCIL); and
 - a deed of priority of securities.
- 7.3.4. SCIL's key undertakings under the loans are to:
 - 7.3.4.1. Issue a PDS for no less than \$10,400,000 of Notes prior to 1 August 2017.
 - 7.3.4.2. Maintain full replacement insurance, up to the Bank's requirements.
 - 7.3.4.3. Make a lump sum repayment of facilities for no less than \$9,520,000 by 1 December 2017 (lower amount subject to prior approval of the Bank).
 - 7.3.4.4. Provide an engineering report showing building strengthening works to 67% of NBS completed by 31 March 2018.

- 7.3.4.5. Maintain a loan to value ratio of not more than 50% at all times, but first tested at 31 March 2018.
- 7.3.4.6. Maintain an interest coverage ratio not less than 2.00, tested every quarter from 1 December 2017 against SCIL's management accounts.
- 7.3.4.7. Only make dividend payments to shareholders if such payment does not exceed the cash available to SCIL and SCIL is fully compliant with all of its obligations under the Bank loans.

7.4. Second and Third Mortgagee financing arrangements

- 7.4.1. The 2nd mortgagees currently provide combined lending of \$4,150,000.00 which is due for repayment on 30 November 2018. The interest rate is 9% per annum payable quarterly in arrears. The lending is secured by a second mortgage subject to the ASB's prior interests. Repayment of principal amounts can be made early on first giving 90 day notice.
- 7.4.2. The 3rd mortgagees currently provide combined lending of \$350,000.00 which is due to expire on 30 November 2018. The interest rate is 9% per annum payable quarterly in arrears. The lending is secured by a third mortgage subject to the ASB's prior interests and the 2nd mortgagees prior interests. Repayment of principal amounts can be made early on first giving 90 day notice.
- 7.4.3. It is anticipated that a significant portion of the loans to the Second and Third Mortgagees will be repaid in the event of a fully subscribed Offer. SCIL may decide to further repay the balance of the Second and Third Mortgagee loans from any cash surplus.

8. Risks of investing

General Risks

- 8.1. The investment is subject to some general risks associated with Notes and Shares and these are summarised below.

Notes

- 8.2. The principal risk of Noteholders not being able to recover in full their principal investment is that SCIL may become insolvent, placed into receivership, liquidation, or otherwise be unable to and/or fail to make any payment of any interest to Noteholders.
- 8.3. If SCIL runs into financial difficulties and is liquidated, a Noteholder will only be repaid its principal amount invested after all secured creditors have been paid. The actual amount received will depend on the total amount claimed by the creditors of SCIL (including the Bank and other secured and unsecured creditors) and the amount realised from the sale of assets (being the Property) that are available to meet those claims.
- 8.4. If the Investor wishes to sell their Notes then there is a risk that the Investor will be unable to find a buyer for the Notes or the amount received is less than the principal amount paid for the Notes. The investment offered has a long term investment horizon and is structured to provide an Investor a reasonably long term investment in commercial real estate.

Shares

- 8.5. The risks of investment will change significantly when the Notes are converted into Shares. As a shareholder an Investor will only receive a return if dividends are paid or the Issuer increases in value and the Investor is able to sell his or her Shares at a higher price than the Investor paid for the Notes. The payment of dividends to Shareholders is completely at the discretion of SCIL.
- 8.6. Shares may go up or down in value depending on a number of factors, with the main factors being the value of SCIL's assets compared with its liabilities and the ability for SCIL to pay dividends to its shareholders. There is no guarantee that there will be willing buyers for Shares in the future. The sale of shares presumes there is a market for them, however as at the date of this PDS there is no established market and it is not intended that the shares will be listed or tradeable on a securities market. Therefore there may only be a very limited market for Shares in the future.
- 8.7. If SCIL runs into financial difficulties and is wound up, a shareholder will only be paid after all creditors, and if applicable, holders of preference shares have been paid. The actual amount received will depend on the total amount claimed by the creditors of SCIL (including the Bank) and the amount realised from the sale of assets (being the Property) that are available to meet those claims. Shareholders will not be liable to pay money to any person as a result of the insolvency of SCIL.
- 8.8. An Investor may lose some or all of their investment.

Specific Risks relating to SCIL's creditworthiness

- 8.1. An investment in SCIL is essentially an investment in the Property itself. As such, an investment in SCIL carries with it the benefit and risks of owning the Property. There are a number of specific risks associated with the SCIL and its ownership and management of the Property as a landlord.
- 8.2. Set out below is a description of the specific circumstances that SCIL is aware of or may arise which pose a risk to the financial position or financial performance of SCIL together with an assessment of the significance, impact and potential magnitude of each factor.

Description of risk factor	Significance, impact and magnitude of the risk
<p>General tenancy risk</p> <p>SCIL's income is solely derived from receiving rental and outgoings payments from its tenants.</p> <p>The existing rental revenue may be affected if a lease expires or is earlier terminated for default or other reasons, then rental income and outgoings payments for that premises will cease until a replacement tenant is found.</p> <p>During any such period SCIL will have a reduced income from which to meet its day to day obligations, such as</p>	<p>The significance and impact of tenancy risk for Investors depends on the level of tenancy vacancy. SCIL can sustain a certain level of tenancy vacancy without it affecting its ability to operate with a profit. However, if there is a significant number of vacancies or a major tenant vacates who cannot be replaced within a reasonable time then SCIL may operate at a loss for a sustained period. This could lead to a default on Bank lending or other Bank financial covenants.</p> <p>This would impact Noteholders as they may not be paid interest if SCIL is in default of its Bank lending terms. It could also result in liquidation of SCIL. This would impact on the value of an Investor's original investment.</p>

<p>Bank interest payments and property outgoings.</p>	<p>The likelihood of such an event occurring is understood to be reasonably low based on:</p> <ol style="list-style-type: none"> 1. The large number and diversity of existing retail tenants (more than 70). A majority of tenants, including Farmers and Pak'nSave, are established nationwide retail brands. This means that they are less likely to default under their leases, although it can still occur (such as with Dick Smith). The relatively strong population growth in the areas surrounding the Property in recent years should assist the performance of the Property's retail tenants. 2. The limited amount of unleased space in the Property (less than 10% unleased area compared with total lettable area of the Property). 3. Professional tenant and property management and agency through Colliers. 4. Current performance and market conditions. The major tenants, Pak'nSave and Farmers, have remaining lease terms of more than seven years each. The Property has recently undergone a major redevelopment which has increased the size of the Property, the number of premises and the ability to attract customers.
<p>Financing risks</p> <p>SCIL currently has a significant amount of existing lending from the Bank (approximately \$66 million immediately following a fully subscribed Offer). Lending rates may increase and or other property market factors may result in the breach of the financial covenant's imposed on SCIL by the Bank's loans.</p> <p>There is also a risk that the Bank does not renew its existing loans when they come up for review and renewal and alternative funding may not be available to SCIL. Banking arrangements are relatively short term compared to the investment horizon of the investment offered.</p> <p>If less than \$9.52 million is raised under this offer then the Bank will need to agree to vary its loan terms. As a result of this renegotiation, the Bank may impose conditions on SCIL to further reduce its debt with the</p>	<p>If Bank lending rates increase significantly then SCIL may not have the means to pay interest to Noteholders in accordance with the terms of the Trust Deed, interest payments to Noteholders would then be deferred. If interest rates rise significantly compared with the income of SCIL, then SCIL may not be able to meet its interest payments to the Bank. If SCIL cannot meet its interest payments to the Bank then it will be in default of its lending terms and the Bank may call in the loan and enforce its securities, including liquidating. SCIL plans to actively manage its interest rate strategy with the Bank minimise the magnitude of this risk.</p> <p>Adverse property market factors may also result in a breach of the terms of the Bank lending such as the loan to value ratio requirement. If these potential breaches are not remedied by SCIL then the Bank may enforce its securities, including the ability to liquidate SCIL.</p> <p>Continuity of Bank funding is considered a significant risk based on the magnitude of the impact on Noteholders. If the Bank does not renew its lending following the expiry of the loan term then SCIL would need to obtain new lending from another bank. If SCIL is not able source replacement lending then the Bank may put SCIL into liquidation to</p>

<p>Bank within a limited timeframe.</p> <p>The Notes are subordinated to all Senior Creditors, this means that Noteholders will be among the last of SCIL's creditors to be paid on any liquidation. The Trust Deed does not include a prohibition on SCIL incurring more debt to Senior Creditors.</p>	<p>recover the debt.</p> <p>In the event of liquidation Senior Creditors will be repaid first from the sale of SCIL or the Property. Noteholders would only be repaid their Principal Amount from the balance of the sale proceeds (if any). If the amount of debt from Senior Creditors increases then there will be less money for Noteholders in the event of a sale. While there is no limitation on debt from Senior Creditors in the Trust Deed, the terms of the Bank's lending does include limitations.</p> <p>SCIL considers the likelihood of finance default and refinancing risk as medium to low, based on SCIL's previous experience managing bank funding arrangements associated with the Property and the projected and valuation data for the Property.</p> <p>Bank lending is currently operating on interest only payments and interest is based on floating rates. Based on the prospective financial information provided in <i>Section 7 SCIL's financial information</i>, the indicated interest coverage ratio as at 28 February 2018 is 2.18 and as at 28 February 2019 is 2.62. This is above the Bank's current covenant for an interest coverage ratio of no less than 2.00. The loan to value ratio as at 28 February 2018 is 47.99% and as at 28 February 2019 is 47.00%. This is less than the Bank's current covenant for a loan to value ratio of no more than 50%.</p>
<p>Concentration Risk</p> <p>SCIL is exposed to single asset risk as the Property will be its only asset. Its financial performance is solely and fundamentally linked to the Property.</p> <p>SCIL is also subject to property ownership risk and costs. Structural repairs (from future earthquake damage or other causes) and certain long term maintenance and capital works may be required for the Property. The requirement for building upgrade works is unavoidable in the long term. The costs of these works would need to be funded from cash reserves or new capital.</p> <p>There also may be other ownership costs which arise and cannot be passed on to tenants under their respective leases, or new leases may not include the ability to charge maintenance or repair outgoings to</p>	<p>If the Property fails to perform to financial expectations then SCIL's financial situation will not be offset by performance of other assets. The impact on Noteholders would be significant due to the inability to spread the impact of an event over other properties or revenue generating business. SCIL does not plan on acquiring any separate assets in the near future.</p> <p>To mitigate these risks SCIL maintains policies of insurance, including:</p> <ul style="list-style-type: none"> (a) material damage - \$151,247,000 indemnity limit. (b) business interruption - \$19,943,174 indemnity limit. (c) statutory liability - \$5,000,000 indemnity limit. (d) general product - \$5,000,000 indemnity limit. <p>Unexpected and urgent property ownership costs may mean that SCIL is forced to seek new capital to cover these expenses. An example would include works to repair a latent defect in the building design or construction, the costs of which cannot be recovered from a third party. Another example would be a change to the building regulations which require upgrade to buildings or building services.</p>

<p>the tenant.</p> <p>These risks would affect the profitability of SCIL.</p>	<p>The magnitude of these risks on Noteholders is considered to be relatively low based on the reasonably low chance of occurrence and because the cost may be recovered from insurance or SCIL may have the ability to raise funds (for capital upgrade work).</p> <p>The Property has recently undergone significant redevelopment and structural upgrades. No other significant improvement costs are anticipated in the short to medium term aside from the planned strengthen works which are required by the Bank to be completed by 31 March 2018. As noted elsewhere in the PDS the costs for strengthening works have already been financed by SCIL.</p>
<p>Conversion value</p> <p>The price of a Share on conversion is fixed at \$1.00. Notes convert on a 1:1 ratio so that Noteholders will get one Share for each Note. This conversion mechanism is not based on the underlying value of the SCIL's shares at the time of conversion.</p> <p>This means that when Notes are converted into Shares there is a risk that SCIL's shares are worth less than \$1.00 in value, but Noteholders are still required covert at \$1.00 per share.</p>	<p>The value of shares in a company is not fixed. There are multiple factors which may affect the value of shares in a company. For SCIL, it is likely that the most significant factors will be the value of Property and SCIL's ability to pay dividends to Shareholders based on its profits.</p> <p>There is no mechanism in the Trust Deed which correlates the potential increase or decrease in the value of the SCIL's shares between the PDS Date and the date a Note is converted. Instead the price of the Shares is fixed at \$1.00 for Noteholders. While SCIL expects to increase the value of its shares during the Term, there is no guarantee of this occurring.</p> <p>Normally when you invest in a debt security there is an expectation that you will be repaid your Principal Amount, however a Noteholder's Principal Amount can only be converted into shares (except on liquidation). Therefore, if SCIL's financial performance is not as expected and the actual value of Shares is less than \$1.00 at conversion then a Noteholder's Principal Amount will effectively be reduced.</p> <p>For example, if a Noteholder subscribes for \$100,000 worth of Notes and but at the end of the Term the Shares are only worth .75 cents then the actual value of the investment would be \$75,000. Alternatively, if the Shares are worth \$1.25 at the end of the Term then the actual value of the investment would be \$125,000.00.</p>
<p>Property market risk</p> <p>The value of the Property and returns generated from the Property may fluctuate depending on property market conditions. The demand for</p>	<p>The significance of this risk is the lack of control. SCIL has no control over these market factors, but SCIL's value is impacted by these uncontrollable market factors.</p>

premises changes over time and can be influenced by general economic factors such as interest rates, employment rates and social factors such as population demographics and the impact of such factors on consumer confidence. The Property contains mostly retail tenants, therefore a decline in the demand for consumer goods or customer spending may have a negative impact on its tenant base and therefore the value of the property.	SCIL is not currently aware of any particular market trend which would significantly impact on its value or its revenue. However, there could be significant unforeseeable market events which dramatically impact on the performance of SCIL and its value.
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9. Tax

- 9.1. New Zealand Tax residents will have resident withholding tax deducted from interest that is payable under the Notes. There may be other consequences from acquiring or disposing of the Notes.
- 9.2. Tax can have significant consequences for investments and can affect your return from the Notes and/or the Shares. If you have any queries relating to the tax consequences of the investment you should obtain professional advice on those consequences. No tax, accounting or legal advice is being given to Investors by SCIL, nor any other person.

10. Who is involved

Issuer Shopping Centre Investments Limited	SCIL owns the Property and will issue the Notes. This Offer is an investment in SCIL.
Supervisor Covenant Trustee Services Limited	The Supervisor acts as a licenced supervisor on behalf of the Noteholders.
Broker to the Offer Rede Advisers Limited	Rede Advisers Limited is acting as the broker to the Offer. All queries or requests for information in regard to this document should in the first instance be addressed to Steve Benton of Rede Advisers.
Note Registrar and Administration Manager Nexia New Zealand	Nexia New Zealand maintains the register of Noteholders and provides administration and management services to SCIL.
Solicitors to SCIL Cavell Leitch	Cavell Leitch provides legal advice to SCIL in respect of the Offer.

11. How to complain

- 11.1. If you have a complaint about the Notes then you are able to make a complaint to either of the following parties:

The Issuer

Shopping Centre Investments Limited
C/- Nexia New Zealand
Chartered Accountants
PO Box 4160
Christchurch 8140
Phone: (03) 379 0829
Attention: Michael Keyse (mkeyse@nexiachch.co.nz)

The Supervisor

Covenant Trustee Services Limited
PO Box 4243 Shortland Street
Auckland 1010
Phone: 0800 268 362
Attention: team@covenant.co.nz

12. Where you can find more information

- 12.1. Further information relating to SCIL and the Notes is available on the disclose register (for example the financial statements of SCIL). A copy of the information on the disclose register is available on request to the Registrar. The disclose register can be accessed free of charge at www.business.govt.nz/disclose (Offer ref: 11982).
- 12.2. The information and documents provided on the disclose register, www.business.govt.nz/disclose (Offer ref: 11982) includes material provided by third parties. SCIL does not accept any responsibility or make any warranties in respect of any statements or information provided by third parties. Investors should read such information and documents and make their own of assessment as to validity and reliability.
- 12.3. Further information is available from the brokers' website: <http://rede.co.nz>.

13. How to apply

- 13.1. Applications for Notes can only be made on the application form that is either enclosed with your copy of this PDS (if sent by mail) or is otherwise separately available for download along with the PDS. You can also obtain a copy of the PDS and accompanying application form by emailing Steve Benton (steve_benton@rede.co.nz) and requesting a copy. The Issuer is not obliged to accept an application nor allocate the number of Notes an Investor applies for.
- 13.2. Applications must be accompanied by payment in full for the amount applied for in New Zealand dollars. All cheques must be made out to "Nexia New Zealand Trust Account" and crossed "Not Transferable". Cheques must be drawn on a registered New Zealand bank. Direct credit payments can be made to the Nexia New Zealand Trust Account number 02-

0800-0977100-02. All payments must include as references, the Applicant's name and the words "Note Issue".

13.3. Completed application forms can be submitted as follows:

- By **mail** to Nexia New Zealand (Attention: Michael Keyse), PO Box 4160, Christchurch 8140; or
- By **courier** or **in person** to Nexia New Zealand (Attention Michael Keyse), Level 4, 123 Victoria Street, Christchurch 8013; or
- By **email** to Nexia New Zealand (office@rede.co.nz); or
- By **fax** to Nexia New Zealand (Attention: Michael Keyse) 03 366 7144.

13.4. If an application form is sent by email or fax then the original must also be mailed or delivered to Nexia New Zealand at the addresses detailed above.

13.5. The Application form requires applicants to provide identification details that will satisfy the identification verification requirements in the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 where this information has not previously been supplied to SCIL.

13.6. Applicants will earn interest at call rates (less resident withholding tax) on their money held by Nexia New Zealand from the date of receipt in cleared funds by Nexia New Zealand until the allotment of the Notes or return of their money.

13.7. Existing shareholders who exercise their pre-emptive rights to acquire the Notes on or before the Shareholder Pre-emptive Date will be paid 5% per annum interest on those Application Monies paid. Interest will accrue on pre-emptive application funds between the 11th Business Day after the PDS Date and the day before Notes are issued.

13.8. All Application Monies will be retained in the Nexia New Zealand Trust Account until Notes are issued, or funds are returned to Applicants in accordance with this PDS. In either event, the net interest earned (less resident withholding tax) will be returned to Applicants except for the Administration Fee which will be retained by Nexia New Zealand.

13.9. The Administration Fee is 5% of the gross interest earned on Application funds held in the Nexia New Zealand Trust account for the period between deposit of funds and issue of the Notes or earlier return of funds to the Applicant. The Administration Fee will be automatically deducted from any interest earned and is non-refundable.

Applications

13.10. An Application is an offer to subscribe for Notes at the value specified in the Application form, on the terms and conditions set out in this PDS (including any replacement of it), the offer register (at www.business.govt.nz/disclose Offer ref: 11982) and the Application form. By submitting an Application form an Investor irrevocably agrees to subscribe for Notes on those terms, notwithstanding any variations or extension to the Offer Closing Date.

13.11. An Application form may be treated by the Issuer as a valid Application whether or not it is received before the Offer Closing Date, and may be accepted in respect of the full dollar amount specified in the Application Form or a lesser amount, without further notice to the Applicant. If the amount of your payment for Application Monies is less than the

amount specified on your Application Form, you may be taken to have applied for such lower dollar amount for the Notes as for which your clear Application Monies will pay, or your Application Form may be rejected at the discretion of the Issuer. Acceptance of your Application will give rise to a binding contract.

- 13.12. The Issuer reserves the right to refuse all or any Application without giving a reason.
- 13.13. Until the allotment of the Notes, Application Monies received will be held in the trust account at Nexia New Zealand for the benefit of the Applicants.
- 13.14. The banking of Application Monies does not constitute confirmation of allotment of any Notes or the acceptance of an Application. Further, if your cheque (or other form of payment) does not clear, your Application may be rejected.
- 13.15. This PDS is intended for use only in connection with the offer of Notes in New Zealand and does not constitute an offer or invitation in any place in which, or to any person whom, it would not be lawful to make such an offer or invitation. No action has been, or will be, taken to register this PDS in any jurisdiction other than New Zealand or otherwise permit the public offering of Notes outside of New Zealand. This PDS is not to be sent or given to any person outside New Zealand in circumstances in which the Offer or distribution of this PDS would be unlawful. SCIL disclaims all liability to any person who is sent or receives this PDS outside New Zealand.

Privacy Policy

- 13.16. If you apply for Notes, you will be asked to provide personal information to the Issuer, Note Registrar and their respective agents who will collect and hold the personal information provided by you in connection with your Application.
- 13.17. Your personal information will be used:
 - For considering, processing and corresponding with you about your Application;
 - In connection with your holding of Notes, including sending you information concerning the Issuer, your Notes and other matters the Issuer or the Note Registrar considers may be of interest to you by virtue of your holding of Notes; and
 - For conducting an audit or review of the activities contemplated above.
- 13.18. To do these things the Issuer or the Note Registrar may disclose your personal information to:
 - Each other;
 - Their respective related companies; and
 - Agents, contractors or third party service providers to whom they outsource services such as mailing and registry functions. However, all of these parties will be bound by the same privacy policies as the Issuer.
- 13.19. In addition, if you elect to pay by one-time direct debit, the Note Registrar will communicate with your nominated bank (including providing your personal information) for the purposes of processing your payment.

- 13.20. Failure to provide the required personal information may mean that your Application is not able to be processed efficiently, if at all.
- 13.21. Where the Issuer or Note Registrar hold personal information about you in such a way that it can be readily retrieved, you have a right to obtain from the Issuer and the Note Registrar confirmation of whether or not it holds such personal information, and to access and seek correction of that personal information under the Privacy Act 1993 by contacting the privacy officers of the Issuer and the Note Registrar their respective addresses.

14. Contact information

Issuer

Shopping Centre Investments Limited
C/- Nexia New Zealand
Chartered Accountants
PO Box 4160
Christchurch 8140
Phone: (03) 379 0829
Attention: Michael Keyse (mkeyse@nexiachch.co.nz)

Supervisor

Covenant Trustee Services Limited
PO Box 4243 Shortland Street
Auckland 1010
Phone: 0800 268 362
Attention: team@covenant.co.nz

Broker to the Offer

Rede Advisers Limited
PO Box 4160
Christchurch 8140
Phone: (03) 964 4207
Attention: Steve Benton (steve_benton@rede.co.nz)

Legal Advisor to the Issuer

Cavell Leitch
PO Box 799
Christchurch 8140
Phone: (03) 379 9940
Attention: Stephen Brent (stephen.brent@cavell.co.nz); or
Jeroen Vink (jeroen.vink@cavell.co.nz)

Note Registrar

Nexia New Zealand
Chartered Accountants
PO Box 4160
Christchurch 8140
Phone: (03) 379 0829
Attention: Michael Keyse (mkeyse@nexiachch.co.nz)

Glossary

Act	means the Financial Markets Conduct Act 2013.
Administration Fee	means 5% of the gross interest earned on any investment funds held on behalf of Investors by Nexia New Zealand for the period between Application Monies being deposited and the date of issue of the Notes or the return of Application funds to an Investor. The Administration Fee is non-refundable.
Applicant	means a person or other entity who makes an Application.
Application	means an application for Notes on the form provided with this PDS.
Application Monies	means the money provided with an Application to subscribe for Notes.
ASB	means ASB Bank New Zealand Limited (company number 398445).
Bank	means ASB.
Board	means SCIL's board of directors.
Business Day	any day which registered banks are open for general business banking in Christchurch.
Colliers	means Colliers International Real Estate Management Limited (company number 122731).
Conversion	means the conversion of Notes into Shares in accordance with the provisions of the Trust Deed.
Conversion Notice	has the meaning given to it in the Trust Deed.
Event of Default	has the meaning given to it in the Trust Deed and as summarised in this PDS.
Exchange	means an Application for Notes by a Second and Third Mortgagee where consideration for the Notes is satisfied by reduction of the same value of their Term Loan agreement with SCIL. An Exchange is not available for Shareholders exercising their pre-emptive rights.

Farmers	means The Farmers' Trading Company Limited as a tenant of SCIL.
HWMC	means Hornby Working Mens Club and Mutual School of Arts Incorporated.
Interest Payment Date	means the last day of each quarter, being the last day of February, May, August and November each year.
Interest Rate	in respect of the Notes means 6.75% per annum.
Investor	means a Noteholder and, initially, means a party that applies for an Notes under this Product Disclosure Statement and has that application accepted.
Issuer	means SCIL.
Issue Date for the Notes	means the 10 th Business Day after the Offer Close Date.
Management Agreement	means the property management agreement between Colliers and SCIL in respect of the Property.
NBS	means New building standard.
Nexia New Zealand	means Nexia Christchurch Limited (company number 5892810).
Notes	means subordinated unsecured mandatory convertible notes in SCIL offered for subscription under this Product Disclosure Statement and pursuant to the Trust Deed.
Noteholder	means the holder of a Note issued under the Trust Deed.
Note Register	means the register of Notes held by SCIL.
Note Certificate	means a Note Certificate issued under the Trust Deed.
Offer	means the offer of Notes under this PDS.
Offer Closing Date	is 28 August 2017 (but to be extended to 11 September 2017 if required by SCIL).

Opening Date for Applications	is 2 August 2017.
Pak'nSave	means Foodstuffs (South Island) Properties Limited as a tenant of SCIL.
Principal Amount	means the amount paid for a Note on issue (being \$1.00).
Property	means the property known the Hub Hornby Mall, situated at 418 Main South Road, 7-11 Chalmers Street and 13-17 Chalmers Street, Christchurch and more particularly described and comprised in Computer Freehold Registers CB7D/1082, 39748 and 650093.
PDS	means this Product Disclosure Statement document dated 25 July 2017 which details the offer and provides information to Investors.
PDS Date	is 25 July 2017.
Regulations	means the Financial Markets Conduct Regulations 2014.
SCIL	means Shopping Centre Investments Limited (company number 1149870) and its fully owned subsidiaries B C Chalmers Limited (company number 1684359) and Hornby Enterprises Limited (company number 2162082), being the issuing group.
Second and Third Mortgagees	means the mortgagees under registered mortgage numbers 9903607.1 and 9994038.1, being A R Wilkins and M E Wilkins as trustees of the Wilkins Family Trust, A R Wilkins and M E Wilkins as trustees of the Nathan Wilkins Family Trust, S C Benton, Wairakei Trustees Limited as trustees of the Benton Family Trust, J C A Lucas, J G Kay, C M Kay and J K Sewell as trustees of the Kay Family Trust, M J Keyse, C J Wallace, D M Wallace and Wairakei Trustees Limited as trustees of the Wallace Family Trust, Bill Torrance Charitable Trust, E P Walker and R L Walker as trustees of the E P and R L Walker Family Trust, J R Chandler, J S Chandler and Wairakei Trustees Limited as trustees of the J R Chandler Family Trust, Value Plus Holdings Limited, D P Fisher, J I Fisher and A D Argyle as trustees of the Fisher Family Trust, M S Elms, and M S Elms and M J Keyse as trustees of the Elms Family Trust.
Senior Creditors	means the ASB, the Second and Third Mortgagees and any secured other creditors of the Issuer from time to time.
Shares	means ordinary shares in SCIL.
Shareholders	means holders of Share in SCIL.

Shareholders Pre-emptive Date	is 8 August 2017.
Supervisor	means Covenant Trustee Services Limited (company number 2194946).
Tenants	means the tenants of SCIL with premises at the Property.
Term	in respect of the Notes, means 4 years from the Issue Date for the Notes.
Trust Deed	means the Trust Deed dated 21 July 2017 between SCIL and the Supervisor.
Valuation Summary	means the valuation for the Property for the PDS prepared by the Valuer dated 28 February 2017.
Valuer	means Colliers International Valuation (CHCH) Limited (company number 2181412).

