



# SPRINGS ROAD PROPERTY LTD



This quarterly Management Report ("Report") provides key information about Springs Road Property Ltd. This report covers the period between 01 April to 30 June 2021.

First Quarter, FY 2022

31 August 2021

Dear Shareholder

## **SPRINGS ROAD PROPERTY LIMITED - SHAREHOLDERS UPDATE**

### **Annual General Meeting**

The Company's annual general meeting will be held at Fable Hotel, Chancellor Room, 310 Princes Street, Dunedin at 12:30pm on Thursday 23 September 2021. Morning tea will be served from 10am. Due to the commonality of shareholders in the Company, First NZ Properties Limited and Superstore Properties Limited, the meeting will be preceded by the annual general meetings of First NZ Properties Limited at 10:30am and Superstore Properties Limited at 11:30am.

The meeting will be live streamed. If you would like to watch the live stream, please follow the link: [Livestream - AGMs 23rd September 2021 c/- FSS Management](#). The live stream will provide an opportunity for you to watch and hear what is taking place at the annual general meeting. However, there will not be any opportunity for you to ask questions through the live stream.

If you cannot attend but wish to vote on the resolutions, please complete the Attendance/Proxy form you should have received along with the notice of meeting. On completion of the form please return it by one of the methods stated on the form (mail, delivery, or email). The Attendance/Proxy form must be received by 12:30pm on Tuesday 21 September 2021 if registering a proxy vote. Any proxy forms received after this time will not be effective.

Please contact us if you have not received the notice of meeting and your Attendance/Proxy form.

### **Annual Financial Report**

A copy of the Company's audited financial annual report is available at the website [www.fssmanagement.co.nz](http://www.fssmanagement.co.nz) (located at "About"> "Shareholder information"> "Financial Reports"> "2021"). If you require a hard copy be sent to you, please request the hard copy by emailing the Company at [Paul@fssmanagement.co.nz](mailto:Paul@fssmanagement.co.nz).

<b>Financial information summary</b>	<b>2021</b>	<b>2020</b>
Gross rental income	\$715,719	\$905,980
Net profit after tax	\$471,526	\$191,783
Dividends paid	\$104,072	\$476,971
Ending equity	\$5,243,055	\$4,875,601
Net tangible asset value	\$1.81	\$1.69



## Investment Property

The Company owns a premise situated at Springs Road, East Tamaki Auckland (the **Investment Property**). The Investment Property is measured at fair value and was valued as of 31 March 2021 by an external, independent property valuer, Colliers.

The latest revaluation of the Investment Property is summarised as follows:

	<b>Springs Road, East Tamaki, Auckland</b>
Weighted average lease term	1.74 years
Rental value per square metre	\$2,003
Capitalisation rate	7.75%
Discount rate	8.00%
Terminal yield	8.00%
Net market rent	\$673,936
Net passing rent	\$531,077
Valuation	\$8,000,000

### *Springs Road, East Tamaki, Auckland*

- The valuation assumes that, on expiry of the current lease terms, the Company will be able to re-tenant the properties at or above market rates.
- The valuation acknowledges that the seismic rating of the property is below 67% NBS and considers capital expenditure of \$500,000.
- The contract for the structural, accessibility and fire escape lighting improvements is still being agreed with a main contractor, looking for the earliest start on site. Architects have completed drawings to satisfy the requirements of the accessibility and fire reports and these have been provided to the contractor for pricing and is expected at the end of August.

## Current Tenancies

### *Springs Road, East Tamaki, Auckland*

Counties Manukau District Health Board (levels 2 and 3)

- Three-year lease term expiring 5 April 2024 with one right of renewal of three years remaining.
- Fixed annual rent increase of 3% on each anniversary of the date of commencement.

SKILL NZ/Polyethnic Institute of Studies (part of the ground floor)

- Four-year term extended from 7th August 2021 to 31 December 2021 with two rights of renewal of three years each (through to 31 December 2027).
- Two yearly rent reviews.

Cafe Concepts (rear annex)

- Seven-year lease expiring 1 February 2022 with two rights of renewal remaining, one of seven years, one of five years.

Kingslea School (ground floor North)

- One year lease term expiring 30 November 2021, one year right of renewal remaining.
- Rent review based on market rental as of 1 January 2022 if renewed.

Agents are continuing to show prospective tenants through the vacant areas but there has been no commitment by anyone to date.

## Website

FSS Management has a website available at [www.fssmanagement.co.nz](http://www.fssmanagement.co.nz).

There is information on the website that covers all the companies that FSS Management manages. The information includes current and historic audited financial reports, AGM notices and minutes and other information that maybe of interest.



## Anti-Money Laundering Procedure

The Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (AML/CFT Act) and associated regulations place obligations on reporting entities to detect and deter money laundering and terrorism financing.

Each reporting entity must ensure its risk assessment and AML/CFT programme are audited every 2 years or at any other time requested by its supervisor. FSS Management is a reporting entity and is supervised by the Financial Markets Authority.

## Syndex

Syndex - making your investments accessible.

Listing or bidding on shares is easy on Syndex, a peer-to-peer trading platform for proportionally owned assets.

To meet our AML / CFT obligations, we require you to run through either a Customer due diligence (CDD) or Enhanced due diligence (EDD) process before listing or bidding. You can electronically verify yourself via your Syndex portal using the EIV (Electronic Identity Verification) process. If you'd like to run through a manual process, please contact [paul@fssmanagement.co.nz](mailto:paul@fssmanagement.co.nz).

The Syndex investor portal is your view of current Springs Road Property Ltd investments. Existing investors should have received a Syndex portal invitation and new investors can register using this link [my.syndex.exchange/InvestorSignup](https://my.syndex.exchange/InvestorSignup).

If there is more than one person listed as the holder of shares (for example trustees) then all named persons need to comply with the customer due diligence requirements. It is recommended that shareholders complete Syndex's customer due diligence requirements now, rather than waiting until they wish to list shares or bid for shares.

## High Court Proceedings

In December 2020 proceedings were issued in the High Court (Nelson registry) against Michael Millar, Investment Services Limited and Paul Mephan. The proceedings are at a preliminary stage. The claims total approximately \$650,000. They relate to the fraud and undisclosed payments made to Investment Services Limited. The claims alleged against Michael Millar and Paul Mephan are for breaches of their director's and fiduciary duties and are alleged against Investment Services Limited for fraud, in negligence and for breach of contract. The defendants have filed statements of defence denying the claims. In addition, Investment Services Limited has counterclaimed for losses suffered because of the Company's alleged repudiation of the management agreement totalling \$41,117 plus interest and costs. A defence to that counterclaim has been filed denying any repudiation.

It has been agreed that the discovery of documentation process, and the inspection of documents will be completed by 1 October 2021. The High Court will review the case on 12 October 2021.

If you require any further information, please contact:

- Paul Rosanowski ([paul@fssmanagement.co.nz](mailto:paul@fssmanagement.co.nz));
- Damien Prendergast ([damien@fssmanagemnt.co.nz](mailto:damien@fssmanagemnt.co.nz)); or
- John Murray ([john@fssmanagemnt.co.nz](mailto:john@fssmanagemnt.co.nz)).

Yours faithfully

**John Murray**

Chair

