

# FIRST NZ PROPERTIES LTD



This quarterly Management Report (“Report”) provides key information about First NZ Properties Ltd. This report covers the period between 01 April to 30 June 2021.



First Quarter, FY 2022

31 August 2021

Dear Shareholder

## FIRST NZ PROPERTIES LIMITED (COMPANY) - SHAREHOLDER UPDATE

### Annual General Meeting

The Company's annual general meeting will be held at Fable Hotel, Chancellor Room, 310 Princes Street, Dunedin at 10:30am on Thursday 23 September 2021. Morning tea will be served from 10am. Due to the commonality of shareholders in the Company, Superstore Properties Limited and Springs Road Property Limited, the meeting will be followed by the annual general meetings of Superstore Properties Limited at 11:30am, and Springs Road Property Limited at 12.30pm.

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 which 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 the Company by 10:30am 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 annual financial report is available at [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).

Financial information summary	2021	2020
Gross rental income	\$ 1,844,270	\$ 1,004,167
Net profit after tax	\$ 1,068,410	(\$1,717,279)
Dividends paid	\$ 881,274	\$ 1,088,373
Ending equity	\$24,129,236	\$23,942,099
Net tangible asset value	\$5.94	\$5.89

### Investment Properties

The Company owns premises situated at 15 Sheffield Crescent, Christchurch and 234 Rangitikei Street, Palmerston North (**Investment Properties**). The Investment Properties are measured at fair value and were valued as of 31 March 2021 by an external, independent property valuer, Colliers.



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

	<b>Sheffield Crescent, Christchurch</b>	<b>Rangitikei Palmerston North</b>	<b>Street,</b>
Weighted average lease term	3.64 years	3.35 years	
Rental value per square metre	\$914	\$2,939	
Capitalisation rate	7.75%	6.75%	
Discount rate	9.00%	8.00%	
Terminal Yield	8.25%	7.25%	
Net market rent	\$1,002,757	\$820,820	
Net passing rent	\$1,051,279	\$932,205	
Valuation	\$9.33m	\$12.0m	

#### *15 Sheffield Crescent:*

- The valuation reflects that the seismic rating of the property is below 67% NBS and that this impacts the capital expenditure value of \$2.08m.
- The valuation reflects that the property was not able to obtain natural disaster insurance cover and is further discounted by \$1.65m
- Engineers continue to prepare the documentation and scope for the remaining improvements to bring the building up to 67% NBS.
- Full rent continues to be paid along with all recharges.

#### *234 Rangitikei Street*

- Full rent and service charges continue to be paid.

### **Current Tenancies**

#### *15 Sheffield Crescent*

NZ Yarn Limited

- Ten-year term expiring 21 November 2024 with four rights of renewal of three years each.
- Rent reviews every three years.

#### *234 Rangitikei Street*

Harvey Norman

- Five-year term expiring 27 October 2026 with one right of renewal of five years.
- Rent reviews annually.

#### Bed, Bath & Beyond

- Six years and 10-month term expiring 1 December 2026 with two rights of renewal of five years each.
- Fixed rent increase of 3% per annum on each anniversary of the commencement date.

#### Price Busters

- Six-year term expiring 6 April 2027 with one right of renewal of six years.
- Fixed rent increase of 1% annually on each anniversary of the commencement 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 managed by FSS Management. The information includes current and historic audited annual 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 the 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 First NZ Properties 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 \$2.4m. They relate to fraud, undisclosed payments made to Investment Services Limited for fees paid to Investment Services Limited on the sale of property owned by First NZ Properties Limited, and the management of First NZ Properties Limited's imputation credit account. 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 \$115,096 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

