

[postal addresses to be inserted via mail merge, to avoid needing to print onto envelopes]

**Offer to purchase some, or all, of your shares in First NZ Properties Limited, for \$4.50 per share**

**Important information**

This is an unsolicited offer by CNP Holdings Limited to buy all or part of your investment in First NZ Properties Limited.

**Make sure you read carefully and understand all of the terms of this unsolicited offer, including any fine print in this document or in any other documents or forms relating to the offer. Find out what your investment is really worth before selling it. You can find out how much your investment is likely to be worth from an authorised financial adviser or the company or other entity that offers the investment.**

**Offer price compared with fair estimate of value**

<b>Offer price</b>	\$4.50 per share	<b>Fair estimate of value</b>	\$3.95 per share
<b>Total offer price</b>	\$900,000 (for 200,000 shares)	<b>Total fair estimate of value</b>	\$790,000 (for 200,000 shares)
<b>Total offer price if oversubscriptions taken up in full</b>	\$4,275,000 (for 950,000 shares)	<b>Total fair estimate of value if oversubscriptions taken up in full</b>	\$3,752,500 (for 950,000 shares)

The estimates of value specified above are fair estimates of the value as at 5 October 2021.

The fair estimate of value is based on the 'Last Traded Price' for First NZ Shares from the secondary market operated by Syndex, notified through its website as at 5 October 2021. This fair estimate of value assumes that the Last Traded Price reflects an arms-length transaction between a willing buyer and a willing seller who are fully informed as to their First NZ investment, which is otherwise generally an illiquid minority investment in the company. Please note that the Last Traded Price was an acquisition of shares by a related company of CNP.



The fair estimate of value is the opinion of CNP Holdings Limited (and has not been reviewed by an independent third party).

You can find out how much your investment is likely to be worth from an authorised financial adviser or the company or other entity that offers the investment.

The offer to you must remain open for a minimum of 30 days from the date of the offer. You have time to think about whether or not to accept the offer.

### **Terms of payment**

Payment will be made no later than 24 December 2021, to the bank account specified by you in the Acceptance and Share Transfer Form.

### **Key dates**

Date of the offer: 14 October 2021

Expiry date of the offer: 15 November 2021

### **Right to cancel**

If you accept the offer but then change your mind, you have the legal right to cancel the agreement under the Financial Markets Conduct Regulations 2014 (provided you do so within the time frames referred to below).

To cancel the agreement, you must—

- do both of the following:
  - contact the offeror (see the offeror details below) and state that you want to cancel or withdraw from the agreement. You must do this within 10 Working Days after the date on which you accepted the offer; and
  - repay to the offeror the amount paid by the offeror to you under the agreement (if any). You must do this within 20 Working Days after the date on which you accepted the offer; or
- repay to the offeror the amount paid by the offeror to you under the agreement within 10 Working Days after the date on which you accepted the offer.

**Note:** A **Working Day** is a day of the week other than—

- a Saturday, a Sunday, Waitangi Day, Good Friday, Easter Monday, Anzac Day, Queen's Birthday, and Labour Day; and
- a day in the period commencing with 25 December in a year and ending with 2 January in the following year; and
- if 1 January falls on a Friday, the following Monday or, if 1 January falls on a Saturday or a Sunday, the following Monday and Tuesday; and
- if Waitangi Day or Anzac Day falls on a Saturday or a Sunday, the following Monday.

### **Offeror details**

CNP Holdings Limited, 22 Masons Ave, Herne Bay, Auckland 1011, [craig@pagetcapital.co.nz](mailto:craig@pagetcapital.co.nz). CNP Holdings Limited may nominate a related company to acquire the shares under the Offer. However CNP Holdings Limited will remain responsible for its obligations under this Offer, including payment.

### **Further important information**

The Financial Markets Authority (the **FMA**) regulates New Zealand's financial markets, which includes monitoring and enforcing compliance with the law relating to unsolicited offers. The FMA's main objective is to promote fair, efficient, and transparent financial markets. Further guidance for investors, including in relation to unsolicited offers and on how to find an authorised financial adviser, is available on the FMA's Internet site <http://www.fma.govt.nz>



# Letter to First NZ shareholders from CNP Holdings Limited

Dear First NZ Shareholder

This is an offer ('Offer') by CNP Holdings Limited ('CNP') to buy some or all of your shares in First NZ Properties Limited ('First NZ', 'First NZ Shares'). I am the sole director of CNP.

The Offer is for 200,000 First NZ Shares, being ~4.9% of all First NZ Shares on issue, at an Offer price of \$4.50 per share (adjusted for dividends/distributions per the Offer Summary). CNP may also accept oversubscriptions for up to a further 750,000 Shares (~18.4%), at its discretion.

In order to make an Offer such as this, CNP must comply with the Financial Markets Conduct Regulations 2014 ('Regulations'). The Regulations require that this Offer is characterised as an 'unsolicited offer' (despite the fact that the Offer price of \$4.50 is higher than the last traded price of \$3.95), and contain the various legal warnings set out earlier in this document. In order to ensure that this Offer complies, CNP has obtained legal advice from Russell McVeagh.

## CNP's prior investigations into First NZ

As many of you will know from my communications to First NZ shareholders (mostly to those of you with email addresses) over the last 12-18 months, CNP identified a number of significant concerns with the historic management and governance of this company. These investigations contributed to the discovery of historic wrongdoings, a change in management and governance, and litigation against the former manager and directors. This shareholder activism benefitted all First NZ shareholders, not just CNP.

## Remaining issues for First NZ Properties

Clearly, Covid-19 may remain an issue in New Zealand for some time yet, potentially affecting tenants and ultimately First NZ's ability to collect rents. This may impact on future dividends.

Covid-19 aside, with the change of governance and management, First NZ is now in a position to start addressing the various legacy issues CNP understands that First NZ has, including:

1. 15 Sheffield Crescent, Christchurch is a property with a number of challenges:
  - a. there are considerable seismic problems. According to First NZ's 2021 annual report, \$2.08m in seismic repairs may be required and the building is uninsurable in the meantime. This cost estimate was high level, and completed back in July 2020. To the extent that construction materials have increased since then, or unanticipated problems are found when the works are undertaken, this may materially affect the true cost of these repairs;
  - b. the building appears to be specialised and the tenant operates in a challenging industry (a previous incarnation of the tenant went into receivership in 2014). If the tenant fails (whether due to Covid-19 or otherwise) or does not renew its lease, First NZ may have difficulty finding a replacement tenant that is willing/able to pay the same rent;
2. The litigation currently being undertaken by First NZ against the prior directors and prior manager may take a number of years to resolve and will likely be costly. Hopefully it will be successful, but even if it is, it may not be straight-forward to actually collect the money;
3. According to the 2021 Annual Report (see note 34), the purchaser of 110 Symonds St (a property sold previously by First NZ) has put the prior directors and a First NZ subsidiary on notice of a potential legal claim pertaining to a breach of warranties relating to the cladding of that building. Any resulting litigation could be costly to defend, whether successful or not;
4. First NZ directors are currently unable to access Directors & Officers Insurance. This is indicative of the historical problems with the company, and impacts on the ability of First NZ to attract directors.

Hopefully, these issues can be satisfactorily resolved over the next few years. However, as at today there is no certainty that this will be the case. This Offer provides shareholders with an opportunity to realise their investment at the Offer price in circumstances where there is limited liquidity for the First NZ Shares.



## Offer price

CNP believes that the \$4.50 Offer price is fair and reasonable, because:

1. CNP is not aware of any suggestion that First NZ will be wound up any time soon. In fact, quite the opposite, given the directors have recently investigated the acquisition of another property;
2. Dividends paid in the 2021 financial year were \$0.88m, on book equity of \$24.13m. This is a dividend payout ratio of only 3.65% (a function of a lack of imputation credits, and an inefficient balance sheet);
3. You can realise a 13.9% premium over the most recently traded price of \$3.95 per share (see below). Based on the willing buyer, willing seller definition of fair value, it seems reasonable to assume that the recent traded price is a fair representation of First NZ's value, taking into account the historic and unresolved issues with the Company, the lack of liquidity, and the minority stake sought;
4. There is limited liquidity for First NZ shares, with minimal volumes sold each month (see below). It is uncertain when you might next have the opportunity to sell shares at a premium to the traded price;
5. There is no brokerage to pay with this Offer, therefore you get to keep all proceeds;
6. Although the Offer price of \$4.50 is a 24% discount to the March 2021 net tangible assets (NTA) of \$5.94 per share, in CNP's opinion this sort of NTA discount is fairly typical for the sale of a minority interest in a company with relatively illiquid shares, and given the various legacy issues (particularly the uncertainty around the true cost of the Sheffield St seismic works).

These reasons are CNP's honestly held opinion and have not been reviewed by an independent third party.

CNP understands that the First NZ board may commission a 'fairness opinion' to help shareholders assess the Offer, which would take a number of weeks. Please remember that you need to submit your acceptance prior to the Closing Date of **15 November 2021**. CNP reserves the right to take up acceptances under the Offer that are received after that time, but is not obliged to.

## Recent First NZ share trades

The table below sets out the on-market 'Trade History' in First NZ shares since 1 June 2021, sourced from the Syndex platform as at 5 October 2021. Many were acquisitions by a related company of CNP.

Traded Date	Quantity	Unit Price	Traded Value
9 Sept 2021	15,375 Units	\$3.95	\$60,731
6 Sept 2021	2,572 Units	\$4.00	\$10,288
6 Sept 2021	4,410 Units	\$4.00	\$17,640
6 Sept 2021	2,205 Units	\$4.00	\$8,820
6 Sept 2021	3,000 Units	\$3.95	\$11,850
6 August 2021	2,205 Units	\$3.75	\$8,268
28 July 2021	2,205 Units	\$3.75	\$8,268

## You are able to sell only some of your First NZ Shares

You can specify the number of Shares you wish to sell in the Acceptance and Share Transfer Form. But please do not leave yourself with less than the minimum parcel of 3,000.

## Contact

Thank you for taking the time to consider this Offer. Please consider the terms of the Offer carefully. If you have any questions, please email me at [craig@pagetcapital.co.nz](mailto:craig@pagetcapital.co.nz), or call me on 021 615 625.

Yours sincerely

Craig Priscott  
Director, CNP Holdings Limited

This document is not financial or investment advice. It does not take into account your objectives, financial situation or the needs of individuals. If you are in doubt as to any aspect of this Offer, you should consult your financial or legal adviser.



## OFFER SUMMARY

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CNP Holdings Limited ("CNP") is offering to acquire some or all of your First NZ Shares on the following terms and conditions:

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<b>Offer Price</b>	NZ\$4.50 in cash for each First NZ Share that you choose to sell, <u>less</u> all gross distributions/dividends (but excluding imputation credits) per share – either paid to you, declared by First NZ, or with a record date – between 5 October 2021 and the Payment Date.
<b>No Brokerage Cost</b>	There are no brokerage costs from accepting this offer. You will receive the Offer Price in full.
<b>Total Offer</b>	The Offer is for 200,000 First NZ Shares, being approximately 4.9% of the First NZ shares on issue. There is no minimum acceptance condition.
<b>Oversubscriptions</b>	If CNP receives total acceptances in excess of the Total Offer, CNP may accept oversubscriptions at its sole discretion up to a further 750,000 shares (so up to 950,000 Shares in total). If there are oversubscriptions, CNP will deal with all acceptances at its sole discretion.
<b>Constitutional Limitations</b>	The limitations in the First NZ Constitution allow the board to refuse to register transfers which would see a holder left with less than 3,000 Shares. Therefore, it is suggested that if you wish to accept the Offer: <ul style="list-style-type: none"><li>• if you currently own less than 3,000 First NZ Shares, you should accept for all First NZ Shares owned; and</li><li>• if you currently own more than 3,000 First NZ Shares and do not accept this Offer in respect of all of your First NZ Shares, you should not leave yourself with less than 3,000 First NZ Shares.</li></ul>
<b>Offer Period</b>	The Offer is dated 14 October 2021 (" <b>Offer Date</b> ") and remains open for acceptance until 5pm on 15 November 2021 (" <b>Closing Date</b> "). CNP reserves the right to take up acceptances under the Offer that are received after the Closing Date, but is not obliged to.
<b>Payment Date</b>	Payment will be made no later than 24 December 2021, to the bank account specified by you in the Acceptance and Share Transfer Form.
<b>How to ACCEPT</b>	To accept the Offer, complete the Acceptance and Share Transfer Form and email it to <a href="mailto:craig@pagetcapital.co.nz">craig@pagetcapital.co.nz</a> . Alternatively, you can mail the form using the envelope enclosed (bear in mind Covid-19 post delays).
<b>How to DECLINE</b>	To decline the Offer, just ignore these documents and do nothing.
<b>Offer Conditions</b>	The Offer is subject to the conditions below. Any or all of the conditions can be waived in whole or in part by CNP at its absolute discretion.
<b>Change of Mind</b>	You may withdraw your acceptance of this Offer up until 10 working days after the date you accepted it.
<b>Withdrawal of Offer</b>	CNP may only withdraw this Offer with the permission of the Financial Markets Authority.
<b>Legal Adviser to CNP</b>	Russell McVeagh
<b>Contact Information</b>	If you have any questions about the Offer, or how to fill out the Acceptance and Share Transfer Form, please contact Craig Priscott, 021 615 625, <a href="mailto:craig@pagetcapital.co.nz">craig@pagetcapital.co.nz</a> .

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## OFFER CONDITIONS

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For clarity, the terms and conditions in the Acceptance and Share Transfer Form comprise part of the terms and conditions of the Offer, in addition to the terms and conditions set out below. Each condition below must be satisfied or waived by CNP (in its absolute discretion) by the Payment Date.

- None of the First NZ Shares are reclassified, subdivided, consolidated or bought back by First NZ, no further shares, options, or other securities of any nature of First NZ are issued or made the subject of any option or agreement to issue, and there is no alteration of the rights, privileges or restrictions attaching to any First NZ Shares;
- The business of First NZ is carried on in the normal and ordinary course and no unusual or abnormal payments or liabilities (including contingent liabilities) are made or incurred by First NZ;
- None of the assets of First NZ are disposed of, or made the subject of any option, and no material contracts are entered into, or materially varied, by First NZ;
- No asset of First NZ is destroyed or damaged to an extent which materially affects the carrying on of the business of First NZ;
- There is no alteration to the constitution of First NZ;
- No liquidator, receiver, receiver and manager, administrator (voluntary or otherwise), statutory manager or similar official is appointed to First NZ or is appointed in relation to any of its assets, and no proceedings or other action to appoint any such party is commenced or taken;
- No resolution is passed for any amalgamation or liquidation of First NZ and First NZ is not involved in any merger, share buyback or scheme of arrangement, or any agreement or proposal relating to any merger, share buyback or scheme of arrangement is announced in respect of any of them;
- There being no event, change, circumstance or condition that has occurred on or after the Offer Date that has had, or could reasonably be expected to have, in the opinion of CNP, a material adverse effect as compared with the position absent the event, change, circumstance or condition. This would include any independent report received by First NZ on the cost of the seismic works at First NZ's Sheffield St property concluding that the cost of the seismic works required to increase the NBS to 67% or greater is materially higher than the current estimate of \$2.08m, any default or breach of a First NZ lease by a First NZ tenant, the insolvency of one of First NZ's tenants, the termination of one of First NZ's leases, and/or any material reduction in the amount of rent paid or payable in relation to a First NZ property by a First NZ tenant (whether due to Covid-19 restrictions or otherwise);
- No proceedings, other than any which have commenced prior to the Offer Date (or which relate to the same or similar subject matter to any proceedings which have been commenced before the Offer Date), being notified, threatened or commenced against First NZ;
- No assets of First NZ are, or could reasonably be, subject to any option, forfeiture or termination, transfer, any right of pre-emption, or any other right that could be adverse to First NZ or CNP in the event of an increase in CNP's shareholding in First NZ;
- No event of default, potential event of default, repayment event, prepayment event or event of review (however described) under any agreement or instrument to which First NZ is subject occurring, or will occur, as a consequence of an increase in CNP's shareholding in First NZ;
- There is no order issued by any court of competent jurisdiction in New Zealand, any regulator or other legal restraint or prohibition making implementation of this Offer, or any aspect of it, void, unenforceable or illegal;
- The S&P/NZX 50 Index does not close below 12,500 on any day prior to the Closing Date;
- The S&P/NZX All Real Estate Index does not close below 1,850 on any day prior to the Closing Date.

If the Offer does not become unconditional before the Payment Date, it will lapse and all Acceptance and Share Transfer Forms received by CNP will be cancelled and of no effect. CNP will advise accepting shareholders if the Offer does not become unconditional.

If there is an inconsistency between the terms and conditions of the Offer and the provisions of (or the application of the provisions of) the Financial Markets Conduct Regulations 2014 the provisions of (or the application of the provisions of) the Financial Markets Conduct Regulations 2014 will prevail.



## ACCEPTANCE AND SHARE TRANSFER FORM

<OWNER>  
<ADDRESS 1>  
<ADDRESS 2>  
<ADDRESS 3>  
<ADDRESS 4>  
<ADDRESS 5>

**Number of First NZ Shares held:**  
(as at 5 October 2021)

<SHARES>

**Holder number:**

<HOLDER NUMBER>

**IMPORTANT:** This form, and the accompanying document, are important documents and require your attention. Please read them carefully.

### WHAT IS THIS FORM FOR?

This Acceptance and Share Transfer Form is to be used to accept the Offer detailed in the accompanying document from CNP Holdings Limited ("CNP") to purchase shares ("First NZ Shares") in First NZ Properties Limited ("First NZ").

If you wish to accept the Offer, please complete and return this Acceptance and Share Transfer Form in accordance with the instructions below. If you do not wish to sell your First NZ Shares, you do not need to take any action.

Beneficial ownership of, and title to, the First NZ Shares which are the subject of an Acceptance and Share Transfer Form shall pass to CNP, and the registration of the transfer of those First NZ Shares shall take place, contemporaneously with the payment for such First NZ Shares being made in accordance with the Offer.

### TERMS OF ACCEPTANCE AND POWER OF ATTORNEY

By signing this form, you:

- accept the Offer for the number of Shares in the box below labelled "Number of First NZ Shares you wish to sell" ("Accepted Shares"), subject to the terms of the Offer, and transfer title to the Accepted Shares to CNP or its nominee;
- without limitation to any other matter, you undertake, represent and warrant to CNP that:
  - (a) you are the sole legal and beneficial owner of the Accepted Shares, or are the legal owner and have the necessary power, capacity and authority to sell and transfer any or all of the Accepted Shares;
  - (c) legal and beneficial title to all of the Accepted Shares which are taken up by CNP will pass to CNP, free of all security interests, charges, liens, mortgages, encumbrances and adverse interests and claims of any kind;
  - (d) you will not, and will not attempt to, directly or indirectly, sell, transfer, or dispose of (or agree to do any of those things), any or all of the Accepted Shares (other than in accordance with this form); and
  - (e) you irrevocably instruct First NZ to refuse to register any transfer of any or all of the Accepted Shares except for transfers to CNP pursuant to this form;
- confirm to CNP that this form has been duly and validly completed and signed;
- confirm and certify to CNP (for the purposes of section 95(5) of the Companies Act 1993) that any share certificate relating to the Accepted Shares has been lost or destroyed or will be destroyed by you immediately following beneficial ownership to the Accepted Shares passing to CNP in accordance with the terms hereof and irrevocably indemnify First NZ and each director of First NZ against any losses that arise from or in connection with your certification and confirm that you will promptly provide any further indemnity required by the First NZ Board in this regard; and
- authorise CNP, in its discretion, to treat any Acceptance and Share Transfer Form as valid, and to rectify any errors in, or omissions from, your Acceptance and Share Transfer Form to enable that form to constitute a valid acceptance of the Offer and to facilitate the transfer of your First NZ Shares.

### NUMBER OF SHARES

**Number of First NZ Shares you wish to sell:**

Notes - If you wish to accept the Offer and:

- If you hold less than 3,000 First NZ Shares, you should accept the offer for all of your First NZ Shares
- If you are only selling a portion of your shares, you should not leave yourself with less than 3,000 First NZ Shares (as the Board may not allow the transfer of your First NZ Shares to be registered).



**SIGN HERE**

FOR AN INDIVIDUAL, TRUSTEES, OR HOLDER OF POWER OF ATTORNEY	FOR A COMPANY
Your signature(s) / signature(s) of your attorney(s):	Signed on your behalf by:
	Director/Authorised Signatory(ies)

Dated and signed on the \_\_\_\_\_ day of \_\_\_\_\_ 2021

**CONTACT DETAILS OF SELLER (IN CASE OF QUERIES)**

Phone Number: ( )

Email Address: @

**PAYMENT DETAILS**

Payment will be made by electronic transfer directly into the New Zealand bank account that you specify below. All payments will be made in New Zealand dollars.

Account Name:

Account Number: Bank - Branch - Account Number - Suffix

Bank Name:

Branch and Address:

**NOTES AND INSTRUCTIONS FOR COMPLETION**

- SIGNATURES:** Individuals, trustees and attorneys should sign and date this form where marked. Companies must sign in accordance with the Companies Act 1993 and their constitution (if any).
- PAYMENT:** CNP has no responsibility to verify any bank account details for you.
- JOINT HOLDERS:** If the Offered Shares are registered in the names of joint holders (including where there are multiple trustees of a trust), all holders must sign this form, except where the form is signed by an agent and/or attorney.
- POWER OF ATTORNEY:** If the form is signed under a power of attorney, the relevant power of attorney must be submitted with this form for noting and return. The certificate of non-revocation of power of attorney printed on this form must be completed, unless the attorney is a body corporate, in which case the attorney must sign and attach a certificate of non-revocation of power of attorney in the form set out in the Property Law Act 2007.
- SENDING IN YOUR ACCEPTANCE:** Email the completed Acceptance and Share Transfer Form to [craig@pagetcapital.co.nz](mailto:craig@pagetcapital.co.nz) or put it in the enclosed pre-addressed and prepaid envelope and mail it as soon as possible, but in any event so as to be received not later than 4pm on the Closing Date.
- INTERPRETATION:** A reference to "you" is a reference to the registered shareholder(s) printed at the head of this form and, accordingly, references to you in the singular shall include the plural. Capitalised terms used but not defined in this form have the meanings given to them in the accompanying document.

If you have any questions in relation to this form, please email [craig@pagetcapital.co.nz](mailto:craig@pagetcapital.co.nz) or call Craig Priscott on 021-615-625.



**CERTIFICATE OF NON-REVOCATION OF POWER OF ATTORNEY (TO BE COMPLETED ONLY IF ACCEPTANCE & SHARE TRANSFER FORM SIGNED UNDER POWER OF ATTORNEY)**

If this form is signed under a power of attorney by one or more individuals, the attorney(s) signing must sign the certificate of non-revocation of power of attorney set out below. If the attorney is a body corporate, it must sign and attach a certificate of non-revocation of power of attorney in the form set out in the Property Law Act 2007.

I,  of   
(Full name of attorney) (Place and country of residence, and occupation)

certify:

1. That by deed  day  of  /  ,  of   
dated the  of  (Full name of person for whom attorney is signing) (Place and country of residence of person for whom attorney is signing)

appointed me his/her/its attorney.

2. That I have not received any notice of any event revoking the power of attorney.

Signed at  this  day of  20

(Signature of attorney)