



# FIRST NZ PROPERTIES LTD

FSS MANAGEMENT

This quarterly Management Report ("Report") provides key information about First NZ Properties Ltd. This report covers the period between 01 July to 30 September 2021.

Second Quarter, FY 2022

8 November 2021

Dear Shareholder

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

### **Dividend**

The Directors recently held a board meeting and determined that a Gross Dividend of 12 cents per share be declared for the shareholders as at 5pm on 26 October 2021.

The dividend is fully imputed and will be paid on or around Tuesday 9 November.

### **Unsolicited Offer**

#### **CNP Holdings Limited – Unsolicited Offer**

Early October, First NZ Properties Limited received a notice from CNP Holdings Limited (**CNP**) that CNP intended to make an unsolicited offer to First NZ's shareholders to purchase 200,000 ordinary shares in First NZ (being approximately 4.9% of all shares on issue) with an ability to accept oversubscriptions of up to a further 750,000 shares (being approximately 23.4% of all shares on issue). CNP has now sent the offer to shareholders. The price for the offer is \$4.50 per share. (**CNP Offer**).

The CNP offer is dated 14 October and expiry date of the offer is 15 November 2021.

#### **Directors' response to the Unsolicited Offer**

The Chairman of First NZ Properties Ltd has engaged an independent consultant to write a "fairness opinion" report on the offer. This report is expected to be available to the shareholders on Wednesday 10 November. It will also be posted on our website and in Syndex when available.

If shareholders need or desire further advice, we suggest that they contact their financial or legal adviser.

### **First NZ Investment Properties**

#### ***15 Sheffield Crescent Christchurch***

Engineers have now provided the drawings detailing the scope of structural improvements to achieve 67% NBS. These have been provided to the contractor and the tenant and the price is expected in November.

- Valuation at October 2021 is \$9,660,000. The valuation reflects the seismic rating and the property was not able to obtain natural disaster insurance cover.
- Full rent continues to be paid along with all recharges.

#### ***234 Rangitikei Street Palmerston North***

- Full rent and service charges continue to be paid.
- Valuation at October 2021 is \$14,750,000.

### **Current Tenancies**

#### ***15 Sheffield Crescent***

NZ Yarn Limited

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

#### ***234 Rangitikei Street***

Harvey Norman



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

Bed, Bath & Beyond

- Expiring 1 December 2026 with two rights of renewal of five years each.
- The Deed of Sublease to Postie Plus of the central unit still awaits signature by the two parties. Their lawyers have offered a temporary undertaking whilst their offices in Sydney remain closed.

Price Busters

- Six-year term expiring 6 April 2027 with one right of renewal of six years.

### **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, the recent valuations and other information that maybe of interest. <https://www.fssmanagement.co.nz/about>

### **Unaudited Financial Report at 30 September 2021**

This is an unaudited update of the company's 6-month financial information.

This information is directly from our Xero system as at 30 September 2021.

<b>Financial information summary</b>	<b>2021 (1 Apr to 30 Sep 2021)</b>	<b>2020 (1 Apr to 30 Sep 2020 for comparison)</b>
Gross rental income	\$ 919,517	\$ 751,570
Net profit before tax (NPBT)	\$ 483,421	\$ 522,910
Ending equity	\$24,318,926	\$24,023,962

### **Managing your shares on Syndex**

Shareholders can now buy and sell shares on Syndex however you need to have an account with them.

Syndex would have sent you an invite to open an account. If you did not get one then let us know and we will get Syndex to send you another invite.

When you have signed in with Syndex you will need to then process yourself through the Anti Money Laundering process. This is quite simple and requires you to have a driver's licence or a current passport and a copy of a document which shows your address, such as a power bill.

If you need any assistance, please contact us on [info@fssmanagement.co.nz](mailto:info@fssmanagement.co.nz)

### **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 plus interest and costs. 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.

The parties are attempting to progress the matter by way of mediation and this is scheduled take place on 24 November.

Yours faithfully

**John Murray**

Chair

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