



SPRINGS ROAD PROPERTY LTD



This quarterly Management Report (“Report”) provides key information about Springs Road Property Ltd. This report covers the period between 01 July to 30 September 2021.

Second Quarter, FY 2022

8 November 2021

Dear Shareholder

SPRINGS ROAD PROPERTY LIMITED (COMPANY) - SHAREHOLDER UPDATE

Dividend

The Directors recently held a board meeting and determined that a Gross Dividend of 6 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.

Springs Road Property Ltd - Investment Property

7 Springs Road East Tamaki, Auckland

The amended drawings for the access and fire escape requirements were submitted for building regulation approval and approval is granted pending the fee payment. Works can then be commenced.

The contract for the structural and fire escape lighting improvements is now being agreed with the contractor, looking for the earliest start.

Current Tenancies

7 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 (part of the ground floor)

Four-year term extended from 7th August 2021 to 31 December 2021.

The tenant has confirmed that they will be vacating the premises at the end of December 21.

Cafe Concepts (rear annex)

Seven-year lease expiring 1 February 2022 with two rights of renewal remaining.

The tenant has confirmed that they wish to renew the lease for 3 years to 1st Feb 2025. Nothing has yet been signed to date.

Kingslea School (ground floor North)

The tenant has agreed that they will renew the lease at full rent and opex for one year to 31st December 2022. They have accepted a change of carparking spaces to facilitate Café Concepts proposed additional carparks and fencing.

Full rent, opex and recharges have been paid up to date.

Agents are continuing to show prospective tenants through the vacant areas.

Property Valuation at October 2021 \$9,500,000

Website

FSS Management has a website available at 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. www.fssmanagement.co.nz/about

Unaudited Financial Report on 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.

Financial information summary	2021 (1 Apr to 30 Sep 2021)	2020 (1 Apr to 30 Sep 2020 for comparison)
Gross rental income	\$ 268,145	\$ 233,617
Net profit before tax (NPBT)	\$ 132,043	\$ 129,572
Ending equity	\$ 5,312,656	\$ 5,005,172

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.

All shareholders should go through the process of Identification Verification. This can be completed simply by going to Syndex and following the instructions.

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

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 claims total approximately \$650,000 plus interest and costs. 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.

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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