

Dear Shareholder

## **Unsolicited Follow-up Offer for shares in First NZ Properties Limited**

### *Unsolicited offer*

First NZ Properties Limited (**First NZ** or the **Company**) has recently received an unsolicited offer from CNP Investment Holdings Limited (**CNPLP**) to acquire 750,000 shares in First NZ, representing 18.45% of the Company's shares on issue, with the discretion to accept oversubscriptions of up to a further 2,000,000 shares (49.20%), totalling 2,750,000 shares (67.64% of the Company's shares on issue) (the **CNP Follow-up Offer**). CNPLP and its associates now collectively hold 1,168,468 shares in First NZ, representing 28.74% of the company's shares on issue.

This letter forms part of First NZ's response to the CNP Follow-up Offer and includes a Fairness Opinion prepared by Simmons Corporate Finance Limited. You should read the Fairness Opinion carefully and in full when considering whether to accept the CNP Follow-up Offer.

### *Independent Director*

I am the sole Independent Director of the Company and have acted on all matters arising in connection with, or because of, the CNP Follow-up Offer. I have sought advice from Duncan Cotterill as legal adviser and have carefully considered the Fairness Opinion.

### *Summary of the Fairness Opinion*

The Fairness Opinion evaluates the merits and fairness of the CNP Follow-up Offer.

Set out below is an extract from the Fairness Opinion, summarising Simmons Corporate Finance Limited's opinion on the merits and fairness of the CNP Follow-up Offer:

*The CNP Follow-up Offer is an unsolicited partial takeover offer for between 18.45% and 67.64% of the Company's shares at \$4.61 cash per share.*

*The CNP Follow-up Offer provides a liquidity event for shareholders where they will receive \$4.61 cash for each share that is accepted into the offer.*

*Factors that shareholders should consider when deciding whether to accept the CNP Follow-up Offer include:*

- *the CNP Follow-up Offer is an offer for 18.45% of the shares in First NZ (with the discretion for CNPLP to accept up to 67.64% of the shares) and therefore does not necessarily provide an opportunity for a complete exit (although shareholders with small parcels of shares may possibly be able to have all their shares accepted into the offer);*
- *we assess the full underlying value of First NZ's shares to be in the range of \$5.32 to \$6.82 per share. The assessment valuation range does not consider the contingent liability faced by First NZ in respect of proceedings issued against the Company's wholly owned subsidiary Symonds110 limited in respect of the sale of the 110 Symonds Street, Auckland property in 2019;*
- *the Offer Price of \$4.61 per share is 13% to 32% below our assessed valuation range;*
- *if the CNP Follow-up Offer is successful, CNPLP and its associates will control between 47.19% and 96.38% of the Company's shares. At the lower shareholding level of 47.19%, CNPLP will have effective control of First NZ while the upper level of 96.36%, CNPLP will have absolute control of the Company;*

- *the CNP Follow-up Offer Price of \$4.61 per share represents a premium of 5% over the \$4.41 offer price under the CNP Initial Offer and is equivalent to the price paid by CNPLP in 2 off-market share acquisitions in December 2021 from 2 shareholders categorised as “wholesale investors”;*
- *the CNP Follow-up Offer is subject to a number of conditions. However, in our view the conditions do not provide a significant impediment to the likelihood of the offer being declared unconditional;*
- *the likelihood of an alternative takeover offer is uncertain but is considered remote given that CNPLP and its associates collectively hold 28.74% of the Company’s shares.*

*The main advantage for shareholders of accepting the CNP Follow-up Offer is that they will be able to realise cash of \$4.61 for each of their shares accepted into the offer. This represents an exit opportunity for shareholders which is not readily available anywhere else as the Company’s shares are not quoted on any stock exchange and trading on the Syndex online trading platform is extremely thin.*

*The main disadvantage of accepting the CNP Follow-up Offer is that shareholders will not participate in any potential appreciation in the value of the Company’s shares because of increases in the value of the Company’s property portfolio. As previously stated, we assess the full underlying value of First NZ’s shares to be in the range of \$5.32 to \$6.82 per share as at the present date. Shareholders should however take into consideration that the Company’s shares are illiquid and therefore there may be difficulties in monetising any increase in the value of First NZ through the sale of their shares.*

#### *No recommendation*

I will not be making a recommendation of whether you should accept the CNP Follow-up Offer.

You should carefully consider the Fairness Opinion and decide based on your own circumstances and views as to the value and future market conditions, risk profile, liquidity preference, tax position and other factors.

I encourage you to seek professional advice in relation to your circumstances.

#### *Acceptances*

If you wish to accept the CNP Follow-up Offer, please use the acceptance form accompanying the CNP Follow-up Offer document. Complete and return your acceptance form in accordance with the instructions on that form.

If you do not wish to accept the CNP Follow-up Offer, then you do not have to take any action.

On behalf of the Board, I thank you for your support of First NZ.

Yours faithfully

**John Murray**  
**Independent Chair**

