



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 October to 31 December 2021.

Third Quarter, FY 2022

3 February 2022

Dear Shareholder

FIRST NZ PROPERTIES LIMITED (COMPANY) - SHAREHOLDER UPDATE

Unsolicited Follow on Offer

CNP Investment Holdings LP (CNP) - Unsolicited Follow on Offer

The Board has been advised that CNP Investment Holdings LP will be sending out an unsolicited offer to buy shares in First NZ Properties Ltd. The offer price is \$4.61 and the offer is for 750,000 shares with an oversubscription up to 2,750,000.

Key dates for this follow on offer:

Date of the offer:	5 February 2022
Expiry date of the offer:	9 March 2022
Payments:	to occur no later than 31 March 2022

CNP recently acquired 23.3% of First NZ in October/November 2021 following an offer which was oversubscribed. CNP have also acquired additional First NZ shares outside the unsolicited offer framework and these purchases were a further 144,609 shares. CNP (and its associates) now own 28.7% of First NZ. The 750,000 First NZ Shares sought under this Follow on Offer represents an additional shareholding of 18.4%. This would increase the stake of CNP (together with its associates) to 47.2%. Taking up oversubscriptions would obviously increase CNP's ownership even further.

Directors' response to the Unsolicited Follow on 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 or about the 24 February 2022. 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.

High Court Proceedings – Investment Services Ltd, M Millar and P Mephan

In December 2020 proceedings were issued in the High Court (Nelson registry) against Michael Millar, Investment Services Limited and Paul Mephan. The pleaded 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 deny the claims, and 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 (which is denied by the Company).

The discovery of documentation process has been completed and the parties attended mediation in November 2021. While the matter did not settle at mediation, progress was made on refining the issues in dispute and the directors are continuing to explore settlement options following the mediation. The High Court will review the case in March 2022.



High Court proceedings – Symonds 110 Ltd

The purchaser and property manager of 110 Symonds St (formerly owned by First NZ Properties Limited) has issued proceedings against Symonds110 Limited, ISL, Mr Millar and Mr Mephan in the High Court at Auckland. The claim alleges in summary breaches of contract and the Fair Trading Act 1986 against Symonds110 Limited, based on claimed misrepresentations about the building's aluminium composite panel cladding made during the course of, and warranty breaches arising from, the sale of 110 Symonds St. A statement of defence (denying the claims) is being prepared and is due for filing on 10 February 2022. Following the service of statements of defence (and replies by the plaintiffs) the Court will allocate a case management conference to progress the case through the discovery of documentation process.

First NZ Investment Properties

15 Sheffield Crescent Christchurch

Engineers have now provided the drawings to contractors for pricing. The price for the project to bring it above 67% NBS is expected to be received by the Company in Mid-February.

- Full rent continues to be paid along with all recharges.

234 Rangitikei Street Palmerston North

- 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.

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 has been signed by all parties.

Price Busters

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

Unaudited Financial Report at 31 December 2021

This is an unaudited update of the company's 9-month financial information.

This information is directly from our Xero system as at 31 December 2021.

Financial information summary	2021 (1 Apr to 31 Dec 2021)	2020 (1 Apr to 31 Dec 2020 for comparison)
Gross rental income	\$ 1,407,676	\$ 1,237,803
Net profit before tax (NPBT)	\$ 707,806	\$ 552,104
Ending equity	\$24,193,274	\$23,612,560

Website

First NZ 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. <https://www.fssmanagement.co.nz/about>

If you need any assistance, please contact us on info@fssmanagement.co.nz

Yours faithfully

John Murray

Chair

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