



SPRINGS ROAD PROPERTY LTD

FSS MANAGEMENT

This quarterly Management Report ("Report") provides key information about Springs Road Property Ltd. This report covers the period between 01 October to 31 December 2021.

Third Quarter, FY 2022

3 February 2022

Dear Shareholder

SPRINGS ROAD PROPERTY LIMITED (COMPANY) - SHAREHOLDER UPDATE

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 claims relate to fraud and undisclosed payments made to Investment Services Limited. The claims totalling approximately \$650,000 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 deny the claims, and 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 (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.

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.

The contract for the structural and fire escape lighting improvements is now agreed and waiting for the contractor to come back with a price and a contract.

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)

The tenant has vacated 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 and signed the new lease for 3 years to 1st Feb 2025.

Kingslea School (ground floor North)

The tenant has renewed 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

Springs Road Property Ltd 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 31 December 2021

This is an unaudited update of the company's 6-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	\$ 393,810	\$ 366,386
Net profit before tax (NPBT)	\$ 129,206	\$ 133,947
Ending equity	\$ 5,184,627	\$ 4,905,476

Updating your address

If you have recently moved or have a new email address please let us know and we will update your information.

This will assist you getting timely information that we send out by email or through the Syndex system.

Please send the information to info@fssmanagement.co.nz

Managing your shares on Syndex

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

Yours faithfully

John Murray

Chair

john@fssmanagement.co.nz

