Annual Report

First NZ Properties Limited
For the year ended 31 March 2022

Contents

3 Report of the Directors to the Shareholders

7 Consolidated Statement of Profit or Loss and Other Comprehensive Income

8 Consolidated Statement of Changes in Equity

9 Consolidated Statement of Financial Position

10 Consolidated Statement of Cash Flows

11 Notes to the Consolidated Financial Statements

37 Auditor's Report

42 Directory

44 Interest Register

Report of the Directors to the Shareholders

The Directors of First NZ Properties Limited are pleased to present the 2022 Operating Results and Annual Report for the 12 months ended 31 March 2022.

Activities
The Company is involved in the Commercial property rental business.

Market Commentary
In a world still consolidating after the last two Covid-impacted years, the immediate outlook for economic growth looks fragile. Combine the increasing official cash rate and cost of debt, rising inflation, the emigration of skilled resources, supply chain disruption and the current geopolitical instability, and we have a melting pot producing many potential difficulties. Capitalisation rates will likely increase as investors factor in the rising interest rates and the stability that property usually presents. This may present opportunities to the Company.

Future opportunities
There are funds in the Company's accounts and banks have indicated a willingness to lend to facilitate the purchase of an additional commercial property. Several have been investigated but there are few appropriate investment properties coming onto the market. Yields have also been driven downwards by private investors satisfied with a minimal return in line with the bank term deposit rates. Prices are therefore higher than we would consider for providing long term commercial viability.

15 Sheffield Crescent, Christchurch
NZ Yarn Ltd continue to occupy the full property and have expanded into natural fibres in addition to wool, installing a significant processing line and storage facility. They have renamed the business to NZ Natural Fibres Ltd.

Their lease renewal is due in 2024 with the next rent review also due at that time. We have already started negotiations around an early renewal and longer term.

Engineers have prepared the detailed documents to apply for building consent to improve the building structure to 67% NBS. These documents have been used to obtain a guideline indication of the cost, which now is around $3,200,000.
There are also likely to be some accessibility and fire escape lighting works required by the local authority which may increase the overall cost. The building insurers will not provide natural disaster damage until the improvements have been completed. We are awaiting the response to the negotiations with the tenant before progressing any further work.

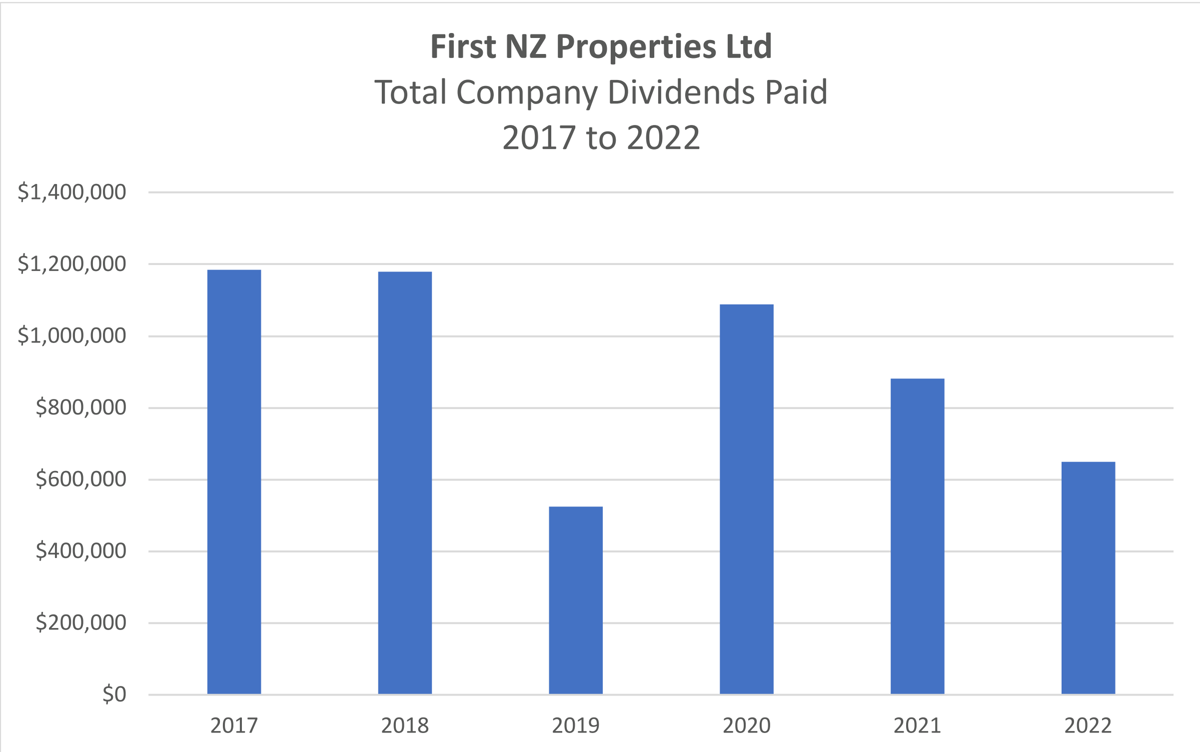
202-234 Rangitikei Street, Palmerston North
Harvey Norman electronics retail store dominates the property occupying around half of the floor area. They are committed to the location with their lease running to October 2026.
Bed, Bath and Beyond have a lease through until December 2026 and continue their sub-lease of the smaller central unit to Postie-Plus.
Uncle Bills/Price Busters lease runs through until April 2027.

Financial Information
The Company's Gross Rental Income this year was $2,022,580 (2021 $1,844,270) which is a 9.67% increase. This increase is mostly related to Rangitikei Street being a full 12 months of rental income (2021, 10 months' rent).

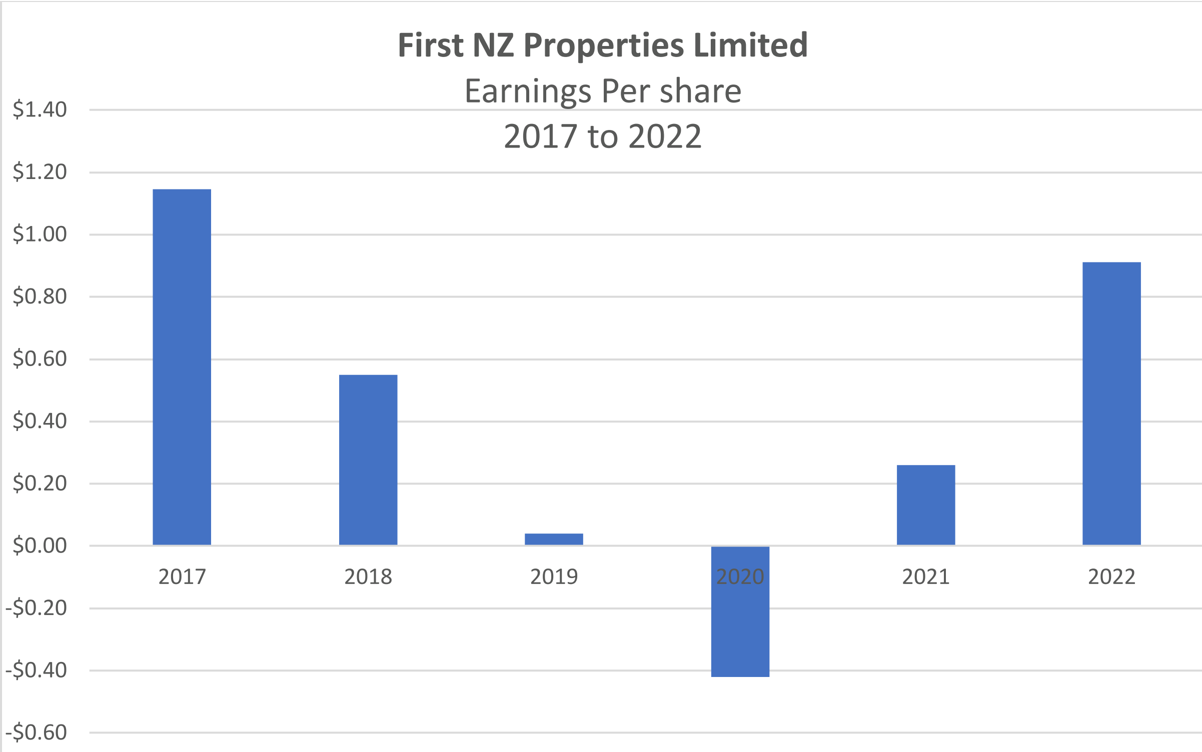
The Company Profit after Tax for the year is $3,695,717 (2021 $1,068,410) with a tax provision of $393,834 (2021 $334,034).
Part of this increase relates to the increase in Fair Value Gain on Investment Property of $2,018,984 (2021 $70,219) and part of the increase is related to the High Court proceedings against Michael Millar, Investment Services Limited and Paul Mephan.

Following mediation and subsequent discussions an agreement was reached. A partial settlement agreement for the outstanding fraud balance and imputation credit account interest and penalties portion of the claims dated 21 February 2022 was signed. A payment of $850,668 was made by Investment Services Ltd along with an assignment of rights to Michael Millar, Investment Services Ltd and Paul Mephan for rights of recovery against Neil Barnes.
The settlement of **$850,668** being:

- **$555,947** in settlement of the unrecovered balance of the Barnes Fraud, which is the outstanding balance less the Nov 2021 dividend payment withheld in an amount of $6,096 (2021 annual account fraud balance is $562,043 - $6,096 = $555,947); and
- **$291,875** in settlement of the penalties and interest First NZ paid to the IRD because of First NZ having negative imputation credit balances at times when dividends were paid by First NZ;
- **$2,846** (inc GST) in settlement of the claim for interest and costs;



Dividends
$649,568 was paid in Dividends for the period ended 31 March 2022 (2021 $881,274).



Earnings Per Share
The earnings per share this year is 91 cents per share (2021 26 cents) an increase of 250%.

Investment Properties
The investment properties were valued at $23.44 million (2021 $21.33m). The major movement in the investment properties is due to the increase in valuation of Rangitikei Street of $3m (now $15m) with a reduction in the valuation of Sheffield Crescent to $8.44m (2021 $9.33m).
The reduction in value of Sheffield Crescent is related to the increase in the provision for earthquake strengthening which is now estimated to be $3.14m (2021 $2.08m) and the discount for the lack of Natural Disaster insurance cover moving to $1.71m (2021 $1.49m).

Directors
The following Directors held office during the year ended 31 March 2022.

John Murray (Appointed 28 September 2020)
Damien Prendergast (Appointed 7 May 2020)

Remuneration of Directors
Directors' remuneration paid during the year ended 31 March 2022 totalled $104,410 (2021 $62,733). There were no other benefits received.

Remuneration of employees
No employees' remuneration exceeded $100,000.

Auditors
BDO Christchurch was appointed as the Company's auditors at the 2021 AGM. Remuneration for Audit services $19,000.

Share purchases
There were no transactions between the company and the Directors during the year.

Review of the Year:

April 2021

- Interim dividend declared. 10 cents gross dividend which is fully imputed.

May 2021

- Interim dividend paid to shareholders. 10 cents gross dividend which is fully imputed.

June 2021

- Investment Services Ltd ends its role for Share Registry services.

July 2021

- Share Registry services moved to Syndex.

August 2021

- All New Zealand moves to Covid Alert Level 4.

September 2021

- Group AGM in Dunedin.
- High Court discovery documents exchanged between parties. (First NZ Properties Ltd, Investments Services Ltd, Mr Millar and Mr Mephan).

October 2021

- Unsolicited share offer from CNP Holdings, $4.50 per share. Expires November.
- Dividend declared. 12 cents gross dividend which is fully imputed.

November 2021

- Auckland remains at Step 1 of Covid Alert Level 3.
- CNP Holdings unsolicited offer closed with purchase of approximately 23% of shares.
- Dividend paid to shareholders. 12 cents gross dividend which is fully imputed.
- Mediation with the defendants. (Investments Services Ltd, Mr Millar and Mr Mephan).

December 2021

- Symonds110 Ltd legal action taken by purchaser for a warranty issue.

February 2022

- Unsolicited share offer from CNP Holdings. $4.61 per share. Expires March.
- Partial settlement of High Court proceedings. $850,667 paid to the Company by Investment Services Ltd on behalf of Investment Services Ltd, Mr Millar, and Mr Mephan.
- Statement of Defence filed for Symonds110 Ltd.

March 2022

- CNP Holdings share offer closed with CNP Holdings and Associates now owning 2,751,384 shares (67.68%) of the Company.

For, and on behalf of, the Board

John Murray
Chair

Damien Prendergast
Director

26 July 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

First NZ Properties Limited
For the year ended 31 March 2022

	NOTES	2022	2021
Continuing Operations			
Income			
Gross Rental Income	7	1,943,946	1,778,151
Service Charge Income Recovered from Tenants	7	78,633	64,720
Total Income		**2,022,580**	**1,842,871**
Operating Income and (Expenses)			
Other Operating Income	8	294,633	1,399
Administrative Expenses	9	(648,425)	(463,612)
Other Operating Expenses	10	(173,020)	(150,842)
Impairment Reversal of Non-Current Assets	23	562,044	96,120
Total Operating Income and (Expenses)		**35,232**	**(516,935)**
Operating Profit		**2,057,812**	**1,325,937**
Financial Income and (Expenses)			
Finance Costs	11	-	(1,378)
Finance Income	12	13,495	10,415
Share of Loss of Associates	13	(740)	(2,749)
Total Financial Income and (Expenses)		**12,755**	**6,289**
Profit Before Other (Expenses)/Income and Tax		**2,070,567**	**1,332,226**
Other (Expenses)/Income			
Fair Value Gain on Investment Property	18	2,018,984	70,219
Profit Before Tax		**4,089,551**	**1,402,445**
Income Tax Expense			
Tax Provision	14	(393,834)	(334,034)
Total Profit for the Year		**3,695,717**	**1,068,410**
Profit For The Year Attributable to Shareholders		**3,695,717**	**1,068,410**
Other Comprehensive Income, Net of Tax		-	-
Total Comprehensive Income for the YearAttributable to Shareholders		**3,695,717**	**1,068,410**

	NOTES	2022	2021
Earnings per share			
Basic and diluted earnings per share (cents)	34	91	26

The financial statements should be read in conjunction with the attached Notes to the Financial Statements and Audit Report.

BDO Christchurch

Consolidated Statement of Changes in Equity

First NZ Properties Limited
For the year ended 31 March 2022

	NOTES	2022	2021
Equity			
Share Capital			
Opening Balance		4,065,452	4,065,452
Closing Balance		**4,065,452**	**4,065,452**
Retained Earnings			
Opening Balance		20,063,784	19,876,647
Increases			
Total Comprehensive Income for the Year Attributable to Shareholders		3,695,717	1,068,410
Total Increases		**3,695,717**	**1,068,410**
Decreases			
Dividends Paid	27	649,568	881,274
Total Decreases		**649,568**	**881,274**
Closing Balance		**23,109,933**	**20,063,784**
Total Equity		**27,175,385**	**24,129,236**

The financial statements should be read in conjunction with the attached Notes to the Financial Statements and Audit Report.

BDO Christchurch

Consolidated Statement of Financial Position

First NZ Properties Limited
As at 31 March 2022

	NOTES	31 MAR 2022	31 MAR 2021
Assets			
Current Assets			
Cash and Bank	17	1,420,568	430,165
Trade and Other Receiveables	24	10,350	365
Prepayments		41,380	2,370
Income Tax Receivable	14	158,087	290,527
Rental Rebates (Current)		26,140	12,592
Other Current Assets	24	2,511,920	2,502,468
Total Current Assets		**4,168,445**	**3,238,487**
Non-Current Assets			
Investment Property	18	23,440,000	21,330,000
Investments in Associates	30	41,512	42,251
Rental Rebates (Non Current)		47,036	33,284
Lease Incentives Amortised over Life of Leases		13,171	-
Total Non-Current Assets		**23,541,718**	**21,405,535**
Total Assets		**27,710,163**	**24,644,022**
Liabilities			
Current Liabilities			
Trade and Other Payables	24	62,334	83,571
GST Payable		35,367	21,753
Total Current Liabilities		**97,701**	**105,325**
Non-Current Liabilities			
Deferred Tax Liability	15	437,077	409,462
Total Non-Current Liabilities		**437,077**	**409,462**
Total Liabilities		**534,778**	**514,786**
Net Assets		**27,175,385**	**24,129,236**
Equity			
Share Capital	26	4,065,452	4,065,452
Retained Earnings		23,109,933	20,063,784
Total Equity		**27,175,385**	**24,129,236**

The financial statements should be read in conjunction with the attached Notes to the Financial Statements and Audit Report.

BDO Christchurch

Consolidated Statement of Cash Flows

First NZ Properties Limited
For the year ended 31 March 2022

	NOTES	2022	2021
Operating Activities			
Receipts from Customers		2,292,547	1,794,625
Payments to Suppliers		(904,195)	(559,015)
Interest Income		13,495	10,415
Finance Costs		-	(1,378)
Income Tax Paid		(233,778)	(417,219)
Net GST Received		10,327	19,804
Fraud Recoveries		562,044	96,120
Net Cash Flows from Operating Activities	35	**1,740,439**	**943,353**
Investing Activities			
Receipts from Investments		3,676	12,000,960
Payments for Investments		(13,127)	(2,503,428)
Payment for Investment Properties		(91,016)	(11,919,781)
Investments in Associates		-	(45,000)
Net Cash Flows from Investing Activities		**(100,467)**	**(2,467,250)**
Financing Activities			
Dividends Paid		(649,568)	(881,274)
Net Cash Flows from Financing Activities		**(649,568)**	**(881,274)**
Net Cash Flows		**990,403**	**(2,405,170)**
Cash and Cash Equivalents			
Cash and Cash Equivalents at Beginning of Period		430,165	2,835,335
Cash and Cash Equivalents at End of Period	17	1,420,568	430,165
Net Change in Cash for Period		**990,403**	**(2,405,170)**

The financial statements should be read in conjunction with the attached Notes to the Financial Statements and Audit Report.

BDO Christchurch

Notes to the Consolidated Financial Statements

First NZ Properties Limited
For the year ended 31 March 2022

1. Reporting Entity

These consolidated financial statements ("the financial statements") of First NZ Properties Limited ("the Company") and it's Subsidiaries (collectively "the Group") and the Group's equity accounted interest in associates for the year ended 31 March 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 31 July 2022.

First NZ Properties Limited is a Limited Company incorporated and domiciled in New Zealand and registered under the Companies Act 1993, and is engaged in the business of Commercial Property Investment.

2. Basis of Preparation

Statement of Compliance

These financial statements have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP); the requirements of the Financial Reporting Act 2013, the Companies Act 1993 and the Financial Markets Conduct Act 2013. For the purpose of complying with NZ GAAP, the Group is a Tier 1 for-profit entity. These financial statements comply with New Zealand International Financial Reporting Standards (NZ IFRS).

Basis of Measurement

The financial statements have been prepared on the historical cost basis except for Investment properties which are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Presentation Currency

The financial statements are presented in New Zealand Dollars (NZD), which is the Company's functional currency and Group's presentation currency. All values are rounded to the nearest NZD, except when otherwise indicated.

Reporting Period

The financial statements represent a period of twelve months ending 31 March 2022.

Comparatives

The comparative financial period is twelve months.

3. Summary of Significant Accounting Policies

The significant accounting policies used in the preparation of these financial statements are summarised below:

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Interests in Equity-Accounted Investees

The Group's interests in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

Revenue Recognition

Rental Income

Income arising from operating leases on Investment Properties is recognised on a straight line basis over the life of the lease and included in revenue in the statement of profit or loss. Lease incentives provided in relation to letting the investment Properties are recognised on the Statement of Financial Position and amortised on a straight-line basis over the non-cancellable portion of the lease to which they relate, as a reduction of rental income.

Service Charges Recovered

The tenants also pay the majority of the Groups operating expenses. These are recoveries of expenses incurred by the group in relation to the Investment Properties. The tenants are charged a monthly amount towards these operating costs based on an annual budget, and occupied floor space for each Investment Property. An annual wash-up reconciliation is prepared by the Group and any under or overcharges of actual costs incurred against costs recharged are settled.

Service Charge recoveries are recognised when invoiced, on a monthly basis, which is in line with when the Group meets its performance obligations for the services provided. The service charge recovered are based on what is specified in the tenants leases and the costs on the associated outgoings . The Group does not provide discounts nor is there any finance component in any of the costs so the transaction price is easily determined and allocated on a straight-line basis.

The services charges recovered that the Group identifies as being under the scope of NZ IFRS 15 includes but are not necessarily limited to; Rates, Building WoF, Health and Safety, Insurances, Cleaning, Rubbish and Pest Control, Fire Maintenance, Security, Lifts, Air-Conditioning and Other General Maintenance. This is because the Group deems these to be additional services above the lease of the rental space and so should be considered separately to the lease rental income (Refer to Note 7 for further consideration)

Interest

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Finance costs recorded in the profit or loss comprise the interest expenses charged on borrowings. Interest expense is recognised on an accrual basis, using the effective interest rate method.

Income Tax

The income tax expense represents the sum of current tax payable and deferred tax movements.

Current Income Taxes

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Current and Deferred Tax for the year

Movements in current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Goods and Services Tax

All amounts in these financial statements are shown exclusive of GST, except for receivables and payables that are stated inclusive of GST.

Investment Properties

Investment Properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, Investment Properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in Profit or Loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model recommended by the Property Institute of New Zealand and in compliance with NZ IFRS 13.

The properties are held for both capital appreciation and rental income purposes. The Investment Properties are not depreciated for accounting purposes however depreciation is claimed for taxation purposes.

Investment Properties are derecognised either when they have been disposed of (i.e. at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in Profit or Loss in the period of derecognition.

Financial Instruments

Financial Assets

The Group classifies its financial assets at amortised cost as stated below.

The Group's accounting policy for the clasification is as follows:

Amortised cost

These assets arise principally from the provision of goods and services to customers (eg trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables are recognised based on the simplified approach within NZ IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within bad debts in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for other financial assets at amortised cost are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group's financial assets measured at amortised cost comprise trade and other receivables, accrued fraud recovery and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and – for the purpose of the statement of cash flows - bank overdrafts.

Financial Liabilities

The Group classifies its financial liabilities at amortised cost as stated below.

The Group's accounting policy for this clasification is as follows:

Amortised cost

Financial liabilities at amortised cost include the following items:

Bank borrowings are initially recognised at fair value plus directly attributable transactions. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

De-Recognition of Financial Instruments

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or if the Group transfers the financial asset to another party without retaining control or substantial all risks and rewards of the asset.

A financial liability is de-recognised when it is extinguished, discharged, cancelled or expires.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Consolidated Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Impairment of Non-Financial Assets

At each reporting date, the carrying amounts of tangible and intangible assets, other than investments property and deferred tax assets are reviewed to determine whether there is any indication of impairment. If any such indication exists for an asset, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

An impairment loss is recognised whenever the carrying amount of an asset exceeds is recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the reported profit or loss.

The estimated recoverable amount of an asset is the greater of their fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting to their present value using a pre-tax discount rate that reflects current market rates and risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Other impairment losses are reversed when there is a change in the estimates used to determine the recoverable amount.

Any reversal of impairments previously recognised is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Share Capital

Share capital represents the consideration received for shares that have been issued. All transaction costs associated with the issuing of shares are recognised as a reduction in equity, net of any related income tax benefits.

Dividend Distribution

Dividend distributions to the shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Directors.

Fair Value Measurement

A number of the Group's accounting policies and disclosures require measurement at fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- In the absence of a principal market, in the most advantageous market for the asset or liability
- The principal or the most advantageous market must be accessible by the Group

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique adopted as follows.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 : Inputs for the asset or liability that are not based on observable market data (unobservable inputs), or where there are significant adjustments to market data.

4. Adoption of new and revised reporting standards and Changes in Accounting Policies

Financial Reporting Standards Effective in the Reporting Period

There were a number of new standards and amendments to existing standards that came into effect in the current financial year.

The new and amended standards and interpretations that became effective in the current financial year have not been listed as they are not considered to have any impact on the Group.

There has been no impact on earnings per share as a result of the change in accounting policies.

New NZ IFRS Standards and Interpretations Issued But Not Yet Adopted

Accounting standards and interpretations, considered relevant to the operation of the Group, that have not been applied during the reporting year, or have been issued but are not yet effective as at the date of issuance of these Financial Statements are outlined below (if any). If applicable, the Group intends to adopt these when they become effective.

There are no new and amended standards and interpretations issued but not yet adopted that management have considered will have any impact on the Group.

5. Significant Accounting Judgements, Estimates and Assumptions

The preparation of financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Where material, information on significant judgements, estimates and assumptions is provided in the relevant accounting policy or provided in the relevant note disclosure.

The estimates and underlying assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances. Estimates are subject to ongoing review and actual results may differ from these estimates. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in future years affected.

The following are significant management judgements in applying the accounting policies of the Group that have a significant effect on the financial statements:

Fair Value Measurements and Valuation Processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The Board of Directors have determined the appropriate valuation techniques and inputs for fair value measurements. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in later notes.

Investment Property is carried at Fair Value, the judgements, estimates and assumptions made in relation to the assets are detailed in Note 21.

BDO Christchurch

6. Significant events and transactions

High Court Proceedings

In December 2020 proceedings were issued in the High Court (Nelson Registry) against Michael Millar(Prior Director), Investment Services Limited(Prior Management Company) and Paul Mephan(Prior Director). Initially the claims related to the fraud and 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 imputation credit account.

The defendants 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 the counterclaim has been filed denying any repudiation.

Given the commonality of issues in the proceedings also issued by Superstore Properties Limited and Springs Road Property Limited, the three proceedings have been consolidated.

A mediation using Nicolas Till QC as mediator took place on 24 November 2021. After a full day of mediation, no agreement was reached. Subsequently discussions between the respective legal representatives took place regarding the settlement of the fraud aspect of the claim and the assignment of rights of recovery against Neil Barnes. By an agreement dated 21 February 2022 settlement was reached with the payment of $850,668 to First NZ Properties Limited being made up of:

- $555,947 in settlement of the claim for the unrecovered balance of the fraud, and
- $291,874 in settlement of the claim for the penalties and interest which was paid to the IRD as a result of the company having negative imputation credit balances at the time when dividends were paid by it, and
- $2,846 (inclusive of GST) as a contribution to costs.

An amended statement of claim has been filed in the High Court and defences to that claim has been filed seeking an additional $2,582,693. The company considered those defences to be insufficient and Michael Millar, Investment Services Limited and Paul Mephan have agreed to file new statements of defence which better particularise what they allege their defences to be. A case management conference with the Court was to occur on 26 April however all parties agreed to joint memorandum regarding the ongoing conduct of the case and therefore this was not required. A process is now underway to finalise the expert accounting evidence ahead of an agreed consultation process with the expert for Michael Millar, Investment Services Limited and Paul Mephan.

A trial commencing on 1 May 2023 for a period of 10 days has been allocated.

Symonds110 Limited (Subsidiary)

Symonds110 Limited(Subsidiary) along with Michael Millar(Prior Director) and Paul Mephan(Prior Director) have had a claim in the High Court in Auckland issued against them. The claim is in relation to the aluminium composite cladding (ACP) which the purchaser of the building alleges has caused the loss of a tenant and that the ACP will need to be replaced. It is alleged that by failing to disclose the existence of a letter from the Auckland City Council regarding the ACP there has been a breach of the warranties in the agreement for sale and purchase.

A statement of defence has been filed denying any liability whatsoever. The company has completed providing discovery to the plaintiff purchaser of the building. The Subsidiary Company has now also received discovery from not only the purchaser, but also Michael Millar, Paul Mephan and Investment Services Ltd. There was a review of the matter by the High Court on 8 June 2022. It is not expected that there will be any hearing on the substantive claim until 2023.

7. Revenue

Revenue is accounted for in accordance with NZ *IFRS 15 Revenue from Contracts with Customers and NZ IFRS 16 Revenue from Leases* where appropriate.

Revenue is recognised when or as control of promised services is transferred to the particular customer with an amount that reflects the consideration that the entity expects to be entitled to in exchange for those services

	NOTES	2022	2021
Revenue			
Rental from Investment Properties (NZ IFRS 16 Leases)		1,943,946	1,778,151
Service Charge Income Recovered from Tenants (NZ IFRS 15 Revenue from Contracts for Customers)		78,633	64,720
Total Revenue		**2,022,580**	**1,842,871**

Descriptions of the Principal activities the Group generates revenue from are as follows:

- The Group provides additional services to the tenants of the Groups Investment Property. The Group reports the revenue from these additional services in the Statement of Profit or Loss and Other Comprehensive Income.
- Additional services involve the management of the Groups Investment Property leased to tenants. The contracts associated for these additional services are structured so the Group is reimbursed for subcontracted vendor costs as well as associated overhead and management fee expenses (service charge income recoveries). Additional services represent a series of distinct services rendered over time to deliver the overall performance obligation of managing the tenancy and property for each tenant applied under NZ IFRS 15.35(a).
- The amount of revenue recognised is gross for all additional services – an offsetting amount is recorded under other operating expenses.
- The payment for these additional services are reimbursements of costs of third-party services delivered to tenants that are controlled by the Group, therefore the Group is considered to be Principal for those services.
- Where the Group does not control third-party services delivered to tenant the Group is considered to be agent and therefore offsets the revenue and expense against each other for those services.

	NOTES	2022	2021
8. Other Operating Income			
Movement in Impairment Loss		-	1,399
Sundry Income		284	-
Legal Settlement - Recovery of Interest and Penalties	6	291,874	-
Legal Settlement - Recovery of Costs	6	2,475	-
Total Other Operating Income		**294,633**	**1,399**

9. Administrative Expenses

	NOTES	2022	2021
Accountancy & Registry		15,163	20,180
Audit Fees - Findex		1,200	24,950
Audit Fees - BDO Christchurch		19,000	-
Sundry Expenses		2,808	4,596
Insurance		2,370	3,361
Legal Expenses		284,412	230,547
Consultancy		36,000	-
Management Fees		163,471	110,646
Directors' Fees	29	104,410	62,733
Valuation Fees- Investment Property		19,590	6,600
Total Administrative Expenses		**648,425**	**463,612**

10. Other Operating Expenses

	NOTES	2022	2021
Total Operating Expenses			
Property Repairs & Maintenance		39,636	32,253
Insurance		37,330	28,056
Property Management Fees		-	20,697
Rates		93,729	68,715
Valuation Fees - Insurance		2,325	1,120
Total Total Operating Expenses		**173,020**	**150,842**
Total Other Operating Expenses		**173,020**	**150,842**

11. Finance Costs

	NOTES	2022	2021
Interest - Tax Pooling		-	1,378
Total Finance Costs		**-**	**1,378**

12. Finance Income

	NOTES	2022	2021
Interest Received - Financial Assets at Amortised Cost		13,495	10,415
Total Finance Income		**13,495**	**10,415**

13. Share of Surplus/ (Loss) of Associates

	NOTES	2022	2021
Equity Accounted Profit or (Loss) - FSS Management Limited		(740)	(2,749)
Total Share of Surplus/ (Loss) of Associates		**(740)**	**(2,749)**

BDO Christchurch

14. Income Tax

	NOTES	2022	2021
Income Tax Expense			
Income Tax Expense			
Current Tax		366,219	308,186
Deferred Tax	15	27,615	25,848
Total Income Tax Expense		**393,834**	**334,034**
Reported Income			
Profit Before Tax from Continuing Operations		2,070,567	1,332,226
Total Reported Income		**2,070,567**	**1,332,226**
Less: Non-assessable income			
Share of Profit / (Loss) of Associate		(740)	(2,749)
Total Non-Assessable Income		**(740)**	**(2,749)**
Taxable Profit / (Loss)		2,071,307	1,334,974
At Effective Income Tax Rate of 28%		579,966	373,793
Increase/(Decrease) in Income Tax Due to:			
Non Deductible Expenses		13,069	-
Non-Assessable Income		(37,233)	-
Impairment of Accrued Fraud Recovery		(157,372)	(26,914)
Rental Rebates to be Amortised Over Remaining Lease Periods		(4,595)	(12,845)
Total Increase/(Decrease) in Income Tax Due to:		**(186,132)**	**(39,759)**
Current Tax Expense		393,834	334,034
Reported as			
Income Tax reported in Profit or Loss		393,834	334,034
Income Tax Expense / (Income)		393,834	334,034

	NOTES	2022	2021
Income Tax Payable / (Receivable)			
Income Tax Payable / (Receivable)			
Opening Balance		(290,527)	(181,494)
Current Tax Expense		393,834	334,034
Deferred Tax Movement		(27,615)	(25,848)
Losses Brought Forward		-	-
Tax Paid			
Income Tax Paid		(230,000)	(414,303)
RWT Paid		(3,778)	(2,916)
Total Tax Paid		**(233,778)**	**(417,219)**
Total Income Tax Payable / (Receivable)		**(158,087)**	**(290,527)**

BDO Christchurch

	NOTES	2022	2021

15. Deferred Tax Assets & Liabilities

	NOTES	2022	2021
Deferred Tax Liabilities			
Opening Balance		409,462	383,614
Deferred Tax Recognised in Profit or Loss	14	27,615	25,848
Total Deferred Tax Liabilities		**437,077**	**409,462**

Deferred Tax Arises From

	NOTES	2022	2021
Tax Liability Base			
Incremental depreciation for tax purposes		1,560,990	1,462,366
Total Tax Liability Base		**1,560,990**	**1,462,366**
Deferred Tax @ 28%		437,077	409,462

16. Imputation Credit Account

	NOTES	2022	2021
Imputation Credit Account			
Opening Balance		10,181	-
Increases			
Income Tax Paid		230,000	334,233
Resident Withholding Tax Paid		3,778	2,916
Total Increases		**233,778**	**337,149**
Decreases			
Imputation Credits Attached to Dividends		240,085	326,969
Total Decreases		**240,085**	**326,969**
Closing Balance		**3,874**	**10,181**

17. Bank and Cash Balances

	NOTES	2022	2021
Cash at Bank			
ANZ 000 Account		4,283	56,884
ANZ 001 Distributions Account		1,964	6,337
ANZ 002 Property Account		27,183	349,286
ANZ 070 Call Account		1,387,138	17,657
Total Cash at Bank		**1,420,568**	**430,165**
Total Bank and Cash Balances		**1,420,568**	**430,165**

BDO Christchurch

	NOTES	2022	2021

18. Investment Property

	NOTES	2022	2021
Investment Property			
Opening Balance		21,330,000	9,340,000
Additions		91,016	11,919,781
Net Change in Fair Value		2,018,984	70,219
Total Investment Property		**23,440,000**	**21,330,000**
Total Investment Property		**23,440,000**	**21,330,000**

Sheffield Crescent

During the 2020 financial year the Group received a draft seismic engineering report on 15 Sheffield Crescent indicating some areas of concern. The draft report indicated that expenditure of approximately $300,000 would be required within the short term for critical weaknesses along with expenditure over a longer period of time that may total a further $1,700,000 to bring the property to a seismic strength that is in line with market expectations. As at 31 March 2022 $528,000 has been spent on the seismic improvements. There is no requirement to strengthen the building for a period of up to 15 years however the Directors agree that it is prudent to move forward with a plan in the shorter term.

The Valuation of 15 Sheffield Crescent has been reduced by $3,140,000 to recognise the costs required to complete the necessary seismic improvements as per a recent quote dated February 2022. This estimate is from a local contractor familiar with the building, who has worked through the current plans to upgrade the building.

The property valuation has been further reduced by $1,490,000 as the building does not have Natural Disaster insurance cover due to not having a current seismic capacity of at least 67% NBS. It is determined that this factor impacts on the market value of the property as it is likely to exclude a significant proportion of likely buyers. Furthermore any remaining buyers who would be prepared to purchase the property without a mortgage would be limited to entrepreneurial opportunist type purchasers who would require a discount.

The net change in fair value has been broken down as follows:

- 15 Sheffield Crescent - Reduced by $981,016
- 234 Rangitikei Street - Increased by $3,000,000
- Total Net Change in Fair Value - Increased by $2,018,984

This impairment is the Directors' best estimate of the costs to be incurred based on the Detailed Seismic Assessment report to bring the building to above 67% NBS. Final costs could be significantly different to the current estimate. When the work is undertaken it is expected that there may be other improvements required by the council to the fire sprinklers and the accessibility of the building. This will increase the quoted cost of the work which could add several hundred thousand dollars. An increase of 10% could result in an additional $314,000 of costs being incurred.

19. Lease Agreement Terms

15 Sheffield Crescent

NZ Yarn Limited
- Ten year term expiring 21 November 2024 - Four rights of renewal of three years each
- Three yearly rent reviews.

234 Rangitikei Street

Harvey Norman

- Five year term expiring 27 October 2026 - One right of renewal of five years

- Rent reviews annually

Bed, Bath & Beyond

- Six years and 10 month term expiring 1 December 2026 - Two rights of renewal of five years each

- Rent review 3% per annum on anniversary of commencement date

Uncle Bills

- Six year term expiring 5 April 2027 - One right of renewal of six years

- Fixed annual rent review of a fixed 1% annually on the anniversary of the commencement date

20. Minimum Lease Income

The Group has entered into commercial property leases on its Investment Property portfolio. These non-cancellable leases have remaining lease terms as noted above. All leases include a clause to enable upward revision of the rental charge on various review dates based on prevailing market conditions.

Future minimum net rentals receivable, after incentive rebates, under non-cancellable leases at the reporting date areas follows:

	NOTES	2022	2021
Minimum Lease Income			
Less than 1 year		1,957,344	1,772,406
2 to 5 years		5,111,623	4,689,323
5 + years		1,756	400,127
Total Minimum Lease Income		**7,070,723**	**6,861,856**

BDO Christchurch

21. Valuations

The Investment Properties comprises of premises situated at Sheffield Crescent in Christchurch and at Rangitikei Street in Palmerston North. The properties are currently leased under the terms and to the tenants disclosed in Note 19.

The Investment Properties are measured at fair value and were valued as at 31 March 2022 by external, independent property valuers, having appropriately recognised professional qualifications and recent experience in the location and categories of the properties being valued.

The latest revaluation of the Investment Properties is summarised as follows:

	Sheffield Crescent	**Rangitikei Street**
Purpose	Financial Reporting	Financial Reporting
Amount of valuation	$8,440.000 (2021: $9,330,000)	$15,000,000 (2021: $12,000,000)
Valuer	Colliers International	Colliers International
Basis of valuation	The determination of the values stated were market value subject to existing tenancies and occupational arrangements.	The determination of the values stated were market value subject to existing tenancies and occupational arrangements.
Assessment Approach	Discounted cash flow Capitalisation approach	Discounted cash flow Capitalisation approach
Vacancy rate	Nil (2021: Nil)	Nil (2021: Nil)
Weighted average lease term	2.64 years (2021: 3.64 years)	4.69 years (2021: 3.35 years)
Rental value per square metre	$915 (2021: $914)	$3,674 (2021: $2,939)
Capitalisation rate	7.75% (2021: 7.75%)	5.625% (2021: 6.75%)
Discount rate	9.00% (2021: 9.00%)	7.00% (2021: 8.00%)
Terminal Yield	8.25% (2021: 8.25%)	5.625% (2021: 7.25%)
Net market rent	$1,002,277 (2021: $1,002,757)	$849,352 (2021: $820,820)
Net passing rent	$1,051,279 (2021: $1,051,279)	$858,206 (2021: $932,205)

The valuations reflect the quality of tenants in occupation, the allocation of maintenance and insurance responsibilities between the Group and the tenants and the remaining economic life of the properties. The valuation also assumes on expiry of the current lease terms the Group will be able to re-tenant the properties at or above market rates.

The valuation for Rangitikei Street assumes the buildings meet the minimum seismic ratings requirements and that no capital expenditure is required on earthquake strengthening.

The Valuation for Sheffield Street has been completed subject to the certification that the seismic capacity of the building is now greater than 20% NBS following seismic work completed during the 2021 financial year. It is acknowledged that the work done once signed off would bring the NBS above 20% but not up to 34%. An allowance to the property valuation has been made for the fact that the building currently does not meet a NBS of at least 67% as well as for the building not having Natural Disaster insurance cover as a result. The valuation has been completed on the basis that the property can be adequately covered by all other normal full reinstatement insurance, excluding earthquake cover.

The valuations assume no future lockdowns and Covid rental rebates.

The fair value measurement for the Investment Properties has been categorised as a Level 3 fair value (refer to Note 3) based on the inputs to the valuation technique used being based on unobservable inputs.

The following table outlines the valuation techniques measuring fair value of the Investment Properties, as well as the unobservable inputs used and the inter-relationship between the key unobservable inputs and fair value measurement.

Valuation technique	**Unobservable inputs** **(Sheffield/Rangitikei)**	**The estimated fair value would** **increase/(decrease) if**
Discounted cash flow approach The discounted cash flow method adopts a 10 year investment horizon and makes appropriate allowances for rental growth and leasing costs on lease expiries, with an estimated terminal value at the end of the investment period. The present value is a reflection of market based income (inflows) and expenditure (outflows) projections over the 10 year period discounted at a market analysed return.	Discount rate of 9% and 7% Terminal yield of 8.25% and 5.625% at the end of the 10 year period Assessed market rentals of $1,002,277 and $849,352	The discount rate was lower/(higher) being 0.25%, the valuations would increase / (decrease) by $212,000 and $276,000 The terminal yield rate was lower/(higher) by 0.25%, the valuation would increase / (decrease) by $196,000 and $403,000 The assessed market rental was higher/(lower) by 1%, the valuation would increase / (decrease) by $130,000 and $150,000
Capitalisation approach This approach is considered a “point in time” view of the investment properties’ value, based on the current contract and market income and an appropriate market yield or return for the properties. Capital adjustments are then made to the value to reflect under or over renting, pending capital expenditure and upcoming expiries, including allowances for lessee incentives and leasing costs.	Net rental income has been capitalised in perpetuity at capitalisation rates of 7.75% and 5.625% Assessed market rentals of $1,051,279 and $858,206	The capitalisation rate in perpetuity was lower/(higher) by 0.25%, the valuation would increase / (decrease) by $404,000 and $643,000 The assessed market rental was higher/(lower) by 1%, the valuation would increase / (decrease) by $129,000 and $151,000
Earthquake Insurance Valuation Reduction As 15 Sheffield Crescent was not able to obtain Natural Disaster insurance cover it is unlikely that it would be able to secure a first mortgage. The valuer has suggested that a discount in the value of the property is appropriate to reflect that the property does not have a first mortgage which will limit the market for potential buyers. The suggested discount lies in the range of 5% - 20% and a 15% valuation adjustment of $1,490,000 has been taken into account.	Discount rate of 15%	The assessed discount rate was higher/(lower) by 1% the valuation would (increase) / decrease by $99,000

In deriving the market value under each approach, all assumptions are based, where possible, on market based evidence and transactions for properties with similar locations, construction detail and quality of lease covenant. The adopted market value is a judgemental combination of both the Capitalisation and the Discounted Cash Flow approaches.

	NOTES	2022	2021
22. Other Non-Current Assets			
Accrued Fraud Recovery		-	562,044
Less: Provision for Impairment of Accrued Fraud Recovery	23	-	(562,044)
Accrued Fraud Recovery - Net		-	-
Total Other Non-Current Assets		**-**	**-**

During the 2019 year it was discovered that funds had been misappropriated in prior years totaling $966,339.42. The misappropriated funds relate to money owed to the IRD for Dividend Withholding Tax (DWT) and Goods and Services Tax (GST) as well as other amounts owed for Lease Incentives, Management Fee/Opex Washups, Unclaimed Distributions, and Other Payments.

The Group pursued multiple avenues to recover the funds mentioned above which were misappropriated in prior years with some success, with $96,120 recovered in 2021 and $308,175 recovered in 2020. Following the High Court proceedings against Michael Millar and Investment Services Limited detailed in note 6, the $562,044 remaining to be recovered as at 31 March 2021 was received by way of a partial settlement from these proceedings.

23. Impairment Allowance

Movements in the impairment allowance for accrued fraud recovery for the year ended 31 March 2022 are as follows:

	NOTES	2022	2021
Opening Impairment Allowance of Accrued Fraud Recovery			
At 1 April under IFRS 9		562,044	658,164
Restated Through Opening Retained Earnings		-	-
Opening Impairment Allowance of Accrued Fraud Recovery		**562,044**	**658,164**
Impairment Loss / (Reversal) during the year			
Increase / (Reversal) during the year	22	(562,044)	(96,120)
Impairment loss / (Reversal) during the year		**(562,044)**	**(96,120)**
At 31 March		-	562,044

BDO Christchurch

	NOTES	2022	2021

24. Summary of Financial Instruments

Financial Assets at amortised cost			
Current			
Bank & Cash		1,420,568	430,165
Trade and other receivables			
Trade Debtors		-	365
Other Receivables		10,350	-
Total Trade and other receivables		**10,350**	**365**
Other Current Assets			
ANZ Term Deposit		2,511,920	2,502,468
Total Other Current Assets		**2,511,920**	**2,502,468**
Total Current		**3,942,838**	**2,932,998**
Total Financial Assets at amortised cost		**3,942,838**	**2,932,998**
Financial Liabilities at amortised cost			
Current			
Trade and Other Payables		62,334	83,571
Total Current		**62,334**	**83,571**
Total Financial Liabilities at amortised cost		**62,334**	**83,571**

	NOTES	2022	2021

25. Trade and Other Receivables

Trade Receivables		-	365
Total Trade and Other Receivables		**-**	**365**

	NOTES	2022	2021

26. Issued Capital

4,065,452 - Ordinary Shares		4,065,452	4,065,452

At reporting Date the total number of shares on issue comprises 4,065,452 shares (prior year: 4,065,452) authorised, issued and fully paid shares, rating equally for dividends and other distributions.

The total number of authorised shares at balance date was 4,065,452 (prior year 4,065,452). At reporting date all authorised shares were issued and fully paid.

BDO Christchurch

	NOTES	2022	2021

27. Dividends Paid

Cash Dividends Declared and Paid during the year			
Interim Dividend for current year		355,838	441,048
Final Dividend for prior year		293,730	440,226
Total Cash Dividends Declared and Paid during the year		**649,568**	**881,274**
Dividend Per Share (cents)		16	22

28. Financial Instrument Risks

This note deals with exposures to interest rate, credit and liquidity risks arising in the normal course of the Group's business as follows:

Interest rate risk

Interest rate risk is that movements in interest rates will affect the Groups performance. As the Group currently does not have any bank loans, the risk associated with interest rates is considered low.

Credit risk

The Group in the normal course of business has credit risk from accounts receivable mainly for rent and bank balances. The Group manages bank balance credit risk through transacting only with major trading banks. The Group manages accounts receivable credit risk through accepting only reputable tenants and performing credit assessments prior to accepting the tenancy.

The maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position. The fair value of each financial asset is the same as the carrying value.

Liquidity risk

The Group has repaid all its loans as at 31 March 2020, as such risk associated with liquidity is low due to liabilities primarily consisting of creditors only. Cashflow is managed to ensure that all creditors are met as and when they fall due.

Contractual Cash Flows (Principle and Interest)

2022	Statement of Financial Position	Total	<1 year	1-2 Years	2-5 Years	>5 Years
Trade and Other Payables	62,334	62,334	62,334	-	-	-
Total Financial Liabilities	62,334	62,334	62,334	-	-	-

2021	Statement of Financial Position	Total	<1 year	1-2 Years	2-5 Years	>5 Years
Trade and Other Payables	83,571	83,571	83,571	-	-	-
Total Financial Liabilities	83,571	83,571	83,571	-	-	-

Market risk

Market risk arises from the price risk from the Group’s Investment Property. Investment Property that is not fully occupied, or that has not been appropriately positioned in the market will expose the Group to fair value risk and price risk. The Group looks to maintain a strategic refurbishment and leasing plan that is reasonable and achievable through the utilisation of specialist property management experience to ensure re-positioning opportunities that increase rental income across the Group are explored. The Groups properties are assessed at least once a year against several criteria to determine whether property should be sold or remain in the Group.

Apart from the risks detailed above, the Group has no other risks which require disclosure. No collateral is required in respect of financial assets.

Capital Disclosures

The Group monitors "adjusted capital" which comprises all components of equity (i.e. share capital, retained earnings)

The Group's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders

29. Related Parties

FSS Management Ltd provides Management Services to the Group from 1 January 2021. All transactions conducted by the Group with FSS Management Ltd are related party transactions as the Group is a Shareholder of FSS Management Ltd. The Group paid FSS Management Ltd $172,471 (note 9) in management fees for the year, the Group had also advanced $45,000 (note 9) to FSS Management for start-up capital in 2020/21. FSS Management is also and Associate of the Group, the details of which are outlined in note 30.

John Murray is an independent director of the Group, appointed on 28 September 2020. He is not a shareholder of the Group. He was paid directors fees of $84,475 (note 9) for the period. As at 31 March 2022 the Group owed John $10,034. All transactions between the Group and John are related party transactions. The Group entered into a deed of indemnity with John under which the Group gives certain indemnities in favour of John. As the Group was unable to obtain a renewal of its directors' and officers' liability insurance, it (or its wholly owned subsidiaries) provided a guarantee of the Group's obligations under the deed of indemnity in favour of John and that was supported by an unregistered second ranking mortgage in favour of John. The Group and John entered into a deed of postponement with ANZ Bank New Zealand Limited (ANZ) under which ANZ consented to the granting of the second ranking mortgage in return for John agreeing to postpone certain rights as mortgagee. John in his personal capacity entered into a deed of variation and restatement of deed of indemnity and access with the Group. The variations include the requirement that the Group may be required to pay an amount of $75,000 to an escrow agent to be held in escrow for the purposes of meeting any costs which John and/or Damien may incur for which the Group has agreed to indemnify them in accordance with clauses 2.1.1 and 2.1.3 of the deed of indemnity. John is also a director of FSS Management Limited (FSS), which is partially owned by the Group. The Group and FSS entered into a management agreement under which FSS provides certain management services to the Group. The Group and FSS are also parties to a shareholders' agreement in respect of FSS.

Damien Prendergast is a director of the Group appointed 7 May 2020. All transactions conducted by the Group with Damien Prendergast are related party transactions. The Group paid Damien Prendergast directors fees of $19,935 (note 9) during the year. He is a current shareholder through his company A&J Enterprises (2006) Ltd, no additional shares were purchased during the year and it received dividends as per all shareholders. The Group entered into a deed of indemnity with Damien under which the Group gives certain indemnities in favour of Damien. As the Group was unable to obtain a renewal of its directors' and officers' liability insurance, it (or its wholly owned subsidiaries) provided a guarantee of the Group's obligations under the deed of indemnity in favour of Damien and that was supported by an unregistered second ranking mortgage in favour of Damien. The Group and Damien entered into a deed of postponement with ANZ Bank New Zealand Limited (ANZ) under which ANZ consented to the granting of the second ranking mortgage in return for Damien agreeing to postpone certain rights as mortgagee. Damien in his personal capacity entered into a deed of variation and restatement of deed of indemnity and access with the Group. The variations include the requirement that the Group may be required to pay an amount of $75,000 to an escrow agent to be held in escrow for the purposes of meeting any costs which John and/or Damien may incur for which the Group has agreed to indemnify them in accordance with clauses 2.1.1 and 2.1.3 of the deed of indemnity. Damien is also a director of FSS Management Limited (FSS), which is partially owned by the Group. The Group and FSS entered into a management agreement under which FSS provides certain management services to the Group. The Group and FSS are also parties to a shareholders' agreement in respect of FSS.

Paul Rosanowski is an employee of FSS Management Ltd (Project Manager) from 15 December 2020. FSS Management Ltd paid wages ($143,103) to Paul Rosanowski for the year to 31 March 2022. All transactions conducted by the Group with Paul Rosanowski are related party transactions. He is not a shareholder of the Group.

Richard Eberlein is a shareholder of First NZ Properties Ltd and is an employee (Property Manager) of FSS Management Ltd from 15 December 2020. FSS Management Ltd paid wages ($73,625) to Richard Eberlein for the year to 31 March 2022. He is no longer a shareholder as he sold his shares on 28 March 2022, no additional shares were purchased during the year and he received dividends as per all shareholders.

Kathryn Brownlie is an employee (Administrator) of FSS Management Ltd from 18 January 2021. FSS Management Ltd paid wages ($24,060) to Kathryn Brownlie for the year to 31 March 2022. All transactions conducted by the Group with Kathryn Brownlie are related party transactions. She is a current shareholder, no additional shares were purchased during the year and she received dividends as per all shareholders.

Investment Services Limited provided registry service to the Group until 30 June 2021. All transactions conducted by the Group with Investment Services Limited are related party transactions as Michael Millar is a Director of Investment Services Limited. The Group paid Investment Services Limited $3,411 (2021: $5,693) for Registry Fees up 30 June 2021. Investment Services Limited was a shareholder and sold their shares on 28 March 2022, no additional shares were purchased during the year and it received dividends as per all other shareholders.

Michael Millar is a Director of Investment Services Ltd and was a Director of First NZ Properties Ltd (Resigned as Director 12 May 2020). He was a shareholder and sold his shares on 28 March 2022, no additional shares purchased during the year and he received dividends as per all other shareholders.

At reporting date the following investments, both direct and indirect, were held by the Directors and the Managers:

Damien Prendergast (appointed as Director 7 May 2020)	217,385 shares
Richard Eberlein	46,290 shares (sold 28 March 2022)
Kathryn Brownlie	21,880 shares
Investment Services Ltd	331,799 shares (sold 28 March 2022)
Michael Millar (resigned as Director 12 May 2020)	61,178 shares (sold 28 March 2022)

BDO Christchurch

30. Group Information and Investment in Subsidiaries and Associates

The consolidated financial statements of the Group include:

Name	Principle Activity
Parent	
First NZ Properties Limited	Property investment and management
Subsidiaries	
Sheffield Crescent Property Limited	Property investment
Symonds110 Limited	Property investment
First NZ 8 Limited	Property investment
Associates	
FSS Management Limited	Business management services

All group members are incorporated in New Zealand.

The ultimate controlling entity and parent company of the Group is First NZ Properties Limited which owns 100% of each subsidiary company.

All subsidiaries are wholly owned, have a principal activity of being property owning companies and have a reporting date of 31 March.

FSS Management Limited is an Associate of First NZ Properties Limited, First NZ Properties Limited holds a 45% shareholding in FSS Management Limited. FSS Management Limited has a reporting date of 31 March.

	NOTES	2022	2021
Investments in Subsidiaries & Associates - Shareholding (%)			
Subsidiaries			
Sheffield Crescent Property Limited		100	100
Symonds110 Limited		100	100
First NZ 8 Limited		100	-
Associates			
FSS Management Limited		45	45

Investment in Associate - FSS Management Limited

The Group has a 45% interest in FSS Management Limited, which is involved in the business management of commercial property investment companies. FSS Management Limited is a private entity that is not listed on any public exchange. The Group's interest in FSS Management Limited is accounted for using the equity method in the consolidated financial statements.

The following table illustrates the summarised financial information of the Groups investment in FSS Management Limited:

	NOTES	2022	2021
Summarised Financial Information (Statement of Financial Position) - FSS Management Limited			
Statement of Financial Position			
Current Assets		122,798	107,244
Non-Current Assets		14,178	6,484
Current Liabilities		(35,726)	(19,836)
Non-Current Liabilities		(8,964)	-
Equity		**92,286**	**93,892**

	NOTES	2022	2021
Summarised Financial Information (Statement of Profit or Loss) - FSS Management Limited			
Statement of Profit or Loss			
Revenue From Contracts With Customers		337,652	61,312
Operational Costs		(259,297)	(39,805)
Administrative Expenses		(79,999)	(27,615)
Profit / (Loss) Before Tax		(1,644)	(6,108)
Profit for the Year (Continuing Operations)		(1,644)	(6,108)
Total Comprehensive Income for the Year (Continuing Operations)		(1,644)	(6,108)
Group's Share of Profit / (Loss) for the Year		(740)	(2,749)

	NOTES	2022	2021
Reconciliation of Investment in FSS Management Limited (45%)			
Investment at Beginning of Period		42,251	-
Funds Advanced to Associate for the Period		-	45,000
Share of Profit or (Loss) for the Period		(740)	(2,749)
Investment at End of Period		**41,512**	**42,251**

The associate had no contingent liabilities or capital commitments as at 31 March 2022.

31. Contingent Assets and Contingent Liabilities

Symonds110 Limited (subsidiary) along with Michael Millar (prior director)and Paul Mephan (prior director) have had a claim in the High Court in Auckland issued against them. The claim is in relation to the aluminium composite cladding (ACP) which the purchaser of the building alleges has caused the loss of a tenant and that the ACP will need to be replaced. It is alleged that by failing to disclose the existence of a letter from the Auckland City Council regarding the ACP there has been a breach of the warranties in the agreement for sale and purchase.

A statement of defence has been filed denying any liability whatsoever. The company has completed providing discovery to the plaintiff purchaser of the building. The Subsidiary Company has now also received discovery from not only the purchaser, but also Michael Millar, Paul Mephan and Investment Services Ltd. There was a review of the matter by the High Court on 8 June 2022. It is not expected that there will be any hearing on the substantive claim until 2023. (note 6)

John Murray and Damien Prendergast (Directors) in their personal capacity entered into a deed of variation and restatement of deed of indemnity and access with the Group. The variations include the requirement that the Group may be required to pay an amount of $75,000 to an escrow agent to be held in escrow for the purposes of meeting any costs which John and/or Damien may incur for which the Group has agreed to indemnify them in accordance with clauses 2.1.1 and 2.1.3 of the deed of indemnity. (note 29)

32. Capital Commitments

15 Sheffield Crescent requires earthquake strengthening work as at 31 March 2022 of $3,140,000, the costs required will bring the property up to 67% NBS. As at 31 March 2022 the property valuation was impaired by these required costs.

33. Subsequent Events

The Group received an unsolicited offer for purchase of the Sheffield Crescent property in June 2022. The Directors are considering a strategy around the possible sale of this property.

A majority shareholder has suggested that the Company call a special meeting of shareholders, to be convened in relation to the adoption of a new constitution proposed by the majority shareholder. The special meeting of shareholders was held on 17 June 2022. The board supports the adoption of the proposed constitution. The proposed constitution seeks to modernise the form of the existing constitution used by the Company and is consistent with current practice. The proposed constitution decreases the number of shareholders required for a quorum at a meeting of shareholders from 10 shareholder to 5 shareholders. This is to reflect that the number of shareholders of the Company has decreased. Otherwise, the proposed constitution does not make any significant changes to the rights and obligations of the shareholders or the Company under the Company’s current constitution.

The revocation of the current constitution and adoption of the proposed constitution by the Company is required to be approved by a special resolution of all shareholders. A special resolution means a resolution passed by a majority of 75% or more of the votes of those shareholders entitled to vote and voting on the resolution. Following the special meeting of shareholders on the 17th of June 2022 the proposed new constitution was adopted.

	NOTES	2022	2021

34. Earnings Per Share

	NOTES	2022	2021
Amounts used as the numerator to profit or loss			
Profit for the year and earnings used in basic and diluted EPS		3,695,717	1,068,410
The weighted average of shares used as the denominator to profit or loss			
Weighted average number of shares used in basic and diluted EPS		4,065,452	4,065,452
Basic and diluted earnings per share (cents)		91	26

35. Reconciliation of the Net Cash Flow from Operating Activities to Profit (Loss)

	NOTES	2022	2021
Net Profit / (Loss) After Tax		3,695,717	1,068,410
Changes in Assets and Liabilities			
(Increase) / Decrease in Accounts Receivable		(48,995)	17,424
Increase / (Decrease) in Accounts Payable		(21,237)	41,091
Increase / (Decrease) in GST Payable		(13,614)	12,959
(Increase) / Decrease in Income Tax		187,283	(83,185)
(Increase) / Decrease in Rent Rebates to be Amortised Over Remaining Lease Periods		(27,300)	(45,876)
Total Changes in Assets and Liabilities		**76,137**	**(57,587)**
Non-Cash Movements			
(Increase) / Decrease in Property Valuations		(2,018,984)	(70,219)
(Profit) / Loss in Investment Income of Associates		740	2,749
Amortisation of lease Incentive		(13,171)	-
Total Non-Cash Movements		**(2,031,415)**	**(67,470)**
Net Cash Inflow / (Outflow) from Operating Activities		1,740,439	943,353

BDO Christchurch

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF FIRST NZ PROPERTIES LIMITED

Opinion

We have audited the consolidated financial statements of First NZ Properties Limited ("the Company") and its subsidiaries (together, "the Group"), which comprises of the consolidated statement of financial position as at 31 March 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2022, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Company or any of its subsidiaries.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Investment Properties

Key audit matter	*How the matter was addressed in our audit*
The Company's Investment Properties were valued at \$23,440,000 (2021: \$21,330,000) which represented 85% of the total assets at 31 March 2022. A revaluation surplus of \$2,018,984 was recognised in the consolidated statement of profit or loss and other comprehensive income (2021: \$ 70,219) We have included the valuation of the investment property as a key audit matter due to: • The significance to the financial statements - the investment properties account for 85% of the	Our procedures included, but were not limited to the following: • Assessed the valuation reports prepared by Management's expert, including the methodology employed and key assumptions and estimates use. We reviewed the valuation reports for considerations of the impact of COVID-19 including and continued limitations of scope; • Evaluated whether the expert had the necessary competence, capabilities and objectivity to undertake the valuations;

total assets of the Group (2021: 87%), making it a significant balance on the consolidated statement of financial position; • The valuation of the Group's properties is based on a model that is complex and relies on various estimates and assumptions such as capitalisation rates, comparable sales, current market rent and anticipated growth rates based on available market data; • The valuation of 15 Sheffield Crescent has been reduced by a further margin due to the fact that Natural Disaster Insurance is not able to be provided over the property.	• Engaged our own internal expert to critique and challenge the work performed by Management's expert, assumptions used and the appropriateness of the valuation methodology adopted; • We considered the adequacy of the disclosures made in Notes 18 and 21 to the financial statements, which set out the key judgements and estimates.

Other Matter

The consolidated financial statements of the Group for the year ended 31 March 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on the 13th of August 2021.

Other Information

The directors are responsible for the other information. The other information comprises of the Report of the Directors to the Shareholders, Directory and the Directors' Interest Register, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Consolidated Financial Statements

The directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group, to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually or in the aggregate they could reasonably be expected to influence the decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at: https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-1/.

This description forms part of our auditor's report.

Who we Report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body for our audit work for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Michael Rondel.

BDO Christchurch

BDO Christchurch
Christchurch
New Zealand
26 July 2022

Directory

First NZ Properties Limited
For the year ended 31 March 2022

Nature of Business

Commercial Property Investment

Registered Office

FSS Management Limited
126 Tahunanui Drive
Nelson 7011

Date of Incorporation

23 August 1995

Incorporation Number

656559

New Zealand Business Number

9429038569333

IRD Number

065-072-920

Directors

John Murray
Damien Prendergast

Bankers

ANZ
127 Cashel Street
Christchurch 8011

Solicitors

Duncan Cotterill
197 Bridge Street
Nelson 7010

Auditors

BDO Christchurch
Awly Building - Level 4
287-293 Durham Street
Christchurch 8013

Chartered Accountant

RWCA Limited
Level 3
7 Alma Street
Nelson 7010

Investment Manager, Property Manager

FSS Management Limited
Unit 1, 126 Tahunanui Drive
Tahunanui
Nelson 7011

Share Register, Secondary Market

Syndex Limited
Level 4
5 High Street
Auckland 1010

First NZ Properties Limited

(the **Company**)

Directors' Interests Register

Full name of director	Nature of interest	Value/extent of interest	Date disclosed
Craig Dennis	Craig in his personal capacity entered into a deed of postponement with Sheffield Crescent Properties Limited (a wholly owned subsidiary of the Company) in favour of ANZ.	The deed of postponement is required by ANZ for ANZ to consent to the granting of a second ranking mortgage by the Company in favour of Craig. The deed of postponement restricts the Company and Craig from taking certain actions in relation to any amount the Company owes Craig under the mortgage.	13 April 2021
John Murray	John in his personal capacity entered into a deed of postponement with Sheffield Crescent Properties Limited (a wholly owned subsidiary of the Company) in favour of ANZ. John is a director of Sheffield Crescent Properties Limited.	The deed of postponement is required by ANZ for ANZ to consent to the granting of a second ranking mortgage by the Company in favour of John. The deed of postponement restricts the Company and John from taking certain actions in relation to any amount the Company owes John under the mortgage.	13 April 2021
Damien Prendergast	Damien in his personal capacity entered into a deed of postponement with Sheffield Crescent Properties Limited (a wholly owned subsidiary of the Company) in favour of ANZ. Damien is a director of Sheffield Crescent Properties Limited.	The deed of postponement is required by ANZ for ANZ to consent to the granting of a second ranking mortgage by the Company in favour of Damien. The deed of postponement restricts the Company and Damien from taking certain actions in relation to any amount the Company owes Damien under the mortgage.	13 April 2021
Damien Prendergast	Damien was appointed as a director of the Company under a letter of appointment on 7 May 2020.	Three-year appointment for a fee of $9,000 per year as from 7 May 2020.	1 October 2021

		Addition: Any excess hours undertaken, apportioned between the Companies, to be charged at $150.00 per hour.	
John Murray	John in his personal capacity entered into a deed of variation and restatement of deed of indemnity and access with the Company.	The deed of variation and restatement varies and restates the deed of indemnity entered in by John and the Company on 28 September 2020. The variations include the requirement that the Company pay an amount of $75,000 to an escrow agent to be held in escrow for the purposes of meeting any costs which John and/or Damien may incur for which the Company has agreed to indemnify them in accordance with clauses 2.1.1 and 2.1.3 of the deed of indemnity.	22 December 2021
Damien Prendergast	Damien in his personal capacity entered into a deed of variation and restatement of deed of indemnity and access with the Company.	The deed of variation and restatement varies and restates the deed of indemnity entered in by Damien and the Company on 28 September 2020. The variations include the requirement that the Company pay an amount of $75,000 to an escrow agent to be held in escrow for the purposes of meeting any costs which John and/or Damien may incur for which the Company has agreed to indemnify them in accordance with clauses 2.1.1 and 2.1.3 of the deed of indemnity.	22 December 2021
John Murray	John in his personal capacity entered into an escrow agreement with the Company, Damien and Rout Milner Fitchett.	The escrow agreement sets out the terms on which the escrow funds (as contemplated by the deed of variation and restatement of deed of indemnity)	22 December 2021

		will be held by Rout Milner Fitchett (as escrow agent).	
Damien Prendergast	Damien in his personal capacity entered into an escrow agreement with the Company, John and Rout Milner Fitchett.	The escrow agreement sets out the terms on which the escrow funds (as contemplated by the deed of variation and restatement of deed of indemnity) will be held by Rout Milner Fitchett (as escrow agent).	22 December 2021
John Murray	The Company has increased John's hourly rate for director services provided to the Company for any excess hours undertaken.	John's hourly rate has been increased from $250 per hour to $350 per hour. Any excess hours undertaken are apportioned between the Companies.	26 April 2022