

FIRST NZ PROPERTIES LTD



This quarterly Management Report ("Report") provides key information about First NZ Properties Ltd. This report covers the period between 01 April to 30 June 2023.



First Quarter, FY 2024

1 August 2023

Dear Shareholder

FIRST NZ PROPERTIES LIMITED (COMPANY) - SHAREHOLDER UPDATE

Conditional sale of 15 Sheffield Crescent, Christchurch.

Sheffield Crescent Property Limited, a subsidiary of First NZ Properties Limited

A revised conditional Sale and Purchase Agreement had been signed by both the vendor and the purchaser dated 19 April 2023. There were conditions that must be satisfied by the purchaser and these conditions were to be completed by 31 July 2023 with settlement one month later.

The conditions were not satisfied by the purchaser by the completion date of 31 July.

The Directors are now reassessing the options with this property.

NZ Yarn Ltd continue to occupy the property and have transitioned into NZ Natural Fibres Ltd including wool and hemp. They have invested heavily in the business, installing a substantial processing line and storage facility. NZ Yarn Ltd. Lease Renewal 21st Nov 2024, Final Lease Expiry 20th Nov 2036

All rent, insurance premiums and recharges are up to date.

Proposed Sale of 202 Rangitikei Street, Palmerston North

The Directors have recently requested a marketing proposal from three real estate agents relating to the property at 202-234 Rangitikei Street, Palmerston North.

The Directors have reviewed the marketing proposals and have appointed real estate agents Bayleys to market the property for sale.

No formal proposals have been received.

Harvey Norman Ltd. Rent Review 27th Oct 2022, Lease Renewal 27th Oct 2026, Final Lease Expiry 27th Oct 2031.

Full rent, opex and all recharges are being paid.

Bed Bath and Beyond. Rent Review 1st Dec 2022, Lease Renewal 1st Dec 2026, Final Lease Expiry 1st Dec 2036.

Full rent, opex and all recharges are being paid.

PriceBusters (Uncle Bills Discount Store). Rent Review 5th April 2023, Lease Renewal 5th April 2027, Final Lease Expiry 5th April 2033.

Full rent, opex and all recharges are being paid.

Dividends

The First NZ Properties Limited directors resolved to pay a dividend of 19 cents (gross) on 18 May 2023 to the shareholders who were registered on the share register on 27 April 2023.



Audited Financial Report at 31 March 2023

Below is the audited update of the company's 12-month financial information.

A copy of the Audited Financial Statements to 31 March 2023 is available on our website and the Companies Office. The Annual Report will be available by the end of August.

Financial information summary	2023	2022
Gross income	\$ 2,060,451	\$ 2,022,580
Net profit after tax	\$ (2,823,243)	\$ 3,695,717
Dividends paid	\$ Nil	\$ 649,568
Ending equity	\$24,350,861	\$27,175,385
Net tangible asset value	\$5.99 per share	\$6.68 per share

High Court Proceedings

In December 2020 proceedings were issued in the High Court (Nelson Registry) against Michael Millar, Investment Services Limited and Paul Mephan. By an agreement dated 21 February 2022 a settlement of the fraud aspect of the claim and the assignment of rights of recovery against Neil Barnes was reached.

An amended Statement of Claim, relating to the matters not covered by the February 2022 settlement agreement, was filed in April 2022. In May 2023 the hearing was heard in the Nelson High Court before Justice Gwyn. The hearing ran from 1 May 2023 to 9 May 2023 with closing submissions given at the Wellington High Court on 12 May 2023

Within the closing submissions the Group claimed \$2,094,721 and ISL's expert witness figures counter claimed for an amount up to \$123,662.

The Court has reserved its decision. A judgement will generally follow within 3 months.

Symonds110 Limited

Symonds110 Ltd, is a subsidiary of First NZ Properties Ltd.

Symonds110 Limited along with Michael Millar and Paul Mephan have had a claim in the High Court in Auckland issued against them. It is alleged that by failing to disclose the existence of a letter from the Auckland City Council regarding the aluminium composite cladding (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. It is not expected that there will be any hearing on the substantive claim until 2024. We have engaged expert valuation and building surveyor assistance. Offers have been exchanged to endeavour to settle the dispute but they have not been acceptable.

Annual General Meeting

The annual general meeting for 2023 will be held in Nelson.

15 September, 10 am.

DeLorenzo's Motel Meeting Room

43 Trafalgar Street

Nelson

Directors Election

The current directors, John Murray and Damien Prendergast, were appointed in September 2020 for a 3 year term. Their term expires at this AGM. Both John and Damien are available for re-election.

If there are any further nominations, please send them to paul@fssmanagement.co.nz . These should be received no later than 4pm on 25th August 2023. The election of directors will take place at the Annual General Meeting.

If you require any further information, please contact us on info@fssmanagement.co.nz .

Yours faithfully

John Murray

Chair

