



FIRST NZ PROPERTIES LTD



This Management Report (“Report”) provides key information about First NZ Properties Ltd. This report covers the period between 01 April 2024 to 19 June 2024.

19 June 2024

Dear Shareholder

FIRST NZ PROPERTIES LIMITED (COMPANY) - SHAREHOLDER UPDATE

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

15 Sheffield Crescent, Christchurch.

- Sheffield Crescent Property Ltd, entered into a conditional sale and purchase agreement with SIO Holdings Ltd and this became unconditional on 14 May 2024 with the settlement date being 7 June 2024.
- The purchaser paid the deposit when it became unconditional and, the balance was paid on the 7 June 2024.
- The property was sold for \$8,550,000 and the purchaser paid the estate agent’s fee.
- The 31 March 2023 market value of the property as noted in the audited accounts was \$7,180,000.

Symonds110 Ltd, a subsidiary of First NZ Properties Limited

202 Rangitikei Street, Palmerston North.

- **Harvey Norman Ltd.** Full rent, opex and all recharges are being paid.
- **Bed Bath and Beyond.** Full rent, opex and all recharges are being paid.
- **Price Busters (Uncle Bills Discount Store).** Full rent, opex and all recharges are being paid.
- The proceedings involving Symonds110 Ltd referred to in the 15 December 2021 update continue and are set down for a three week hearing in the High Court commencing on 22 September 2025.

Dividends

The First NZ Properties Limited directors resolved to pay a dividend to the shareholders as at 10 May 2024. The gross dividend was 15 cents per share and this was fully imputed. The dividend was paid on 21 May 2024.

Unaudited Financial Report at 31 May 2024

Below is an unaudited update of the company’s financial information.

This information is directly from our Xero system and covers the period 1 April 2024 to 31 May 2024.

This information has not been independently verified or audited and so it may be incomplete, inaccurate or inadequate for a particular shareholder’s purposes. A shareholder’s reliance on the information is solely a matter for that shareholder’s own judgement, investigation and analysis and no representation or warranty (express or implied) is given in relation to the information.



Financial information summary	For 2 months ending 31 May 2024
Gross rental income	\$ 340,771
Other income (Interest)	\$ 141,749
Operating expense	\$ 124,969
Net profit before tax (NPBT)	\$ 357,551
	As at 31 May 2024
Current assets	\$ 13,270,046
Non-current assets	\$ 11,672,448
Liabilities	\$ 381,304
Ending equity	\$ 24,561,190

High Court Proceedings

- 1 Judgment, dated 16 May 2024, has issued for First NZ Properties Limited's High Court claim against Michael Millar, Investment Services Limited (ISL) and Paul Mephan. A high-level summary for shareholders is set out below.
- 2 The Court has entered judgment in favour of First NZ.
- 3 As a high level summary, the Court has held:
 - 3.1 ISL breached its written and subsequently oral management agreement with First NZ;
 - 3.2 ISL had no entitlement to claim gain fees on the sale of the Kilmore St and Symonds St properties;
 - 3.3 ISL was negligent;
 - 3.4 Mr Millar breached his fiduciary and statutory duties owed to First NZ;
 - 3.5 Mr Mephan breached his fiduciary and statutory duties owed to First NZ.
- 4 The Court has entered judgment against each of Mr Millar, ISL and Mr Mephan in summary as follows:
 - 4.1 Against each of ISL and Mr Millar in the amount of **\$1,420,692.23 plus GST**.
 - 4.2 Against Mr Mephan in the amount of **\$450,000 plus GST**.
- 5 The Court has also awarded interest on these judgment sums in favour of First NZ. First NZ will also seek costs against ISL, Mr Millar and Mr Mephan in amounts to be fixed by the Court.
- 6 ISL's counterclaim against First NZ (including alleged repudiation) failed, as did all affirmative defences pleaded by ISL and Mr Millar.
- 7 First NZ is in the process of making an application for costs for the High Court trial and enforcing the judgment.

Judgement Appealed

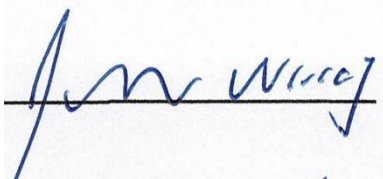
The judgment of the High Court, dated 16 May 2024, has been appealed to the Court of Appeal.

The parts the High Court judgment appealed are the findings that:

1. Mr Millar and ISL are liable for the payments of \$183,220 plus GST for excess management fees, the payments to Gravtec of \$204,328.87 plus GST and the payments to Terra Firma of \$203,143.86 plus GST.
2. GST is payable on the above sums.
3. Mr Millar and ISL are liable for \$830,000 plus GST for the gain fees paid to ISL on the sale of properties.
4. Mr Mephan is liable for \$450,000 plus GST for the gain fees paid to ISL on the sale of the Symonds Street property.

The appeal will be opposed by First NZ, and a cross appeal is in consideration.

Yours faithfully



John Murray
Chair

