

Annual Report for the year ended 31 March 2025

First NZ Properties Limited - Consolidation

Prepared by RWCA Limited

Contents

3	Report of the Directors to the Shareholders
11	Consolidated Statement of Profit or Loss and Other Comprehensive Income
13	Consolidated Statement of Changes in Equity
14	Consolidated Statement of Financial Position
15	Consolidated Statement of Cash Flows
16	Notes to the Financial Statements
40	Auditor's Report
43	Directory
45	Interest Register

Report of the Directors to the Shareholders

The Directors of First NZ Properties Limited are pleased to present the 2025 Operating Results and Annual Report for the 12 months ended 31 March 2025.

Activities

The Company is involved in the Commercial property rental business.

Market Commentary and Management report

The commercial property market in New Zealand during this financial period was shaped by a combination of global economic factors, local economic conditions, and ongoing trends in the real estate sector.

New Zealand's GDP contracted through this period, with economic activity slowing down, in the wake of global economic uncertainties. Economic factors like high interest rates, inflation, and a cautious investment environment shaped much of the market, while the drive towards sustainability and eco-friendly buildings became increasingly central to many new developments and investment strategies.

Business sentiment was cautious however there was a recovery in consumer confidence by the end of 2024, especially in retail and hospitality.

By the end of the 2024–2025 period, there was also a cautiously optimistic outlook for New Zealand's commercial property market. As inflationary pressures began to ease, interest rates were expected to stabilize, which would encourage more investment in the latter half of 2025.

First NZ Properties Ltd is managed by FSS Management Ltd (FSS). This is the fifth year of providing services which includes property and administration management. FSS is partially owned by First NZ Properties Ltd (59%) and the other shareholder is Superstore Properties Ltd (41%). During the year FSS charged a fee of 9% on the net rental from the properties as well as 0.8% per annum of any cash held in bank accounts. FSS returns any excess profit by way of rebate at the end of the financial year.

In December 2020 proceedings were issued in the High Court (Nelson Registry) against Michael Millar, Investment Services Limited (ISL) and Paul Mephan. Initially the claims related to the fraud and undisclosed payments made to ISL, for fees paid to ISL on the sale of property owned by First NZ Properties Limited, and the management of First NZ Properties Limited imputation credit account. The fraud aspect of the claim was settled and a payment of \$850,667.74 was received in February 2022.

In May 2023, the case 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.

On 16 May 2024, the Court entered judgment in favour of First NZ Properties Ltd.

- The Court entered judgment against each of Mr Millar, ISL and Mr Mephan in summary as follows:
 - Against each of ISL and Mr Millar in the amount of \$1,420,692.23 plus GST.
 - Against Mr Mephan in the amount of \$450,000 plus GST.

- The Court has also awarded interest on these judgment sums in favour of First NZ. First NZ sought costs against ISL, Mr Millar and Mr Mephan in amounts that were fixed by the Court.
- ISL's counterclaim against First NZ (including our alleged repudiation) failed, as did all affirmative defences pleaded by ISL and Mr Millar.

In June 2024, the Company was advised that the judgment of the High Court had been appealed to the Court of Appeal. This was heard in the Court of Appeal on 2 April 2025.

The appellants abandoned their appeal relating to the Kilmore Street gain fee of \$380,000 (plus GST) at trial but challenged their liability to pay the sum of \$857,472.73 (plus GST) to First NZ, being:

- \$450,000 (plus GST) for the Symonds Street gain fee; and
- \$407,472.73 (plus GST) for the Gravtec & Terra Firma fees.

The Court of Appeal released its decision in the case of *Investment Services Limited (ISL), Michael Millar & Paul Mephan v First NZ Properties Limited & Superstore Properties Limited* on 11 June 2025.

In summary, the Court found that the First NZ Management Agreement contained an implied term, meaning that it continued beyond the sale of the last supermarket property in 2004, and applied to both Kilmore Street and Symonds Street. ISL was therefore entitled in contract to receive the Symonds Street gain fee of \$450,000 and entitled to rely on the indemnity provision in the Management Agreement. First NZ was ordered to pay Mr Mephan costs for a standard appeal, and usual disbursements. No costs orders were made in relation to ISL or Mr Millar.

The Court of Appeal agreed with the High Court that Mr Millar's responsibilities as a director of First NZ "conflicted profoundly" with his responsibilities to ISL. Mr Millar did not separate his responsibilities to First NZ and ISL, nor did he consider how his conflicts of interest could be managed.

ISL and Mr Millar had other parts of the appeal allowed and other parts were dismissed, but the amounts awarded by the High Court in these areas still stand. The ruling confirmed that First NZ Properties Ltd had a right to receive a settlement of \$1,639,560.

15 Sheffield Crescent, Christchurch

Sheffield Crescent Properties Ltd had a sale and purchase agreement with SIO Holdings Ltd. This was dated 12 February 2024 and the sale of the property for \$8,550,000 became unconditional on 10 May 2024 when the purchaser paid the 5% deposit. The balance of the funds was received on settlement, 7 June 2024. The property was sold "as-is."

There was no depreciation recovered based on the value recognised for the building. Therefore, the deferred tax has been included into the Income of the Discontinued Operations in Note 11 in the Annual Report. The total after tax contribution from the property in the Annual Report is \$547,405.

Sheffield Crescent Property Ltd (Subsidiary of First NZ Properties Ltd) has ceased business and was put into liquidation on 6 January 2025. Liquidation is now complete and the company was removed from the NZ Companies Register on 2 April 2025. All assets were passed through to First NZ Properties Ltd.

202-234 Rangitikei Street, Palmerston North

Harvey Norman electronics retail store dominates the property occupying around half of the floor area. Their lease runs through to October 2026, with another 5 years right of renewal.

Bed, Bath and Beyond have a lease through until December 2031, with one further renewal available through to December 2036. They are currently sub-leasing the smaller central unit to Postie.

Uncle Bills/Price Busters lease runs through until April 2027 with another renewal period available to April 2033.

The buildings are in good condition, although minor repairs are becoming increasingly required, especially to the services installations.

Financial Information

The total income and revenue for the Group combines the Rangitikei Street property and the Sheffield Crescent property. The Sheffield Crescent property is in Discontinued Operations, note 11, as it was sold on 7 June 2024.

The Company's total income from Rangitikei Street property this year was \$1,100,824 (2024 \$1,104,727) which is a 0.35% decrease.

The rent from the Sheffield Crescent property for the year is \$180,587 (2024 \$1,027,975). This property was sold in this financial year therefore the rental income is only 2 months of the year. The sale also resulted in the deferred tax being recognised as income, \$490,580. This income is noted in Discontinued Operations, note 11.

When the two properties have their total rental income and revenue combined, the annual total is \$1,771,990 (2024 \$2,132,702). This is a decrease of 16.9% on the 2024 total as Sheffield Crescent property was sold two months into the financial year.

The Group Profit after Tax for the year is \$1,499,818 (2024 \$1,152,278).

Major items affecting the Statement of Profit and Loss:

- In the 2023-24 financial year the Sheffield Crescent property gain on sale value of \$1,370,000 was taken into the accounts as the sale was unconditional. However the property was sold on 7 June therefore the costs related to the sale are in this financial year's accounts.
- The sale of Sheffield Crescent property has created a deferred tax adjustment and this amount, \$490,580 has been included in the income and revenue. Note 11.
- The judgment from the Court of Appeal, refer note 6, was released on 11 June 2025. The ruling confirmed that First NZ Properties Ltd has a right to receive a settlement. Therefore the sum of \$1,639,560 has been included as other income in this financial year.
- The associated cost relating to the liquidation of Sheffield Crescent Property Ltd are included in these accounts. The company was withdrawn from the Companies Office Register on 2 April 2025.
- The tax provision has been increased to \$676,085 (2024 \$131,961). This increase is related to the Court of Appeal settlement.

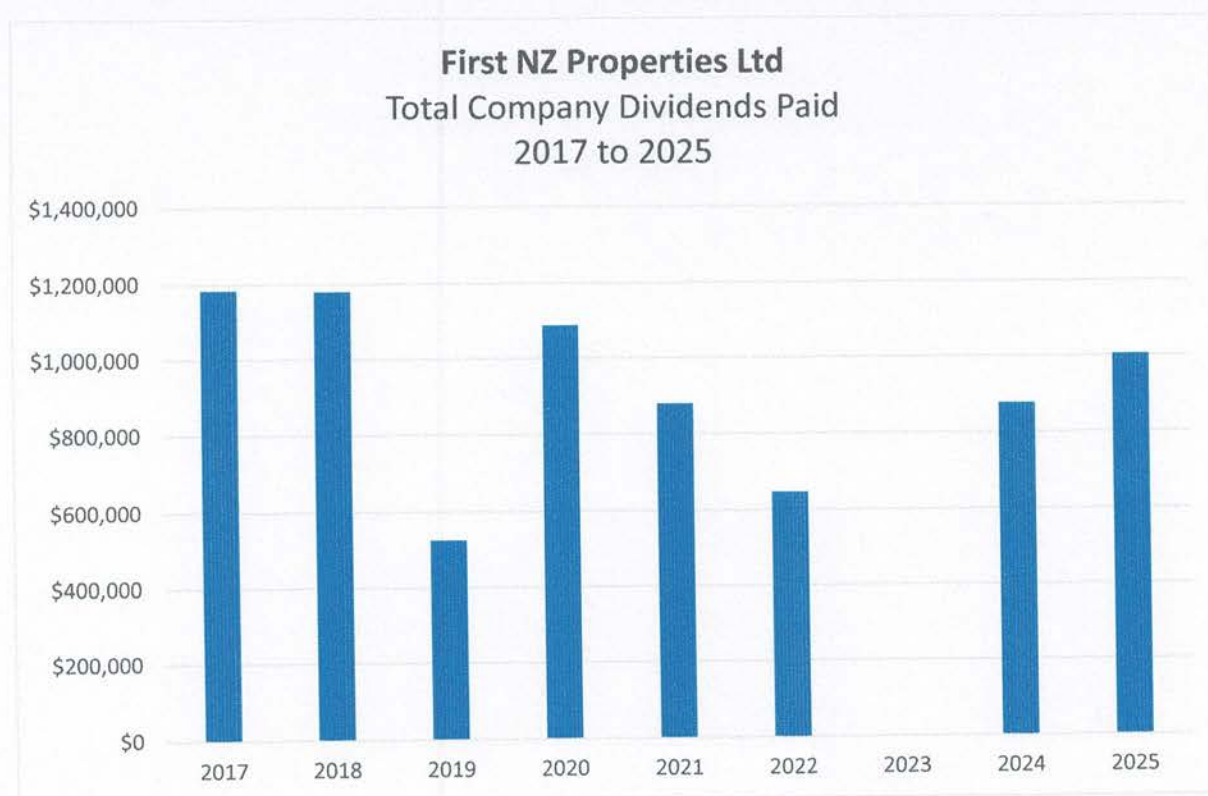
- The Rangitikei Street, Palmerston North property has been written down to \$10,850,000 for the year which is a \$750,000 decrease (2024 -\$1,100,000).

Dividends

There were two dividends paid in the period ended 31 March 2025 with a total of \$1,004,741 (2024 \$878,376).

- The first dividend was 15 cents gross and was declared on 10 May 2024 and paid on 21 May 2024.
- The second dividend was 24 cents gross and was declared on 30 October 2024 and paid on 4 November 2024.

This was a total for the year of 39 cents gross per share net, fully imputed.



Share Redemption

The Company resolved to return the Company's available subscribed capital (ASC) to shareholders by exercising its option to redeem some of its shares on a pro rata basis in accordance with its constitution and the Companies Act. The redemption was for a total amount of \$3,919,722.04.

Simmons Corporate Finance had determined that the fair market value of the Company's shares to be within a range with a midpoint of \$4.94 per share. The consideration for the redeemed shares was at that value which resulted in a percentage redemption of 19.52% of shares on issue.

The redemption of shares and payment for the redeemed shares occurred on 22 August 2024. The redeemed shares were cancelled on redemption and the share register updated. 3,271,986 shares now in First NZ Properties Ltd following the redemption.

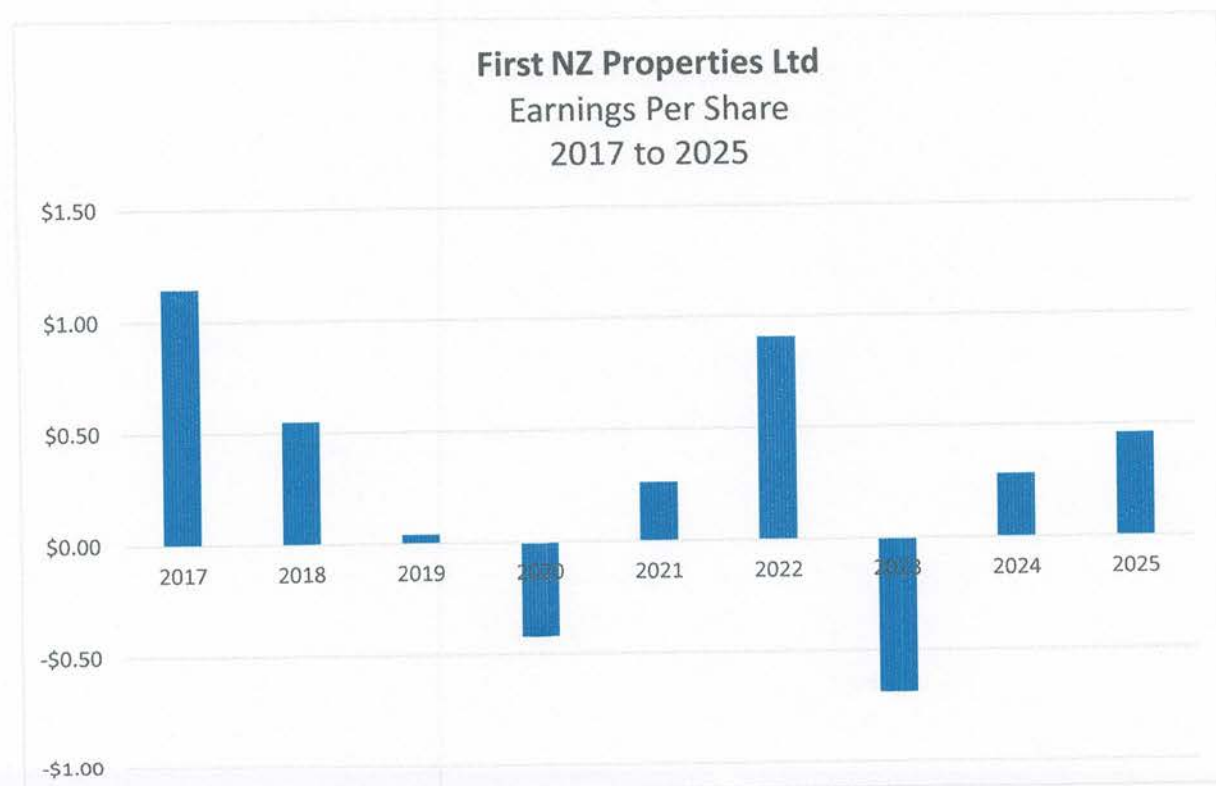
Earnings Per Share

The earnings per share this year is 46 cents per share (2024 28 cents).

The major items affecting earnings per share

- **Increase:**
 - The inclusion of the funds from the 11 June 2025 Court of Appeal decision \$1,639,560.
 - The increase in revenue and income from the deferred tax associated with the sale of Sheffield Crescent property \$490,580.
- **Decrease:**
 - The costs related to the sale of the Sheffield Crescent property are included in these financial accounts however the sale uplift (2024 \$1.37m) was accounted for in 2023-24 financial year.
 - Received the Court of Appeal settlement which required an increase in the tax provision. This increased to \$676,085 (2024 \$131,961).
 - The fair value loss on the Rangitikei Street property of \$750,000.

The total number of shares on issue is now 3,271,986 (prior year 4,065,452). There was a share redemption on 22 August 2024 and 793,466 (19.52%) shares were redeemed.



Investment Property

Rangitikei Street, Palmerston North is now the only investment property held by the Group. Rangitikei Street is valued at \$10.85m (2024 \$11.6m) a reduction in the value of \$750,000.

The property at Sheffield Crescent, Christchurch was sold on 7 June 2024 for \$8.55m. The fair value gain of \$1.37m for Sheffield Crescent was recognised in the 2023-24 financial accounts. The associated selling costs are included in this year's accounts.

Directors

The following Directors held office during the year ended 31 March 2025.

John Murray (Originally appointed 28 September 2020, re-appointed 15 September 2023 for a further 3 years).

Damien Prendergast (Originally appointed 7 May 2020, re-appointed 28 September 2020 and again from 15 September 2023 for a further 3 years).

Remuneration of Directors

Directors' remuneration paid during the year ended 31 March 2025 totalled \$135,837 (2024 \$140,114). There were no other benefits received.

Remuneration of employees

No employees' remuneration exceeded \$100,000.

Auditors

BDO Christchurch Ltd was re-appointed as the Company's auditors at the 2024 AGM.

Share purchases

The Directors did not purchase any shares during the year.

Review of the Year 2024 to 2025:

	First NZ Properties Ltd
April 2024	
	RBNZ hold the Official Cash Rate (OCR) at 5.50%
May 2024	
	Sheffield Crescent Property Ltd (subsidiary of First NZ Properties Ltd) sale of 15 Sheffield Crescent, Christchurch became unconditional on 10 May. Sold for \$8.55m to SIO Holdings Ltd.
	Directors declared a dividend of 15 cents per share, fully imputed. Paid on 21 May.
	High Court judgment found in favour of First NZ Properties Ltd against Investment Services Ltd (ISL), M Millar and P Mephan, dated 16 May.

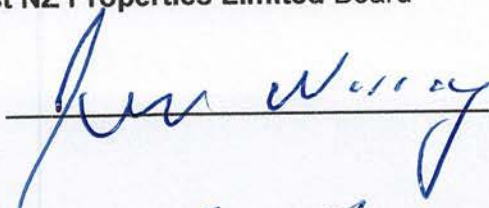

June 2024	
	Sheffield Crescent Property Ltd (subsidiary of First NZ Properties Ltd) sale of 15 Sheffield Crescent, Christchurch for \$8.55m was settled on 7 June.
	Received \$2,099,436.25 from Investment Services Ltd (ISL), P Mephan and M Millar for High Court judgment (First NZ Properties Ltd v ISL, Millar and Mephan). Amount is for judgment amount plus interest and GST. Cost to be determined. Funds held in Duncan Cotterill Trust account. Judgment has been appealed to the Court of Appeal.
August 2024	
	RBNZ reduce the Official Cash Rate (OCR) to 5.25%
	High Court (First NZ Properties Ltd v ISL, Millar and Mephan) awarded cost and disbursements. Costs (\$113,104.36) and disbursements \$148,438.85) were awarded to First NZ Properties Ltd. Funds paid by ISL, Millar and Mephan are held in Duncan Cotterill Trust account.
	Share Redemption. 19.52% (793,466 shares) of the First NZ Properties Ltd shares were redeemed at \$4.94 per share. Simmons Corporate Finance had determined that the fair market value of the Company's shares to be within a range with a midpoint of \$4.94 per share. 3,271,986 shares now in First NZ Properties Ltd following the redemption.
September 2024	
	AGM in Nelson. BDO reappointed as the auditors
October 2024	
	Directors declared a dividend of 24 cents per share, fully imputed. Paid on 4 November.
	RBNZ reduce the Official Cash Rate (OCR) to 4.75%
November 2024	
	RBNZ reduce the Official Cash Rate (OCR) to 4.25%
January 2025	
	Sheffield Crescent Property Ltd (subsidiary of First NZ Properties Ltd) put into liquidation on 6 January. Appointed G Falloon as liquidator.
February 2025	
	Liquidator has filed the final report on Sheffield Crescent Property Ltd (subsidiary of First NZ Properties Ltd) with the

	Companies Office. Expect company to be removed on 28 March.
	RBNZ reduce the Official Cash Rate (OCR) to 3.75%
April 2025	
	Court of Appeal – ISL , M Millar and P Mephan appealing the High Court 16 May 2024 judgment (First NZ Properties Ltd v ISL , Millar and Mephan). Heard in Wellington on 2 April. Decision has been reserved for a later date.
	RBNZ reduce the Official Cash Rate (OCR) to 3.50%
	Sheffield Crescent Property Ltd (subsidiary of First NZ Properties Ltd) removed from the NZ Companies Register.
June 2025	
	Directors declared a dividend of 16 cents per share, fully imputed. This was declared on the 9 June and paid on 13 June.
	Court of Appeal decision released 11 June 2025. The Court found an implied term in the management contract, therefore ISL is entitled to \$450,000 gain fee from sale of Symonds Street. Because of this First NZ is to pay Mr Mephan's costs and disbursements. ISL and Mr Millar had other parts of the appeal allowed and other parts were dismissed, but the amounts awarded by the High Court in these areas still stand.
July 2025	
	Received the funds from the Duncan Cotterill Trust that was related to the Court of Appeal case as there were no further appeals. Repaid amounts to ISL and Mephan reflecting the Court of Appeal outcome. Received \$1,689,227.00.
	Directors declared a dividend of 51 cents, fully imputed. This was declared on the 14 July and paid on the 15 July.

The Directors thank the team who worked with the Company during the year. Especially the FSS Management staff, and members of RWCA accountants, BDO Christchurch auditors and Duncan Cotterill lawyers.

For, and on behalf of the **First NZ Properties Limited** Board

John Murray
Chair

Damien Prendergast
Director

Consolidated Statement of Profit or Loss and Other Comprehensive Income

First NZ Properties Limited - Consolidation
For the year ended 31 March 2025

	NOTES	2025	2024
Continuing Operations			
Income & Revenue			
Gross Rental Income	7	994,928	972,223
Service Charge Revenue Recovered from Tenants	7	105,896	132,504
Total Income & Revenue		1,100,824	1,104,727
Operating Income and (Expenses)			
Administrative Expenses	8	(717,945)	(604,573)
Other Operating Expenses	9	(212,424)	(217,502)
Total Operating Income and (Expenses)		(930,369)	(822,075)
Operating Profit		170,455	282,652
Financial Income and (Expenses)			
Finance Income	10	566,609	144,105
Total Financial Income and (Expenses)		566,609	144,105
Other Income			
Share of profit in Joint Venture	28	1,874	426
Other Income	31	1,639,560	-
Total Other Income		1,641,435	426
Profit / (Loss) Before Other (Expenses)/Income and Tax		2,378,499	427,184
Other (Expenses)/Income			
Fair Value Loss on Investment Property (see also note 17)	16	(750,000)	(1,100,000)
Profit / (Loss) Before Tax		1,628,499	(672,816)
Income Tax Expense			
Tax provision	12	(676,085)	(131,961)
Profit / (Loss) for the Year Attributable to Shareholders from Continuing Operations		952,413	(804,778)
Discontinued Operations			
Profit/(Loss) after Tax for the Year from Discontinued Operations	11	547,405	1,957,056
Profit / (Loss) for the Year Attributable to Shareholders		1,499,818	1,152,278
Total Comprehensive (Loss)/Income for the Year Attributable to Shareholders		1,499,818	1,152,278

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

	NOTES	2025	2024
Earnings per share			
Basic and diluted earnings per share (cents)	32	46	28
Basic and diluted earnings per share (cents) from continuing operations	32	29	(20)

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

Consolidated Statement of Changes in Equity

First NZ Properties Limited - Consolidation

For the year ended 31 March 2025



	NOTES	2025	2024
Equity			
Share Capital			
Opening Balance		3,920,742	3,920,742
Share Redemptions	23	(3,919,722)	-
Total Share Capital		1,020	3,920,742
Retained Earnings			
Opening Balance		20,704,021	20,430,119
Increases			
Total Comprehensive Income for the Year Attributable to Shareholders		1,499,818	1,152,278
Total Increases		1,499,818	1,152,278
Decreases			
Dividends Paid	24	1,004,742	878,376
Total Decreases		1,004,742	878,376
Total Retained Earnings		21,199,098	20,704,021
Total Equity		21,200,118	24,624,763

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

Consolidated Statement of Financial Position

First NZ Properties Limited - Consolidation

As at 31 March 2025

	NOTES	31 MAR 2025	31 MAR 2024
Assets			
Current Assets			
Current Assets			
Cash and Cash Equivalents	15	201,012	765,840
Trade and other Receivables	22	81,860	55,241
Income Tax Receivable	12	-	79,273
Term Deposits	21	8,576,330	3,997,634
Other Current Assets	21	1,687,125	70,697
Total Current Assets		10,546,328	4,968,685
Investment Property Classified as Held For Sale			
Investment Property Classified as Held For Sale	17	-	8,550,000
Total Investment Property Classified as Held For Sale		-	8,550,000
Total Current Assets		10,546,328	13,518,685
Non-Current Assets			
Investment Property	16	10,850,000	11,600,000
Investments in Joint Venture	28	62,211	60,337
Rental Rebates (Non Current)		1,982	4,209
Lease Incentives Amortised over Life of Leases		5,268	7,902
Other Non-Current Assets	21	154,532	75,000
Total Non-Current Assets		11,073,994	11,747,448
Total Assets		21,620,322	25,266,133
Liabilities			
Current Liabilities			
Trade and Other Payables	21	141,164	121,266
GST Payable		7,879	29,524
Income Tax Payable	12	271,159	-
Total Current Liabilities		420,203	150,790
Non-Current Liabilities			
Deferred Tax Liability	13	-	490,580
Total Non-Current Liabilities		-	490,580
Total Liabilities		420,203	641,370
Net Assets		21,200,119	24,624,763
Equity			
Share Capital	23	1,020	3,920,742
Retained Earnings		21,199,099	20,704,021
Total Equity		21,200,119	24,624,763
<div> <div> John Murray 31/07/2025 </div> <div> Signed by:  EEC433D3D920BC1B </div> <div> Damien Prendergast 31/07/2025 </div> <div> Signed by:  11974A5BD6A14640 </div> </div>			

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

Consolidated Statement of Cash Flows

First NZ Properties Limited - Consolidation

For the year ended 31 March 2025

	NOTES	2025	2024
Operating Activities			
Receipts from customers		1,280,152	2,104,966
Payments to suppliers and employees		(991,566)	(1,031,331)
Interest Income		566,609	144,105
Investment Income		1,874	426
Income tax Refunded / (Paid)		(368,320)	(277,017)
Net GST Received / (Paid)		(21,644)	(3,552)
Net Cash Flows from Operating Activities		467,104	937,597
Investing Activities			
Proceeds from Sale of Property		8,552,634	-
Investments in Term Deposits		(4,578,696)	53,779
Loans to related parties		(1,874)	(14,000)
Escrow - Rout Milner Fitchett		(79,532)	(75,000)
Net Cash Flows from Investing Activities		3,892,531	(35,221)
Financing Activities			
Dividends paid	24	(1,004,741)	(878,376)
Capital Distribution	23	(3,919,722)	-
Net Cash Flows from Financing Activities		(4,924,463)	(878,376)
Net Cash Flows		(564,828)	24,000
Cash and Cash Equivalents			
Cash and cash equivalents at beginning of period		765,840	741,840
Cash and cash equivalents at end of period		201,012	765,840
Net change in cash for period		(564,828)	24,000

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

Notes to the Financial Statements

First NZ Properties Limited - Consolidation For the year ended 31 March 2025

1. Reporting Entity

These consolidated financial statements ("the financial statements") of First NZ Properties Limited ("the Company") and its Subsidiaries (collectively "the Group") and the Group's equity accounted interest in joint ventures for the year ended 31 March 2025 were authorised for issue in accordance with a resolution of the Board of Directors on 31 July 2025.

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) and the International Financial Reporting Standards (IFRS).

Basis of Measurement

The financial statements have been prepared on the historical cost basis except for Investment properties which are measured at fair value 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.

Going Concern

The financial statements have been prepared on a going concern basis.

3. Summary of Material Accounting Policies

The material 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 joint ventures.

Joint ventures are those entities in which the Group has joint control along with another or more parties. The parties to the arrangement have rights to the net assets of the arrangement.

Interests in joint ventures 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 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.

The Group reclassifies an investment property to Investment Property Classified as Held for Sale when the Group commences the process of disposing the property. The carrying value of the Investment Property is the contracted sale price, being the best indicator of fair value.

The income/(loss) for the year and net cashflows relating to an Investment Property Classified as Held for Sale are recognised as discontinued operations and are separately disclosed from all other continuing operations of the Group.

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 classification 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 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.

Financial Liabilities

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

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

Amortised cost

Financial liabilities at amortised cost include the following items:

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 its 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 its 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, less any amounts redeemed at assessed market value at the time. 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

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.

There are no new or amended standards for the year ended 31 March 2025 that have had a material impact on the financial statements.

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 applicable, the Group intends to adopt these when they become effective.

The Group has not yet assessed the impact of NZ IFRS 18 Presentation and Disclosure in the Financial Statements. It is expected that the standard will impact the presentation of the financial statements. No other standards or amendments to existing standards and interpretations that are not yet in effect are expected to have a material impact on the financial statements.

5. Material Accounting Judgments, Estimates and Assumptions

The preparation of financial statements in conformity with NZ IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Where material, information on material judgments, 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 material management judgments in applying the accounting policies of the Group that have a material 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 judgments, estimates and assumptions made in relation to the assets are detailed in Note 20.

6. Significant events and transactions

High Court Proceedings

In December 2020 proceedings were issued in the High Court (Nelson Registry) against Michael Millar, Investment Services Limited and Paul Mephan. 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 had 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 was 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 were 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 \$850,667.74 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 because 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, 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.

The Court released its decision on 16 May 2024.

Judgment was entered in favour of First NZ Properties against both Michael Millar and ISL for \$1,633,796.64, being \$1,420,692.73 plus GST, plus interest and costs (noting that it cannot recover the amount from both ISL and Michael Millar). It also had judgment entered against Paul Mephan for \$517,500, being \$450,000 plus GST, plus interest and costs.

In June 2024 the Company was advised that the judgment of the High Court, dated 16 May 2024, had been appealed to the Court of Appeal.

The Court of Appeal

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

- 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.
- GST is payable on the above sums.
- Mr Millar and ISL are liable for \$830,000 plus GST for the gain fees paid to ISL on the sale of properties.
- Mr Mephan is liable for \$450,000 plus GST for the gain fees paid to ISL on the sale of the Symonds Street property.

This was heard in the Court of Appeal on 2 April 2025.

The appellants abandoned their appeal relating to the Kilmore Street gain fee of \$380,000 (plus GST) at trial but challenged their liability to pay the sum of \$857,472.73 (plus GST) to First NZ, being:

- \$450,000 (plus GST) for the Symonds Street gain fee; and
- \$407,472.73 (plus GST) for the Gravtec & Terra Firma fees.

The Court of Appeal released its decision on 11 June 2025.

In summary, the Court found that the First NZ Management Agreement contained an implied term, meaning that it continued beyond the sale of the last supermarket property in 2004, and applied to both Kilmore Street and Symonds Street. ISL was therefore entitled in contract to receive the Symonds Street gain fee of \$450,000 (plus GST) and entitled to rely on the indemnity provision in the Management Agreement.

The Court of Appeal agreed with the High Court that Mr Millar's responsibilities as a director of First NZ "conflicted profoundly" with his responsibilities to ISL. Mr Millar did not separate his responsibilities to First NZ and ISL, nor did he consider how his conflicts of interest could be managed.

Some of the appeal grounds were allowed but ultimately no other parts allowed resulted in any requirement to repay the High Court awards. First NZ was ordered to pay Mr Mephan costs for a standard appeal, and usual disbursements. No costs orders

were made in relation to ISL or Mr Millar. For the year ended 31 March 2025, the amount held on trust account less the amounts payable by the Group was \$1,639,560.

Symonds 110 Limited (Subsidiary)

Symonds110 Limited along with Michael Millar and Paul Mephan 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 of 110 Symonds Street, Auckland, 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 was a breach of the warranties in the agreement for sale and purchase. The claim does not specify exactly what the damages claim is, however, it is primarily focused on the loss of resale which they say is attributable to the ACP.

A statement of defence was filed denying any liability whatsoever. We have engaged expert valuation, building surveyor assistance and specialist fire experts. Offers were exchanged, and a meeting has occurred in an endeavour to settle the dispute, but settlement was not reached. In the meantime, the key director of the purchaser has passed away, which has caused a delay in the purchaser providing its evidence to Symonds110 Limited.

A trial in the High Court at Auckland has been scheduled for two weeks in September 2025 and the delay in receiving the evidence has been brought to the Courts' attention.

Sheffield Crescent Property Limited

Sheffield Crescent Property Ltd, (Subsidiary of First NZ Properties Ltd) 'The Company' has ceased business. The shareholder decided to liquidate the Company and appointed Geoffrey John Falloon of Nelson to act as liquidator of the Company. The liquidator was appointed on 6th January 2025. Liquidation is now complete and the company was removed from the NZ Companies Register on 2 April 2025. All assets were passed through to First NZ Properties Ltd.

7. Rental Income and Revenue

Revenue is accounted for in accordance with NZ IFRS 15 *Revenue from Contracts with Customers* and Rental income under 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	2025	2024
Rental Income & Revenue			
Rental Income			
Rental from Investment Properties (NZ IFRS 16 Leases)		994,928	972,223
Total Rental Income		994,928	972,223
Revenue			
Service Charge Income Recovered from Tenants (NZ IFRS 15 Revenue from Contracts for Customers)		105,896	132,504
Total Revenue		105,896	132,504
Total Rental Income & Revenue		1,100,824	1,104,727

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

- 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	2025	2024
8. Administrative Expenses			
Accountancy Fees		24,690	20,389
Sundry Expenses		28,374	18,754
Audit Fees		23,492	22,000
Directors' Fees		135,837	140,114
Legal & Other Professional Expenses		326,623	319,001
Management Fees		148,783	58,921
Registry Fees		17,522	20,234
Valuation Fees- Investment Property		12,625	5,160
Total Administrative Expenses		717,945	604,573
	NOTES	2025	2024

9. Other Operating Expenses			
Property Repairs & Maintenance		35,851	48,620
Insurance		72,381	77,652
Rates		104,192	91,229
Total Other Operating Expenses		212,424	217,502
	NOTES	2025	2024

10. Finance Income			
Interest Received - Financial Assets at Amortised Cost		566,609	144,105
Total Finance Income		566,609	144,105

	NOTES	2025	2024
11. Discontinued Operations, Net of Tax			
15 Sheffield Crescent			
Rental Income			
Rental Income from Investment Properties (NZ IFRS 16 Leases)		180,587	1,027,975
Deferred Tax Adjustment on Derecognition of 15 Sheffield Crescent		490,580	-
Total Rental Income		671,166	1,027,975
Administrative Expenses			
Administrative Expenses		(44,394)	(30,328)
Management Fees		-	(94,615)
Total Administrative Expenses		(44,394)	(124,943)
Other Operational Expenses			
Repairs & Maintenance		(36,702)	(82,081)
Valuation Insurance		-	(1,110)
Total Other Operational Expenses		(36,702)	(83,191)
Profit Before Other (Expenses)/Income and Tax		590,071	819,840
Other Income / (Expenses)			
Fair Value Gain on Investment Property		-	1,370,000
Total Other Income / (Expenses)		-	1,370,000
Profit/(Loss) Before Tax from Discontinued Operations		590,071	2,189,840
Income Tax on Discontinued Operations			
Tax on Discontinued Operations		(42,666)	(232,785)
Total Income Tax on Discontinued Operations		(42,666)	(232,785)
Profit/(Loss) for the Year from Discontinued Operations		547,405	1,957,056
Basic and diluted earnings per share (cents)		17	48
	NOTES	2025	2024

Net Cashflows from Discontinued Operations

Operating Activities			
Receipts from Customers		180,587	1,027,975
Deferred Tax Adjustment on Derecognition of 15 Sheffield Crescent		490,580	-
Payments to Suppliers		(81,095)	(208,135)
Total Operating Activities		590,071	819,840
Final Dividends Paid by Parent upon Liquidation		(1,127,586)	-
Total Net Cashflows from Discontinued Operations		(537,515)	819,840

15 Sheffield Crescent Limited discontinued operations upon sale of the commercial property sold and settled on the 7th June 2024. The lease term with NZ Yarn Limited remained in effect until the date of settlement.

12. Income Tax

	NOTES	2025	2024
Components of income tax expense			
Current Taxation		718,752	338,265
Deferred Taxation		-	26,481
Total income tax expense		718,752	364,746
	NOTES	2025	2024
Income Tax Expense			
Reported income			
Profit before tax from continuing operations		1,628,499	(672,816)
Profit before tax from discontinued operations		590,071	819,840
Total Reported income		2,218,570	147,024
Less: Non-assessable income			
Share of Profit / (Loss) of Joint venture		1,874	426
Total Less: Non-assessable income		1,874	426
Taxable Profit / (Loss)		2,216,695	146,597
At effective income tax rate of 28%		620,675	41,047
Increase/(Decrease) in Income Tax Due to:			
Non Deductible Expenses		24,703	8,435
Rental Rebates to be Amortised Over Remaining Lease Periods		738	7,264
Tax Effect upon Derecognition of Deferred Tax		(137,363)	-
Asset Revaluation		210,000	308,000
Total Increase/(Decrease) in Income Tax Due to:		98,078	323,699
Current Tax Expense		718,752	364,746
Reported as			
Income Tax reported in Profit or Loss		676,085	131,961
Income Tax attributable to discontinued operations		42,667	232,785
Income Tax Expense / (Income)		718,752	364,746

	NOTES	2025	2024
Income tax payable / (receivable)			
Income tax payable / (receivable)			
Opening Balance		(79,273)	(101,256)
Current tax expense		718,752	364,746
Deferred Tax Movement		-	(26,481)
Tax Paid			
Income Tax (Paid)/Refunded		(611,291)	(274,946)
RWT Paid		(153,588)	(41,336)
Tax Refunds Received		396,559	-
Total Tax Paid		(368,320)	(316,282)
Total Income tax payable / (receivable)		271,159	(79,273)
	NOTES	2025	2024

13. Deferred Tax Assets & Liabilities

Deferred Tax Liabilities			
Opening Balance		490,580	464,099
Increase / (decrease) arising from depreciation for tax purposes		(490,580)	26,481
Total Deferred Tax Liabilities		-	490,580
	NOTES	2025	2024

Deferred Tax arises from

Tax Liability Base			
Incremental depreciation for tax purposes		-	1,752,071
Total Tax Liability Base		-	1,752,071
Deferred Tax @ 28%		-	490,580
	NOTES	2025	2024

14. Imputation Credit Account

Imputation Credit Account			
Opening Balance		208,382	233,073
Increases			
Income Tax Paid		611,291	309,280
Resident Withholding Tax Paid		153,588	41,336
Total Increases		764,879	350,616
Decreases			
Imputation Credits Attached to Dividends		390,026	340,973
Income Tax Refund		417,334	34,334
Total Decreases		807,360	375,307
Total Imputation Credit Account		165,901	208,382

	NOTES	2025	2024
15. Bank and Cash balances			
Bank accounts in funds			
000 Account - Interest Rate (2024: 0%)		-	3,961
001 Distribution Account - Interest Rate 0% (2024: 0%)		5,986	4,208
002 Property Account - Interest Rate 0% (2024: 0%)		1,942	745
070 Call Account - Interest Rate 2.75% (2024: 2.75%)		58,812	13,804
000 Account - Symonds110 Limited - Interest Rate 0% (2024: 0%)		5,585	6,053
070 Call Account - Symonds110 Limited - Interest Rate 2.75% (2024: 2.75%)		128,687	180,098
000 Account - Sheffield Crescent Property Limited - Interest Rate (2024: 0%)		-	6,607
070 Call Account - Sheffield Crescent Property Limited - Interest Rate (2024: 2.75%)		-	550,363
Total Bank accounts in funds		201,012	765,840
Total Bank and Cash balances		201,012	765,840
	NOTES	2025	2024

16. Investment Property

Investment Property			
Opening Balance		11,600,000	12,700,000
Net Change in Fair Value	20	(750,000)	(1,100,000)
Total Investment Property		10,850,000	11,600,000
Total Investment Property		10,850,000	11,600,000

17. Investment Property Classified as Held for Sale

In the prior financial year, the Group classified Property 15 Sheffield Crescent as a non-current asset held for sale.

The property was carried at the lower of its carrying amount and fair value less costs and sold on the 7 of June 2024, the carrying amount of the property was \$8,550,000. The property at 15 Sheffield Crescent sold for this carrying value, resulting in the recognition of no gain or loss.

There was no depreciation recovered based on the value recognised for the building situated at 15 Sheffield Crescent being \$nil.

	NOTES	2025	2024
Investment Property Classified as Held for Sale			
15 Sheffield Crescent			
Opening Balance		8,550,000	7,180,000
Sale of Property		(8,550,000)	-
Net Change in Fair Value		-	1,370,000
Total 15 Sheffield Crescent		-	8,550,000
Total Investment Property Classified as Held for Sale		-	8,550,000

18. Lease Agreement Terms

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 year term expiring 1 December 2031 - One right of renewal of five years
- Rent review 3% per annum on anniversary of commencement date

Price Busters Ltd

- 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

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.

15 Sheffield Crescent has been sold and settled on 7 June 2024. The above lease term was in effect until the date of settlement.

19. 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	2025	2024
Minimum Lease Income			
Less than 1 year		1,005,888	1,145,271
2 to 5 years		2,071,366	1,664,760
5 + years		214,473	-
Total Minimum Lease Income		3,291,727	2,810,031

20. Valuations

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.

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

	Rangitikei Street
Purpose	Financial Reporting
Amount of Valuation	\$10,850,000 (2024: \$11,600,000)
Valuer	Colliers International (2024: Colliers International)
Basis of Valuation	The determination of the values stated were market value subject to existing tenancies and occupational arrangements.
Assessment Approach	Discounted cash flow Capitalisation approach
Vacancy Rate	Nil (2024: Nil)
Weighted average lease term	3.20 years (2024: 2.69 years)
Rental value per square metre	\$2,657 (2024: \$2,841)
Capitalisation rate	7.50% (2024: 7.50%)
Discount rate	9.00% (2024: 9.00%)
Terminal Yield	7.50% (2024: 7.50%)
Net market rent	\$805,833 (2024: \$852,238)
Net passing rent	\$899,645 (2024: \$876,291)

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 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 (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 9.00% Terminal yield of 7.50% at the end of the 10 year period Assessed market rentals of \$805,833	The discount rate was (lower)/higher being 0.25%, the valuations effect would increase / decrease by \$185,634 / (\$181,467) The terminal yield rate was lower/(higher) by 0.25%, the effect on valuation would be \$195,931 / (\$183,289) The assessed market rental was lower/(higher) by 0.25%, the valuation would increase / (decrease) by \$192,000
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 7.50% Assessed market rentals of \$899,645	The capitalisation rate in perpetuity was lower/(higher) by 0.25%, the valuation would increase / (decrease) by \$400,000 The assessed market rental was higher/(lower) by 1%, the valuation would increase / (decrease) by \$114,000

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. There was no change to the valuation methodology from the prior year.

	NOTES	2025	2024
21. Financial Assets & Liabilities at amortised cost			
Financial Assets at amortised cost			
Current			
Bank & cash		201,012	765,840
Other Receivables		81,860	55,241
Pending Proceeds from Court Judgment	31	1,639,560	-
Prepayments		45,338	53,402
Rental Rebates (Current)		2,227	17,295
Term Deposits		8,576,330	3,997,634
Total Current		10,546,328	4,889,412
Non-current			
Other Non-Current Asset			
Escrow - Rout Milner Fitchett		154,532	75,000
Total Other Non-Current Asset		154,532	75,000
Total Non-current		154,532	75,000
Total Financial Assets at amortised cost		10,700,860	4,964,412
Financial Liabilities			
Current			
Trade and other payables		141,164	121,266
Total Current		141,164	121,266
Total Financial Liabilities		141,164	121,266

Fair Values

The carrying amount of the above financial assets and liabilities approximate their fair value at the end of each financial year.

	NOTES	2025	2024
22. Trade and Other Receivables			
Trade Receivables		81,860	55,241
Total Trade and Other Receivables		81,860	55,241

	NOTES	2025	2024
--	-------	------	------

23. Reconciliation of Issued Capital

Available Subscribed Capital

Opening Balance		3,920,742	3,920,742
Share Redemptions		(3,919,722)	-
Total Available Subscribed Capital		1,020	3,920,742

	NOTES	2025	2024
--	-------	------	------

Reconciliation of Shares on Issue

Opening Shares on Issue		4,065,452	4,065,452
Redemption of Shares Assessed at Market Value		(793,466)	-
Closing Shares on Issue		3,271,986	4,065,452

At reporting date, the total number of shares on issue comprises 3,271,986 shares (prior year: 4,065,452) authorised, issued and fully paid shares, rating equally for dividends and other distributions.

During the 2025 year under review, the Directors proposed and adopted a redemption of 793,466 shares for \$3,919,722 on 22 August 2024.

	NOTES	2025	2024
--	-------	------	------

24. Dividends Paid

Cash dividends declared and paid during the year

Interim Dividend for current year		1,004,741	556,305
Final Dividend for prior year		-	322,071
Total Cash dividends declared and paid during the year		1,004,741	878,376

Dividend Per Share (cents)		31	22
----------------------------	--	----	----

25. 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 had no loans as at 31 March 2025, 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.

Undiscounted Contractual Cash Flows (Principal and Interest) 141,164

2025	Statement of Financial Position	Total	<1 year	1-2 Years	2-5 Years	>5 Years
Trade and Other Payables	141,164	141,164	141,164	-	-	-
Total Financial Liabilities	141,164	141,164	141,164	-	-	-

2024	Statement of Financial Position	Total	<1 year	1-2 Years	2-5 Years	>5 Years
Trade and Other Payables	121,266	121,266	121,266	-	-	-
Total Financial Liabilities	121,266	121,266	121,266	-	-	-

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.

26. Related Parties

FSS Management Ltd (FSS) provides Management Services to the Group since 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. The Group paid FSS \$148,783 in management fees and \$17,522 in registry fees for the year.

John Murray (John) is an independent director of the Group, appointed on 28 September 2020. John was reappointed for a further 3 years on 15 September 2023. He is not a shareholder of the Group. He was paid directors fees of \$97,710 for the period. 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 at a realistic cost, 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 originally 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. This was reconsidered during the year after the settlement of Sheffield Crescent and the Group increased the Escrow by a further \$75,000 bringing the total Escrow, including interest, to a total of \$154,532. The original Escrow amount was paid in May 2023 and the second amount was paid in October 2024. Both payments to Rout Milner Fitchett Trust account. John is also a director of 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 (Damien) is a director of the Group appointed 7 May 2020 and reappointed on 28 September 2020. Damien was reappointed on 15 September 2023 for a further 3 years. All transactions conducted by the Group with Damien are related party transactions. The Group paid Damien directors fees of \$38,127 during the year. He is a current shareholder through - A&J Enterprises (2006) Ltd as a trustee of the Prendergast Family Trust and a Trustee of the Killaloe No.2 Family Trust. All shares received dividends as per all shareholders. Damien also has an associated interest through his daughter, Alana Prendergast, who has a relevant interest in 316 shares in the Group. 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 at a realistic cost, 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 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. This was reconsidered during the year after the settlement of Sheffield Crescent and the Group increased the Escrow by a further \$75,000 bringing the total Escrow to a total of \$150,000. The Escrow original amount was paid in May 2023 and the second amount was paid in October 2024. Both payments to Rout Milner Fitchett Trust account. Damien is also a director of 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 (Paul) is an employee of FSS (Project Manager) since 15 December 2020. FSS paid wages (\$125,542) to Paul for the year to 31 March 2025. All transactions conducted by the Group with Paul are related party transactions. He is a current shareholder of the Group; Paul purchased an additional 5,000 shares in November 2024 and he received dividends as per all shareholders.

Richard Eberlein is an employee (Property Manager) of FSS Management Ltd since 15 December 2020. FSS paid wages (\$59,175) to Richard Eberlein for the year to 31 March 2025. He was a shareholder and sold his shares on 28 March 2022, no additional shares were purchased during the year.

During the year, First NZ Properties Ltd made a redemption of shares. This was on 22 August 2024 and the redemption was 19.52% of the shares. Therefore the number of shares held by Directors and Managers have been reduced following the redemption.

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)

A&J Enterprises (2006) Ltd	174,957 shares
Killaloe No.2 Family Trust	4,732 shares
Alana Prendergast	316 shares
Paul Rosanowski	14,841 shares

There were no amounts due to the related parties at reporting date.

27. Group Information and Investment in Subsidiaries and Joint Ventures

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 - (In Liquidation 06/01/2025 to 02/04/2025)	Property investment
Symonds110 Limited	Property investment
First NZ 8 Limited	Non-active
Joint Ventures	
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 a joint venture of First NZ Properties Limited, First NZ Properties Limited holds a 59% shareholding in FSS Management Limited. FSS Management Limited has a reporting date of 31 March.

	NOTES	2025	2024
Investments in Subsidiaries & Joint Ventures - Shareholding (%)			
Subsidiaries			
Sheffield Crescent Property Limited - (In Liquidation 06/01/2025 to 02/04/2025)		100	100
Symonds110 Limited		100	100
First NZ 8 Limited		100	100
Joint Ventures			
FSS Management Limited		59	59

28. Investment in Joint Venture - FSS Management Limited

The Group has a 59% 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	2025	2024
Summarised Financial Information (Statement of Financial Position) - FSS Management Limited			
Statement of Financial Position			
Current Assets		153,496	172,563
Non-Current Assets		3,115	3,739
Current Liabilities		(51,167)	(65,072)
Shareholder Current Accounts		(100,000)	(100,000)
Non-Current Liabilities		-	(8,964)
Equity		5,443	2,266
	NOTES	2025	2024
Summarised Financial Information (Statement of Profit or Loss) - FSS Management Limited			
Statement of Profit or Loss			
Revenue From Contracts With Customers		285,523	336,307
Other Income		10,228	-
Operational Costs		(223,541)	(275,399)
Administrative Expenses		(66,836)	(59,575)
Profit / (Loss) Before Tax		5,374	1,333
Profit / (Loss) Before Tax		5,374	1,333
Income Tax Expense			
Income Tax Expense		(2,197)	(610)
Total Income Tax Expense		(2,197)	(610)
Profit for the Year		3,177	723
Group's Share of Profit / (Loss) for the Year		1,874	426
	NOTES	2025	2024
Reconciliation of Investment in FSS Management Limited (59%)			
Investment at Beginning of Period		60,337	45,677
Minor Prior Year Adjustment		-	234
Shares Purchased in Joint Venture for the Period		-	14,000
Share of Profit or (Loss) for the Period		1,874	426
Investment at End of Period		62,211	60,337

The joint venture had no contingent liabilities or capital commitments as at 31 March 2025. (2024: NIL)

29. Contingent Assets and Contingent Liabilities

Symonds110 Limited along with Michael Millar and Paul Mephan have had a claim in the High Court in Auckland issued against them. The claim is in relation to the aluminum 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. We have engaged expert valuation, building surveyor assistance and specialist fire experts. Offers have been exchanged, and a meeting has occurred in an endeavor to settle the dispute, but settlement has not been reached. A trial in the High Court at Auckland has been scheduled for three weeks in September 2025.

The amount of any possible obligation is estimated at between \$400,000 and \$800,000 at the time of signing the financial statements.

30. Capital Commitments

There are no capital commitments at year end (Last Year: \$43,587 plus GST for power factor replacements for 15 Sheffield Crescent.

31. Subsequent Events

Judgment of Court of Appeal

A judgment from the Court of Appeal case as described in note 6 was released 11 June 2025. The ruling confirms that First NZ Properties Limited has a right to receive a settlement from the parties at the end of the reporting period. A reliable estimate of the amount is now able to be made and therefore other income totalling \$1,639,560 and a corresponding current asset have been recognised in the 2025 annual financial statements.

Dividend Declared

9 June 2025

The Directors resolved to pay a dividend to the shareholders as at 9 June 2025.

The gross dividend was 16 cents per share and this was fully imputed.

The dividend was authorised for payment on or about 13 June 2025 in cash to all holders of ordinary shares in the company.

14 July 2025

The Directors resolved to pay a dividend to the shareholders as at 14 July 2025.

The gross dividend was 51 cents per share and this was fully imputed.

The dividend was authorised for payment on or about 15 July 2025 in cash to all holders of ordinary shares in the company as at 14 July 2025.

	NOTES	2025	2024
32. Earnings Per Share			
Amounts used as the numerator to profit or loss			
(Loss) / Profit for the year and earnings used in basic and diluted EPS		1,499,818	1,152,278
(Loss) / Profit for the year and earnings from continuing operations used in basic and diluted EPS		952,413	(804,788)
The weighted average of shares used as the denominator to profit or loss			

Weighted average number of shares used in basic and diluted EPS	3,271,986	4,065,452
Basic and diluted earnings per share (cents)	46	28
Basic and diluted earnings per share (cents) from continuing operations	29	(20)

NOTES 2025 2024

33. Reconciliation of the net cash flow from operating activities to profit (loss)

Net profit / (loss) after tax	1,499,818	1,152,278
Changes in Assets and Liabilities		
(Increase) / decrease in accounts receivable	(26,619)	(55,241)
Increase / (decrease) in accounts payable	19,898	36,453
Increase / (decrease) in GST payable	(21,645)	(3,552)
(Increase) / decrease in income tax	(132,843)	39,920
Increase / (decrease) in Rent Rebates to be Amortised Over Remaining Lease Periods	17,295	25,532
Total Changes in Assets and Liabilities	(143,914)	43,111

Non-Cash Movements

(Increase) / Decrease in Pending Proceeds from Court Judgment	(1,639,560)	-
(Increase) / decrease in Property Valuations	750,000	(260,000)
(Profit) / Loss in Investment Income of Joint Venture	(1,874)	(426)
Amortisation of lease Incentive	2,634	2,634
Total Non-Cash Movements	(888,800)	(257,792)
Net cash inflow / (outflow) from operating activities	467,104	937,597

NOTES 2025 2024

34. Reconciliation of the Net Cash Flow from Financing Activities to Financing Liabilities

Net Change in Financing Liabilities for Period	4,924,463	878,376
Dividends Paid	(1,004,741)	(878,376)
Capital Distribution	(3,919,722)	-
Net Cash Inflow / (Outflow) from Financing Activities	(4,924,463)	(878,376)

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 comprise the consolidated statement of financial position as at 31 March 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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 2025, and 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") and IFRS® Accounting Standards.

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.

Key audit matter	How the matter was addressed in our audit
<p>Valuation of investment property</p> <p>The Group's Investment Property comprise of land and a building in Palmerston North. The property was valued at \$10,850,000 (2024: \$11,600,000) with a net loss in fair value of \$750,000 was recognised in the consolidated statement of profit or loss and other comprehensive income (2024: \$1,100,000 net loss in fair value)</p> <p>Valuation of the investment property was included as a key audit matter due to the following reasons:</p>	<p>Our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> Assessed the valuation report prepared by Management's expert, including the methodology employed and key assumptions and estimates use; Evaluated whether the expert had the necessary competence, capabilities, experience and objectivity to undertake the valuations; Communicating with the valuer to understand the valuation process adopted. With the purpose of the meeting being to identify and

<ul style="list-style-type: none"> • The significance to the financial statements - the investment property account for 50% of the total assets of the Group (2024: 46%), making it a significant balance on the consolidated statement of financial position; • The complexity of the valuation model: The valuation model is complex and relies on various estimates and underlying assumptions, such as capitalisation rates, discount rates, lease terms, comparable sales, current market rent and anticipated growth based on available market data. • The property valuation requires the use of judgments specific to the property, as well as consideration of the prevailing market conditions. 	<p>challenge the critical judgement areas in the valuation model and to confirm the valuation approach was in accordance with NZ IFRS 13 <i>Fair Value Measurement</i>, and NZ IAS 40 <i>Investment Property</i>;</p> <ul style="list-style-type: none"> • 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; • Our specialists focused on the appropriateness of the valuation methodology chosen, and the appropriateness of the capitalisation rates and discount rates applied; and • We considered the adequacy of the disclosures made in Notes 16 and 20 to the financial statements, which set out the key judgements and estimates.
<p>Financial impact and disclosure resulting from court proceedings</p> <p>Subsequent to reporting date, the Court of Appeal ruled on an ongoing legal case that the Group has been party to. This has been disclosed at Note 6 and Note 31.</p> <p>Management assessed this event as an adjusting subsequent event under NZ IAS 10 <i>Events after the Reporting Period</i>, and recognised a net receivable of \$1,639,560 as at 31 March 2025.</p> <p>This matter was included as a key audit matter due to the following reasons:</p> <ul style="list-style-type: none"> • This event has been disclosed for a number of years as a contingency as court proceedings were ongoing; and • The judgement involved in determining whether the event provided evidence of conditions that existed at the reporting date. 	<p>Our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> • Evaluating management's assessment of the event as an adjusting subsequent event in accordance with NZ IAS 10 <i>Events after the Reporting Period</i>. • Reviewing correspondence and announcements from any ruling to understand the timing and nature of the event. • Obtained legal representation letters on the matter and reviewed Trust account settlements. • Reviewed minutes of board meetings. • Held discussions with the Directors and Management. • Reviewing the settlement amount recognised in the consolidated financial statements back to supporting evidence. • Reviewing the adequacy of disclosures in the consolidated financial statements regarding the nature of the event and the basis for adjustment.

Other Information

The directors are responsible for the other information. The other information comprises the Annual Report, 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 IFRS Accounting Standards, 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 going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or 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/standards/assurance-standards/auditors-responsibilities/audit-report-1-1/>.

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 Amy Goodman.

BDO Christchurch Audit Limited

BDO Christchurch Audit Limited
Christchurch
New Zealand
31 July 2025

Directory

First NZ Properties Limited For the year ended 31 March 2025

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

065072920

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		
Damien Prendergast	<p>The Company entered into a deed of variation of management agreement with FSS.</p> <p>Damien is a director of FSS.</p>	<p>The deed of variation of management agreement amended the fees payable by the Company for services provided by FSS. The amendments are as follows:</p> <ul style="list-style-type: none"> • In the event that a subsidiary company sells its associated property, the Company will pay FSS up to 1.5% annually plus GST of the total managed funds held in all bank accounts. FSS has the ability to review the percentage at every yearly budget. <p>For matters not contemplated by schedule 1 of the agreement the Company will pay on a time and attendance basis of \$150 per hour.</p>	1 April 2024
John Murray	<p>The Company entered into a deed of variation of management agreement with FSS.</p> <p>John is a director of FSS.</p>	<p>The deed of variation of management agreement amended the fees payable by the Company for services provided by FSS. The amendments are as follows:</p> <ul style="list-style-type: none"> • In the event that a subsidiary company sells its associated property, the Company will pay FSS up to 1.5% annually plus GST of the total managed funds held in all bank accounts. FSS has the ability to review the percentage at every yearly budget. • For matters not contemplated by schedule 1 of the agreement the Company will pay on a 	1 April 2024

		time and attendance basis of \$150 per hour.	
John Murray	John, in his capacity as a director of Sheffield Crescent Property Limited, approved a variation to the agreement for sale and purchase of 15 Sheffield Crescent.	The Company is the sole shareholder of Sheffield Crescent Property Limited and John is a director of Sheffield Crescent Property Limited.	10 May 2024
Damien Prendergast	Damien, in his capacity as a director of Sheffield Crescent Property Limited, approved a variation to the agreement for sale and purchase of 15 Sheffield Crescent.	The Company is the sole shareholder of Sheffield Crescent Property Limited and Damien is a director of Sheffield Crescent Property Limited.	10 May 2024
Damien Prendergast	Damien declares his interest, as a shareholder of A & J Enterprises 2006 Limited (being a shareholder of the Company) in the Company's decision to pay a dividend to its shareholders.	Damien owns shares in A & J Enterprises 2006 Limited which owns shares in the Company. Such dividends will be proportionate to A & J Enterprises 2006 Limited's shareholding in the Company.	10 May 2024
Damien Prendergast	Damien in his personal capacity entered a deed of variation and restatement of the deed of indemnity and access, and a specific security deed with the Company.	<p>The deed of variation and restatement of the deed of indemnity and access:</p> <ul style="list-style-type: none"> increases the escrow amount to be held by the escrow agent 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 from \$75,000 to an amount to be determined by the directors up to a maximum of \$150,000; and grants the directors security in the funds to be received by the Company on settlement of the sale of the property owned by Sheffield Crescent Properties Limited, to 	24 May 2024

		<p>be secured by a specific security deed. The specific security deed grants the directors security in the amount of proceeds of settlement of the sale of the property at 15 Sheffield Crescent, to be deposited in an account in the Company's name, with such secured money to be used to cover any amount relating to obligations of the Company to the directors under the deeds of indemnity.</p>	
Damien Prendergast	<p>Damien in his personal capacity entered into a deed of variation and restatement of deed of guarantee, and a specific security deed with Sheffield Crescent Property Limited.</p> <p>Sheffield Crescent Property Limited is a wholly owned subsidiary of the Company. Damien is a director of the Company and of Sheffield Crescent Property Limited.</p>	<p>Sheffield Crescent Property Limited has guaranteed the performance of the Company's obligations under the deeds of indemnity. To support the guarantee Sheffield Crescent Property Limited granted a mortgage over the property owned by it in favour of the directors. This property is now subject to an agreement for sale and purchase and is due to settle on 7 June 2024. The directors agreed to discharge the mortgage held over the property and, in its place, have taken a specific security in Sheffield Crescent Property Limited's bank account which will hold the funds of the sale. The deed of variation and restatement of deed of guarantee records this variation. This security is secured by a specific security deed executed by Sheffield Crescent Property Limited (as debtor).</p>	24 May 2024
John Murray	<p>John in his personal capacity entered a deed of variation and restatement of the deed of indemnity and access, and a specific security deed with the Company.</p>	<p>The deed of variation and restatement of the deed of indemnity and access:</p> <ul style="list-style-type: none"> increases the escrow amount to be held by the escrow agent for the purposes of meeting any costs 	24 May 2024

		<p>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 from \$75,000 to an amount to be determined by the directors up to a maximum of \$150,000; and</p> <ul style="list-style-type: none"> • grants the directors security in the funds to be received by the Company on settlement of the sale of the property owned by Sheffield Crescent Properties Limited, to be secured by a specific security deed. <p>The specific security deed grants the directors security in the amount of proceeds of settlement of the sale of the property at 15 Sheffield Crescent, to be deposited in an account in the Company's name, with such secured money to be used to cover any amount relating to obligations of the Company to the directors under the deeds of indemnity.</p>	
John Murray	<p>John in his personal capacity entered into a deed of variation and restatement of deed of guarantee, and a specific security deed with Sheffield Crescent Property Limited.</p> <p>Sheffield Crescent Property Limited is a wholly owned subsidiary of the Company. John is a director of the Company and of Sheffield Crescent Property Limited.</p>	<p>Sheffield Crescent Property Limited has guaranteed the performance of the Company's obligations under the deeds of indemnity. To support the guarantee Sheffield Crescent Property Limited granted a mortgage over the property owned by it in favour of the directors. This property is now subject to an agreement for sale and purchase and is due to settle on 7 June 2024. The directors agreed to discharge the mortgage held over the property and, in its place,</p>	24 May 2024

		have taken a specific security in Sheffield Crescent Property Limited's bank account which will hold the funds of the sale. The deed of variation and restatement of deed of guarantee records this variation. This security is secured by a specific security deed executed by Sheffield Crescent Property Limited (as debtor).	
Damien Prendergast	<p>Damien, in his capacity as a director of the Company, entered into a loan agreement with ANZ.</p> <p>To give effect to the loan agreement Damien (in his personal capacity) was required to enter into a deed of partial release of security.</p>	The Company entered into a short term loan agreement with ANZ. The loan is secured by ANZ being granted authority over a deposit held by the Company. The deposit was subject to a specific security deed entered into by the Company and Damien and John (in their personal capacities). Damien agreed to enter into a deed of partial release of the security which released and discharged the deposit from the security interests granted to John and Damien.	12 August 2024
John Murray	<p>John, in his capacity as a director of the Company, entered into a loan agreement with ANZ.</p> <p>To give effect to the loan agreement John (in his personal capacity) was required to enter into a deed of partial release of security.</p>	The Company entered into a short term loan agreement with ANZ. The loan is secured by ANZ being granted authority over a deposit held by the Company. The deposit was subject to a specific security deed entered into by the Company and John and Damien (in their personal capacities). John agreed to enter into a deed of partial release of the security which released and discharged the deposit from the security interests granted to John and Damien.	12 August 2024
Damien Prendergast	Damien declares his interest as a director of the Company and as a 50% shareholder of A & J Enterprises 2006	The Company has decided to use funds held by it to return the Company's available subscribed capital to	16 August 2024

	<p>Limited (being a shareholder of the Company), in the Company's decision to redeem some of its shares on a pro rata basis in accordance with its constitution and the Act.</p>	<p>shareholders by exercising its option to redeem some of its shares from shareholders on a pro rata basis. The market value of the Company's shares has been determined to be \$4.94 per share. Damien will receive a financial benefit from the share redemption through his shareholding in A & J Enterprises 2006 Limited. Such benefit will be proportional to A& J Enterprises 2006 Limited's shareholding in the Company.</p>	
Damien Prendergast	<p>Damien declares his associated interest (being that his wife, Rebecca Prendergast is a 50% shareholder of A & J Enterprises 2006 Limited, being a shareholder of the Company), in the Company's decision to redeem some of its shares on a pro rata basis in accordance with the Constitution and the Act.</p>	<p>The Company has decided to use funds held by it to return the Company's available subscribed capital to shareholders by exercising its option to redeem some of its shares from shareholders on a pro rata basis. The market value of the Company's shares has been determined to be \$4.94 per share. Damien (through his associated interest with Rebecca) will receive a financial benefit from the share redemption through Rebecca's shareholding in A & J Enterprises 2006 Limited. Such benefit will be proportional to A& J Enterprises 2006 Limited's shareholding in the Company.</p>	16 August 2024
Damien Prendergast	<p>Damien declares his associated interest through his daughter, Alana Sophie Prendergast, and his sister, Andrea Jane Prendergast, who each have shareholdings in the Company and the Company's decision to redeem some of its shares on a pro rata basis in accordance with the Constitution and the Act</p>	<p>The Company has decided to use funds held by it to return the Company's available subscribed capital to shareholders by exercising its option to redeem some of its shares from shareholders on a pro rata basis. The market value of the Company's shares has been determined to be \$4.94 per share. Damien's daughter and sister will</p>	16 August 2024

		receive a financial benefit from the share redemption through their respective shareholdings in the Company	
John Murray	In accordance with the terms of John's appointment as director on 26 October 2023, John's annual director fee and charge-out rate for additional hours has increased to reflect the annual CPI increase as at 30 September.	<p>Per the terms of John's appointment as a director, John's annual director fee and charge-out rate for additional hours has been increased by 3.3% to reflect the annual CPI increase. This results in the following:</p> <ul style="list-style-type: none"> • annual fee of \$46,498.78 (apportioned between the Company and Superstore Properties Limited based on equity values); and • additional hours to be charged at \$397.82 per hour. 	30 September 2024
Damien Prendergast	In accordance with the terms of Damien's appointment as director on 26 October 2023, Damien's annual director fee and charge-out rate for additional hours has increased to reflect the annual CPI increase as at 30 September.	<p>Per the terms of Damien's appointment as a director, Damien's annual director fee and charge-out rate for additional hours has been increased by 3.3% to reflect the annual CPI increase. This results in the following:</p> <ul style="list-style-type: none"> • annual fee of \$30,999 (apportioned between the Company and Superstore Properties Limited based on equity values); and • additional hours to be charged at \$258.33 per hour. 	30 September 2024
John Murray	<p>John, in his capacity as director of the Company, increased the escrow amount held pursuant to the deed of variation and restatement of deed of indemnity and access.</p> <p>John is a party to the deed of variation and restatement of deed of indemnity and access in his personal capacity.</p>	The amount held in escrow was increased from \$75,000 to \$150,000. This increase was provided for in the deed of variation and restatement of deed of indemnity and access, which was approved by director resolution dated 24 May 2024.	22 October 2024

Damien Prendergast		<p>Damien, in his capacity as director of the Company, increased the escrow amount held pursuant to the deed of variation and restatement of deed of indemnity and access.</p> <p>Damien is a party to the deed of variation and restatement of deed of indemnity and access in his personal capacity.</p>	<p>The amount held in escrow was increased from \$75,000 to \$150,000. This increase was provided for in the deed of variation and restatement of deed of indemnity and access, which was approved by director resolution dated 24 May 2024.</p>	22 October 2024
Paul Rosanowski (employee)	Gerard	<p>Paul has acquired further shares in the Company. Paul is an employee of FSS which has a management agreement with the Company.</p> <p>Pursuant to the Company's financial product trading policy and guidelines Paul is an "interested person" and is required to disclose this interest in the Company's interest register.</p>	<ul style="list-style-type: none"> • Number and class: 5,000 ordinary shares. • Consideration: \$4.60 per share. • Date of transfer: 6 November 2024 	6 November 2024