



INVESTMENT SERVICES

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Dear Investor

14 December 2018

Fraud Update

This is the first communication I have made to you since we uncovered this fraud, and I want to express to you how bitterly disappointed I am in this outcome. We have always sought to manage your investments with efficiency, with a minimum imposition of costs and aiming for quality investment returns. We have been very successful in managing through some times of real stress, such as during the global financial crisis, and our attention now is directed toward achieving the best result we can in the circumstances.

It has been necessary that we be quite circumspect about what we say to you, because it is clear that the Law treats the idea that a person is innocent until proven guilty as a serious issue. To not respect this concept is to risk losing the possibility of retrieving all or some of the funds stolen. We do expect to be more forthcoming as we work through the process.

In the meantime, though, we can confirm:

PwC have finalised their report. This report has been provided to the SFO. At this time our complaint is being assessed and we will be advised what further action (criminal) will be taken.

In terms of the civil action, having obtained a freezing order we are now in the process of applying for judgement. The application will be for the total value of funds taken as indicated in the PwC report plus our costs. When judgement is made, we will then proceed with enforcement. The time frame on this is 2-3 months.

In the meantime, some of you will be affected by the restraint that we necessarily made on the use of the secondary market should you wish to buy or sell investments. We have been striving to get to a position where we can lift this restriction. It is our view that we can only proceed if we are able to offer information to you which allows buyers and sellers to make a reasonable assessment of what they are buying or selling. Now that we feel able to make this announcement, we also feel able to lift the restraint on use of the Secondary Market. Kathryn Brownlie will be able to help you with this should you need.

You all have been affected by the suspension of dividends. Our need to meet the obligations to the Inland Revenue Department has meant that free cash flow is currently not available for distribution by way of dividend. Having made progress in the areas as noted above and being able to model future cash flow, we expect to be able to resume dividend payments according to the following schedule.

Dividend Payments	Commencing	Indicative rate / CPS
Springs Road Property Ltd	May 2019	6 cents
	November 2019	9 cents
Superstore Properties Ltd	November 2019	16 cents
First NZ Properties Ltd	May 2020	To be confirmed

First NZ Properties Limited has not only been affected by the fraud. Errors have been identified in the filing of annual returns to Inland Revenue relating to the imputation credit account for the years 2015, 2016 & 2017. These errors amount to an outstanding balance of \$733,884 as at 15 November 2018. This sum is in addition to those reported in the PwC summary.

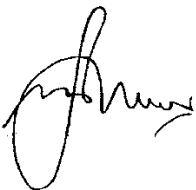
Our ability to resume dividend payments for this company is less clear and we offer the date above as guidance only at this time.

Our records indicate that few investors have elected to receive communications via email. Providing these updates by way of a letter is costly. With a view to minimising costs we ask that if possible, you email info@investmentservices.co.nz with "Please add my email address" in the subject line, and you will receive future updates on this matter via email. All updates will also be provided on our website www.investmentservices.co.nz

I am intensely sorry that you have been burdened with this. We will work hard to achieve the best results for you that we can.

Our office will be closing over the Christmas and New Year period. We will be back full time from Monday 14 January.

Yours sincerely



Michael Millar
Director