FSS MANAGEMENT

Dividend Policy for First NZ Properties Limited (the Company).

Adopted by the directors of the Company on: 4 December 2024
Review Date: May 2026

Introduction

There are several types of dividend policies which a company can subscribe to as set out below:

Regular Dividend Policy
Under this type of dividend policy, the company follows the procedure to pay out a dividend to its shareholders every year. If the company earns abnormal profits, then it retains the extra profit. Whereas, if it remains in loss any year, then also it pays a dividend to its shareholders. This type of policy is adopted by the company who are having stable earnings and steady cash flow. The class of investors putting their investments into these Company is generally risk averse. They mainly belong to the retired or investors that aim at regular income.

Stable Dividend Policy
Under this type of dividend policy, the company follows the procedure to pay out a defined fixed percentage of profits as dividends every year. For example, suppose a company sets the pay-out rate at 10%. Then this percentage of profit will be paid out as dividends every year regardless of the quantum of profit. In the eyes of investors, a company adopting this policy is risky. The reason being the amount of dividend fluctuates with the level of profit.

Irregular Dividend Policy
Under this type of dividend policy the company has no obligation in respect of paying a dividend to the shareholders. The board of directors will decide the quantum and rate of dividend. This type of policy is adopted by the company who are having irregular cash flow and lacks liquidity. In the eyes of Investors, Company paying irregular dividends are considered risky.

Dividend Policy of the Company

The dividend policy of the Company is to distribute to its shareholders a part dividend in May and then a final dividend in November, after the finalisation of the annual accounts. The total amount of these dividends will be subject to the directors of the Company analysing the Company' financial position. The total annual dividend will be based on paying up to 100% of adjusted operating profit (which represents net profit before tax, excluding revaluations, performance fees, non-cash or non-recurring transactions and any initial borrowing costs).

Dividend Payout

The dividend payout is subject to the directors of the Company having considered:

a) The on-going cash needs for operating, financing and capital expenditure of the Company.
b) Any banking or other funding covenants by which the Company are bound from time to time. The current banking covenant is expressed as a percentage of Bank Debt to valuation of the Secured Land (the latest valuation) will not exceed 60% and an Interest Cover Ratio which Projected Net Rental Income for the next 12 months bears to Projected Interest Costs for the next 12 months is not less than 2.00 to 1. Also there is a self-imposed Current Assets to Current Liabilities ratio of > 1.5 : 1.
c) Imputation credits and available retained earnings, being available or prepayable to fully impute the proposed dividend amount.
d) The recognition that working capital requirements increase as overall company turnover increases.

Any cash distribution or other distribution is at the discretion of the directors and is subject to the relevant Company meeting the solvency test requirements of the Company Act 1993 and the directors determining that it is in the best interests of the Company that a distribution be paid. The payment of any distribution is therefore not guaranteed. The Company' dividend policy may change from time to time as determined by the directors. As a result of the above, the actual cash distribution paid for a period may vary from any forecast distribution.

Signed____ Date _________________

John Murray **Chair**

Signed____ Date _________________

Damien Prendergast **Director**