

**FSS Management Ltd**  
**1 / 126 Tahunanui Drive**  
**Nelson**

«MailName»

25 February 2021

«address1»

«address2»

«address3»

«address4»

Dear «Salutation»

**SUPERSTORE PROPERTIES LIMITED (COMPANY) – SHAREHOLDER UPDATE**

I trust you have had a great Christmas break, festive season and Waitangi weekend.

Over the last three months there has been plenty happening inside the Company, and I thought it was a good time to update you on the main matters which have occurred since the last update.

**Claims against Investment Services Limited (ISL) and others**

The directors were not successful in negotiating with ISL and others for a settlement of the claims that related to irregularities in the historic operation of the management of the Company, including the fraud. As a result, proceedings were lodged by the Company in the Nelson High Court on 17 December 2020 claiming \$475,000.00 plus interest and costs from these parties.

As the claims are aligned with the allegations made by Craig Priscott through CNP Holdings Limited, we have engaged with Craig and he has agreed to assist in an advisory role in relation to the proceedings. We thank Craig for doing this. Furthermore, at the request of some shareholders, we have considered whether to reimburse CNP Holdings Limited with the costs it has incurred in bringing these matters to the attention of the Company, and for a number of reasons, agreed to do so.

**Management Contract**

The directors were not successful in negotiating with Penrose Property Management Limited (**PPML**) a new management contract in line with the resolution passed at the annual general meeting. PPML withdrew its offer to manage the Company on 9 December 2020.

David Penrose of PPML also ceased acting as CEO for ISL on 15 December 2020.

David Penrose has been involved with ISL and the Company since April 2020. We would like to thank David and his team for their input and involvement over this time. It has been appreciated.

The management contracts with ISL ended on 31 December 2020.

A new management company, FSS Management Limited (**FSS**), has been established which will manage First NZ Properties Limited, the Company and Springs Road Property Limited (**Property Companies**). FSS is owned by First NZ Properties Limited (45%), the Company (41%) and Springs Road Property Limited (14%). The directors of FSS are Damien Prendergast and me.

FSS is designed to return all surpluses to the shareholder Property Companies either through rebates, reduced fees or dividends. There is no capital gain fee structure.

FSS has employed Paul Rosanowski as a Projects Manager. Paul has an extensive background in business and property. Richard Eberlein has joined as the Property Manager. Kathryn Brownlie has also joined to complete the administration.

Their new emails are:

Paul Rosanowski

[paul@fssmanagement.co.nz](mailto:paul@fssmanagement.co.nz)

Richard Eberlein

[richard@fssmangement.co.nz](mailto:richard@fssmangement.co.nz)

Kathryn Brownlie

[kathryn@fssmanagement.co.nz](mailto:kathryn@fssmanagement.co.nz)

FSS is moving into offices at 1/126 Tahunanui Drive, Nelson. They are currently being refurbished and fitted-out with computers, desks etc. FSS expects to move into its offices by the end of February.

If you are in the vicinity, then please call in and meet the staff. The office is expected to be open on Mondays and Tuesdays. If we are not there, then please call to arrange an appointment. Office phone number is 03 539 6000 or Paul's phone number is 027 43 43 431.

### **D&O Insurance Cover**

The directors' and officers' liability insurance policy (**D&O Insurance**) has been reviewed by VERO. VERO declined to renew this policy. We worked hard with the Company's insurance broker and several other insurers to endeavour to get new D&O Insurance cover put in place, but this was unsuccessful.

One of the consequences for directors is that no D&O Insurance is available. The Company's arrangements with the directors through the deeds of indemnity and terms of engagement requires that the Company has continuous D&O Insurance cover. As an alternative, the Company has put in place a mechanism to ensure that it is able to perform its obligations under the deeds of indemnity. This takes the form of a guarantee from its subsidiaries and an unregistered second mortgage over the properties. It is hopeful that the lack of D&O Insurance cover will be a short-term issue and the D&O Insurance market recovers from its recent difficulties.

### **Syndex – Secondary Market**

The directors have been considering the options for secondary market and registry services for the Company. Currently, ISL provides the services on a transitional basis but does not wish to continue to provide the services. Syndex allows the use of a back end platform that is used by several other companies and gives access to investors.

Syndex has provided the platform for 5 years. . Its users have recommended Syndex as it continues to update its systems and allows investors to transact directly.

The directors have reviewed Syndex and its platform and believe that the move to Syndex will be a positive move for the current and future investors. The Syndex platform offers a secondary market, simplified registry administration and investor communication system.

For further information on Syndex and how the platform works, you can visit their website: [www.syndex.exchange](http://www.syndex.exchange)

### **Privacy Policy**

With the Privacy Act 2020 having come into effect on 1 December 2020, the Company is in the process of preparing a new privacy policy. The privacy policy will be made available on the Company's website which is currently under construction. We recommend you review the privacy policy, so you are informed of its terms.

### **Property Operations**

Full rent and outgoings continue to be paid by tenants at Cranford Street. Comment is still awaited from the loss adjusters upon the revision of the earthquake damage settlement offer.

Full rent and outgoings continue to be paid at Cameron Road.

If you have any questions or queries, you can contact John, Damien or Paul by e-mail at:

[John@fssmanagement.co.nz](mailto:John@fssmanagement.co.nz);

[damien@fssmanagement.co.nz](mailto:damien@fssmanagement.co.nz);

[paul@fssmanagement.co.nz](mailto:paul@fssmanagement.co.nz)

Kind regards

**John Murray**  
**Chair**