

24th November 2020

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Dear «Salutation»

SPRINGS ROAD PROPERTY LIMITED (COMPANY) – SHAREHOLDER UPDATE

Thank you to the shareholders who attended or sent in their proxy for the annual general meeting (AGM) on the 28th of September 2020. The minutes are available on the Investment Services Limited (ISL) website and included with this letter.

All resolutions at the AGM were passed. Damien Prendergast was reappointed and I was appointed to replace Craig Dennis, who retired due to other business commitments. In addition David Penrose resigned as he had a conflict of interest with being both the CEO of ISL and a board member of the Company. Thank you to Craig and David who have stepped in during a very busy period in the Company's history and have been able to improve a number of areas of the governance, reporting and operations and to Damien for his continued support and valuable input.

I have been chairing the Company for 8 weeks now. It has been a challenging and intensive time as we have worked through the underlying issues and matters which have arisen within the Company on an almost daily basis. I believe we have made good progress over this time. Having said that there is still plenty to do to achieve what we need to. A brief commentary and update on some of the main matters follows (together with a letter from ISL on operational matters):

Dividend – November 2020

A gross dividend of 5 cents per share has been declared for the period to the 3rd of November 2020. This shows as a net dividend on your statement of 3.6 cents per share. The dividend is fully imputed and will be paid on Tuesday the 24th of November 2020. Please find enclosed your dividend statement.

Fraud Recovery

The board has continued to work with ISL. Unfortunately, there has been no further recovery of the defrauded funds at this stage. The Serious Fraud Office is continuing to investigate but has not advised us yet of the outcome of its investigations.

Claims against ISL and others.

The directors have put ISL and others on notice that they believe there are some irregularities in the historic operation of the management of the Company, including the fraud. The Company's lawyers have prepared a draft statement of claim for consideration by ISL. Following this, the directors will be seeking feedback from ISL and negotiating to settle the claims or taking further action.

Management Contract

The directors are in negotiations with Penrose Property Management Limited, concerning a new management contract in line with the resolution passed at the AGM..

Insurance Cover

The directors' and officers' liability insurance policy is currently being reviewed by VERO. At this stage, VERO has declined to renew this policy but has not advised why. We are working with the Company's insurance broker and several other insurance companies to endeavour to get new insurance cover put in place.

If you have any questions or queries you can contact me or Damien by email at info@investmentservices.co.nz.

Yours sincerely

John Murray
Chair

Dear Shareholder

SPRINGS ROAD PROPERTY LTD – OPERATIONS UPDATE

Financial

All rentals and other payments have been received from the tenants since the last report. All payments have been made on time.

Seismic upgrade

We are currently working through with the Auckland City Council to obtain a building consent for the work to take place.

Tenants

All of the existing tenants are paying on time and keeping their leases up to date.

Vacancies

There has been an increase in interest in the last few weeks from prospective tenants to lease the vacant areas of the premises. As yet this has not resulted in any further agreements to lease being signed.

General

The building WoF and all other aspects of the property are currently up to date.

Thank you for your support.

Kind Regards



David Penrose
CEO
Investment Services Ltd