

**Minutes of the Annual Meeting of  
Springs Road Property Limited**

**held 28 September 2020 at the Rutherford Hotel, Nelson**

Meeting open 10.30am

**In attendance:**

Craig Dennis (Chairman)

Damien Prendergast (Director)

David Penrose (CEO for Investment Services Ltd and Director)

Richard Eberlein (National Property Manager for Investment Services Ltd)

Kathryn Brownlie (Finance and Markets Administrator for Investment Services Ltd)

**Shareholders Present:**

13 Springs Road Property Limited Shareholders

**Apologies were received from**

14 Springs Road Property Limited Shareholders

The chair gave a summary of the recent shareholder survey and thanked the shareholders for participating.

A presentation was made by David Penrose on the fraud and SFO investigation, the total fraud against Springs Road Property Ltd was \$277,976 with recoveries to date of \$115,597. ISL has not received any of the recoveries and has paid all recovery costs. Recovery of further monies is continuing. The loss to investors amounts to 6 cents a share. The SFO staff are continuing their investigation and will produce a report with recommendation that will go to the SFO CEO.

A presentation regarding financial performance was made by David Penrose highlighting a reduction in income from \$951,132 to \$905,980. Profit after tax reduced to \$191,098 from \$759,757 due to write downs for seismic strengthening and the fraud write off.

The secondary market was reported on, in the last 6 months this has been very quiet with a last traded price of \$1.11.

A property update was then made by Richard Eberlein. This focused on changes to the tenants with Counties Manukau Health (floors 2 & 3) leased through to 2024. Das Training Solutions Ltd vacated, however we are currently having interest in then1st floor. Skill NZ lease half the ground floor through to 2021 with the other half currently vacant following CMDHB vacating. The final area is to Café Concepts manufacturing Dunkin Donuts in the rear Annex until 2022.

Following the presentations there was the opportunity for those present to ask questions and general discussion.

There was discussion about the progression of the fraud Peter Rickards asked if Neil Barnes would be extradited to New Zealand, David Penrose explained the serious fraud office would potentially be looking at this but are currently part way through their investigation and would not comment any further. Peter Truman requested the individual companies get independent legal advice about the fraud and asked Directors to take this action. Peter Rickards suggested this independent advice would waste time and resources as the outcome is likely similar for all three companies.

Peter Truman Raised a question of YE2019 annual report gave DAS training lease to Dec 2020, which was incorrect as they extended the lease one year and did not renew for two years and vacated in Dec 2019. (Subsequent investigations concluded that the lease length was adjusted following with the tenant after the release of the 2019 AGM report).

Peter Rickards queried seismic information. Richard Eberlein advised the building would be at 90% once the stairwell repairs were complete. To date only a draft report has been completed however a Building Consent has been applied for and seismic work would start shortly.

Peter Truman then asked the Directors view on dividend payment likelihood. The Chairman stated this would be evaluated in November 2020 with all factors considered.

Peter Truman also queried on the fact the bank was only willing to fix the loan interest rate for 1 year. The Chairman and David Penrose both stated how reluctant to lend banks are at this time and that this was based on the average length of leases.

Peter Truman raised a question regarding the new legislation of deferred tax and depreciation and how there was no mention of this in the YE annual report. He was adamant that this should have been included and felt RWCA had a lot to answer for on this. He asked directors to query the accountant and the auditors about why this was not included. David Penrose advised that he understood that the depreciation did not start until the end of the financial year and this matter would be addressed during the year.

Subsequent notes:

1. Peter Truman further investigated the deferred tax matter and provided us this statement, "So my conclusion is that the deferred tax in the 2020 financial statements is likely to be correct because of the rebuttable presumption available for investment properties. Sorry to have incorrectly suggested otherwise on Monday. From my perspective, no further enquiry is required.")

2. RWCA have provided a file note where they considered the depreciation in conjunction with the Auditors and decided that no reference to the depreciation was required in this financial year.

Following discussion, the Chairman then moved to the formal business of the day.

### **Formal Business**

Proxies had been received from 13 Springs Road Property Limited shareholders, with 539,000 voting rights attached. The Chairman held all proxies.

### **Subsequent notes after the minutes had been sent out:**

Following a further query from Peter Truman the following should be noted for clarification and as an amendment to the minutes.

The 3-year DAS (Sewtec) lease expiring December 2018 with one 3 year right of renewal was extended by a deed of variation on 22 November 2018 until the 31st of December 2019 with no renewals.

The lease terms and conditions in part 28 of the 2019 annual accounts for Sewtec were incorrect.

## Result of Resolutions

### Springs Road Property Limited Annual Meeting

held 28 September 2020 at the Rutherford Hotel, Nelson

At Springs Road Property Limited's shareholder meeting, shareholders were asked to vote on seven resolutions, which were supported by the board.

The resolutions passed by shareholders was:

**Amendments to the Constitution**

Moved Chair – Seconded Peter Truman – Carried 100%

**Reappointment of Director – Damien Prendergast**

Moved Chair – Seconded Craig Priscott – Carried 100%

**Appointment of Director – John Murray**

Moved Chair – Seconded Peter Rickards – Carried 100%

**Approval of Negotiation of Management agreement with Penrose Property Management Ltd**

Moved Chair – Seconded Peter Rickards – Carried 66%

**Appointment and Remuneration of the Auditor (Crowe New Zealand Audit partnership)**

Moved Chair – seconded Michael Millar – Carried 57%

**Approval of the Minutes from the 2019 AGM**

Moved David Penrose – Seconded Damien Prendergast – Carried 100%

**Adoption of the 2020 Annual Report**

Moved Chair – seconded Damien Prendergast – Carried 96%

Authority for this announcement	
Name of person authorised to make this announcement	Craig Dennis
Contact person for this announcement	Craig Dennis
Contact phone number	03 544 2005
Contact email address	David@investmentservices.co.nz

**There being no further business the chairman declared the meeting closed 11.28am.**

Signed as a true and correct record

Chairman .....

Dated: .....