

**Minutes of the Annual Meeting of
Superstore Property Limited**

held 28 September 2020 at the Rutherford Hotel, Nelson

Meeting open 11.40am

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:

12 Superstore Property Limited Shareholders

Apologies were received from

68 Superstore Property Limited Shareholders

The chair talked about the Shareholder survey and thank the shareholders for participating.

A presentation was made by David Penrose on the fraud and the SFO investigation, the total fraud against Superstore Properties Ltd was \$793,630 with recoveries todate of \$330,012. ISL has not received any of the recoveries and has paid all recovery costs. Recovery of further monies is continuing on. The loss to investors amounts to 22 cents a share. The SFO staff are continuing their investigation and will produce a report with a recommendation to go to the SFO CEO.

A presentation regarding financial performance and a property update was then made to the meeting by David Penrose, the financial highlights for the year were an increase in income from \$1,477,121 to \$1,554,094. Mortgage finance costs reduced from \$419,000 to \$385,000. Property valuations reduced slightly to \$21,950,000 due to Covid-19 rental reductions. The mortgage of \$9,924,000 is due for renewal on the 30th of October 2020. The NTA decreased from \$5.46 to \$5.44.

The Directors will be considering a dividend in November 2020, taking into consideration all of the issues.

The secondary market has been quiet during covid-19 with the last sales in the \$4.15 to \$4.20 range.

A presentation was made by Richard Eberlein regarding the property management issues at the two sites, the Warehouse Tauranga has an NBS rating of 103% and is leased until 2025 to the Warehouse at a rental of \$865,000. The building is in good condition although the Warehouse red has faded to a pink, this is being taken up with Resene paints by the Warehouse.

Placemakers Cranford street, Christchurch, is a property with a 67% NBS rating. The property is currently leased to February 2022 with a 6 year renewal. All earthquake repairs have now been completed by the insurance company with the exception of the drive through floor area, a settlement is being agreed as the repairs cannot be completed with the tenant in place.

Following the presentations there was the opportunity to ask questions.

Peter Truman questioned the reason no dividend paid in July. Chair advised that the debt to equity ratio was high and consideration was given to lowering the loan. David Penrose advised that there is likely to be a \$1.3m Insurance payment in relation to the floor at Placemakers in Christchurch. This money is likely to be applied for the loan reduction as the floor could not be replaced while the tenant was using the area. The floor in question is part of the drive through, and the variance is only 50mm across the entire width, so there may not even been a need to repair it.

Peter Truman, asked why the imputation credits were not attached to the dividends in November when the 31st March 2020 Accounts show credits in the ICA account. The Directors advised that no imputation credits were available at the time so could not be attached.

Peter Truman expressed his concern with differed tax and depreciation based on the previous discussion in the Springs Road Property Ltd meeting. The directors reiterated their comments that they understood that no provision was required this financial year and noted his comments.

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.

Craig Priscott expressed concern at the loan negotiation not being on a suitable timeframe. The directors advised that the ANZ have been provided with all of the information for them to roll over the mortgage and had advised that it was likely to proceed.

Subsequently Notes

(The mortgage has been renewed for 2 years, with the ANZ on an interest rate of 3.31%, floating)

Peter Truman congratulated the directors on improving the standard of governance.

Frank Saxton asked if there is still a capital gain clauses in the future to ISL. The Chair said the point would be taken into consideration when the new contracts were negotiated.

Formal Business

Proxies had been received from 65 Superstore Property Limited shareholders, with 310,000 voting rights attached. The Chairman held all proxies.

Result of Resolutions

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At Superstore 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 Rickards – Carried 100%

Reappointment of Director – Damien Prendergast

Moved Chair – Seconded Peter Truman – 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 Michael Millar – Carried 89.8%

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

Moved Chair – seconded Michael Millar – Carried 57.3%

Approval of the Minutes from the 2019 AGM

Moved David Penrose – Seconded Damien Prendergast – Carried 99.8%

Adoption of the 2020 Annual Report

Moved Chair – seconded Damien Prendergast – Carried 99.8%

Authority for this announcement	
Name of person authorised to make this announcement	Craig Dennis, Director
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 12.20pm.

Signed as a true and correct record

Chairman

Dated: