



SUPERSTORE PROPERTIES LTD



This quarterly Management Report (“Report”) provides key information about Superstore Properties Ltd. This report covers the period between 01 April to 30 June 2021.

First Quarter, FY 2022

31 August 2021

Dear Shareholder

SUPERSTORE PROPERTIES LIMITED (COMPANY) - SHAREHOLDER UPDATE

Annual General Meeting

The Company’s annual general meeting will be held at Fable Hotel, Chancellor Room, 310 Princes Street, Dunedin at 11:30am on Thursday 23 September 2021. Morning tea will be served from 10am. Due to the commonality of shareholders in the Company, First NZ Properties Limited and Springs Road Property Limited, the meeting will be preceded by the annual general meeting of First NZ Properties Ltd at 10.30am and followed by Springs Road Property Limited at 12.30pm.

The meeting will be live streamed. If you would like to watch the live stream, please follow the link: [Livestream - AGMs 23rd September 2021 c/- FSS Management](#). The live stream will provide an opportunity for you to watch and hear what is taking place at the annual general meeting. However, there will not be any opportunity for you to ask questions through the live stream.

If you cannot attend but wish to vote on the resolutions, please complete the Attendance/Proxy form which you should have received along with the notice of meeting. On completion of the form please return it by one of the methods stated on the form (mail, delivery, or email). The Attendance/Proxy form must be received by the Company 11:30am on Tuesday 21 September 2021 if registering a proxy vote. Any proxy forms received after this time will not be effective.

Please contact us if you have not received the notice of meeting and your Attendance/Proxy form.

Annual Financial Report

A copy of the Company’s audited annual financial report is available at the website www.fssmanagement.co.nz (located at “About”>“Shareholder information:>“Financial Reports”>“2021”). If you require a hard copy be sent to you, please request the hard copy by emailing the Company at Paul@fssmanagement.co.nz.

Financial information summary	2021	2020 (for comparison)
Gross rental income	\$ 1,509,539	\$1,554,094
Net profit after tax	\$ 2,396,720	\$ 942,765
Dividends paid	\$ 303,623	\$1,004,738
Ending equity	\$13,479,609	\$11,386,512
Net tangible asset value	\$6.43	\$5.44



Investment Property

The Company owns premises situated at 319 Cranford Street, Christchurch and 483 Cameron Road, Tauranga (the **Investment Properties**). The Investment Properties are measured at fair value and were valued as of 31 March 2021 by an external, independent property valuer, Colliers.

The latest revaluation of the Investment Properties is summarised as follows:

	Cranford Street, Christchurch	Cameron Road, Tauranga
Weighted average lease term	.85 years	4 years
Rental value per square metre	\$2,122	\$2,851
Capitalisation rate	6.75%	6%
Discount rate	7.75%	6.75%
Terminal Yield	7.5%	6.75%
Net market rent	\$642,891	\$857,830
Net passing rent	\$642,891	\$864,783
Valuation	\$9,250,000	\$14,400,000

319 Cranford Street, Christchurch

- The property requires repairs to its floor due to cracks. The costs of any repairs to the floor will be covered under an insurance claim.
- Negotiations continue with Fletchers around the lease renewal in Feb 2022.
- Full rent and Opex continues to be paid.

483 Cameron Road Tauranga

- Full rent and Opex continues to be paid.

Current Tenancies

319 Cranford Street, Christchurch

Placemakers

- Nine-year term expiring February 2022 with three rights of renewal of six years each.
- Rent reviews every three years based on current market rentals and encompassing a ratchet clause.

483 Cameron Road, Tauranga

The Warehouse

- 10.5 year term expiring March 2025 with three rights of renewal of four years each.
- Rent reviews every three years based on the lesser of current market rental or CPI and encompassing a ratchet clause.

Website

FSS Management has a website available at www.fssmanagement.co.nz.

There is information on the website that covers all the companies managed by FSS Management. The information includes current and historic audited annual financial reports, AGM notices and minutes, and other information that maybe of interest.

Anti-Money Laundering Procedure

The Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (AML/CFT Act) and associated regulations place obligations on reporting entities to detect and deter money laundering and terrorism financing.



Each reporting entity must ensure its risk assessment and AML/CFT programme are audited every 2 years or at any other time requested by its supervisor. FSS Management is a reporting entity and is supervised by the Financial Markets Authority.

Syndex

Syndex - making your investments accessible.

Listing or bidding on shares is easy on Syndex, a peer-to-peer trading platform for proportionally owned assets.

To meet our AML / CFT obligations, we require you to run through either a Customer due diligence (CDD) or Enhanced due diligence (EDD) process before listing or bidding. You can electronically verify yourself via your Syndex portal using the EIV (Electronic Identity Verification) process. If you'd like to run through a manual process, please contact paul@fssmanagement.co.nz.

The Syndex investor portal is your view of current Superstore Properties Ltd investments. Existing investors should have received a Syndex portal invitation and new investors can register using this link my.syndex.exchange/InvestorSignup.

If there is more than one person listed as the holder of shares (for example, trustees) then all named persons will need to comply with the customer due diligence requirements. It is recommended that shareholders complete Syndex's customer due diligence requirements now rather than waiting until they wish to list shares or bid for shares.

High Court Proceedings

In December 2020 proceedings were issued in the High Court (Nelson registry) against Michael Millar, Investment Services Limited and Paul Mephan. The proceedings are at a preliminary stage. The claims relate to fraud and undisclosed payments made to Investment Services Limited. The claims totalling approximately \$450,000 alleged against Michael Millar and Paul Mephan are for breaches of their director's and fiduciary duties and are alleged against Investment Services Limited for fraud, in negligence and for breach of contract. The defendants have filed statements of defence denying the claims. In addition, Investment Services Limited has counterclaimed for losses suffered because of the Company's alleged repudiation of the management agreement totalling \$366,666 plus interest and costs. A defence to that counterclaim has been filed denying any repudiation.

It has been agreed that the discovery of documentation process, and the inspection of documents will be completed by 1 October 2021. The High Court will review the case on 12 October 2021.

If you require any further information, please contact:

- Paul Rosanowski (paul@fssmanagement.co.nz);
- Damien Prendergast (damien@fssmanagemnt.co.nz); or
- John Murray (john@fssmanagemnt.co.nz).

Yours faithfully

John Murray

Chair

