

Dear Shareholder

Unsolicited offers for shares in Superstore Properties Limited

Unsolicited offers

Superstore Properties Limited (**Superstore** or the **Company**) has recently received 2 offers for the shares in the Company.

- 1 Classic Collectives Limited (**CCL**) has made an unsolicited offer dated 27 October 2021 to acquire 100% of Superstore's shares (the **CCL Offer**).
- 2 CNP Holdings Limited (**CNP**) has given notice that it will make an unsolicited offer dated 6 November 2021 to acquire 100,000 shares, representing 4.77% of the Company's shares, with the discretion to accept oversubscriptions of up to a further 450,000 shares (21.48%) totalling 550,000 shares (26.25% of the Company's shares on issue) (the **CNP Offer**).

I refer to the CCL Offer and the CNP Offer collectively as the 2 Offers.

This letter forms part of Superstore's response to the 2 Offers and includes the Fairness Opinion, prepared by Simmons Corporate Finance Limited. You should read the Fairness Opinion carefully and in full when considering whether to accept the CCL Offer or the CNP Offer or to do nothing.

Independent Director

I am the sole Independent Director of the Company and have acted on all matters arising in connection with, or because of, the 2 Offers. I have sought advice from Duncan Cotterill as legal adviser and have carefully considered the Fairness Opinion.

Summary of the Fairness Opinion

The Fairness Opinion evaluates the merits and fairness of the 2 Offers.

Set out below is an extract from the Fairness Opinion, summarising Simmons Corporate Finance Limited's opinion on the merits and fairness of the 2 Offers:

The CCL Offer is a full takeover offer for 100% of the Company's shares at \$7.50 cash per share.

The CNP Offer is a partial takeover offer for between 4.77% and 26.25% of the Company's shares at \$7.55 cash per share.

Both the CCL Offer and the CNP Offer provide a liquidity event for shareholders where they will receive either \$7.50 or \$7.55 cash for each share that they accept into the respective offer.

A comparison of the 2 Offers is set out below.

Comparison of CCL Offer and CNP Offer		
	CCL Offer	CNP Offer
Nature of Offer	Full offer	Partial offer
% of shares sought	100.00%	4.77% (with the discretion to accept up to 26.25%)
Offer Price	\$7.50	\$7.55
Minimum acceptance level	50.01%	Not applicable
Maximum acceptance level	100.00%	26.25%
Conditions	Minimum Acceptance Condition Due Diligence Condition Limited protective conditions	Extensive protective conditions
Offer date	27 October 2021	6 November 2021
Closing date	10 December 2021 (unless extended)	7 December 2021
Last possible date for payment	25 January 2022	27 January 2022

Factors that shareholders should consider when deciding whether to accept either the CCL Offer or the CNP Offer include:

- the CCL Offer is an offer for 100% of the shares in Superstore and therefore provides shareholders with an opportunity to completely exit their investment in the Company if they wish to. The CCL Offer requires shareholders who wish to accept the offer to accept all their shares into the offer. Shareholders are not permitted to accept only some of their shares into the offer;
- the CNP Offer is an offer for 4.77% of the shares in Superstore (with the discretion for CNP to accept up to 26.25% of the shares) and therefore does not necessarily provide an opportunity for a complete exit (although shareholders with small parcels of shares may possibly be able to have all of their shares accepted into the offer);
- we assess the full underlying value of Superstore's shares to be in the range of \$8.66 to \$9.15 per share on an ex-dividend (**ex-div**) basis as at the present date. The assessed value range excludes the fully imputed gross dividend of \$0.40 per share declared by the Board on 26 October 2021. The dividend is payable on or near 9 November 2021 to all shareholders who held shares in the Company at 5pm on 26 October 2021;
- both the CCL Offer Price of \$7.50 per share and the CNP Offer Price of \$7.55 per share are below our assessed valuation range;
- the CNP Offer Price of \$7.55 per share is \$0.05 per share (0.7%) higher than the CCL Offer Price of \$7.50 per share;
- the CCL Offer Price of \$7.50 per share represents a premium of 67% over the \$4.50 price at which the Company's shares last traded on 24 September 2021 and the CNP Offer Price of \$7.55 per share represents a premium of 68%. However, trading in the Company's shares is extremely thin and therefore the recent share transactions do not necessarily represent a strong indication of the fair market value of Superstore's shares;
- both offers are subject to several conditions. However, 2 of the CCL Offer conditions provide significant impediments to the likelihood of the CCL Offer being declared unconditional:
 - under the Minimum Acceptance Condition, if CCL is not successful in achieving an acceptance level greater than 50% of the Company's shares, then the CCL Offer cannot proceed and no shareholders' shares will be acquired by CCL
 - the ability for CCL to undertake a due diligence review of Superstore under the Due Diligence Condition is dependent on the Company's board of directors (the **Board**) permitting CCL to undertake the due diligence review. There is no obligation under law for the Board to permit CCL to undertake the due diligence review. If, for whatever reason, the Board decides not to permit CCL to undertake the due diligence review, the Due Diligence Condition will not be met. CCL will then need to decide whether to waive the Due Diligence Condition or let the CCL Offer lapse
- if the CCL Offer is successful, CCL will have control of Superstore. It will be able to control the outcome of (most) shareholder voting and determine the composition of the Board;
- if the CNP Offer is successful, it would (at most) control 26.54% of the Company's shares (including the shares currently held by CNP's parent company). This would allow it to block special resolutions but it would not be able to determine the full composition of the Board;
- it is possible, but highly unlikely in our view, that both the CCL Offer and the CNP Offer could succeed. For this to occur, CCL would need to alter the Minimum Acceptance Condition to an acceptance level less than 100% (but greater than 50%);
- the likelihood of an alternative takeover offer is uncertain.

The main advantage for shareholders of accepting either the CCL Offer or the CNP Offer is that they will be able to realise cash of \$7.50 or \$7.55 respectively for each of their shares accepted into the respective offers. This represents an exit opportunity for shareholders which is not readily available anywhere else as the Company's shares are not quoted on any stock exchange and trading on the Syndex online trading platform is extremely thin.

The main disadvantage of accepting the CCL Offer or the CNP Offer is that shareholders will not participate in any potential appreciation in the value of the Company's shares because of increases in the value of the Company's property portfolio. As previously stated, we assess the full underlying value of Superstore's shares to be in the range of \$8.66 to \$9.15 per share (ex-div) as at the present date. Shareholders should however take into consideration that the Company's shares are illiquid and therefore there may be difficulties in monetising any increase in the value of Superstore through the sale of their shares.

No recommendation

I will not be making a recommendation of whether you should accept the CCL Offer or the CNP Offer or do nothing. You should carefully consider the Fairness Opinion and make a decision based on your own circumstances and views as to value and future market conditions, risk profile, liquidity preference, tax position and other factors.

I encourage you to seek professional advice in relation to your circumstances.

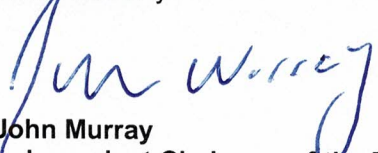
Acceptances

If you wish to accept the CCL Offer or the CNP Offer, please use the respective acceptance form accompanying the CCL Offer document or the CNP Offer document. Complete and return your acceptance form in accordance with the instructions on that form.

If you do not wish to accept either offer, then you do not have to take any action.

On behalf of the Board, I thank you for your support of Superstore.

Yours faithfully


John Murray
Independent Chairman of the Board

