



# SUPERSTORE PROPERTIES LTD



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

Second Quarter FY2022

8 November 2021

Dear Shareholder

## **SUPERSTORE PROPERTIES LIMITED (COMPANY) - SHAREHOLDER UPDATE**

### **Dividend**

The Directors recently held a board meeting and determined that a Gross Dividend of 40 cents per share be declared for the shareholders as at 5pm on 26 October 2021.

The dividend is fully imputed and will be paid on or around Tuesday 9 November.

### **Unsolicited Offers**

#### **Classic Collectives Limited – Unsolicited Offer**

Classic Collectives Ltd (**CCL**) have sent out an unsolicited offer dated 27 October 2021. This offer is for the purchase of 100% (or such lesser percentage exceeding 50%) of Superstore Properties Ltd shares and the offer price is \$7.50. (**CCL Offer**).

The offer is open until 10 December 2021 which may be extended by CCL at their discretion.

#### **CNP Holdings Limited – Unsolicited Offer**

Superstore Properties Limited advises that it has received notice from CNP Holdings Limited (**CNP**) that it intends to make an unsolicited offer to Superstore's shareholders to purchase 100,000 ordinary shares in Superstore (being approximately 4.8% of all shares on issue) with an ability to accept oversubscriptions of up to a further 450,000 shares (being approximately 26.3% of all shares on issue). The price for the offer is \$7.55 per share. (**CNP Offer**).

The CNP Offer is expected to be sent to shareholders on 6 November 2021.

#### **Directors' response to the Unsolicited Offers**

The Chairman of Superstore Properties Ltd has engaged an independent consultant to write a “fairness opinion” report on the offers. This report is now available and is posted on our website or in Syndex. You should also have received a copy of this report.

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.

### **Superstore Investment Properties**

#### ***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.
- Valuation at October 2021 \$12,125,000

*Tenant 319 Cranford Street, Christchurch*

Placemakers

- Nine-year term expiring February 2022 with three rights of renewal of six years each.

#### **483 Cameron Road Tauranga**

- Full rent and Opex continues to be paid.

- Valuation at October 2021 \$18,200,000

*Tenant 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.

#### **Unaudited Financial Report at 30 September 2021**

This is an unaudited update of the company's 6-month financial information.

This information is directly from our Xero system as at 30 September 2021.

<b>Financial information summary</b>	<b>2021 (1 Apr to 30 Sep 2021)</b>	<b>2020 (1 Apr to 30 Sep 2020 for comparison)</b>
Gross rental income	\$ 786,466	\$ 662,279
Net profit before tax (NPBT)	\$ 465,262	\$ 381,187
Ending equity	\$13,792,925	\$11,786,422

#### **Managing your shares on Syndex**

Shareholders can now buy and sell shares on Syndex however you need to have an account with them.

Syndex would have sent you an invite to open an account. If you did not get one then let us know and we will get Syndex to send you another invite.

When you have signed in with Syndex you will need to then process yourself through the Anti Money Laundering process. This is quite simple and requires you to have a driver's licence or a current passport and a copy of a document which shows your address, such as a power bill.

If you need any assistance, please contact us on [info@fssmanagement.co.nz](mailto:info@fssmanagement.co.nz)

#### **High Court Proceedings**

In December 2020 proceedings were issued in the High Court (Nelson Registry) against Michael Millar (as first defendant) and Investment Services Limited (ISL) (as second defendant).

The current claims alleged against Mr Millar are for vicarious liability breach of his director's and fiduciary duties and are alleged against ISL (as manager) for contracting out its responsibility of management to a third party (Mr Barnes) and in negligence and for breach of contract. The total value of the claims is approximately \$475,000 plus costs and interest. The defendants have filed statements of defence denying the claims. In addition, ISL has counterclaimed for losses suffered because of Superstore's alleged repudiation of the ISL management agreement totalling approximately \$367,000 plus interest and costs. Superstore has filed a defence to the counterclaim denying any repudiation.

The parties are attempting to progress the matter by way of mediation and this is scheduled take place on 24 November.

Yours faithfully

**John Murray**

Chair

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