



# SUPERSTORE PROPERTIES LTD

FSS MANAGEMENT

This quarterly Management Report ("Report") provides key information about Superstore Properties Ltd. This report covers the period between 01 October to 31 December 2021.

Third Quarter FY2022

8 February 2022

Dear Shareholder

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

### **High Court Proceedings – Investment Services Limited, M Millar and P Mephan**

In December 2020 proceedings were issued in the High Court (Nelson registry) against Michael Millar, Investment Services Limited and Paul Mephan. The claims relate to fraud and undisclosed payments made to Investment Services Limited. The claims totalling approximately \$475,000 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 deny the claims, and 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 (which is denied by the Company).

The discovery of documentation process has been completed and the parties attended mediation in November 2021. While the matter did not settle at mediation, progress was made on refining the issues in dispute and the directors are continuing to explore settlement options following the mediation. The High Court will review the case in March 2022.

### **Unsolicited offers**

In November/December CNP Investment Holdings LP and Classic Collectives Ltd approached shareholders with unsolicited offers.

Classic Collectives Ltd subsequently withdraw their offer.

CNP Investment Holdings LP unsolicited offer closed with 365,500 shares being transferred (17.4%). These shares were transferred at \$7.55 per share.

### **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.
- Building Warrant of Fitness renewed in December 2021.
- Full rent and Opex continues to be paid.
- Valuation at October 2021 \$12,125,000

*Tenant 319 Cranford Street, Christchurch*

Placemakers



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- Lease renewal currently being signed off by Fletcher's lawyers.

#### **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 31 December 2021**

This is an unaudited update of the company's 9-month financial information.

This information is directly from our Xero system as at 31 December 2021.

<b>Financial information summary</b>	<b>2021 (1 Apr to 31 Dec 2021)</b>	<b>2020 (1 Apr to 31 Dec 2020 for comparison)</b>
Gross rental income	\$ 1,154,794	\$ 1,055,502
Net profit before tax (NPBT)	\$ 587,447	\$ 586,577
Ending equity	\$13,304,483	\$11,670,042

#### **Website**

Superstore Properties has a website available at [www.fssmanagement.co.nz](http://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, the recent valuations and other information that maybe of interest. <https://www.fssmanagement.co.nz/about>

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

Yours faithfully

**John Murray**

Chair

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